



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 2020
ANNUAL
REPORT



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OPEN FOS



PREMIUM



公司簡介 Company Profile

本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上交所上市。

公司的經營範圍是啤酒製造、銷售以及與之相關的業務。公司在國內擁有60家全資和控股的啤酒生產企業，及2家聯營及合營啤酒生產企業，分佈於全國20個省、直轄市、自治區，規模和市場份額居國內啤酒行業領先地位。其生產的青島啤酒為國際市場上最具有知名度的中國品牌，已行銷世界一百餘個國家和地區。

The Company, 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 Mainland China, which were listed on SSE on 27 August 1993.

The Company's business scope is production and sales of beer, and other related business. At present, the Company occupies leading position in the domestic beer industry in terms of size and market share with 60 wholly-owned and controlling breweries, and 2 associated and joint-investment breweries in 20 provinces, municipalities and autonomous regions in China. The Company produces Tsingtao Beer, which is the most well-known Chinese brand on the international market. Products from Tsingtao Brewery has been sold in more than 100 countries and regions around 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、本集團二零二零年財務資料

1. The Group's financial information for the year ended 31 December 2020

(單位：人民幣千元)

(Unit: RMB'000)

營業利潤	Operating profit	3,250,085
利潤總額	Total profit	3,239,549
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	2,201,324
歸屬於母公司股東的扣除非經常性損益後的淨利潤	Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,815,585
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,953,422
註：非經常性損益項目包括：	Note: Non-recurring profit or loss items include:	
計入當期損益的政府補助	Government grants recognised in profits	517,049
非流動資產處置淨損益	Losses on disposal of non-current assets	(5,204)
單獨進行減值測試的應收賬款減值準備轉回	Reversal of bad debt provision for accounts receivables which provision is provided on the individual basis	10
除上述各項之外的其他營業外收入和支出	Other non-operating income and expenses other than aforesaid items	(10,535)
小計	Subtotal	501,320
所得稅影響額	Impact of income tax expense	(99,697)
少數股東權益影響額(稅後)	Impact on the non-controlling interest, net of tax	(15,884)
合計	Total	385,739

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	Summarised accounting information	2020	2019	2018	2017	2016
營業收入	Revenue	27,759,711	27,983,760	26,575,255	26,277,052	26,106,344
利潤總額	Total profit	3,239,549	2,726,911	2,379,767	2,104,819	2,123,442
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	2,201,324	1,852,103	1,422,200	1,263,017	1,043,486
歸屬於母公司股東的扣除非經常性損益的淨利潤	Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,815,585	1,346,981	1,053,743	975,266	819,399
基本每股收益	Basic earnings per share	1.629	1.371	1.053	0.935	0.772
稀釋每股收益	Diluted earnings per share	1.627	1.371	1.053	0.935	0.772
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	1.344	0.997	0.780	0.722	0.607
扣除非經常性損益後的稀釋每股收益	Diluted earnings per share after deduction of non-recurring profit or loss	1.342	0.997	0.780	0.722	0.607
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	10.67	9.66	7.91	7.37	6.40
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	11.13	9.97	8.10	7.55	6.43
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 (%)	8.80	7.03	5.86	5.69	5.02
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 (%)	9.18	7.25	6.00	5.83	5.05
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,953,422	4,016,553	3,992,008	2,312,191	2,970,891
每股經營活動產生的現金流量淨額(註1)	Net cash flows from operating activities per share (Note 1)	3.63	2.97	2.95	1.71	2.20
總資產	Total assets	41,514,186	37,312,384	34,075,265	30,974,712	30,077,158
總負債	Total liabilities	20,146,134	17,399,013	15,385,314	13,200,207	13,198,019
歸屬於母公司股東權益	Total equity attributable to shareholders of the Company	20,621,961	19,171,583	17,970,471	17,145,228	16,313,953
歸屬於母公司股東的每股淨資產(註2)	Net assets per share attributable to shareholders of the Company (Note 2)	15.12	14.19	13.30	12.69	12.08

註1：每股經營活動產生的現金流量淨額計算過程中，分子為經營活動產生的現金流量淨額，分母為未扣除截至報告期末未解鎖的1,320萬股限制性股票的總股本。

註2：歸屬於母公司股東的每股淨資產計算過程中，分子為歸屬於母公司股東的所有者權益，分母為未扣除截至報告期末未解鎖的1,320萬股限制性股票的總股本。

2. Summarised accounting data and financial indicators

(Unit: RMB'000)

Note 1: In the calculation process of net cash flows from operating activities per share, the numerator is net cash flows from operating activities, and the denominator is the total share capital including 13.2 million restricted shares that have not been vested as of the end of the Reporting Period.

Note 2: In the calculation process of net assets per share attributable to shareholders of the Company, the numerator is the equity attributable to shareholders of the Company, and the denominator is the total share capital including 13.2 million restricted shares that have not been vested as of the end of the Reporting Period.

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	歸屬於母公司股東權益							少數股東權益	股東權益合計
		Attributable to shareholders of the Company								
		股本		資本公積		其他綜合收益		一般風險準備	未分配利潤	
		Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	盈餘公積	General reserve	Undistributed profits		
期初數	Opening balance	1,350,983	3,444,318	—	(47,348)	1,400,704	234,716	12,788,210	741,788	19,913,371
本期增加	Increase in the current year	13,200	410,367	(279,576)	27,497	—	25,628	2,201,323	126,832	2,525,271
本期減少	Decrease in the current year	—	(179,393)	—	—	—	—	(768,669)	(122,528)	(1,070,590)
期末數	Ending balance	1,364,183	3,675,292	(279,576)	(19,851)	1,400,704	260,344	14,220,864	746,092	21,368,052

(1) 股本：增加主要原因是實施限制性股票激勵計劃所致；

(2) 資本公積：增加主要原因是實施限制性股票激勵計劃所致，減少主要原因是本公司完成了受讓山東華獅啤酒有限公司持有的本公司之子公司山東綠蘭莎啤酒有限公司35%少數股權的交易所致；

(3) 庫存股：增加主要原因是實施限制性股票激勵計劃所致；

(4) 其他綜合收益：增加主要原因是重新計量設定受益計劃淨負債的變動及外幣財務報表折算差額所致；

(5) 一般風險準備：增加為本年度提取的一般風險準備；

(6) 未分配利潤：增加為本年度實現的歸屬於母公司股東的淨利潤，減少為本年度提取一般風險準備以及分配股利；

(7) 少數股東權益：增加主要原因是本年度部分擁有少數股東的子公司盈利，減少為收購綠蘭莎少數股權以及本年度對少數股東分配股利。

3. Changes in shareholders' equity in Reporting Period

(Unit: RMB'000)

(1) Share capital: Increase represents the grant of the restricted shares under Incentive Plan;

(2) Capital surplus: Increase mainly represents the grant of the restricted shares under Incentive Plan. Decrease represents the purchase of the 35% of the minority equity of Shandong Lulansa Beer Co., Ltd., a subsidiary of the Company, held by Shandong Huashi Beer Co., Ltd.;

(3) Treasury stock: Increase is due to the grant of the restricted shares under Incentive Plan;

(4) Other comprehensive income: Decrease is mainly due to the changes arising from remeasurement of defined benefit plan liabilities and currency translation differences;

(5) General reserve: Increase represents the general reserve appropriated in the current year;

(6) Undistributed profits: Increase represents net profit attributable to shareholders of the Company in the current year. Decrease represents the appropriation of general reserve and distribution of dividends in the current year;

(7) Non-controlling interests: Increase is mainly due to profit of certain subsidiaries with non-controlling interests in the current year. Decrease represents the purchase of minority equity of Shandong Lulansa Beer Co., Ltd. and the distribution of dividends in the current year.

會計數據摘要 Financial Highlights

4. 利潤分配

本公司董事會(「董事會」)建議就截至二零二零年十二月三十一日止年度派發末期股息每股人民幣0.75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二零二零年度股東年會審議批准。有關公司H股股東暫停辦理股份過戶登記手續的期間將在本公司另行發佈的股東年會通告中規定。

4. Dividend Distribution

The Board of Directors (the “Board”) proposed a final dividend of RMB0.75 (pre-tax) per share for the year ended 31 December 2020, and the remaining distributable profits will carry forward to the next year. The aforesaid dividend proposal shall be subject to the approval at the 2020 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.



柔和琥珀 纯粹之作



- 温润的琥珀色酒液
- 纯粹而馥郁的醇厚口感
- 泡沫细腻口感柔和, 回味绵长



董事長報告書 Chairman's Statement

致各位股東：

2020年，國內啤酒行業受新冠肺炎疫情的影響，市場銷售面臨了巨大困難和挑戰，報告期內國內啤酒行業共實現啤酒產量3,411萬千升，同比下降7.0%。（資料來源：國家統計局；統計口徑：年主營業務收入人民幣2,000萬元以上的全部工業法人企業。）

報告期內，公司董事會、管理層帶領廣大員工不等不靠、迎難而上，統籌抓好疫情防控和經營發展，堅定不移地全力推進實施高質量發展戰略，充分發揮青島啤酒的品牌和品質優勢，多措並舉積極開拓國內外產品市場，同時積極開源節流，降本增效，持續優化費用精細化管理體系，提升促銷費用有效性和營銷效率，實現了利潤的逆勢增長。報告期內公司累計實現產品銷量782萬千升，實現營業收入人民幣277.6億元；實現歸屬於上市公司股東的淨利潤人民幣22.0億元，同比增長18.9%。

Dear shareholders,

In 2020, the domestic beer industry, having been affected by the COVID-19 pandemic, faced enormous difficulties and challenges in market sales. During the Reporting Period, the domestic beer industry produced 34.11 million kiloliters of beer in total, representing a year-on-year decline of 7%. (Data source: National Bureau of Statistics; statistic scope: all industrial corporate enterprises with an annual principal business revenue of over RMB20 million.)

During the Reporting Period, our staff as a whole as led by the Board and our management, did not wait or rely on others, forged ahead amidst difficulties, coordinated and mastered overall plans for epidemic prevention and control and business development and resolutely drove the implementation of high-quality development strategy. The Company fully realised the brand and quality advantages of Tsingtao Beer, carried out multiple measures to actively develop domestic and overseas product markets. At the same time, the Company actively increased sources of revenue and controlled expenditures, reduced costs and increased efficiency, continued to optimize the fine cost management system, improved the effectiveness of sales promotion expenses and marketing efficiency, and achieved growth in profits in the face of headwinds. During the Reporting Period, the Company achieved a total of 7.82 million kiloliters of product sales, realized an operating revenue of RMB27.76 billion and a net profit attributable to shareholders of the Company of RMB2.2 billion, with a year-on-year increase of 18.9%.

黃克興先生
Mr. HUANG Ke Xing



董事長報告書 Chairman's Statement

面對新冠肺炎疫情對國內消費市場產生的影響，公司快速應變，加快線上消費渠道拓展，推進實施「無接觸配送」服務，率先開發了啤酒行業全國「無接觸配送數字地圖」，實現線上銷售與線下配送完美接軌；公司並開展了線上百萬社團和線下百萬社區產品大酬賓活動，建立和完善「電商+門店+廠家直銷」的立體銷售平台，開闢了疫情形勢下全新的營銷渠道。

報告期內，公司繼續深化實施「青島啤酒主品牌+崂山啤酒第二品牌」的品牌戰略，推進創新驅動和產品結構優化升級，通過沉浸式全方位品牌推廣模式持續提升品牌影響力，以更高的品質，更時尚、精美的包裝以及更具國際化、互動性的品牌傳播，成功實現品類升級。公司年內開發並投放市場的青島啤酒「百年之旅、琥珀拉格」等超高端新產品，實現了以「基礎質量+特色質量」向「魅力質量」的躍升突破，引領了超高端市場的消費潮流，極大地提升了公司產品形象和市場競爭力。公司以消費者體驗為中心，通過打造新渠道、新場景推動高質量發展，已在全國佈局200多家「TSINGTAO1903青島啤酒吧」，以高端化、個性化、時尚化的產品與消費者互動交流，不斷滿足消費者個性化、場景化、便捷化、高端化等多層次需求。報告期內，公司主品牌青島啤酒共實現銷量387.9萬千升，其中「百年之旅、琥珀拉格、奧古特、鴻運當頭、經典1903、純生啤酒」等高端產品共實現銷量179.2萬千升，保持了在國內啤酒中高端產品市場的競爭優勢，引領了消費結構升級新趨勢下的高質量發展。



The Company swiftly responded in view of the impact of COVID-19 pandemic on the domestic consumer market, by accelerating the expansion of online consumption channels and the implementation of “Contactless Delivery” services pioneered the development of “Digital Map for Contactless Delivery” in the beer industry for the whole of China to achieve the perfect integration of online sales and offline delivery. The Company has also launched big discount activities for million-societies online and million-communities offline, established and improved a multidimensional sales platform of “e-commerce + stores + producers outlets” and opened up a new marketing channel in a pandemic situation.

During the Reporting Period, the Company continued to deepen the implementation of the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”, promote innovation-driven and product structure optimization and upgrading, continuously enhancing brand influence through pervasive all-round brand promotion, and successfully achieved product category upgrade through higher quality, more fashionable and attractive packaging, and more international and interactive branding exposure. During the year, the Company developed and sold new ultra high-end products such as “Tsingtao Centennial Journey and Amber Lager”, which achieved a leaping breakthrough from “fundamental quality + characteristic quality” to “charismatic quality”, led the consumption trend for the ultra high-end market, and greatly improved the Company’s product image and market competitiveness. Centering on consumer experience, the Company has planned more than 200 Tsingtao1903 Tsingtao Beer Bars across the country, through promoting high-quality development by creating new channels and new venues, to interact with consumers with high-end, personalized, and fashionable products and continuously meeting their multi-level needs such as personalization, sceneization, convenience and high-end. During the Reporting Period, the main brand of the Company, Tsingtao Beer, achieved a total sales volume of 3.879 million kiloliters, of which high-end products such as “Tsingtao Centennial Journey, Amber Lager, Augerta, Hong Yun Dang Tou, Classic 1903 and draft beer” achieved a sales volume of 1.792 million kiloliters, which maintained the Company’s competitive advantage in domestic mid- to high-end beer market, and led the high-quality development under a new trend of consumer structure upgrade.

董事長報告書 Chairman's Statement

公司加快數字化生產轉型和智能製造以及工業互聯網推進的步伐，加速物聯網、大數據、人工智能等新技術在打造規模化、智能化生產基地中的集成應用，建設智能製造示範工廠並帶動上下游企業提升產業鏈現代化水平，啓動實施了青島啤酒智慧產業示範園100萬千升啤酒擴建項目、青島啤酒廠智能製造示範工廠等改擴建項目，青島啤酒廠獲世界經濟論壇評為全球首家啤酒飲料行業工業互聯網「燈塔工廠」，提高了公司高端產品供應能力，促進企業發展轉型升級。

在新冠肺炎疫情最嚴重的時間，公司董事會及時制訂並推出公司上市後的首個《A股限制性股票激勵計劃》並設定了頗具挑戰性的未來業績增長目標，極大的提振了廣大員工和資本市場的信心，報告期內公司市值實現大幅增長，為廣大投資者創造了新的價值。

董事長
黃克興
中華人民共和國·青島
二零二一年三月二十六日

The Company accelerated the pace of digital production transformation, intelligent manufacturing and industrial internet development. By accelerating the integrated application of new technologies such as Internet of Things, big data and artificial intelligence in building systematic and intelligent production base, the Company built intelligent manufacturing demonstration factories and drove upstream and downstream enterprises to upgrade the modernization level of the production chain. It commenced the reconstruction and expansion projects, such as the Expansion of Tsingtao Brewery Smart Industry Demonstration Park with the Capacity of 1 Million KL Beer and the Expansion and Upgrading of the Intelligent Manufacturing Demonstration Plant of Tsingtao Brewery Factory. Tsingtao Brewery was rated as the world's first industrial internet "Lighthouse Brewery" for the beer industry by the World Economic Forum, which improved the supply capability of high-end products and promoted the transformation and upgrading of the Company.

At the peak of the COVID-19 pandemic, the Board promptly formulated and launched the first post-listing "Restricted A Share Incentive Plan", and set a relatively challenging growth target for its future financial results that greatly boosted the confidence of the employees and the capital market. The Company achieved a significant increase in its market value during the Reporting Period and created new value for investors.

Chairman
HUANG Ke Xing
Qingdao, the People's Republic of China
26 March 2021





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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。本集團營業額及盈利幾乎完全由生產及銷售啤酒而產生。

2020年本公司共實現產品銷售量782萬千升，實現營業收入人民幣277.6億元，實現歸屬於上市公司股東的淨利潤人民幣22.0億元。

1. 主要附屬公司的經營情況(按中國企業會計準則計算)

單位名稱 Name of Subsidiary	主要產品或服務 Principal products or service	註冊資本 Registered capital	總資產 Total asset	淨資產 Net asset	淨利潤 Net profit	營業收入 Revenue	營業利潤 Operating profit
青島啤酒西安漢斯集團有限公司 Tsingtao Brewery Xi'an Hans Group Company Limited	製造、批發和零售業 Manufacturing, wholesale and retail business	287,903	2,494,699	939,881	256,312	2,695,155	344,087
青島啤酒(平度)銷售有限公司 Tsingtao Brewery (Pingdu) Sales Company Limited	批發和零售業 Wholesale and retail business	5,000	951,384	790,818	293,275	1,655,411	391,034

2. 報告期內主要供貨商和客戶情況

- (1) 2020年度前五名供應商採購額約人民幣168,248萬元(2019年度：人民幣139,065萬元)，佔年度採購總額13.05%(2019年度：10.27%)。
- (2) 2020年度前五名客戶銷售額約人民幣133,743萬元(2019年度：人民幣124,325萬元)，佔年度銷售總額4.89%(2019年度：4.50%)。

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 turnover and profits of the Group are mainly generated from the production and sales of beer.

In 2020, the Company realized 7.82 million kl of sales volume of beer in total, realized RMB27.76 billion of revenue; and realized RMB2.20 billion of net profits attributable to shareholders of the Company.

1. Operation situation of main subsidiaries (calculated in accordance with China Accounting Standards for Business Enterprises)

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

2. Information of main suppliers and clients during the Reporting Period

- (1) The total amount of the Company's purchase from its top 5 suppliers in 2020 was approximately RMB1,682.48 million (2019: RMB1,390.65 million), which accounted for 13.05% of its annual purchase amount in aggregate (2019: 10.27%).
- (2) The total amount of the Company's sales of its top 5 clients in 2020 was approximately RMB1,337.43 million (2019: RMB1,243.25 million), which accounted for 4.89% of its annual sales amount in aggregate (2019: 4.50%).

董事會報告 Report of the Directors

報告期內，本公司各董事、監事及其緊密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或客戶的任何權益。

During the Reporting Period, none of the Company's directors, supervisors or their close associates or any shareholders holding more than 5% of shares in the Company possessed any interests in the aforesaid suppliers or clients.

二. 利潤分配和派息政策

董事會建議就截至2020年12月31日止年度派發末期股息每股人民幣0.75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2020年度股東年會審議批准。末期股息預期於2021年8月10日派發予股東。有關公司H股股東暫停辦理股份過戶登記手續的期間，本公司將在另行公佈的股東年會通告中載列。

根據《公司章程》的規定，公司實行持續、穩定的利潤分配政策，在公司當年盈利且累計未分配利潤為正值的前提下，應當進行現金分紅，且公司董事會制訂的年度利潤分配預案中以現金方式分配的利潤不低於當年實現的可分配利潤的30%。公司現金分紅的方案依法經過公司董事會審議，並報股東大會批准，獨立非執行董事和中小股東能夠充分表達意見，程序合法、完備。

三. 業務回顧

本公司年內之業務回顧及有關公司未來發展的討論與分析，以及本公司面對的主要風險及不確定因素之討論載於本年報第57至76頁「管理層討論與分析」。採用財務表現關鍵指標對本集團年內表現之分析載於本年報第4頁「會計數據摘要」。有關報告期內公司重大事項載於本年報第84至85頁「重要事項」。

II. Profit Distribution and Dividend Payout Policy

The Board proposed a final dividend of RMB0.75 (including tax) per share for the year ended 31 December 2020, and carried forward the remaining distributable profits to the next year. The above mentioned distribution scheme will be subject to the consideration and approval at the Company's 2020 Annual General Meeting. The final dividend is expected to be payable to the shareholders on 10 August 2021. The period for closure of register of members for H-share would be set out in the separate notice of Annual General Meeting to be published by the Company.

According to the *Articles of Association*, the Company implements a continuous and stable profit distribution policy. On the premise that the Company makes profits with positive accumulated undistributed profits for the current year, cash dividends shall be paid. In the annual profit distribution plan formulated by the Board of Directors, the profit distributed in cash shall be no less than 30% of the distributable profits realized in the current year. The cash dividend plan of the Company is considered by the Board of Directors and approved at the annual general meeting. The independent non-executive directors and minority shareholders can fully express their opinions, and the procedure is legal and complete.

III. Business Review

A review of the business of the Company within the year and a discussion and analysis of the Company's future development, and the discussion of principal risks and uncertainties faced by the Company are set out in "Management Discussion and Analysis" on pages 57 to 76 of this Annual Report. An analysis of the Group's performance during the year by using the key financial indicators is set out in "Financial Highlights" on page 4 of this Annual Report. Significant events occurred during the Reporting Period are set out in "Significant Events" on pages 84 to 85 of this Annual Report.

董事會報告 Report of the Directors

本公司一貫高度重視環境保護和污染防治工作，秉承「好心有好報」的環境觀，以「做啤酒行業綠色發展的楷模」為環保願景；「通過實施環境保護低碳管理和循環經濟，促進公司永續發展，實現與大自然的和諧共處」為環保使命，將環境保護、循環經濟、低碳經濟作為本公司發展戰略和實現可持續發展的重要組成部分。公司設置了獨立的安全環保管理部門，實行環保工作專職管理，工廠環保人員內部持證上崗。公司修訂完善了各項環保管理制度，發佈了相關環保技術標準，圍繞公司年度目標和工作方針，在全公司範圍內系統排查管理風險，迅速落地環保管理要求，推進落實環保目標責任制和考核機制。報告期內，公司嚴格遵守環保相關法律法規，持續加大對環保方面的投入，全年環保投資人民幣4,300萬元，主要用於污水設施改造、燃氣鍋爐低氮改造、異味治理、噪聲治理等，不斷改造和完善污染治理設施和控制系統並穩定運行。公司嚴格監控生產過程中環保設施運行情況及污染物排放情況，確保污染物穩定達標排放，環保績效持續提升。



於2020年內，本集團已遵守對本集團營運有重大影響的相關法律及法規。

本公司確認我們的僱員、客戶及合作夥伴是我們可持續發展的關鍵。本集團致力與僱員建立密切及關顧之關係、為客戶提供優質產品，並加強與我們的業務合作夥伴之間的合作。有關本公司環境及社會責任方面的表現情況請參閱公司於香港交易所網站上載之《青島啤酒2020環境、社會及管治報告》。

The Company has addressed great importance of environmental protection and pollution control. It insists the concept of “kindness is repaid by kindness” and aims to become “an example of green development in beer industry”. Through the environmental practice of low-carbon management and circular economy, the Company promotes sustainable development and makes harmonious coexistence with nature possible. It makes environmental protection, circular economy and low-carbon economy as important components of its development strategy and sustainable development. The Company has set up an independent Safety and Environmental Management Department to carry out environmental management with licensed environmental professionals carrying out their duties. The Company has improved various environmental management policies and issued related technical standards for environmental protection. By focusing on its annual target and operation policies, the Company has identified management risks within the Company, rapidly implemented environmental management requirements, promoted the accountability system and appraisal mechanism for environmental goals. During the Reporting Period, the Company strictly followed environmental laws and regulations and continued to increase spending on environmental protection. In 2020, the Company spent RMB43 million on environmental protection, mainly for improvement of sewage facilities, building of low-nitrogen gas boilers and odor and noise control. It continued to improve pollution regulation and control facilities to stabilize their operations. The Company strictly monitored the operation of environmental facilities and pollutant emissions during production to ensure up-to-standard pollutant disposal and continuous enhancement of efficacy of environmental protection.

Within 2020, the Group had complied with the relevant laws and regulations that has significant impacts on the operations of the Group.

The Company confirms that the employees, customers and cooperation partners are the key to our sustainable development. The Group is committed to establishing a close and caring relationship with our employees, providing quality products to the customers and strengthening the cooperation with our business partners. For details of the environmental and social responsibilities performed by the Company, please refer to Tsingtao Brewery 2020 Environment, Society and Governance Report to be published by the Company on the website of the Stock Exchange.

董事會報告 Report of the Directors

四. 儲備及可分配儲備

報告期內本公司及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)附註四(34)、(36)、(37)、(38)及(39)。

根據中國公司法，在提取法定盈餘公積後，未分配利潤可作為股利分配。按照中國企業會計準則編制的2020年末本公司報表的未分配利潤約為人民幣769,463萬元。

五. 股本變動及股東情況

1. 報告期內，公司實施了A股限制性股票激勵計劃，公司總股本由1,350,982,795股變更為1,364,182,795股。公司實施的股權激勵計劃不會對股東結構及資產和負債結構產生重大影響。

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》的要求。公司普通股股份變動情況列表如下：

	本次變動前 Before the change			本次變動增減(+,-) Change(+,-) 公積金轉股				本次變動後 After the change		
	數量 Quantity	比例(%) Proportion (%)	發行新股 New shares issued	送股 Bonus shares	Capitalizing of common reserves	其他 Others	小計 Subtotal	數量 Quantity	比例(%) Proportion (%)	
一、有限售條件股份	0	0	13,200,000	0	0	0	13,200,000	13,200,000	0.97	
I. Restricted shares										
1、國家持股	0	0	0	0	0	0	0	0	0	
1. State-owned shares										
2、國有法人持股	0	0	0	0	0	0	0	0	0	
2. State-owned corporate shares										

單位：股
Unit: Share

IV. Reserves and Distributable Reserve

Details of changes of reserve of the Company and the Group during the Reporting Period are set out in Note 4 (34), (36), (37), (38) and (39) to Consolidated Financial Statements (prepared in accordance with China Accounting Standards for Business Enterprises).

Pursuant to the Company Law of the PRC, undistributed profit could be distributed as dividends after allocation is made to the statutory surplus reserve. Under the China Accounting Standards for Business Enterprises, the undistributed profit of the Company as at the end of 2020 amounted to about RMB7,694.63 million.

V. Changes of Share Capital and Information of Shareholders

1. During the Reporting Period, the Company implemented the Restricted A Share Incentive Plan, making its total share capital change from 1,350,982,795 to 1,364,182,795. The equity incentive plan implemented by the Company will not have significant impact on its shareholder structure as well as the structure of its assets and liabilities.

Based on the public information which could be 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 satisfied the requirements in Listing Rules. Changes in the Company's ordinary shares are listed as follows:

董事會報告 Report of the Directors

單位：股
Unit: Share

	本次變動前 Before the change			本次變動增減(+,-) Change(+,-)				本次變動後 After the change	
	數量 Quantity	比例 (%) Proportion (%)	發行新股 New shares issued	送股 Bonus shares	公積金轉股 Capitalizing of common reserves	其他 Others	小計 Subtotal	數量 Quantity	比例 (%) Proportion (%)
3、 其他內資持股 3. Other domestic shares	0	0	13,200,000	0	0	0	13,200,000	13,200,000	0.97
其中： 境內非國有 法人持股 Of which: non-state- owned corporate shares	0	0	0	0	0	0	0	0	0
境內自然人 持股 Shares held by domestic natural persons	0	0	13,200,000	0	0	0	13,200,000	13,200,000	0.97
4、 外資持股 4. Foreign shares	0	0	0	0	0	0	0	0	0
其中： 境外法人 持股 Of which: foreign corporate shares	0	0	0	0	0	0	0	0	0
境外自然人 持股 Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0
二、 無限售條件流通 股份 II. Unrestricted tradable shares	1,350,982,795	100	0	0	0	0	0	1,350,982,795	99.03
1、 人民幣普通股 1. RMB-denominated ordinary shares	695,913,617	51.51	0	0	0	0	0	695,913,617	51.01
2、 境內上市的外資股 2. Overseas listed foreign shares	0	0	0	0	0	0	0	0	0
3、 境外上市的外資股 3. Overseas listed foreign shares	655,069,178	48.49	0	0	0	0	0	655,069,178	48.02
4、 其他 4. Others	0	0	0	0	0	0	0	0	0
三、 普通股股份總數 III. Total number of ordinary shares	1,350,982,795	100	13,200,000	0	0	0	13,200,000	1,364,182,795	100

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39,608戶。其中：A股39,351戶，H股257名。

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 39,608 including 39,351 holders of A-share, and 257 holders of H-share.

During the Reporting Period, none of the shareholders of the Company gave up or agreed to give up the arrangements of any dividends.

- (2) As at the end of the Reporting Period, the shareholding of top 10 shareholders (and holders of listed shares without sales restriction) of the Company is as follows

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(%) Shareholding percentage (%)	股份質押或 凍結情況 Guaranteed or frozen shares	股份種類 Class of share
香港中央結算(代理人)有限公司(附註1) HKSCC Nominees Limited (Note 1)	58,020	613,907,867	45.00	未知 Unknown	H股 H-share
青島啤酒集團有限公司(附註2) Tsingtao Brewery Group Company Limited (Note 2)	0	443,467,655	32.51	無 Nil	A股和H股 A-share and H-share
中國證券金融股份有限公司 China Securities Finance Corporation Company	-2,492,929	30,215,986	2.21	無 Nil	A股 A-share
香港中央結算有限公司(附註1) Hong Kong Securities Clearing Company Limited (Note 1)	-4,765,161	16,764,609	1.23	無 Nil	A股 A-share
中國農業銀行股份有限公司—易方達消費行業股票型證券 投資基金 Agricultural Bank of China Co., Ltd.-E Fund Consumer Industry Equity Securities Investment Fund	—	14,017,495	1.03	無 Nil	A股 A-share
中央匯金資產管理有限責任公司 Central Huijin Asset Management LLC.	0	10,517,500	0.77	無 Nil	A股 A-share
中國人壽保險股份有限公司—傳統—普通保險產品—005L —CT001滬 China Life Insurance Company Limited-Traditional-General Insurance Products-005L-CT001 Shanghai	4,655,587	5,345,126	0.39	無 Nil	A股 A-share

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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(%) Shareholding percentage (%)	股份質押或 凍結情況 Guaranteed or frozen shares	股份種類 Class of share
中國工商銀行股份有限公司—富國天惠精選成長混合型證券 投資基金(LOF) Industrial and Commercial Bank of China Limited—Fullgoal Tianhui Select Hybrid Growth Securities Investment Fund (LOF)	—	5,000,000	0.37	無 Nil	A股 A-share
中國人壽保險股份有限公司—分紅—個人分紅—005L— FH002滬 China Life Insurance Company Limited-Dividend-Individual Dividend-005L-FH002 Shanghai	—	4,997,416	0.37	無 Nil	A股 A-share
阿布達比投資局 Abu Dhabi Investment Authority	1,544,966	4,433,538	0.32	無 Nil	A股 A-share

附註：

Notes:

- 香港中央結算(代理人)有限公司及香港中央結算有限公司均為香港交易及結算所有限公司的全資子公司，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，並已扣除青啤集團及香港鑫海盛投資發展有限公司持有的H股股份數量。而香港中央結算有限公司持有的A股股份亦為代表其多個客戶持有。
 - 青啤集團持股數量包括了通過其自身以及全資附屬公司鑫海盛持有的本公司H股股份合計38,335,600股，其本身持有本公司A股股份405,132,055股。
 - 於報告期末，復星國際下屬五家實體合計持有本公司H股股份144,206,236股，佔本公司總股本約10.57%。復星五家實體所持股份是由香港中央結算(代理人)有限公司代為持有。
- 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 Tsingtao Group and Hong Kong Xinhaisheng Investment Limited, while the A-shares are held by Hong Kong Securities Clearing Company Limited also on behalf of different clients.
 - Tsingtao Group holds 38,335,600 shares of H-share in the Company by itself and through the wholly-owned subsidiary Xinhaisheng, and 405,132,055 shares of A-share in the Company by itself.
 - At the end of the Reporting Period, five entities under Fosun International Co., Ltd. held a total of 144,206,236 H shares of the Company, accounting for approximately 10.57% of the total share capital of the Company. The shares held by the five entities of Fosun were held by HKSCC Nominees Limited.

除上所述，本公司並不知曉本公司前十名股東之間是否存在關聯關係或屬於一致行動人。

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

董事會報告 Report of the Directors

(3) H股主要股東

於2020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連繫人以外的人士，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：

(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 2020, 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 (Chapter 571 of the Laws of Hong Kong) (the “SFO”):

名稱 Name	性質 Nature	股份類別 Class of Share	持股份 Shareholder Identity	註釋 Note	股份/相關 股份的數目 Number of Share/ Related 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 Interests		405,132,055 A股 A-Share	29.70%	不適用 N/A
	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	1	38,335,600 H股 H-Share	2.81%	5.85%
香港鑫海盛投資發展有限公司 Hong Kong Xinhaisheng Investment Limited	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		38,335,600 H股 H-Share	2.81%	5.85%
郭廣昌 Guo Guangchang	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	2	144,206,236 H股 H-Share	10.57%	22.01%
Fosun International Holdings Ltd.	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	2	144,206,236 H股 H-Share	10.57%	22.01%
復星國際有限公司 Fosun International Limited	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	2	144,206,236 H股 H-Share	10.57%	22.01%
復興產業控股有限公司 Fosun Industrial Holdings Limited	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	2	104,689,626 H股 H-Share	7.67%	15.98%
易方達基金管理有限公司	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		58,740,000 H股 H-Share	4.31%	8.97%

董事會報告 Report of the Directors

名稱 Name	性質 Nature	股份類別 Class of Share	持股身份 Shareholder Identity	註釋 Note	股份/相關	佔全部已發行	佔全部H股
					股份的數目 Number of Share/ Related Shares	股本之百分比 As a percentage of the entire issued capital	之百分比 As a percentage of all H Shares
FMR LLC	好倉 Long position	H 股 H-Share	實益擁有人 Beneficial Owner	3	34,961,183 H 股 H-Share	2.56%	5.34%
Baillie Gifford & Co.	好倉 Long position	H 股 H-Share	受控制法團權益/投資經理 Interest of controlled/Investment manager	3	34,477,701 H 股 H-Share	2.53%	5.26%

註釋：

- (1) 被視為由青島市國資委享有權益的38,335,600股H股是透過青島啤酒集團有限公司的全資附屬公司香港鑫海盛投資發展有限公司持有。根據最新的披露權益申報，青島市國資委享有38,335,600股H股權益。
- (2) 郭廣昌先生，Fosun International Holdings Ltd. 及復星國際有限公司被視為享有權益的股份是分別透過多家由彼等控制的公司及控股公司管理的基金持有。
- (3) FIDELITY MANAGEMENT & RESEARCH COMPANY LLC 被視為享有權益的股份是分別透過多家由FMR LLC控制的全資附屬公司持有。Baillie Gifford & Co. 被視為享有權益的股份也是分別透過多家由Baillie Gifford & Co. 控制的全資附屬公司持有。
- (4) 公司主要股東新近的披露權益申報，請參閱香港交易及結算所有限公司網站(www.hkexnews.hk)有關「披露權益」的部分。

Notes:

- (1) The 38,335,600 H-Shares which were deemed to be interested by SASACQ were held by Hong Kong Xinhaisheng Investment Limited, a wholly-owned subsidiary of Tsingtao Brewery Group Company Limited, which is controlled by SASACQ. According to the latest disclosure of interests filings, SASACQ was interested in 38,335,600 H-Shares.
- (2) The shares in which Mr. GUO Guangchang, Fosun International Holdings Ltd. and Fosun International Limited were deemed to be interested were held through various controlled corporations and a fund managed by the controlled corporation held by Mr. GUO Guangchang, Fosun International Holdings Ltd. and Fosun International Limited.
- (3) The shares in which FIDELITY MANAGEMENT & RESEARCH COMPANY LLC was deemed to be interested were held through various controlled wholly-owned subsidiaries of FMR LLC. The shares in which Baillie Gifford & Co. was also deemed to be interested were held through various controlled wholly-owned subsidiaries of Baillie Gifford & Co.
- (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).

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。

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, which require the Company to firstly offer new shares on pro-rata basis to its existing shareholders. However, the Company has to abide by the rules concerning pre-emptive right in Listing Rules.

董事會報告 Report of the Directors

六. 董事、監事、高級管理人員和員工情況

1. 公司董事于報告期內被授予的限制性股票情況

好倉：

姓名 Name	職務 Position	持股份 Shareholder capacity	年初持有 限制性 股票數量 Number of restricted shares held at the beginning of the year	報告期新授予	估已發行 A 股股票總數 概約百分比 Approximate percentage of total issued A Shares (%)	估本公司 已發行股本 概約百分比 Approximate percentage in the issued share capital of the Company (%)	期末持有 限制性 股票數量 Number of restricted shares held at the end of the Reporting Period	已收代價 (人民幣元) (註1) Considerations received (RMB) (Note 1)	報告期末 合計持股 Total shareholdings at the end of the Reporting Period
				限制性 股票數量 Number of restricted shares newly granted during the Reporting Period					
黃克興(註2) HUANG Ke Xing (Note 2)	董事長、黨委書記 Chairman and Secretary of the Party Committee	實益擁有人及 配偶權益 Beneficial owner and interest of spouse	0	150,000	0.0211	0.011	150,000	3,177,000	151,400
于竹明 YU Zhu Ming	執行董事、黨委委員、 財務總監 Executive Director, Member of the Party Committee, CFO	實益擁有人 Owner	0	110,000	0.0155	0.008	110,000	2,329,800	-
王瑞永 WANG Rui Yong	執行董事、黨委委員、 副總裁 Executive Director, Member of the Party Committee, Vice President	實益擁有人 Owner	0	110,000	0.0155	0.008	110,000	2,329,800	-

註1：每股限制性股票授予價格為人民幣21.18元。

註2：黃克興先生被視為持有151,400股，他本人持有A股流通股份1,300股及A股限制性股票150,000股，他的配偶持有A股流通股份100股。

VI. Directors, Supervisors, Senior Management Officers and Employees

1. Restricted shares granted to directors of the Company during the Reporting Period

Long positions:

單位：股
Unit: Share

Note 1: The grant price per restricted share is RMB21.18.

Note 2: Mr. HUANG Ke Xing is deemed to hold 151,400 shares, including 1,300 tradable A-shares and 150,000 restricted shares held by himself and 100 tradable A-shares held by his spouse.

董事會報告 Report of the Directors

2. 其他董事、監事持股情況

好倉：

單位：股
Unit: Share

姓名 Name	職務 Position	持股身份 Shareholder capacity	年初持股數 Shares held at the beginning of the year	期末持股數 Shares held at the end of the Reporting Period	股份種類 Class of share
于增彪 YU Zeng Biao	獨立非執行董事 Independent non-executive director	實益擁有人 Beneficial Owner	20,000	15,000	A 股流通股份 Tradable A shares
黃祖江 HUANG Zhu Jiang	職工監事 Supervisor as Employees' Representative	實益擁有人 Beneficial Owner	0	12,900	A 股流通股份 Tradable A shares

截至2020年12月31日止，據董事所知，除上述人員持股外，本公司的董事或監事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《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》作為本公司董事、監事及高級管理人員進行證券交易的行為守則和規範。本公司已向本公司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. The shareholding of other directors and supervisors

Long positions:

單位：股
Unit: Share

Name	Position	Shareholder capacity	Shares held at the beginning of the year	Shares held at the end of the Reporting Period	Class of share
YU Zeng Biao	Independent non-executive director	Beneficial Owner	20,000	15,000	Tradable A shares
HUANG Zhu Jiang	Supervisor as Employees' Representative	Beneficial Owner	0	12,900	Tradable A shares

As at 31 December 2020, so far as the directors aware, save as disclosed above, none of the directors or supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (as defined in Part XV of SFO), and such interests or short positions were recorded in the register required to be kept under section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

The Company has used the *Model Code* and its *Administration Regulations of Shares of the Company Held by its Directors, Supervisors and Senior Management Officers and the Changes* formulated by the Company as the code of standard conduct for securities trading by directors, supervisors and senior management officers of the Company. The Company has conducted inquiries on all directors and supervisors of the Company and they affirmed that they had followed the standards as specified in the *Model Code* and their code of conduct regarding directors' securities transactions in all available periods during the Reporting Period.

董事會報告 Report of the Directors

3. 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：

3.1 公司董事的資料更改情況如下：

- (1) 公司非執行董事石琨，自2020年11月起新任金徽酒股份有限公司董事。

4. 董事、監事、高級管理人員年度報酬情況

對公司執行董事及其他高管人員，實施以任職崗位和目標責任管理為核心的年度績效考核與薪酬激勵分配機制，包括基本薪酬和績效年薪。基薪根據高級管理人員的崗位職責、履職年限等確定。績效年薪根據公司年度經營業績、年度工作計劃完成情況、對高級管理人員年度考核結果等確定並發放。

對公司獨立非執行董事和獨立監事按股東大會決議支付年度酬金。

3. Changes of information of directors

The change of information of directors pursuant to Rule 13.51B (1) of Listing Rules is as follows:

3.1 Update on the profile of the Company's director includes the following:

- (1) SHI Kun, Non-executive Director of the Company, has been appointed as Director of Jinhui Liquor Co., Ltd. since November 2020.

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

For the executive directors and other senior management officers, the Company adopts the annual performance appraisal focusing on the position and the administration of target responsibilities, and the remuneration incentive program including basic salary and annual performance remuneration. The basic salary is determined in accordance with the senior management officers' position and responsibilities, years of working, and etc., while the annual performance remuneration is determined and distributed in accordance with the Company's annual operating results, the degree of the completion of annual work plan, the results of annual appraisal towards the senior management officers, and etc.

The annual remuneration of the independent non-executive directors and independent supervisors is paid pursuant to the resolution passed at the general meeting.

董事會報告 Report of the Directors

姓名 Name	職務 Position	備註 Note	報告期內的薪酬合計 (稅前，含企業繳納社保 及公積金)(人民幣萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) during the Reporting Period (RMB0'000)
黃克興 HUANG Ke Xing	董事長、黨委書記 Chairman and Secretary of the Party Committee	現任 Current	82.73
于竹明 YU Zhu Ming	執行董事、黨委委員、 財務總監 Executive Director, Member of the Party Committee, CFO	現任 Current	79.06
王瑞永 WANG Rui Yong	執行董事、黨委委員、 副總裁 Executive Director, Member of the Party Committee, Vice President	現任 Current	78.38
石琨 SHI Kun	非執行董事 Non-executive Director	現任 Current	0
于增彪 YU Zeng Biao	獨立非執行董事 Independent Non-executive Director	現任 Current	12
肖耿 XIAO Geng	獨立非執行董事 Independent Non-executive Director	現任 Current	6
盛雷鳴 SHENG Lei Ming	獨立非執行董事 Independent Non-executive Director	現任 Current	6
姜省路 JIANG Xing Lu	獨立非執行董事 Independent Non-executive Director	現任 Current	12
李綱 LI Gang	監事會主席 Chairman of Board of Supervisors	自 2021 年 4 月 9 日起辭任 Resigned on April 9, 2021	12
姚宇 YAO Yu	股東監事 Shareholder supervisor	現任 Current	0
李燕 LI Yan	獨立監事 Independent Supervisor	現任 Current	8
王亞平 WANG Ya Ping	獨立監事 Independent Supervisor	現任 Current	8
黃祖江 HUANG Zhu Jiang	職工監事 Supervisor as Employees' Representative	現任 Current	64.76
孫麗紅 SUN Li Hong	職工監事 Supervisor as Employees' Representative	現任 Current	53.74

董事會報告 Report of the Directors

姓名 Name	職務 Position	備註 Note	報告期內的薪酬合計 (稅前，含企業繳納社保 及公積金)(人民幣萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) during the Reporting Period (RMB0'000)
孟慶尚 MENG Qing Shang	職工監事 Supervisor as Employees' Representative	現任 Current	55.22
蔡志偉 CAI Zhi Wei	營銷總裁 President of Marketing Center	現任 Current	352.72
姜宗祥 JIANG Zong Xiang	副總裁兼供應鏈總裁 Vice President and President of Supply Chain	現任 Current	67.81
徐楠 XU Nan	副總裁、製造總裁、 總釀酒師 Vice President, President of Manufacturing and Chief Brewer	現任 Current	65.29
王少波 Wang Shao Bo	副總裁 Vice President	現任 Current	64.27
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	現任 Current	64.62
樊偉(註) FAN Wei (note)	執行董事、總裁 Executive Director, President of the Company	已屆退休年齡，自2020年2月28日 起辭任 Having reached the retirement age, he resigned from his positions on February 28, 2020	12.87
賈聖林 BEN Sheng Lin	獨立非執行董事 Independent Non-executive Director	連續任職時間滿六年，自2020年6月 8日公司股東年會結束後離任 Having served the position for six consecutive years, he left the position after the Company's annual general meeting on June 8, 2020	6
蔣敏 JIANG Min	獨立非執行董事 Independent Non-executive Director	連續任職時間滿六年，自2020年6月 8日公司股東年會結束後離任 Having served the position for six consecutive years, he left the position after the Company's annual general meeting on June 8, 2020	6
合計 Total			<u>1,117.47</u>

註：樊偉先生於2020年2月28日辭任公司執行董事和總裁職務，上表列載報酬是統計報告期內其在公司任職期間兩個月的報酬。

Note: Mr. FAN Wei resigned from his positions as Executive Director and President of the Company on February 28, 2020. His remuneration listed on the above table is for the two months he had served in the Company during the Reporting Period.

董事會報告 Report of the Directors

5. 員工情況

5.1 截至報告期末，本公司(包括下屬子公司)在崗員工共計35,678人。員工專業構成及教育程度如下：

專業構成 Profession	專業構成類別 Class of Profession	專業構成人數 Number (person)
生產服務人員	Production and service personnel	15,729
銷售人員	Sales personnel	11,491
工程技術人員	Technical and engineering personnel	2,336
財務人員	Financial personnel	1,310
行政管理人員	Administrative personnel	4,812
合計	Total	35,678

教育程度 Educational Background	教育程度類別 Class of education	數量(人) Number (person)
碩士及以上	Master's degree and above	414
本科生	Undergraduate	6,661
專科生	2-year college	10,931
中專生	Secondary specialized school	7,200
中專以下	Under secondary specialized school	10,472
合計	Total	35,678

5.2 薪酬政策

公司持續完善「以薪酬激勵為基礎，以職業發展激勵為動力，以情感激勵為凝聚，以文化激勵為核心」的全面激勵體系。以業績與崗位價值貢獻為考量因素，實施與企業經濟效益和勞動生產率相掛鉤的基於企業成長的員工收入分享機制。

5. Employees

5.1 As at the end of the Reporting Period, the Company (including the subsidiaries) had 35,678 persons of employees in total. The composition of employees in terms of profession and educational background is as follows:

5.2 Remuneration policy

The Company continuously improves a comprehensive incentive system based on the salary incentive, driven by the professional development incentive, attracted by the emotional incentive and focused on the cultural incentive. Using performance and position value contribution as measurement factors, the Company implements a corporate growth-based staff income sharing program that is linked to corporate economic returns and production efficiency.

董事會報告 Report of the Directors

2020年，面對疫情，公司在綜合考慮經營業績與工資總額聯動的情況下，以保障員工收入為前提，一方面實施特殊時期下的前置式、扁平化工資總額管控機制，保障疫情期間員工工資收入；另一方面積極爭取、推進惠企政策在企業內部的落地，降低企業的人工成本。同時，在業績恢復、快速成長階段，加大經營業績與績效激勵的聯動機制，保障和促進了公司健康可持續發展。

5.3 培訓計劃

2020年面對突發疫情，全體員工眾志成城，克服重重困難，在確保疫情防控政策落地和保障員工身體健康安全的前提下，突破舒適圈，練中學、學中做，白天作戰，晚上充電，開啓了突破轉型、管理創新、業務賦能的全員學習之旅。數字化培訓工具全面推廣，直播、在線自學、微信學習社群、釘釘學習社群等各種在線學習模式混合運用，探索出新的賦能模式。2020年全年課時同比增加35%，組織學習能力的提升，有效賦能公司經營業績的快速恢復、快速成長。

七. 董事及監事收購股份之權利

除本年報所披露者外，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。

Facing the epidemic in 2020, the Company took measures by considering the linkage between business performance and total salary, with a focus on guaranteeing staff's income. While it implemented a preposed and flat total salary control mechanism to ensure stable income for the staff during the epidemic, the Company made active steps to promote the implementation of preferential business policies within itself to cut labor costs. Meanwhile, at the stage of performance recovery and fast growth, the Company beefed up the mechanism of linking business performance and performance incentive, which ensured and drove healthy and sustainable development for the Company.

5.3 Training plan

In the context of the epidemic in 2020, while making sure to implement the anti-epidemic policy and safeguarding their health and safety, all staff members worked in concerted efforts and overcame difficulties to step out of their comfort zones, starting a learning-by-doing journey of transformation, management innovation and business empowerment throughout days and nights. A new empowerment model has been developed with the use of digital training tools on all fronts and the mixed application of various online learning modes, such as livestreaming, online self-learning, WeChat learning community and DingTalk learning community. Course hours for the whole year of 2020 increased 35% year-on-year. The enhancement of the organizational learning capacity has effectively empowered the fast recovery and growth of the Company's business performance.

VII. Directors' and Supervisors' Right of Purchasing Shares

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

董事會報告 Report of the Directors

八. 董事或監事合約權益及董事服務合約

本公司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)。除本年報所披露者外，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非執行董事就其獨立性而作出的年度確認函，本公司仍然認為有關獨立非執行董事屬獨立人士。

十. 購回、出售及贖回上市股份

報告期內，本公司或其任何附屬公司並無購回、出售或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。

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

All directors and supervisors appointed by the Company had entered into service contract with the Company, but did not enter into any service contract with the Company that the Company and its subsidiaries should make compensation to the director or supervisor when it terminates the contract within 1 year after the contract has been entered into by both parties (excluding statutory compensation). Save as disclosed herein, neither directors nor supervisors obtained material interests from any contracts entered into with the Company or its subsidiaries within the year.

IX. Confirmation of Independence by Independent Non-executive Directors

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

X. Buy-back, Sales and Redemption of Shares

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities of the Company.

During the Reporting Period, neither the Company nor any of its subsidiaries issued or provided any options or any other similar rights, nor exercised any rights of conversion or subscription.

XI. Principal Subsidiaries and Associated Companies

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

XII. Fixed Assets

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

董事會報告 Report of the Directors

十三. 銀行貸款

於二零二零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。

十四. 獲准許之彌償條文

經本公司2017年度股東年會批准，本公司已為全體董事購買適當之責任保險。獲准許之彌償條文於報告期內為董事的利益生效。

十五. 股票掛鉤協議

除本年報所披露者外，本公司於本年度終結日或年內任何時間概無訂立任何股票掛鉤協議。

十六. A股限制性股票激勵計劃

於2020年6月8日，公司2019年年度股東大會、2020年第一次A股和H股類別股東會議審議批准採納A股限制性股票激勵計劃（「激勵計劃」）。2020年6月29日，公司審議通過關於調整激勵計劃首次授予部分的授予價格及激勵對象名單和授予數量的議案以及關於向激勵對象首次授予A股限制性股票的議案，向627名激勵對象授予13,200,000股A股限制性股票，授予價格為人民幣21.18元/股。2020年7月24日，公司在中國證券登記結算有限責任公司上海分公司辦理完成了激勵計劃首次授予部分的A股限制性股票的登記工作。2020年7月29日，公司審議通過了因首次授予部分的A股限制性股票而變更註冊資本、修改公司章程及辦理工商變更登記的議案。於根據首次授予授出的13,200,000股A股限制性股票中，91.5萬股A股限制性股票已授予本公司執行董事及本公司重要附屬公司的董事及監事，因此為本公司的關連人士。向該等人士授予限制性股票構成上市規則第14A章項下本公司非豁免關連交易。2021年3月22日，公司董事會審議通過向激勵對象授予預留部分的限制性股票。

XIII. Bank Loans

Details of bank loans as at 31 December 2020 are set out in the attached Notes to Consolidated Financial Statements.

XIV. Permitted Indemnity Provision

As approved at the 2017 Annual General Meeting of the Company, the Company has purchased appropriate liabilities insurance for all directors. The permitted indemnity provision was in force during the Reporting Period for the benefits of all directors.

XV. Equity-linked Agreements

Save as disclosed herein, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

XVI. Restricted A Share Incentive Plan

On 8 June 2020, the 2019 Annual General Meeting, the 2020 First A Share and H Share Class Meetings of the Company considered and approved the adoption of the Restricted A Share Incentive Plan (the “Incentive Plan”). On 29 June 2020, the Board considered and approved the resolutions in relation to the adjustment to the grant price and the list of participants of the first grant of the Incentive Plan and the number of shares to be granted, and the resolution in relation to the first grant of restricted A shares to the participants and granted 13,200,000 restricted A shares to the 627 participants with the grant price of RMB21.18/share. On 24 July 2020, the Company completed the registration of the restricted A shares under the first grant of the Incentive Plan with China Securities Depository and Clearing Co., Ltd. Shanghai Branch. On 29 July 2020, the Board approved the resolutions in relation to the change in registered capital, amendments to the articles of association of the Company and application for change of industrial and commercial registration as a result of the first grant of the restricted A shares. Among the 13,200,000 restricted A shares granted under the first grant, 915,000 restricted A shares were granted to the executive directors of the Company and directors and supervisors of the significant subsidiaries of the Company and hence a connected person of the Company. The grant of restricted shares to such persons constitutes non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules. On 22 March 2021, the Board approved the resolution in relation to the reserved grant of the restricted shares to participants under the Incentive Plan.

董事會報告 Report of the Directors

有關之詳情，請參閱公司於2020年3月23日、2020年6月8日、2020年6月29日、2020年7月27日、2020年7月29日、2021年3月22日之公告及於2020年4月29日之通函。

十七. 關聯方交易及關連交易

本集團之關連方交易之詳情載於財務報表附註八。根據上市規則構成關連交易的該等關連方交易已在「A股限制性股票激勵計劃」一段中披露，並已遵守上市規則第14A章的有關披露規定。

十八. 董事及監事在重要交易、安排或合約中的權益

除本年報所披露外，報告期內或於報告期結束時，本公司任何董事、監事或與其有關的實體均未直接或間接從本公司、本公司控股公司、附屬公司的重要交易、安排或合約中擁有重大權益。

十九. 捐款

本集團於年內作出的慈善及其他捐款之金額載於合併財務報表項目附註四(53)。

除上述披露者外，本集團並無於年內作出慈善及其他捐款。

黃克興
董事長
中華人民共和國 青島
二零二一年三月二十六日

For more details, please refer to the Company's announcements dated 23 March 2020, 8 June 2020, 29 June 2020, 27 July 2020, 29 July 2020, 22 March 2021 and the circular dated 29 April 2020.

XVII. Related Party Transactions and Connected Transactions

Details of related party transactions of the Group are set out in Note 8 to the Financial Statements. Such related party transactions which constitute connected transactions under the Listing Rules are disclosed in the paragraph headed "Restricted A Share Incentive Plan", in respect of which the relevant disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

XVIII. Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed herein, no transaction, arrangement or contract of significance, in relation to the Company's business to which the Company, its holding companies, or its subsidiaries or fellow subsidiaries was a party and in which a director or a supervisor or any entity connected with them was materially interested, directly or indirectly, subsisted during or at the end of the Reporting Period.

XIX. Donations

The amount of charitable and other donations made by the Group during the year is set out in Note 4 (53) to Consolidated Financial Statements.

Save as disclosed above, no charitable and other donations have been made by the Group during the year.

HUANG Ke Xing
Chairman
Qingdao, the People's Republic of China
26 March 2021

監事會報告 Report of the Supervisors

本人謹此提呈青島啤酒股份有限公司2020年度之監事會報告，敬請各位股東審閱。

報告期內，監事會嚴格按照法律法規及《公司章程》的相關規定，以切實維護公司和股東的合法權益為宗旨，謹慎、認真地履行了自身職責，對公司財務報告、重大事項等議題進行了監督審議，依法獨立行使職權，以保證公司規範運作。

一、報告期內監事會的工作情況

(一) 監事會召開情況

報告期內，公司監事會共召開8次會議，其中定期會議5次，臨時會議3次，審議各類議案共計28項。主要議案如下：

1、 審議定期報告：

- (1) 審議公司2019年度財務報告；
- (2) 審議公司2020年第一季度報告；
- (3) 審議公司2020年半年度報告；
- (4) 審議公司2020年第三季度報告。

I hereby present the 2020 Report of Supervisors of Tsingtao Brewery Company Limited for the kind review by all shareholders.

During the Reporting Period, the Board of Supervisors prudentially and seriously took its duties and responsibilities by strictly abiding by the related provisions in the laws and regulations and Articles of Association for the target of practically protecting the legal rights and interests of the Company and its shareholders. It supervised the proposals including the Company's financial statements and significant events. It legally exercised its duties and responsibilities to ensure the operations of the Company are in compliance.

I. Work of Board of Supervisors during the Reporting Period

(I) Meetings held by Board of Supervisors

During the Reporting Period, the Board of Supervisors held 8 meetings in total, including 5 regular meetings and 3 unscheduled meetings, with 28 different resolutions considered, mainly including the following:

1. Regular reports:

- (1) considered the Company's 2019 Financial Report;
- (2) considered the Company's 2020 First Quarterly Report;
- (3) considered the Company's 2020 Interim Report;
- (4) considered the Company's 2020 Third Quarterly Report.

監事會報告 Report of the Supervisors

2、 審議其它事項：

通過召開會議，審議通過了《青島啤酒股份有限公司A股限制性股票激勵計劃(草案)》、《青島啤酒股份有限公司A股限制性股票激勵計劃實施考核管理辦法》、《關於調整公司A股限制性股票激勵計劃首次授予部分的授予價格》的議案、《關於調整公司A股限制性股票激勵計劃首次授予激勵對象名單和授予數量》的議案、《關於向激勵對象首次授予A股限制性股票》的議案及其他議案等，並對公司A股限制性股票激勵計劃(草案)相關事項以及首次授予激勵名單發表了核查查意見。共計24項。



(二) 監事會實地調研情況

報告期內，中國啤酒行業受新冠肺炎疫情的影響，市場銷售面臨了巨大困難和挑戰，啤酒市場競爭仍然較為激烈。為進一步掌握青島啤酒在全國的經營情況，同時為使公司監事(尤其是外部監事)加深對公司的了解，監事會深入公司所屬雲南營銷分支機構等進行了實地調研，並實地調研了公司所屬山東TSINGTAO1903酒吧項目。通過調研交流，掌握了第一手資料，為監事會決策的科學性及履行監督職能的有效性提供了有力支持。



2. Other issues:

A number of proposals were considered and approved at meetings held by the Company, including *The Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited (Draft)*, *Management Measures for the Implementation and Appraisal of the Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited*, *the proposal on Adjusting the Grant Price of the First Grant under the Restricted A Share Incentive Plan of the Company*, *the proposal on Adjusting the List of Participants and the Number of Restricted Shares Granted of the First Grant under the Restricted A Share Incentive Plan of the Company*, *the proposal on Granting the Restricted A Shares of the First Grant to the Participants* and other proposals. In addition, review opinions related to the Restricted A Share Incentive Plan of the Company and the list of participants of the First Grant were issued. There were a total of 24 issues.

(II) Site researches made by Board of Supervisors

During the Reporting Period, due to the impact of COVID-19 on China's beer industry, the market sales suffered from great difficulties and challenges, with fierce competition in the beer market. To further understand the performance of Tsingtao Beer in China and allow the Company's Supervisors (in particular external supervisors) to deepen their understanding of the Company, the Board of Supervisors conducted site surveys in the Company's branch sales outlets in Yunnan and visited its bar project known as TSINGTAO1903 Bars in Shandong. The site surveys and communication enabled the Board of Supervisors to acquire firsthand information, serving as powerful support for it to make science-based decisions and perform effective functions.

監事會報告 Report of the Supervisors

二、監事會對公司2020年度有關事項的獨立意見

(一) 依法運作情況

報告期內，監事會成員依法出席股東大會，列席了董事會會議。監事會主席列席了總裁辦公會。通過依法行使監督權，監事會認為公司股東大會、董事會的召開程序、決策內容、董事會對股東大會決策的執行情況等，均符合法律法規及相關監管要求，符合《公司章程》的相關規定。

監事會認為，在報告期內公司嚴格按照法律、法規、《公司章程》及其他監管規定的要求開展各項工作，決策程序合法、運作規範。

監事會認為，公司董事會成員及高級管理人員能夠按照國家有關法律、法規和《公司章程》等有關規定，忠實勤勉地履行其職責。報告期內未發現公司董事及高級管理人員在執行職務、行使職權時有違反法律、法規、《公司章程》及損害公司和股東利益的行為。

(二) 檢查公司財務情況

監事會對2020年度公司的財務狀況和財務成果進行了監督、審核，監事會認為，公司財務制度健全，財務運作規範，財務狀況良好。公司財務報告真實、客觀地反映了公司的財務狀況和經營情況。

II. Independent Comments made by Board of Supervisors to the issues in 2020

(I) Compliance operation

During the Reporting Period, the members of Board of Supervisors legally attended the general meetings, sat in the board meetings, and the Chairman of Board of Supervisors sat in the presidential conference. By legally exercising its supervision right, the Board of Supervisors is of the view that, the convening procedures of the Company's general meetings and board meetings, the matters in the resolutions, and the Board's implementation of the resolutions approved at the general meetings are in compliance with the laws, regulations, related regulatory requirements, and related provisions in Articles of Association.

The Board of Supervisors is of the view that, the Company carried out various work strictly in compliance with the requirements in the laws, regulations, Articles of Association, and other regulatory regulations, made decisions legally and operated in compliance manner.

The Board of Supervisors is of the view that, all directors and senior management officers of the Company fulfill their duties with diligence in accordance with the State laws, regulations and related provisions in Articles of Association. During the Reporting Period, none of the directors and senior management officers of the Company was found to have any behavior violating any laws, regulations and Articles of Association, or damaging any interests of the Company or its shareholders in performing their duties and exercising their authorities.

(II) Review of the financial situations

After having supervised and audited the financial situation and results of the Company for the year 2020, the Board of Supervisors is of the view that, the Company's financial system is sound and complete, the financial operation is compliant, the financial situation is satisfactory, and the financial statements truly and objectively reflects the Company's financial situation and operation.

監事會報告 Report of the Supervisors

(三) 最近一次募集資金使用情況

報告期內，公司未有新增和存量募集資金，不存在募集資金管理及使用違規情形。

(四) 內控工作報告情況

監事會認為，公司已根據自身的實際情況和法律法規的要求，形成了公司健全有效的內部控制體系，並能得到有效執行。董事會出具的《公司2020年度內部控制評價報告》及審計師出具的內部控制審計報告客觀、真實地反映了公司內部控制制度的建設及運行情況。

(五) 建立和實施內幕信息知情人管理制度的情況

監事會認為，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》。經核查，本報告期內，公司未發生因內幕信息受到監管部門查處和整改的情形。公司內幕信息知情人管理制度完善，並且得到了嚴格地遵守、執行。

綜上，監事會在報告期內認真地履行了法律法規和《公司章程》賦予監事會的職責，發揮了監事會的職能作用。本屆監事會的任期即將屆滿，借此機會，我對各位監事，在報告期內為公司監事會工作所做的貢獻表示衷心的感謝！

(III) Latest use of proceeds received

During the Reporting Period, the Company did not have any newly received or remaining proceeds received from financing activities, and there was no situation of violation of regulations in the management and use of proceeds received from financing activities.

(IV) Internal control work report

The Board of Supervisors is of the view that, the Company has established a sound and effective internal control system in accordance with its own actual situation and the requirements of the laws and regulations, which is effectively implemented. The 2020 Internal Control Evaluation Report presented by the Board and the internal control audit report presented by the auditor truly and objectively reflects the construction and operation of the Company's internal control system.

(V) Information on the establishment and implementation of administrative policies to the information insiders

The Board of Supervisors is of the view that, the Company has worked out Administrative Policies for the Registration of Information Insiders in accordance with the related regulations. It has inspected that, during the Reporting Period, the Company did not have the situation of being investigated or rectified by the regulatory authorities for the release of inside information. The administrative regulation of information insiders is improved, and strictly abided by and implemented.

In summary, the Board of Supervisors has fulfilled their duties during the Reporting Period. In addition, the Board of Supervisors has fulfilled the duties assigned to them by the laws and regulations, and the Articles of Association, as well as played the role of the Board of Supervisors. The current term of the board of supervisors will expire soon. I would like to take this opportunity to express my heartfelt thanks to all the supervisors for their contributions to the work of the Supervisory Committee of the Company during the Reporting Period.

監事會主席：李鋼
二零二一年三月二十六日

Chairman of Board of Supervisors: LI Gang
26 March 2021

企業管治報告 Corporate Governance Report

本公司自1993年於香港聯交所及上交所上市以來，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。

按照公司制定的董事會成員多元化政策，公司第九屆董事會成員構成充分考慮了公司情況、自身業務模式和工作需要，兼顧了成員年齡、文化及教育背景或專業經驗。第九屆董事會成員在技能、經驗以及多元化視角方面達到適當的平衡，從而提升董事會的有效運作並保持高標準的公司治理水平。

提名及薪酬委員會負責物色董事會成員、提名及遴選事宜。按照公司制定的提名政策，執行董事潛在人選可在高層管理人員中發掘與選拔；獨立非執行董事人選可於全國甄選。根據《公司章程》及相關法例的規定，股東亦可於股東大會上提名任何人士(退任董事除外)參選為董事(包括非執行董事)。在有需要的情況下，提名及薪酬委員會可聘請外部顧問協助招聘合適人選的工作，董事會成員的委任最終由股東於股東大會審批。

Since the Company was listed on the Stock Exchange and SSE in 1993, it has been improving its corporate governance structure and regulating the operation of the Company pursuant to the domestic and overseas listing rules and regulatory requirements. The Company's general meeting, the Board and Board of Supervisors exercise their respective duties that they make decisions independently but supervise each other, which maintain the balance of power among them. The Board sets up three professional committees, namely, Audit & Internal Control Committee, Strategy & Investment Committee and Nomination & Remuneration Committee, which are mainly comprised of external directors (including independent non-executive directors) who play a positive role in improving the efficiency of decision-making of the Board and promote the effective operation of corporate governance of the Company.

In accordance with the policy of diversity among board members formulated by the Company, this election has taken the following into account while forming the Board: the Company's situation, its own business model and operational needs, as well as the age, cultural and educational background or professional experience of the members. The ninth Board of Directors showcases an appropriate balance of skills, experience and diversity perspectives to enhance the effective functioning of the Board and maintain a high standard of corporate governance.

The Nomination and Remuneration Committee is responsible for searching, nominating and screening Board members. According to the nomination policy established by the Company, candidates for executive directors may be searched and selected among senior management personnel and those for independent non-executive directors may be selected across the country. In accordance with the Articles of Association and relevant regulations, the shareholders are also allowed to nominate anyone (excluding resigned directors) for the election of directors (including non-executive directors) at general meetings. The Nomination and Remuneration Committee may appoint external consultants to assist the recruitment of suitable candidates when necessary. The appointment of Board members shall be considered and approved by shareholders at general meetings.

企業管治報告 Corporate Governance Report

報告期內，本公司已遵守《上市規則》附錄十四載列之《企業管治守則》的守則條文，惟《企業管治守則》守則條文第A.2.1條除外。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，已詳細列明了董事會在公司發展戰略和管理方面的職權以及董事會對公司發展和經營的監督與檢查職權。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，董事會已於年內履行有關的職責。

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。

During the reporting period, the Company had complied with the provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for Code Provision A.2.1. of the Corporate Governance Code taken by the Company for corporate governance are as follows:

I. The Board

1. Duties and assignments

Under the leadership of the Chairman, the Board exercises its administrative decision-making power concerning the Company's development strategy, management structure, investment and financing, financial supervision and control, and dedicates to realize the maximization of its shareholders' value. It has been stated in details in the Company's Articles of Association and its appendix — Order of Meeting for Board of Directors, the Board's authorities in the Company's development strategies and management, and its power of supervision and inspection over the Company's development and operation. At the same time, the Board implements its duty of corporate governance by monitoring, evaluating and ensuring the effectiveness and efficiency of the Company's internal control system, and situation of the Company's compliance with 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 Code Provision D.3.1 of the revised Corporate Governance Code. The Board has performed the relevant duties during the year.

The division of duties between the Company's chairman and president has been clearly defined and stated in 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 actual circumstance. Besides, the chairman should also be responsible for leading and working out the Company's overall development strategy, and supervising the implementation of resolutions approved by the Board.

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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。

《企業管治守則》條文第A.2.1條規定，董事長與行政總裁的角色應有區分，不應由一人同時兼任。自樊偉先生於2020年2月28日因已屆法定退休年齡而辭任本公司執行董事兼總裁職位後，因公司總裁的繼任人選一直在磋商之中，目前公司總裁職位暫時空缺。為確保公司的正常運營，本公司董事長已按照保持一個良好而穩固、符合本公司需要的企業管治結構之要求，酌情履行總裁職責。

2、組成

截止2020年12月31日，公司第九屆董事會成員由3名執行董事、1名非執行董事及4名獨立非執行董事組成：

執行董事

黃克興先生(董事長)
于竹明先生
王瑞永先生

非執行董事

石琨先生

獨立非執行董事

于增彪先生
肖耿先生
盛雷鳴先生
姜省路先生

上述獲重選或獲選舉的董事的任期為三年，由股東年會通過對其作出的委任後立即開始至本公司第九屆董事會任期屆滿。

The president is responsible for arranging the implementation of resolutions approved by the Board, yearly budget and investment plan of the Company, and reporting to the Board about the Company's operation, signing and implementation of significant contracts; exercising the right of the use of funds and assets within the scope authorized by the Board, and signing the contracts on behalf of the Company. At the same time, the Company clarifies the specific duties and responsibilities, and the work of all senior management officers, so as to ensure the undertaking of obligations of integrity and diligence of their own responsibilities.

Provision A.2.1 of the Corporate Governance Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separated and not be performed by the same person. The list of candidates for President of the Company has been under discussion since Mr. FAN Wei resigned from his positions of Executive Director and President of the Company on February 28, 2020 as he had reached the retirement age. The position remains unfilled for the time being. To ensure normal operations of the Company, Chairman of the Company is performing the duties of the President according to the requirements for maintaining a good and stable corporate governance structure that accommodates the Company's needs.

2. Composition

As at 31 December 2020, the ninth session of the Board comprises 3 executive directors, 1 non-executive director and 4 independent non-executive directors:

Executive Directors

Mr. HUANG Ke Xing (Chairman)
Mr. YU Zhu Ming
Mr. WANG Rui Yong

Non-executive Director

Mr. SHI Kun

Independent Non-executive Directors

Mr. YU Zeng Biao
Mr. XIAO Geng
Mr. SHENG Lei Ming
Mr. JIANG Xing Lu

The above-mentioned re-elected or elected directors shall serve for a term of three years, with immediate effect following their appointment during the shareholders' meeting, until the expiration of the term of the ninth session of the Company's Board of Directors.

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本公司已採納董事會多元化政策以提升董事會之有效性。本公司在設定董事會成員組合時會從多個方面考慮董事會成員多元化，包括但不限於年齡、文化及教育背景、專業經驗、技能及知識。董事會所有委任均以用人唯才為原則，並在考慮人選時以客觀條件顧及董事會成員多元化的益處。

公司的董事會成員具有不同行業背景和專業知識，包括其中一名獨立非執行董事具備監管機構要求的會計或相關財務管理專長。各董事均於各自專業範疇累積了豐富經驗。董事的個人簡介載列於本年度報告「董事、監事和高管人員簡介」。

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

The Company has adopted a board diversity policy in order to enhance the effectiveness of the Board. When determining the composition of the members of the Board, the Company considered about the diversity of the members of the Board from different aspects including but not limited to age, cultural and educational background, professional experience, skills and knowledge. The Board focused on the candidates' qualification for all appointments, and took into account the benefits of the diversity of the members of the Board based on the objective conditions when choosing the candidates.

The members of the Board have various professional backgrounds and possess different professional knowledge, among which one of the independent nonexecutive directors has the qualification on accounting or related financial management required by the regulatory authorities. All directors have substantial experience in their respective professional field. The profile of the directors is set out in "Profiles of Directors, Supervisors and Senior Manager" in this Annual Report.

There are 4 independent non-executive directors in the current session of the Board, accounting for over 1/3 of the total number of members of the Board. These independent non-executive directors have various professional backgrounds with substantial experience in law, accounting and financial investment. Such composition is helpful to the Board in the discussion and analysis of the issues from different aspects to ensure the reasonable decision made by the Board. Since 2005, the independent non-executive directors have been submitting their annual performance review for reporting to the shareholders at the annual general meeting.

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3、 董事會會議

2020年度，本公司共舉行了4次現場結合電話會議和11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、半年度及季度業績報告；
- 審議通過公司A股限制性股票激勵計劃相關議案；
- 審議批准召集臨時股東大會以及股東年會和類別股東會等事項；
- 審議批准子公司搬遷新建項目和新增產能項目的可行性報告。

3. Board meeting

In 2020, the Company held 4 site meetings with phone calls and 11 meetings combining with voting through communications in total to consider the Company's operation and financial performance, management structure and investment plan mainly including:

- Considering and approving the reports of annual, interim and quarterly results;
- Considering and approving proposals related to the Restricted A Share Incentive Plan of the Company;
- Considering and approving the convening of extraordinary general meetings, the annual general meeting, share class meetings and other issues;
- Considering and approving the feasibility report for the relocation of new projects and new capacity projects of subsidiaries.



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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 notice and materials of proposals to be discussed are sent to all directors in the reasonable time, so as to ensure they have fruitful discussion, and make quick and prudential decisions at the board meetings. Details of all directors' attendance of board meetings in the year are as follows:

董事姓名 Name	本年應參加 董事會次數 Number that should attend in the year	親自出席次數 Number that attend in person	參加董事會情況 Information of attending board meeting			是否連續兩次 未親自參加會議 If not attend in person for consecutive two times	參加股東 大會情況 Information of attending general meeting
			以通訊方式 參加次數 Number that attend in form of communications	委託出席次數 Number that being attended by proxy	缺席次數 Number of absence		
黃克興 HUANG Ke Xing	15	4	11	0	0	否 No	4
于竹明 YU Zhu Ming	15	4	11	0	0	否 No	4
王瑞永 WANG Rui Yong	15	4	11	0	0	否 No	4
石琨 (註 1) SHI Kun (Note 1)	11	1	10	0	0	否 No	3
于增彪 YU Zeng Biao	15	4	11	0	0	否 No	1
肖耿 (註 1) XIAO Geng (Note 1)	6	1	5	0	0	否 No	—
盛雷鳴 (註 1) SHENG Lei Ming (Note 1)	6	1	5	0	0	否 No	—
姜省路 JIANG Xing Lu	9	5	4	0	0	否 No	4
樊偉 (註 2) FAN Wei (Note 2)	9	5	4	0	0	否 No	—
賁聖林 (註 3) BEN Sheng Lin (Note 3)	9	3	6	0	0	否 No	1
蔣敏 (註 3) JIANG Min (Note 3)	9	3	6	0	0	否 No	4

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註1：石琨先生於2020年4月16日舉行的臨時股東大會上獲委任為非執行董事，肖耿先生和盛雷鳴先生於2020年6月8日舉行的股東年會上獲委任為獨立非執行董事，因此報告期內出席股東大會次數不適用於兩位新任董事。

註2：樊偉先生於2020年2月28日辭任執行董事及總裁職務，因此報告期內出席股東大會次數亦不適用於他。

註3：賁聖林和蔣敏先生於2020年6月8日舉行的股東年會結束後不再擔任獨立非執行董事職務。

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

公司管理層負責向董事會提供審議各項議案所需的相關資料和信息，並在董事會會議召開時匯報相關工作。本公司獨立董事根據《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。

Note 1: Mr. SHI Kun was appointed as Non-executive Director at the extraordinary general meeting held on April 16, 2020. Mr. XIAO Geng and Mr. SHENG Lei Ming were appointed as Independent Non-executive Directors at the Annual General Meeting held on June 8, 2020. Therefore, the “number of attending general meetings” during the Reporting Period is not applicable to the two newly appointed directors.

Note 2: Mr. FAN Wei resigned from his positions as Executive Director and President of the Company on February 28, 2020. Therefore, the “number of attending general meetings” during the Reporting Period is not applicable to him yet.

Note 3: After the annual general meeting held on June 8, 2020, Mr. BEN Sheng Lin and Mr. JIANG Min no longer served as Independent Non-executive Director.

The convening and holding of board meetings are strictly subject to the provisions in Articles of Association and Order of Meeting for Board of Directors. The meetings are hosted by the chairman, and are held on time after the delivery of meeting notice. All proposals are discussed in details at the meetings and voted in sequence. The notices of regular meeting are dispatched 14 days before the meetings. Should any director be unable to attend the meeting due to other business, he/she could authorize other director in writing to attend and vote on his/her behalf, and the independent non-executive director could authorize other independent non-executive director to attend and vote on his/her behalf.

The Company's management team is responsible for providing the Board with all related materials and information needed for considering the proposals, and reporting their related work at board meetings. The independent non-executive directors may, pursuant to the provisions in Articles of Association, appoint independent professional organizations to serve them when exercising their duties, performing their duties and responsibilities or when being needed by the business, and the reasonable expenses occurred will be borne by the Company.

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二、董事

1、董事及公司秘書之培訓

根據企業管治守則，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2020年1月1日至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。公司每周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。報告期內，公司董事長黃克興、執行董事于竹明和王瑞永和獨立非執行董事盛雷鳴聽取境內法律顧問對新《證券法》信息披露監管政策和董事證券交易的注意事項的分享解讀。本公司獨立非執行董事肖耿參加了上交所舉辦的獨立董事資格培訓，獲取任職資格證書；本公司獨立非執行董事盛雷鳴和姜省路參加了上交所舉辦的獨立董事後續培訓。

張瑞祥先生(本公司董事會秘書兼董事會秘書室主任)為本公司的公司秘書。於本年度，彼已符合根據上市規則第3.29條項下之相關專業培訓規定，已參加不少於15小時相關專業培訓。

II. Directors

1. Director and the Corporate Secretary training

Pursuant to the Corporate Governance Code, all directors are obliged to take part in the continuing professional development to renew their knowledge and skills. The Company has provided to the directors with trainings and development courses, including (1) entry training (director's manual) for the newly appointed directors; (2) continuing trainings and professional development courses for the directors.

During the period from 1 January 2020 to 31 December 2020, all of the Company's directors received regular briefings and updates for the matters relating to the Group's business, operation 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 and distributed to the directors, supervisors and senior management officers a weekly newsletter about the development in stock market and updated information of regulatory policies. During the Reporting Period, the Company's chairman HUANG Ke Xing, executive directors YU Zhu Ming and WANG Rui Yong and independent non-executive director SHENG Lei Ming briefed by domestic legal advisers on the explanation of the information disclosure regulatory policy of the new Securities Law and the notes for securities trading by directors. XIAO Geng, Independent Non-executive Director of the Company, attended the Independent Directors' Qualification Training organized by SSE and obtained the qualification certificate; SHENG Lei Ming and JIANG Xing Lu, Independent Non-executive Directors of the Company, attended the Independent Directors' Subsequent Training organized by SSE.

Mr. ZHANG Rui Xiang (Board Secretary and Director of the Board Secretary's Office of the Company) is the Company Secretary of the Company. He has satisfied the requirements for professional training as stipulated in Rule 3.29 of Listing Rules by attending no less than 15 hours of related professional training.

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2、獨立非執行董事的獨立性

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《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、財務匯報和董事就財務報表所承擔的責任

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

2. Independence of independent non-executive directors

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

3. Securities transaction by directors

The Company formulates the Administration Regulations of Shares of the Company held by its Directors, Supervisors and Senior Management Officers by applying Model Code set out in Appendix 10 of Listing Rules. 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 Listing Rules regarding the securities transaction by directors during the Reporting Period.

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

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

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

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

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三. 董事會專門委員會

董事會於2018年6月28日召開會議，根據董事會換屆人員的調整，批准成立新一屆董事會下屬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，2020年度，根據董事更換情況公司適時調整各專門委員會的人員組成，以下委員會成員組成之披露為截止2020年末的狀況。

1、 審計與內控委員會(「審計委員會」)

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

III. Specific Committees under the Board

The Board held a meeting on 28 June 2018, at which it approved to set up 3 specific committees under it based on the adjustments of its members of the latest session of the Board, and clarified their duty scope of supervising the specific business fields in the Company. In 2020, the Company duly adjusted the structure of the committees in accordance with the changes in its directors. The following disclosure on the members of the committees is about the status as of the end of 2020.

1. Audit and Internal Control Committee (“Audit Committee”)

The duty scope of Audit Committee is determined pursuant to Corporate Governance Code set out in Appendix 14 of Listing Rules and Guidelines for Corporate Governance of China Listed Companies published by China Securities Regulatory Commission, and is revised subject to the latest supervisory momentum. Its main duties include: to review the soundness, completeness and effectiveness of the Company’s risk management and internal control system and systems, to review the annual, interim and quarterly financial statements, to be in charge of the appointment, the work coordination, and the review of work efficiency and quality of external auditor, and to review and supervise the quality and procedures of the financial reporting of the Company.



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第九屆董事會審計委員會的成員包括：獨立非執行董事于增彪先生(審計委員會主席)、肖耿先生、盛雷鳴先生、姜省路先生和非執行董事石琨先生。其中于增彪先生具備財務和會計業務的經驗和能力，並擁有中國註冊會計師資格。2020年度審計委員會共舉行了5次會議，為保證匯報的獨立性，會議主席已安排外部審計師與審計委員會成員進行單獨的會議。於每次會議後，委員會均會就討論的重要事項向董事會提交建議。各委員出席會議的情況如下：

Members of the Audit Committee of the ninth Board of Directors include: Mr. YU Zeng Biao (Chairman of the Audit Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu, all being independent Non-executive Directors and Non-executive Director Mr. SHI Kun. Mr. YU Zeng Biao is well-versed in finance and accounting, and he holds Certified Public Accountant qualifications in China. The 2020 Audit Committee held 5 meetings in total. To ensure the independence of the report, the Chairman of the meeting has arranged for the external auditor to conduct individual meetings with the members of the Audit Committee. After each meeting, the committee will submit recommendations to the Board of Directors on the important matters discussed. The attendance of each member is as follows:

委員姓名	Name	出席會議(次) Number of meetings attended (time)	應出席會議(次) Number of meetings should attend (time)	出席率(%) Attending Rate (%)
于增彪 (審計委員會主席)	YU Zeng Biao (Chairman of Audit Committee)	5	5	100
肖耿(註2)	XIAO Geng (Note 2)	2	2	100
盛雷鳴(註2)	SHENG Lei Ming (Note 2)	2	2	100
姜省路	JIANG Xing Lu	5	5	100
石琨(註1)	SHI Kun (Note 1)	3	3	100
賈聖林(註3)	BEN Sheng Lin (Note 3)	3	3	100
蔣敏(註3)	JIANG Min (Note 3)	3	3	100

註1：石琨先生於2020年4月16日起出任本公司審計委員會委員。

Note 1: Mr. SHI Kun has served as Member of the Company's Audit Committee since April 16, 2020.

註2：肖耿先生和盛雷鳴先生於2020年6月8日起出任本公司審計委員會委員。

Note 2: Mr. XIAO Geng and Mr. SHENG Lei Ming have served as Members of the Company's Audit Committee since June 8, 2020.

註3：賈聖林先生和蔣敏先生於2020年6月8日起不再擔任審計委員會委員。

Note 3: Mr. BEN Sheng Lin and Mr. JIANG Min have ceased to serve as Members of the Company's Audit Committee since June 8, 2020.

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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；
- 檢討公司風險管理及內部控制體系及制度的有效性，包括考慮公司在財務匯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；
- 檢討公司內部審核功能的有效性。

2、 戰略與投資委員會(「戰略委員會」)

戰略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。

第九屆董事會戰略委員會的成員包括：董事長黃克興先生(戰略委員會主席)及于竹明先生和獨立非執行董事于增彪先生、盛雷鳴先生及非執行董事石琨先生。2020年度戰略委員會共舉行了4次會議，各委員出席會議的情況如下：

委員姓名	Name
黃克興 (戰略委員會主席)	HUANG Ke Xing (Chairman of Strategy Committee)
于竹明	YU Zhu Ming
于增彪	YU Zeng Biao
盛雷鳴(註2)	SHENG Lei Ming (Note 2)
石琨(註1)	SHI Kun (Note 1)
蔣敏(註3)	JIANG Min (Note 3)

Major work of Audit Committee in the year includes:

- Reviewing the Company's annual, interim and quarterly results reports, and financial statements;
- Making proposals to the Board on the re-appointment of auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems and systems, 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 personnel and the related budgets were sufficient or not;
- Reviewing the effectiveness of the Company's internal audit function.

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

The main duties and responsibilities of Strategy Committee 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.

Members of the Strategy Committee of the ninth Board of Directors include: Chairman, Mr. HUANG Ke Xing (Chairman of the Strategy Committee), Mr. YU Zhu Ming, independent non-executive directors Mr. YU Zeng Biao, Mr. SHENG Lei Ming and non-executive director Mr. SHI Kun. 4 meetings were held by the Annual Strategy Committee in 2020. The attendance of each member was as follows:

出席會議(次)	應出席會議(次)	出席率(%)
Number of meetings attended (time)	Number of meetings should attend (time)	Attending Rate (%)

黃克興 (戰略委員會主席)	HUANG Ke Xing (Chairman of Strategy Committee)	4	4	100
于竹明	YU Zhu Ming	4	4	100
于增彪	YU Zeng Biao	4	4	100
盛雷鳴(註2)	SHENG Lei Ming (Note 2)	2	2	100
石琨(註1)	SHI Kun (Note 1)	2	2	100
蔣敏(註3)	JIANG Min (Note 3)	2	2	100

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註1：石琨先生於2020年4月16日起出任本公司戰略委員會委員。

註2：盛雷鳴先生於2020年6月8日起出任本公司戰略委員會委員。

註3：蔣敏先生於2020年6月8日起不再擔任戰略委員會委員。

戰略委員會在本年度的主要工作包括：審議子公司搬遷新建和新增產能項目的可行性報告，以及精釀啤酒花園項目可行性報告。

Note 1: Mr. SHI Kun has served as Member of the Company's Strategy Committee since April 16, 2020.

Note 2: Mr. SHENG Lei Ming has served as Member of the Company's Strategy Committee since June 8, 2020.

Note 3: Mr. JIANG Min has ceased to serve as Member of the Company's Strategy Committee since June 8, 2020.

The main work of the Strategy Committee in the year included: reviewing the feasibility report on a subsidiary's relocation, new construction and new capacity project and the feasibility report on the Craft Beer Garden project.

3、提名與薪酬委員會

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

第九屆董事會提名與薪酬委員會的成員包括：獨立非執行董事姜省路先生（提名與薪酬委員會主席）、于增彪先生、肖耿先生、盛雷鳴先生及非執行董事石琨先生。

2020年度提名與薪酬委員會舉行了2次會議，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向董事會建議批准，以及對於擬提名的獨立非執行董事候選人的任職資格進行了審核，建議股東年會予以委任及評核獨立非執行董事的獨立性。

3. Nomination & Remuneration Committee

The main duties and responsibilities of Nomination & Remuneration Committee are: to study and consider the remuneration policies and incentive mechanism of the Company's directors and senior management officers, to work out evaluation standards, to study the schemes of improving corporate governance, to appraise the independence of independent non-executive directors and make proposals to the Board for the appointment of directors.

Members of the Nomination & Remuneration Committee of the ninth session of the Board of Directors include Independent Non-Executive directors Mr. JIANG Xing Lu (Chairman of the Nomination & Remuneration Committee), Mr. YU Zeng Biao, Mr. XIAO Geng, Mr. SHENG Lei Ming and Non-Executive director Mr. SHI Kun.

In 2020, the Nomination & Remuneration Committee held two meetings, where they reviewed the remuneration information of the directors, supervisors and senior management officers and recommended to the Board for approval as disclosed in the annual report. Furthermore, they also reviewed the qualifications of the candidates for independent non-executive directors to be proposed and recommended their appointment at the annual general meeting and appraised the independence of independent non-executive directors.

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委員姓名	Name	應出席會議(次)		出席率(%)
		出席會議(次) Number of meetings attended (time)	Number of meetings should be attended (time)	
姜省路(提名與薪酬委員會主席)	JIANG Xing Lu (Chairman of the Nomination & Remuneration Committee)	2	2	100
于增彪	YU Zeng Biao	2	2	100
肖耿(註2)	XIAO Geng (Note 2)	—	—	—
盛雷鳴(註2)	SHENG Lei Ming (Note 2)	—	—	—
石琨(註1)	SHI Kun (Note 1)	1	1	100
賁聖林(註3)	BEN Sheng Lin (Note 3)	2	2	100
蔣敏(註3)	JIANG Min (Note 3)	2	2	100

註1：石琨先生於2020年4月16日起出任本公司提名與薪酬委員會委員。

Note 1: Mr. SHI Kun has served as Member of the Company's Nomination & Remuneration Committee since April 16, 2020.

註2：肖耿和盛雷鳴先生於2020年6月8日起出任本公司提名與薪酬委員會委員。

Note 2: Mr. XIAO Geng and Mr. SHENG Lei Ming have served as Members of the Company's Nomination & Remuneration Committee since June 8, 2020.

註3：賁聖林和蔣敏先生不再擔任提名與薪酬委員會委員。

Note 3: Mr. BEN Sheng Lin and Mr. JIANG Min have ceased to serve as Members of the Company's Nomination & Remuneration Committee.

於肖耿和盛雷鳴出任委員期間，提名與薪酬委員會未召開會議，系因年度內未有充分且合適的議題提交提名與薪酬委員會審議。

During the serving of XIAO Geng and SHENG Lei Ming as members, the Nomination & Remuneration Committee did not hold any meeting because there was no sufficient and suitable issue submitted to the Nomination & Remuneration Committee for consideration.

截至二零二零年十二月三十一日止年度高級管理人員之薪酬組別如下：

For the year ended 31 December 2020, the remuneration of the members of the senior management by band is set out below:

薪酬組別(人民幣)	Remuneration band (RMB)	人數 Number of persons
1,000,000 以下	Less than 1,000,000	4
1,000,000 至 2,000,000	1,000,000 to 2,000,000	0
2,000,001 至 4,000,000	2,000,001 to 4,000,000	1

附註：上述所披露的高級管理人員乃指董事及監事以外的僱員。

Note: The members of the senior management disclosed above refer to the employees other than directors and supervisors.

根據上市規則附錄十六須予披露的董事、監事及高管酬金以及五名最高薪酬僱員詳情載於財務報表附註八。

Further particulars regarding the directors, supervisors and senior management's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 8 to the financial statements.

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四. 監控機制

1、 監事會

截止2020年12月31日，公司第九屆監事會由4名股東代表監事和3名職工代表監事組成，現任監事的個人簡介資料，載列於本年度報告「董事、監事和高管人員簡介」。

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。2020年度，監事會共舉行8次會議，代表股東對公司財務以及董事和高管人員履行職責的合法合規性進行監督，並列席了所有的董事會現場會議和股東大會。有關監事會的工作情況載列於本年度報告的「監事會工作報告」中。

2、 內部控制及風險管理

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》，《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。按照企業內部控制規範體系的規定，建立健全和有效實施內部控制，評價其有效性，並如實披露內部控制評價報告是公司董事會的責任。監事會對董事會建立和實施內部控制進行監督。經理層負責組織領導企業內部控制的日常運行。

IV. Supervisory Mechanism

1. Board of Supervisors

As at 31 December 2020, the ninth session of Board of Supervisors is comprised of 4 supervisors as shareholders' representative and 3 supervisors as employees' representative. The profile of the current supervisors is set out in "Profiles of Directors, Supervisors and Senior Manager" in this Annual Report.

The Board of Supervisors legally exercises the supervision power to prevent the legal rights and interests of shareholders, the Company and its employees from being offended. In 2020, the Board of Supervisors held 8 meetings in total to supervise on behalf of shareholders over the Company's finance, legality and compliance of directors and senior management officers on performing their duties and responsibilities, and attended all board meetings and general meetings. Details of the work of Board of Supervisors are set out in "Report of the Supervisors" in this Annual Report.

2. Internal control and risk management

2.1 According to Internal Control Guide to Listing Companies of Shanghai Stock Exchange published by SSE, Listing Rules, and the requirements of the specific regulations of internal control, the Company worked out a series of internal control regulations which play corresponding roles in the Company's production and operating activities, and promote the Company's normalized operation. Pursuant to the requirements of the internal control regulatory system, it is the responsibilities of the Board to establish and effectively implement the internal control and assess its effectiveness, and truly disclose the internal control evaluation report. The Board of Supervisors supervises the establishment and implementation of internal control of the Board, while the managers are responsible for organizing and leading the ordinary operation of the internal control.

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公司內部控制的目標是合理保證經營管理合法合規、資產安全、財務報告及相關信息真實完整，提高經營效率和效果，促進實現發展戰略。由於內部控制存在的固有局限性，故公司僅能為實現上述目標提供合理保證。

公司內控審計部每年對公司生產經營及內部控制活動中存在的風險進行識別、評估，並依據風險評估的結果通過內部控制評價等方式完善公司內部控制體系。公司內控審計部及其他職能部門依據本公司內控制度和標準，從內控設計的有效性和執行的有效性兩個維度開展內控評價和管理查核，推動公司內控體系的完善和提升，每年內控審計部就公司內控體系的有效性和存在問題向審計委員會匯報。

對風險管理及內部監控系統的有效性進行檢討後，董事會已達成結論，本集團已建立有效及足夠的風險管理及內部監控系統。

2.2 內部控制運行有效性評估

公司建立了總部獨立內控評價、總部職能部門自我內控評價和分(子)公司自我內控評價相結合的三級內控評價機制，每年組織進行內部控制評價工作，就內部控制的設計有效性和實施有效性進行審計評價，並出具獨立的內控評價報告。公司總部各職能部門、各分(子)公司也按照規定定期開展自評工作，對所發現的問題實施整改。

The target of the Company's internal control is to reasonably ensure the operating management is lawful and in compliance, the safety of the assets, the authenticity and completeness of financial report and related information, the improvement of operating efficiency and its effects, and the promotion and realization of development strategy. However, due to the existing limitation to the internal control, the Company can provide reasonable assurance for realizing the above targets only.

The Internal Audit Department of the Company makes annual identification and evaluation of risks existing in the Company's production, operation and internal control activities, and improve the Company's internal control system based on the results of risks evaluation by ways of internal control evaluation, and etc. According to the Company's internal control system and standards, the Internal Audit Department and other functional departments carry out the internal control evaluation and management inspection from the two aspects of the effectiveness of the design and the implementation of internal control to promote the improvement and upgrade of the Company's internal control system. The Internal Audit Department reports to the Audit Committee about the effectiveness and problems existing in the risk management and internal control systems every year.

After having conducted a review of the effectiveness of the risk management and internal control systems, the Board has reached the conclusion that the Company's risk management and internal control systems were in place, effective and adequate.

2.2 Evaluation of the effectiveness of internal control operation

The Company establishes the 3-tier internal control evaluation mechanism which combines the independent internal control evaluation of head office, self-evaluation of internal control of functional departments of head office, and the self-evaluation of internal control of branches/subsidiaries. It arranges the annual internal control evaluation work to audit and evaluate the effectiveness of the design and the implementation of internal control, and present an independent internal control evaluation report. The functional departments of the Company and the branches/subsidiaries also carry out the regular self-evaluation work as required, and make corrections to the problems found.

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公司聘請外部審計師從專業的視角來審視公司內部控制體系，有力推動了公司內部控制體系建設的提升。公司還建立了外部審計師和公司審計委員會的單獨溝通機制，確保外部審計師的獨立性和知情權，切實發揮外部審計師的作用。

(1) 公司董事會對內控體系自我評估情況

公司第九屆董事會第十五次會議審議通過公司2020年度內部控制評價報告，按照公司制定的內部控制缺陷認定標準，報告期內公司不存在財務報告內部控制重大缺陷、重要缺陷，亦未發現公司非財務報告內部控制重大缺陷、重要缺陷。

(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對財務報告內部控制有效性進行了審計，認為公司於2020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2020年度內部控制評價報告及普華永道中天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。

The Company appointed an external auditor to inspect the Company's internal control system from a professional perspective, which effectively promoted the improvement of the establishment of the Company's internal control system. The Company had also established the sole communication mechanism between the external auditor and the Company's Audit Committee to ensure the independence and the right of information of the external auditor to practically play the role of external auditor.

(1) The Board's self-evaluation of internal control system

The Company's 2020 internal control evaluation report was considered and approved at the fifteenth meeting of the ninth session of the Board. According to the affirmation standards of internal control defects identified by the Company, during the Reporting Period, the Company did not have any material weakness or significant weakness of internal control in the financial reporting, nor discover any material weakness or significant weakness of internal control in the non-financial reporting.

(2) Evaluation by the Company's domestic certified public accountant to the internal control in financial reporting

PwC Zhong Tian was appointed by the Company to audit and appraise the effectiveness of the internal control in financial reporting, who was of the view that, as at 31 December 2020, the Company had maintained effective internal control in financial reporting in all material aspects according to Basic Standards of Corporate Internal Control and related regulations.

The full text of the evaluation report to the Company's 2020 internal control and the auditing report of the internal control in financial reporting presented by PwC Zhong Tian are published on the websites of SSE, the Stock Exchange and the Company.

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2.3 在處理及發佈內幕消息方面，本公司已制定《內幕信息知情人登記管理制度》等內部制度，規定了內幕消息及內幕信息知情人的範圍、報告流程、登記備案、禁止行為等內容，嚴控知情人範圍，嚴防內部消息泄露風險。

2.3 In terms of the handling and releasing inside information, the Company has established such an internal system as the Administrative Policies for the Registration of Information Insiders, specifying the range, reporting process, registration and record-keeping and prohibitive behaviors for inside information and information insiders to strictly control the range of insiders and prevent the risk of leaking inside information.

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19年。2020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198萬元，公司不承擔稅費、差旅費及其它費用。審計師對財務報表審計的責任載於審計報告中「註冊會計師對財務報表審計的責任」之披露內容。

3. External auditor and its remuneration

The financial statements included in this Annual Report are prepared in accordance with CAS and have been audited by PwC Zhong Tian who has provided auditing service to the Company for 19 consecutive years. In 2020, the Company should pay RMB6.6 million to PwC Zhong Tian for its full-year work of auditing the financial statements, and RMB1.98 million for its work of auditing the internal control, which is inclusive of tax, traveling expenses and miscellaneous expenses. The auditor's responsibilities on the account are set out in the disclosed content in "Auditor's Responsibilities for the Audit of the Financial Statements" of this Annual 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，正式通過大會決議。公司聘請的律師對大會作見證並發表法律意見書。

V. Shareholders and other Interest-related Parties

1. General meeting

The Company has been devoting to protecting the legal rights and interests of all shareholders. The convening and holding of general meetings are strictly pursuant to the provisions in Articles of Association and Rules of Order for General Meeting. The Company's general meetings are convened by the Board and hosted by the Chairperson of the Board. The executive directors make reports over proposals at the general meetings, 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 approval of resolutions of the meetings formally. The lawyer appointed by the Company would witness the meetings and present legal comments.

企業管治報告 Corporate Governance Report

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。2020年4月16日，公司在青島以現場會議與網絡投票相結合的方式召開了2020年第一次臨時股東大會，審議通過關於選舉石琨先生為公司第九屆董事會非執行董事的議案，以特別決議案通過關於修訂公司章程的議案。

2020年6月8日公司在青島以現場會議與網絡投票相結合的方式召開了2019年度股東年會和2020年第一次A股類別股東會議，以現場會議方式召開2020年第一次H股類別股東會，股東年會審議通過了公司2019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六項議案，選舉肖耿先生和盛雷鳴先生為公司第九屆董事會獨立非執行董事的議案，以及聽取了公司2019年度獨立非執行董事述職報告。股東年會和類別股東會以特別決議案方式審議通過《關於〈青島啤酒股份有限公司A股限制性股票激勵計劃(草案)〉及其摘要的議案》、《關於〈青島啤酒股份有限公司A股限制性股票激勵計劃實施考核管理辦法〉的議案》及《關於提請股東大會授權董事會辦理A股限制性股票激勵計劃相關事宜的議案》。

以上股東大會決議可查閱本公司在境內信息披露指定報章以及上交所網站和香港聯交所網站發佈的相關公告。

General meeting is the highest authority of the Company, which legally exercises its authorities to determine the significant events for the Company. The annual general meeting is a channel of direct communication between the Board and the shareholders of the Company. Therefore, the Company pays high regards to the general meetings 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 meetings. On April 16, 2020, the Company held the first extraordinary general meeting of 2020 in the form of onsite meeting and online voting combined in Qingdao. The proposal on electing Mr. SHI Kun as a non-executive director of the ninth session of the Board of Directors of the Company was considered and approved; the proposal on amending the Articles of Association was approved as a special resolution.

On June 8, 2020, the Company held the annual general meeting of 2019 and the first A-share class meeting of 2020 in the form of onsite meeting and online voting combined in Qingdao and the first H-share class meeting of 2020 in the form of onsite meeting. At the annual general meeting, six proposals were considered and approved, including the Report of the Board of Directors, Report of the Board of Supervisors, Audited Financial Report, Profit Distribution Plan, continued appointment of auditors for financial reports and internal audit, and the proposal on electing Mr. XIAO Geng and Mr. SHENG Lei Ming as Independent Non-executive Directors of the ninth session of the Board of Directors of the Company; the work report of the independent non-executive directors of 2019 was briefed. At the annual general meeting and the share class meetings, three proposals were considered and approved as special resolutions, including the *Proposal on the Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited (Draft) and the Abstract*, the *Proposal on the Management Measures for the Implementation and Appraisal of the Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited* and the *Proposal on Requesting the Annual General Meeting to Authorize the Board of Directors to Handle Affairs in Relation to the Restricted A Share Incentive Plan*.

For the resolutions approved at the aforesaid general meetings, please refer to the related announcements published by the Company on the nominated domestic newspapers for information disclosure, and the websites of SSE and the Stock Exchange.

企業管治報告 Corporate Governance Report

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香港聯交所網站、上交所網站及本公司網站公佈。

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。

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董事會秘書室或電郵至公司「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、章程修訂

2020年4月16日，本公司召開的2020年第一次臨時股東大會上審議通過關於修訂公司章程的議案，將公司章程中記載的公司經營範圍作出修改。

2020年7月29日，公司董事會根據股東年會授權作出決議，因應公司A股限制性股票激勵計劃首次授予完成登記後的股本變化情況，對公司章程中記載的股本結構和註冊資本作出修改。

上述修改已於2020年4月16日和7月29日相關決議作出之日生效。

上述章程修改內容請參考本公司於香港聯交所網站 (www.hkexnews.hk)、上交所網站 (www.sse.com.cn) 發佈的相關公告。

2. Shareholders' rights

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

Shareholders who solely or collectively hold more than 10% (10% inclusive) of publically listed shares with voting right issued by the Company may requisite in writing the convening of extraordinary general meeting pursuant to Rule 86 (1) in Articles of Association. Such requisition must be clearly stated to the general meeting the issues needed to be considered with the signature by the person who makes the requisition and notifies in writing to the Board. The shareholders should follow the rules and procedures for convening extraordinary general meeting set out in Articles of Association.

Shareholders have the right to inquire the information set out in Rule 52(5) of Articles of Association, and can make inquiry or request for such right by sending mail to the Company's Secretarial Office of the Board or emailing to the Company's email address of "Investor Relations" (secretary@tsingtao.com.cn). Shareholder who inquires for the related information should provide corresponding written verification document and will be provided with such information after his/her identification as shareholder has been verified by the Company.

3. Amendments of Articles of Association

On 16 April 2020, the resolution on amending the Articles of Association was considered and approved at the first extraordinary general meeting of shareholders held by the Company in 2020, and the business scope of the Company in the Articles of Association was revised.

On 29 July 2020, the Board approved the resolutions in accordance with the authorization in the shareholders' annual meeting to revise the share capital structure and registered capital in the Articles of Association in response to the change in the share capital of the Company after the first grant of the Restricted A Share Incentive Plan of the Company.

The abovementioned amendments took effect on 16 April 2020 and 29 July 2020 when the relevant resolutions were passed.

Please refer to the relevant announcements published by the Company on the website of the Stock Exchange (www.hkexnews.hk) and the website of the SSE (www.sse.com.cn) for the contents of the abovementioned amendments of the Articles of Association.

企業管治報告 Corporate Governance Report

4、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。

2020年春節伊始，突如其來的疫情對產品市場消費和行業企業正常生產經營形成了嚴重影響和衝擊。在此嚴峻的市場情況下，公司克服了既不能進行路演也不能面對面接待投資者交流的困難，採取電話會議+線上會議等靈活措施加強與投資者的溝通交流，2020年全年舉行各種投資者會議100多次，使公司股票獲得資本市場的廣泛認同。另外，公司響應青島證監局和青島市上市公司協會發出的加強投資者教育和保護的號召，於9月份參加了2020年度青島轄區上市公司「投資者網上集體接待日」等投資者交流活動，公司財務總監、董秘出席活動並通過網絡在線交流形式與廣大投資者就公司發展戰略、經營狀況等投資者所關注的問題進行溝通。

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。

4. Investor relations and communications

The Company pays high regards to the management of investor relations, strives to strengthen the communications and exchanges with the investors through various channels and forms, and makes timely response to the hot issues concerned by the investors. At the same time, the Company has been devoting to improving its transparency to help the investors have a better understanding of the business situation and prospects of the Company, and carefully listening to the comments and proposals made by investors to improve the Company's corporate governance and operating management.

The abrupt epidemic at the beginning of the Spring Festival in 2020 had severe impact on market consumption of products and normal operations of companies in the industry. In such a challenging market context that did not allow roadshows or face-to-face communication, the Company strengthened communication with its investors through a combination of flexible measures, including teleconferences and online meetings. In 2020, the Company held more than 100 various investor meetings, winning broad recognition from the capital market for its shares. In addition, as a response to the call of Qingdao Securities Regulatory Bureau and Qingdao Association for Public Companies for educating and protecting investors, the Company in September attended the "Day of Online Collective Reception of Investors" of listed companies in the administration of Qingdao of 2020 and other investor communication events. The Chief Financial Officer and Board Secretary of the Company attended the events and talked with investors online with regard to their concerned issues, such as the Company's development strategy and operation status.

5. Other interest-related parties

The Company is of the view that, it should insist on the operation with integrity and serious fulfillment of social responsibilities, and establishing a harmonic, win-win and long-term cooperation relationship with interest-related parties of the Company to ensure its long-lasting existence and continuous operation. 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 charity activities and environmental protection with the steady growth of its operating results.

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

管理層討論與分析 Management Discussion and Analysis

一、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 Data during the Reporting Period (calculated in accordance with China Accounting Standards for Business Enterprises)

(一) 公司主營業務及經營情況分析

Analysis of main business and operating situation of the Company

1、利潤表及現金流量表相關科目變動分析表

Analysis of fluctuation of related items in income statement and cash flow statement

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

科目	Item	本期數 Amount of this Reporting Period	上年同期數 Amount of corresponding period in prior year	變動比例(%) Increase/ (Decrease) (%)
營業收入	Revenue	27,759,711	27,983,760	(0.80)
營業成本	Cost of sales	16,540,610	17,080,443	(3.16)
銷售費用	Selling and distribution expenses	4,984,550	5,103,506	(2.33)
管理費用	General and administrative expenses	1,678,051	1,881,053	(10.79)
研發費用	Research and development expenses	21,467	21,089	1.79
財務費用	Finance expenses	(470,921)	(484,172)	2.74
信用減值損失	Credit impairment losses	1,574	7,091	(77.80)
資產處置收益	Gains on disposals of assets	(5,204)	59,171	(108.79)
營業外收入	Non-operating income	14,587	34,665	(57.92)
營業外支出	Non-operating expenses	25,122	5,644	345.14
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,953,422	4,016,553	23.33
投資活動產生的現金流量淨額	Net cash flows from investing activities	(1,487,738)	(347,766)	(327.80)
籌資活動產生的現金流量淨額	Net cash flows from financing activities	(356,091)	(768,717)	53.68

管理層討論與分析 Management Discussion and Analysis

2、產銷量情況分析表

Output and sales volume analysis statement

單位：萬千升

Unit: ten million litre

主要產品 Main product	單位 Unit	生產量 Output	銷售量 Sales volume	庫存量 Inventory volume	生產量比	銷售量比	庫存量比
					上年增減(%) Increase/ (Decrease) in output volume from prior year (%)	上年增減(%) Increase/ (Decrease) in sales volume from prior year (%)	上年增減(%) Increase/ (Decrease) in inventory volume from prior year (%)
啤酒 Beer	萬千升 ten million litre	742	782	49	(4.52)	(2.84)	(0.12)

產銷量情況說明

報告期內，本公司產量不包含本公司自聯營及合營啤酒生產企業外購產品的產量。

Explanation of the information of output and sales volume

During the Reporting Period, the output volume of the Company excludes that of the outsourcing products from the associated plants and joint ventures of the Company.

管理層討論與分析 Management Discussion and Analysis

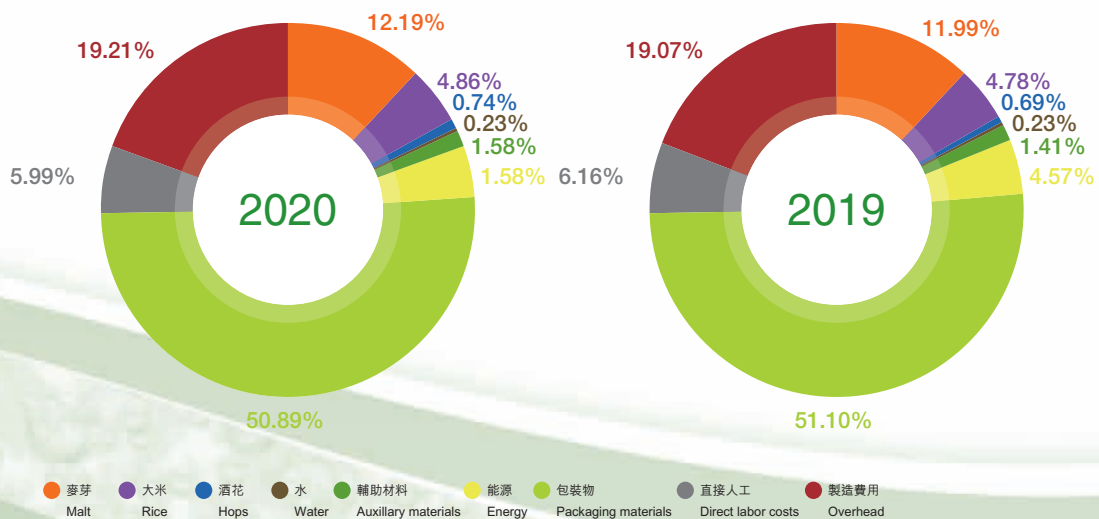
3、 成本 Costs

成本分析表 Cost analysis statement

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

分行業 By industries	成本構成項目 Items in the costs	分行業情況 By industries		上年同期金額 Amount of corresponding period in prior year	上年同期佔總成本比例 (%) Percentage of the total cost in the corresponding period in prior year (%)	本期金額較上年同期變動比例 (%) Increase/ (Decrease) as compared with the corresponding period in prior year (%)
		本期金額 Amount during this Reporting Period	本期佔總成本比例 (%) Percentage of the total cost during this Reporting Period (%)			
啤酒銷售 Sales of beer	直接材料 Direct materials	11,334,514	68.53	11,727,706	68.66	-3.35
	直接人工 Direct labor	906,887	5.48	966,372	5.66	-6.16
	製造費用 Overhead	2,911,093	17.60	2,990,747	17.51	-2.66
	外購產成品 Outsourcing cost	1,083,710	6.55	1,178,041	6.90	-8.01
	其他非主營銷售業務 Other non-principle sales business	304,406	1.84	217,577	1.27	39.91
合計 Total		16,540,610	100	17,080,443	100	-3.16

製造成本構成 Composition of production costs



管理層討論與分析 Management Discussion and Analysis

4、費用 Expenses

(1) 銷售費用 Selling and distribution expenses

2020年銷售費用同比減少2.33%，主要原因是本年度因新冠疫情影響政府減免社會保險費用以及產品運輸等費用同比減少所致。

In 2020, selling and distribution expenses decreased by 2.33% from the corresponding period in prior year, which was mainly due to that the government reduced or exempted social insurance expenses and product transportation expenses decreased from the corresponding period in prior year because of COVID-19 pandemic during the year.

(2) 管理費用 General and administrative expenses

2020年管理費用同比減少10.79%，主要原因是本年度因新冠疫情影響政府減免社會保險費用等所致。

In 2020, general and administrative expenses decreased by 10.79% from the corresponding period in prior year, which was mainly due to that the government reduced and exempted social insurance expenses in view of the COVID-19 pandemic during the year.

(3) 研發費用 Research and development expenses

2020年研發費用同比增加1.79%，主要原因是本年度研發支出投入同比增加所致。

In 2020, research and development expenses increased by 1.79% year-on-year, mainly due to the year-on-year increase in research and development expenses.

(4) 財務費用 Finance expenses

2020年財務費用同比增加2.74%，主要原因是本年度匯率波動使得匯兌損失同比增加所致。

In 2020, finance expenses increased by 2.74% from the corresponding period in prior year, mainly due to the increase in exchange loss because of exchange rate fluctuations during the year as compared with the corresponding period in prior year.

(5) 信用減值損失 Credit impairment losses

2020年信用減值損失同比減少77.80%，主要原因是本年度個別單位收回已計提信用減值損失的應收款項同比減少所致。

In 2020, credit impairment losses decreased by 77.80% from the corresponding period in prior year, mainly due to the individual units' year-on-year decrease in accounts receivable of the accrued credit impairment losses during the year.

管理層討論與分析 Management Discussion and Analysis

(6) 資產處置收益 Gains on disposals of assets

2020年資產處置收益同比減少108.79%，主要原因是本年度個別子公司取得處置土地使用權等長期資產的收益同比減少所致。

In 2020, gains on disposals of assets decreased by 108.79% from the corresponding period in prior year, which was mainly due to individual subsidiaries' year-on-year decrease in the gains from disposals of land use and other long-term assets during the year.

(7) 營業外收入 Non-operating income

2020年營業外收入同比減少57.92%，主要原因是本年度個別子公司確認的與日常經營無關的收入同比減少所致。

In 2020, non-operating revenue had decreased by 57.92% from the corresponding period in the previous year, mainly due to the year-on-year decrease in non-operating related revenue recognized by some subsidiaries during the year.

(8) 營業外支出 Non-operating expenses

2020年營業外支出同比增加345.14%，主要原因是本年度公司積極履行社會責任，用於抗擊新冠疫情對外捐贈所致。

In 2020, non-operating expenditure increased by 345.14% from the corresponding period in prior year, which was mainly due to that the Company proactively fulfilled its social responsibilities to make external donations used in COVID-19 prevention and control during the year.



管理層討論與分析 Management Discussion and Analysis

5、研發投入

Research and development expenditures

研發投入情況表

Information of research and development expenditures

單位：千元
Unit: RMB'000

本期費用化研發投入	Research and development expenditures of the Reporting Period	21,467
本期資本化研發投入	Research and development expenditures of the Reporting Period capitalised	0
研發投入合計	Total research and development expenditures	21,467
研發投入總額佔營業收入比例(%)	Percentage of total research and development expenditures in revenue (%)	0.08
公司研發人員的數量	Number of research and development personnel	52
研發人員數量佔公司總人數的比例(%)	Percentage of number of research and development personnel in total number of employees of the Company (%)	0.15
研發投入資本化的比重(%)	Percentage of research and development expenditures capitalized (%)	0

6、現金流

Cash flow

(1) 經營活動產生的現金流量淨額

Net cash flows from operating activities

經營活動產生的現金流量淨額同比增加23.33%，主要原因是本年度受新冠疫情影響購買商品接受勞務支付的現金同比減少所致。

In 2020, the net cash flow from operating activities increased by 23.33% from the corresponding period in prior year, mainly due to the impact of the COVID-19 epidemic led to cash decrease in cash payment for the purchase of goods and services on a year-on-year basis during the year.

(2) 投資活動產生的現金流量淨額

Net cash flows from investing activities

投資活動產生的現金流量淨額同比減少327.80%，主要原因是本年度本公司之全資子公司財務公司支付央行準備金以及理財淨投入同比增加所致。

In 2020, net cash flows from investing activities decreased by 327.80% from the corresponding period in prior year, which was mainly due to that Tsingtao Finance Company, a wholly-owned subsidiary of the Company, paid reserve funds to the central bank and had a year-on-year increase in the net costs for wealth management during the year.

(3) 籌資活動產生的現金流量淨額

Net cash flows from financing activities

籌資活動產生的現金流量淨額同比增加53.68%，主要原因是本年度本公司之全資子公司財務公司同業拆入資金同比增加所致。

In 2020, net cash flows from financing activities increased by 53.68% from the corresponding period in prior year, which was mainly due to the year-on-year increase in the inter-bank borrowings funds of Tsingtao Finance Company, a wholly-owned subsidiary of the Company, during the year.

管理層討論與分析 Management Discussion and Analysis

(二) 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：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

項目名稱	Item	本期期末數 Amount at the end of this Reporting Period	本期期末數 佔總資產的 比例 (%) Percentage of total assets at the end of this Reporting Period (%)	上期期末數 Amount at the end of the corresponding reporting period in prior year	上期期末數 佔總資產的 比例 (%) Percentage of total assets at the end of the corresponding period in prior year (%)	本期期末金額 較上期期末變動 比例 (%) Increase/ (Decrease) at the end of this Reporting Period as compared with the end of the corresponding period in prior year (%)
貨幣資金	Cash at bank and on hand	18,466,881	44.48	15,301,983	41.01	20.68
應收票據	Notes receivable	5,649	0.01	75,100	0.20	(92.48)
預付款項	Advances to suppliers	239,884	0.58	117,156	0.31	104.76
在建工程	Construction in progress	339,805	0.82	178,994	0.48	89.84
使用權資產	Right-of-use assets	168,329	0.41	66,970	0.18	151.35
長期待攤費用	Long-term prepaid expenses	86,258	0.21	35,255	0.09	144.67
短期借款	Short-term borrowings	703,273	1.69	270,907	0.73	159.60
應付票據	Notes payable	149,492	0.36	220,825	0.59	(32.30)
應付職工薪酬	Employee benefits payable	1,906,199	4.59	1,458,666	3.91	30.68
一年內到期的非流動負債	Current portion of non-current liabilities	42,089	0.10	22,208	0.06	89.52
租賃負債	Lease liabilities	115,840	0.28	37,472	0.10	209.14

管理層討論與分析 Management Discussion and Analysis

(1) 貨幣資金

Cash at bank and on hand

貨幣資金本年度期末比期初增加 20.68%，主要原因是本年度經營活動產生現金淨流入所致。

Monetary funds increased by 20.68% compared with the beginning of the year, mainly due to the net cash inflow from operating activities during the year.

(2) 應收票據

Notes receivable

應收票據本年度期末比期初減少 92.48%，主要原因是本年度公司收到的部分銀行承兌匯票已背書轉讓所致。

Notes receivable decreased by 92.48% compared with the beginning of the year, mainly due to the endorsement and transfer of some bankers' acceptances received by the Company during the year.

(3) 預付款項

Advances to suppliers

預付款項本年度期末比期初增加 104.76%，主要原因是本年度採用預付貨款方式採購原材物料增加所致。

Advances to suppliers increased by 104.76% compared with the beginning of the year, mainly due to the increase in the purchase of raw materials by advance payments during the year.

(4) 在建工程

Construction in progress

在建工程本年度期末比期初增加 89.84%，主要原因是本年度部分子公司搬遷擴建項目增加所致。

Construction in progress increased by 89.84% compared with the beginning of the year, mainly due to the increase in the relocation and expansion projects of some subsidiaries during the year.

(5) 使用權資產

Right-of-use assets

使用權資產本年度期末比期初增加 151.35%，主要原因是本年度部分子公司長期租賃房產增加所致。

Right-of-use assets increased by 151.35% compared with the beginning of the year, mainly due to the increase in the long-term leasing properties of some subsidiaries during the year.

(6) 長期待攤費用

Long-term prepaid expenses

長期待攤費用本年度期末比期初增加 144.67%，主要原因是本年度部分子公司長期租賃房產的裝修費用增加所致。

Long-term deferred expenses increased by 144.67% compared with the beginning of the year, mainly due to the increase in the decoration fees of some subsidiaries for their long-term leasing properties during the year.

管理層討論與分析 Management Discussion and Analysis

(7) 短期借款

Short-term borrowings

短期借款本年度期末比期初增加159.60%，主要原因是本年度本公司之全資子公司財務公司同業拆入資金所致。

Short-term loan at the end of this Reporting Period increased by 159.60% compared with the beginning of the year, mainly due to the inter-bank borrowings funds of Tsingtao Finance Company, a wholly-owned subsidiary of the Company, during the year.

(8) 應付票據

Notes payable

應付票據本年度期末比期初減少32.30%，主要原因是本年度採用票據方式結算應付原材料款減少所致。

Notes payable at the end of this Reporting Period decreased by 32.30% compared with the beginning of the year, mainly due to the decrease in the settlement of payables for raw materials by notes during the year.

(9) 應付職工薪酬

Employee benefits payable

應付職工薪酬本年度期末比期初增加30.68%，主要原因是個別子公司搬遷整合計提人員相關費用，以及職工獎金等薪酬增加所致。

Payroll payable at the end of this Reporting Period increased by 30.68% compared with the beginning of the year, mainly due to the integration and calculation of staff related expenses for the relocation of some subsidiaries and the increase in staff bonuses and other remunerations.

(10) 一年內到期的非流動負債

Current portion of non-current liabilities

一年內到期的非流動負債本年度期末比期初增加89.52%，主要原因是本年度部分子公司長期租賃房產增加，尚未支付的租賃付款額中賬期在一年以內的付款額現值增加所致。

Current portion of long term loans and obligations at the end of this Reporting Period increased by 89.52% compared with the beginning of the year, mainly due to the increase in the present value of the payment due within one year of the leasing payment yet to be paid, which was caused by the increase in the long-term leasing properties of some subsidiaries during the year.

(11) 租賃負債

Lease liabilities

租賃負債本年度期末比期初增加209.14%，主要原因是本年度部分子公司長期租賃房產增加，尚未支付的租賃付款額中賬期在一年以上的付款額現值增加所致。

Leasing liabilities at the end of this Reporting Period increased by 209.14% compared with the beginning of the year, mainly due to the increase in the present value of the payment due more than one year of the leasing payment yet to be paid, which was caused by the increase in the long-term leasing properties of some subsidiaries during the year.

管理層討論與分析 Management Discussion and Analysis

(三) 其他經營情況說明

Interpretation of other operating situations

1. 債務資本率

Debt/Capital Ratio

本公司2020年12月31日的債務資本率為0% (2019年12月31日：0.001%)。債務資本率的計算方法為：長期借款總額/(長期借款總額+歸屬於母公司股東權益)。

As at 31 December 2020, the Company's debt/capital ratio was 0% (31 December 2019: 0.001%). The calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + interests attributable to the Shareholders of the Company).

2. 資產抵押

Assets mortgage

於2020年12月31日，本公司無資產抵押。(2019年12月31日：無)。

As at 31 December 2020, the Group did not have any assets mortgages (31 December 2019: Nil).

3. 匯率波動風險

Risk of fluctuate exchange rate

由於本公司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影響本公司的原材料採購成本；另外，本公司部分啤酒產品出口外銷，匯率的變動會直接影響本公司的產品出口收入；以上事項對本公司的盈利能力會產生一定影響。

As the Company currently relies on imported barley among the raw materials for the production of its core brand products, the fluctuate exchange rate would indirectly affect the purchase cost of raw materials of the Company; besides, the fluctuate exchange rate would also directly affect the product export income of the Company as some beer products of the Company are exported for sale; these matters would impact the profitability of the Company in certain extent.

4. 資本性開支

Capital expenses

2020全年本公司資本性新建、搬遷及改擴建項目共投入約人民幣12.95億元。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 2020, the Company invested in approximately RMB1295 million in aggregate for the capital projects of new construction, relocation, reconstruction and expansion. Based on the Company's present fund situation and profitability, there are sufficient self-owned funds and continuous net operating cash in-flow to satisfy the Company's needs for funds for its capital projects.

5. 投資

Investments

請參考本年報「重要事項」二、報告期內重大投資事項。

Please refer to II. Significant investment matters during the Reporting Period of "Significant Events" in this annual report.

6. 或有負債

Contingent liabilities

無。

Nil.

管理層討論與分析 Management Discussion and Analysis

二、啤酒製造行業經營性信息分析 Analysis of operational information in brewing industry

1. 公司現有產能狀況

The existing production capacity of the Company

公司現有工廠設計產能1,349萬千升，實際產能934萬千升。公司實際產能是綜合平衡各地市場銷售淡旺季係數及節假日、大修、日常維修、設備刷洗等因素後，生產企業所能達到的全年實際生產能力。

The designed production capacity of the existing plants of the Company is 13.49 million kl, of which the actual production capacity is 9.34 million kl. The Company's actual production capacity is the actual annual production capacity that the brewing plants can reach after combining and leveraging the factors including the indicators of peak season and low season in different markets, holidays and festivals, overhaul, routine maintenance and cleaning of equipment.

2. 產品期末庫存量

Inventory quantity at the end of the Reporting Period



單位：百萬升
Unit: million litre

成品酒 Finished beer product	半成品酒(含基礎酒) Semi-finished beer product (including base beer)
487	484

3. 產品情況

Product information

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

產品檔次 Product class	產量 (萬千升) Output (ten million litre)	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	銷量 (萬千升) Sales volume (ten million litre)	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	產銷率 (%) Sales-output Percentage (%)	銷售收入 Sales income	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	主要 代表品牌 Main representative brand
青島品牌 Tsingtao Brand	380	(6.81)	388	(4.25)	102.20	17,250,881	(0.75)	青島 Tsingtao
其他品牌 Other brands	362	(1.99)	394	(1.41)	108.93	10,087,097	(1.47)	崂山 Laoshan
合計 Total	742	(4.52)	782	(2.84)	105.48	27,337,978	(1.02)	青島、崂山 Tsingtao and Laoshan

管理層討論與分析 Management Discussion and Analysis

產品檔次劃分標準：

Classification criteria of products:

- (1) 「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，青島啤酒產品主要面對中高端啤酒消費市場進行推廣和銷售，並保持了在國內中高端市場的領先地位；以崂山啤酒為代表的其他品牌產品主推大眾消費市場銷售，與主品牌產品共同構成了覆蓋全國市場的完善的品牌和產品結構體系。

The “Tsingtao Beer” brand owned by the Company is one of China’s first top 10 well-known brands, which has strong brand impact and high popularity in domestic and overseas markets. Tsingtao Beer products are mainly promoted and sold in the mid-and-high-end beer consumption markets, and maintain a leading position in the domestic mid-and-high-end markets; products of other brands which are represented by Laoshan Beer are mainly for the sales in mass consumption markets, which jointly builds an improved brand and product mix system covering the markets in the whole country with the core brand products.

- (2) 上述公司產量及同期對比數據不包含本公司聯營及合營啤酒生產企業產量。

The aforesaid output and comparison data of the Company of the corresponding period exclude the output of the associated and joint investment brewing plants of the Company.

4 原料採購情況

Information of purchase of raw materials

(1) 採購模式

Purchasing mode

本公司採購的主要原材物料包括釀酒原材料、包裝材料和能源等，採取總部和區域集中採購及生產企業自採相結合的綜合採購模式，其中啤酒主要生產原料大麥的採購來源主要是進口，包裝物料由國內採購。公司集中採購的大宗物資全部由總部統一競價，實行多數物料年度競價、部分物料季度競價，同時緊盯行業、判斷行情適時調整。公司還拓展競價模式，搭建了青島啤酒電商採購平台，將自採物料納入網上平台採購，拓展了優秀供方隊伍，持續優化了供應商結構。

The Company mainly purchases raw materials including those for brewing, packaging materials and energy, and adopts the comprehensive purchasing mode combining with the centralized purchasing in the head office and regional areas, and the purchase by brewing plants themselves. The Company mainly purchases barley, the main raw material in brewing beer, through import, and purchases packaging materials in China. The Company purchases the bulk materials in centralized manner through the unified bidding by the head office, of which the most materials are in annual bidding, and some materials are in quarterly bidding, and also makes timely adjustment by keeping an eye on the industry to determine the industry situation. The Company also expands the bidding mode that it establishes e-commerce purchasing platform of Tsingtao Beer to purchase the raw materials by including the self-purchased materials in the Internet platform, to extend the excellent supplying teams, and to continuously optimize the suppliers’ structure.

管理層討論與分析 Management Discussion and Analysis

(2) 採購金額 Purchasing amount

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

原料類別	Class of raw materials	當期採購金額 Purchasing amount of the Reporting Period	上期採購金額 Purchasing amount of the corresponding period in prior year	佔當期總採購額 的比重 (%) Percentage of total purchasing amount of the Reporting Period (%)
釀酒原材料	Raw materials for brewing	4,049,279	4,300,899	33.21
包裝材料	Packaging materials	8,045,480	8,693,678	66.00
能源	Energy	96,429	104,747	0.79

5. 銷售情況 Information of sales

(1) 銷售模式 Sales mode

本公司設立青島啤酒營銷中心，負責市場推廣和管理、產品銷售及售後服務等業務職能，下設有品牌管理、銷售管理、現代渠道、創新事業等專業職能部門，根據公司發展規劃制訂營銷戰略、年度營銷計劃並實施執行。

The Company has established Tsingtao Brewery Marketing Center to perform such business functions as marketing and management, product sales and after-sales services. It consists of a number of specialized functional departments, including Brand Management, Sales Management, Modern Channels and Innovation Business, to formulate and implement marketing strategies and annual marketing plans according to the Company's development planning.

本公司在國內市場在分區域深度分銷模式的基礎上，不斷創新實踐線上線下立體化多鏈路業務拓展。按市場區域和渠道細分進行產品銷售和市場管理，通過包括各銷售分公司、省區、省辦等業務分支機構組織開發及維護區域市場銷售渠道。公司積極培育多渠道專業經銷商，通過網絡分工協作、專業市場策劃及促銷支持等措施，不斷提高區域市場的分銷能力、對終端客戶的掌控能力和對消費者品牌影響力，助力公司產品銷售。公司創新營銷模式，構建並不斷拓展「互聯網+」渠道體系，通過搭建電商渠道專業組織，不斷放大「官方旗艦店+官方商城+網上零售商+分銷專營店」的立體化電子商務渠道領先優勢，並積極與第三方平台展開合作，在疫情的特殊時期快速創新營銷模式，大

力推進社區大酬賓、B2B、社區團購等業務，多渠道滿足互聯網時代消費者的購買需求和消費體驗。

On the basis of a deep region-based distribution model in the domestic market, the Company continues to expand business on multiple chains both online and offline. It carries out product sales and exercises market management by market region and sub-divided channel, developing and maintaining regional market sales channels through business branches, including sales branches, province-based regional branches and province-based offices. The Company makes active steps to cultivate professional distributors on multiple channels. By taking a suite of measures, including network-based collaboration, professional market planning and promotional support, the Company continues to improve its distribution capacity on regional markets, strengthen its management of end customers and expand its brand influence among consumers in a bid to boost product sales. The Company develops new sales models and builds up the "internet+" channel system. By setting up professional e-commerce channels, the Company continues to amplify the leading edge of a multi-dimensional e-commerce channel system that combines "Official Flagship Store + Official Mall + Online Retailers + Franchised Store". On top of that, it collaborates with third-party platforms to quickly create new sales models in the special period of the epidemic. By vigorously promoting such business activities as "Giving Back to Consumers", B2B and Community Group Purchase, the Company satisfies the buying needs and consumption experience of consumers in the internet era through multiple channels.

管理層討論與分析 Management Discussion and Analysis

公司在海外市場的銷售通過境外子公司和當地代理商進行，借力經銷商本土資源，嘗試建立屬地化的業務開發團隊，充分發揮青島啤酒的品牌和品質優勢，實施品牌傳播和營銷推廣，打造並提升青島啤酒在國際市場的高端品牌形象。

The Company realizes sales in overseas markets through overseas subsidiaries and local agents.

Through distributors and other local resources, the Company attempts to establish localized business development teams to fully exert the brand equity of Tsingtao Beer, implement brand promotion and build and enhance the upmarket brand image of Tsingtao Beer in international market.

(2) 區域情況

Regional information

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

區域名稱	Region	本期銷售	上期銷售	本期佔比	本期銷售量	上期銷售量	本期佔比
		收入	收入			(千升)	
		Sales income of	corresponding	Percentage of	Sales volume of	corresponding	Percentage of
		the Reporting	period in prior	the Reporting	the Reporting	period in prior	the Reporting
		Period	year	Period (%)	Period (kl)	year (kl)	Period (%)
山東地區	Shandong Region	18,026,420	18,298,983	65.94	5,143,182	5,265,417	65.75
華北地區	North China	6,489,668	6,268,693	23.74	1,889,799	1,831,009	24.16
華南地區	South China	3,268,886	3,431,341	11.96	943,260	999,352	12.06
華東地區	East China	2,802,879	2,759,270	10.25	972,505	1,000,058	12.43
東南地區	South-east China	822,715	823,204	3.01	230,777	220,602	2.95
港澳及其他海外地區	Hong Kong, Macau and other overseas regions	561,744	672,434	2.05	95,541	115,624	1.22
分部間抵消	Elimination between regions	(4,634,334)	(4,635,446)	(16.95)	(1,452,382)	(1,381,044)	(18.57)
合計	Total	27,337,978	27,618,479	100	7,822,682	8,051,017	100

區域劃分標準：

本公司根據不同區域市場的經營戰略和發展需要對全國市場的業務架構進行劃分。

Standard for dividing the regions:

The Company sets up different business structures in the markets throughout the country based on the operation strategy and development needs in different regional markets.

(3) 經銷商情況

Information of distributors

單位：個
Unit: PCS

區域名稱	Region	報告期末經銷商數量	報告期內增加數量	報告期內減少數量
		Number of distributor as at the end of the Reporting Period	Increased number during the Reporting Period	Decreased number during the Reporting Period
國內市場	Domestic market	14,417	2,971	4,134

管理層討論與分析 Management Discussion and Analysis



經銷商管理情況：

Information on the management of distributors:

公司秉承「共創、共享、共贏」的合作理念，努力為價值鏈上各環節合作夥伴搭建增值平台。

The Company persists in the concept of “win-win cooperation” and strives to create value-added platforms for different partners on the value chain.

洞察行業渠道發展趨勢，創造性實施了以「產品結構提升、市場佔有率提升、細分領域專業化提升」為目標的渠道變革新模式，科學匹配兩支團隊的「責權利」，發揮公司團隊和經銷商團隊的專屬優勢，幫助經銷商提升內部管理和運營能力，實現盈利能力的提升，從而夯實網絡基礎，持續提升市場掌控能力，實現雙贏。

With an insight into the development trend of the industrial channels, the Company has creatively implemented a new model of channel transformation that aims at “improving the product structure, increasing the market share and enhancing the professionalization of sub-divided segments”. The Company balances the “responsibilities, authority and interests” between itself and its distributors on a scientific basis and wields their exclusive advantages, helping the distributors to improve internal management and operation capacity and raise profitability. These efforts aim to strengthen the foundation of its network, promote its control over the market and achieve win-win results.

管理層討論與分析 Management Discussion and Analysis

6. 公司收入分析

Analysis of the Company's income

(1) 按不同類型披露公司主營業務構成

Disclosure of composition of the Company's principal business in different classes

單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

劃分類型	Class	營業收入 Revenue	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	營業成本 Cost of sales	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	毛利率 (%) Gross margin (%)	同比 (%) Increase/(Decrease) from the corresponding period in prior year (%)
按產品檔次	By levels of products						
青島品牌	Tsingtao brand	17,250,881	(0.75)	8,927,199	(3.38)	48.25	增加 1.41 個百分點 Increased by 1.41 percentage points
其他品牌	Other brands	10,087,097	(1.47)	7,309,005	(4.12)	27.54	增加 2 個百分點 Increased by 2 percentage points
小計	Total	27,337,978	—	16,236,204	—	—	—
按地區分部	By regions						
山東地區	Shandong Region	18,026,420	(1.49)	11,681,623	(2.39)	35.20	增加 0.6 個百分點 Increased by 0.6 percentage points
華北地區	North China	6,489,668	3.53	4,225,025	1.41	34.90	增加 1.36 個百分點 Increased by 1.36 percentage points
華南地區	South China	3,268,886	(4.73)	2,120,732	(7.25)	35.12	增加 1.75 個百分點 Increased by 1.75 percentage points
華東地區	East China	2,802,879	1.58	1,937,267	(5.90)	30.88	增加 5.49 個百分點 Increased by 5.49 percentage points
東南地區	South-east China	822,715	(0.06)	579,435	(7.18)	29.57	增加 5.4 個百分點 Increased by 5.4 percentage points
港澳及其他 海外地區	Hong Kong, Macau and other overseas regions	561,744	(16.46)	365,648	(14.21)	34.91	減少 1.71 個百分點 Decreased by 1.71 percentage points
分部間抵消	Elimination between regions	(4,634,334)		(4,673,526)			
小計	Total	27,337,978	—	16,236,204	—	—	—

情況說明：

華東地區、東南地區毛利率同比分別增加 5.49 及 5.40 個百分點，主要因為本年度產品結構優化及價格調整所致。

Explanation:

The gross profit margins in East China and South-east China increased by 5.49 and 5.40 percentage points respectively, mainly due to the optimization of the product structure and the price adjustment during the year.

管理層討論與分析 Management Discussion and Analysis

三、關於公司未來發展的討論與分析 Discussion and analysis of the future development of the Company

(一) 行業競爭格局和發展趨勢

Industrial competition layout and development trend

中國啤酒市場作為全球最大的啤酒生產及消費市場，經過幾十年的持續發展啤酒行業總量已呈階段性企穩態勢，行業大型企業加快產能優化整合步伐，持續推進規模化生產提高運營效率，外資啤酒和進口啤酒也在國內市場不斷加快佈局，目前中國前五大啤酒企業已佔市場近80%的份額，市場集中度不斷上升，形成了相對穩定的市場競爭格局。

As the world's largest beer production and consumption market, China's beer industry is showing phased stabilization from decades of continued development. Large-scaled enterprises in the industry are accelerating the speed of production capacity optimization and integration and continue to promote large-scale production to improve operational efficiency. Foreign-owned beer and imported beer are also accelerating their deployment in the domestic market. At present, China's top five beer enterprises account for nearly 80% of the market share. Market concentration has continued to rise, forming a relatively stable market competition pattern.

未來隨著中國經濟的不斷發展，啤酒消費市場仍具較大的發展潛力，通過進一步的產能優化、產品結構提升以及價格調整，在整體消費和利潤水平上仍具相當的提升空間；同時產能過剩、市場總體需求不旺及成本上漲壓力較大等因素使市場競爭仍較為激烈。

With continuous development of China's economy in the future, the beer consumption market still has a relatively large development potential, increasing consumption and profitability can be achieved through further optimization of capacity, upgrade of product structure and price adjustment. Meanwhile, market competition will remain relatively fierce due to factors such as overcapacity, weak market demand and rising cost.

中國啤酒市場消費升級以及消費需求的多元化使啤酒行業的消費結構轉型步伐持續加快，消費者開始追求品質更高、更個性化的啤酒產品，市場競爭由產能、規模的擴張轉向以質量型、差異化為主的競爭，中高端市場持續增長，以聽裝啤酒、精釀啤酒為代表的高端產品佔比提升並保持了良好的發展態勢。

The upgrade of consumption and diversification of consumer demand in the Chinese beer market is causing the pace of the consumption structure transformation in the beer industry to continuously accelerate. Consumers begin to pursue higher quality and more personalized beer product. Market competition turns from the expansion of production capacity and scale to competition mainly based on quality and differentiation. Medium- to high-end markets will continue to grow, and the proportion of high-end products represented by canned beer and craft beer will increase and maintain a good development trend.

新冠肺炎疫情對啤酒產品銷售渠道和場景以及市場消費人群的消費習慣帶來了影響，以餐飲等即飲市場為主導的傳統渠道銷量佔比有所下降，線上銷售渠道快速發展，成熟的電子商務應用也推動了產品銷售業務的數字化轉型，為廣大消費者帶來了更加方便、快捷的選擇方式。

COVID-19 pandemic has affected the sales channels and scenarios of beer productions and the consumption habits of market consumers. The proportion of traditional channels dominated by the ready-to-drink markets such as the food and beverage market has declined. The e-commerce platforms have developed quickly. Mature e-commerce applications have also promoted the digital transformation of product sales, bringing a more convenient and efficient way of consumption for consumers.

管理層討論與分析 Management Discussion and Analysis

(二) 公司發展戰略

The Company's development strategy

公司堅定不移的推進高質量發展戰略，充分發揮青島啤酒的品牌、品質、生產基地和渠道網絡等平台資源優勢，著力推進發展方式轉型。根據「品牌引領、創新驅動、質量第一、效益優先、結構優化、協調發展」六大戰略指引，通過實施打造基地市場戰略帶、加快產品結構升級、提升品牌影響力、塑造魅力質量、拓展國際市場、以規模化、智能化提升助力運營等戰略舉措繼續堅定不移的做強做優做大啤酒主業，增強企業市場競爭力，實現高質量可持續發展，打造一流的國際化品牌企業。

The Company will firmly promote high-quality development strategy, give full play to the advantages of Tsingtao Brewery's brand, quality, production base, and channel network and other platform resources, and strive to promote the transformation of development method. Under the six strategic guidelines of "Led by Brand, Driven by Innovation, Quality First, Prioritizing Efficiency, Optimizing Structure and Coordinated Development", the Company will strengthen its core business by implementing a number of strategic measures, including building the strategic belt of market base, speeding up product structure upgrade, enhancing brand equity, creating attractive quality, expanding the global market, continuing to unswervingly strengthen and improve the main beer business with large-scale and intelligent upgrades to help enhance the enterprise's market competitiveness, achieve high-quality sustainable development and build a first-class international brand enterprise.



(三) 經營計劃

Operating plan

公司將立足啤酒主業，抓住國內啤酒消費市場復甦和消費升級帶來的發展機遇，充分發揮青島啤酒的品牌和品質優勢，整合平台資源積極開拓國內外市場，加大市場宣傳推廣力度，加快轉型升級，通過增量、調結構、調價格、提費效堅定不移的做強做優啤酒主業，以優異的成本管控和企業管理能力提高企業效益和核心競爭力，實現高質量發展。

The Company will base itself on the main beer industry and seize the development opportunity brought by the recovery of the domestic beer consumption market and consumption upgrades. The Company will fully utilize Tsingtao Brewery's brand and quality advantages and integrate platform and resources to actively expand the domestic and international markets and intensify marketing promotion, accelerate transformation and upgrade. Through increasing output, restructure, price adjustments, increasing cost efficiency, the main beer business will be unswervingly strengthened and optimized. With excellent cost control and enterprise management ability to increase business efficiency and core competitiveness, the Company will achieve high-quality development.

公司將繼續發揮覆蓋全國主要市場的生產和銷售網絡佈局優勢，積極開拓國內外市場，持續鞏固提升基地市場戰略帶，依托基地市場競爭優勢，輻射帶動周邊市場佔有率增長。在國際市場，以青島啤酒的高品質、高價格和高可見度的定位繼續加強國際品牌傳播與推廣，不斷提升產品銷量和國際影響力。

The Company will continue to take advantage of the production and sales network layout that cover main markets across China, actively expand the domestic and international markets, continue to consolidate and improve the strategic belt of the base market, rely on the competitive edge at the base market, radiate to drive the growth in peripheral markets. At the international market, the Company will continue to strengthen the international brand communication and promotion from the angle of Tsingtao Brewery's high-quality, competitive pricing and high visibility, constantly increasing sales and international influence.

管理層討論與分析 Management Discussion and Analysis

公司將繼續深化推進「青島啤酒主品牌+崂山啤酒第二品牌」的品牌戰略，以體育營銷、音樂營銷和體驗營銷為主線，通過沉浸式品牌體驗持續提升品牌影響力和青島啤酒品牌的國際化、年輕化、時尚化。公司加速創新，持續塑造提升具有青啤特色的魅力質量，釀造「基礎質量+特色質量+魅力質量」的差異化產品。公司將加速佈局高端和超高端市場，加快向聽裝酒和精釀產品為代表的高附加值產品轉型升級，不斷鞏固和提升公司中高端產品的競爭優勢。

The Company will continue to deepen the promotion of the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”. With sports marketing, music marketing and experience marketing, the Company will continue to improve brand influence and Tsingtao Brewery’s brand to become more international, youthful and fashionable through immersive brand experience. The Company will accelerate innovation, and continue to shape and improve the attractive quality with the characteristics of Tsingtao Brewery to brew a differentiated product of “fundamental quality + characteristic quality + charismatic quality”. The Company will accelerate the deployment of the high-end and ultra-high-end markets, and the transformation and upgrading of the high-value products represented by canned and craft beer products to continue to consolidate and enhance the Company’s competitive advantages in medium- and high-end products.

公司將堅定不移實施數字化轉型，繼續加快製造系統智能化工廠以及智慧供應鏈和工業互聯網建設，提升產業鏈、供應鏈現代化水平，形成優勢產業集群。公司將繼續加快數字化營銷轉型，整合整體數字營銷規劃，完成渠道數字化部署，加大線上銷售力度，通過新渠道+新品類形成產業升級的雙引擎。

The Company will firmly implement digital transformation, continue to accelerate the construction of factories with an intelligent system and the construction of intelligent supply chain and industrial internet, improve the modernization level of industrial chain and supply chain to form advantageous industrial clusters. The Company will continue to accelerate the transformation of digital marketing and integrate the overall digital marketing planning to complete the deployment of digital channels, increase online sales, and form a dual engine for industrial upgrade through new channels and new categories.

公司將繼續不斷開拓健康飲品及時尚酒吧等新興業務，在全國快速發展「TSINGTAO1903青島啤酒吧」連鎖業務，進一步打造啤酒沉浸式體驗新高地；利用啤酒生產基地改造升級的契機，統籌精釀啤酒、倉儲物流、工業旅遊、時尚酒吧等業態，打造集消費者體驗、文化傳播、品牌推廣為一體的多業態互補、共利、共贏的多元化消費生態圈。

The Company will continue to develop new businesses such as health drinks and fashionable bars and develop the chain business, Tsingtao1903 Tsingtao Beer Bars, quickly in China to further create a new height of beer immersion experience; taking the advantage of the opportunity of transformation and upgrading of the beer production bases, the Company will co-ordinate beer brewing, warehousing and logistics, industrial tourism, fashionable bars and other businesses formats to create a diversified consumption ecosystem that is complementary, mutually beneficial and win-win by integrating consumer experience, cultural communication and brand promotion.



管理層討論與分析 Management Discussion and Analysis

2021年，公司董事會和管理層將率領廣大員工，加快新舊動能轉換，充分發揮品質、品牌及技術等優勢，不斷提高本公司的核心競爭力和可持續發展能力，推進公司實現高質量發展，為廣大股東創造更高的價值。

In 2021, the Board and the management of the Company will lead the staff to speed up its transformation from old growth drivers to new ones, and maximize the advantages of quality, brand and technology to constantly improve core competitiveness and sustainable development ability of the Company to achieve high-quality development and create higher value for the shareholders.

(四) 可能面對的風險

Potential Business Risks

啤酒市場特別是國外市場受新冠肺炎疫情的影響復蘇緩慢，因疫情防控導致的人員流動減少、社交餐飲需求降低，對消費人群的消費習慣及消費渠道和場景帶來了變化，即飲市場佔比下降，傳統渠道和終端壁壘受到較大衝擊。

The beer industry, especially in overseas markets, are slow in recovery due to COVID-19 pandemic. The epidemic prevention and control have caused a decrease of people mobility and reduced demand for social catering, thus causing changes to the consumption habits and consumption channels of people, which means the proportion of the ready-to-drink market has declined, and traditional channels and ultimate barriers have been greatly impacted.

伴隨國內啤酒市場集中度的不斷提升和消費結構升級趨勢，行業產能過剩及替代品(白酒、葡萄酒等)的快速發展、消費人群的年輕人化趨勢和健康飲酒理念帶來的消費行為變化，以及外資啤酒和進口啤酒在國內市場加快佈局和加大促銷力度等多重因素進一步加劇了行業增長壓力，使中高端產品的市場競爭仍較為激烈，廣告、促銷等市場費用持續增長，以及啤酒原料及包裝材料價格和人工成本的持續上漲帶來的經營壓力，均會對公司未來銷量、收入和盈利的增長形成影響。

With multiple factors such as the continuous increase of market concentration of the domestic beer market and the upgrading of the trend of the consumption structure in China, the rapid development of overcapacity in the industry and the rapid development of substitutes (liquor and wine etc.), the trend of younger consumers, changes in consumption behavior caused by the concept of healthy drinking, and the accelerated deployment and promotion of foreign-owned beer and imported beer in the domestic market, the pressure of industry growth has aggravated, making market competition of mid- to high-end products to remain relatively fierce. Market expenses such as advertising and promotion continue to increase, and operating pressure brought by the continuous increase in the prices of raw materials for beer and packaging materials and labor costs will have an impact on the future sales, revenue and profit growth of the Company.

董事、監事和高管人員簡介 Profiles of Directors, Supervisors and Senior Manager

公司第九屆董事會成員簡介 Members of the Ninth Session of the Board:



黃克興先生，現年58歲，山東工業大學畢業，北京大學光華管理學院高級管理人員工商管理碩士，在職研究生學歷，正高級工程師。現任本公司黨委書記、董事長，青啤集團黨委書記、董事長。曾任青島啤酒工程有限公司總經理、本公司總裁助理兼戰略投資管理總部部長、本公司副總裁、青啤集團副總裁、本公司總裁兼營銷總裁。黃克興先生具有豐富的啤酒行業戰略規劃、投資管理、經營管理、市場營銷及品牌管理經驗。黃克興先生榮獲「全國勞動模範」、「全國五一勞動獎章」、「全國輕工行業「勞動模範」、第二屆輕工「大國工匠」、「山東省優秀企業家」，記一等功獎勵等榮譽。山東省十三屆人大代表、十一屆山東省政協委員。

Mr. HUANG Ke Xing, aged 58, graduated from Shandong University of Industry and obtained a Master's degree in business administration from the Guanghua School of Management of Peking University. He holds an on-the-job postgraduate degree and is qualified as a Senior Engineer. He is currently Secretary of the Party Committee and Chairman of the Board of Directors of the Company and Secretary of the Party Committee and Chairman of the Board of Directors of Tsingtao Group. He was General Manager of Tsingtao Brewery Engineering Company Limited, Assistant to the President of the Company and Head of Strategic Investment Management Department, Vice President of the Company, Vice President of Tsingtao Group, and President and Marketing President of the Company. He has rich experience in strategy planning, investment management, operation management, marketing and brand management of beer industry. Mr. Huang's honors include "National Model Worker", "National 5.1 Labor Medal", "Model Worker" of the National Light Industry, the 2nd Session of "Craftsman of the Great Country" of the Light Industry, "Excellent Entrepreneur in Shandong Province" and First Class Merit Award. Mr. Huang is also Delegate of the 13th Shandong Provincial People's Congress and Member of the 11th Committee of the Shandong Provincial Committee of the Chinese People's Political Consultative Conference.



于竹明先生，現年59歲，東北財經大學高級管理人員工商管理碩士畢業，碩士研究生學位，正高級會計師。現任本公司執行董事、黨委委員兼財務總監。曾任本公司財務管理總部部長、總裁助理、總會計師。于竹明先生在公司創新財務管理，業財融合、助力運營，改善公司經營管理質量，及建立和完善與公司發展模式和戰略定位相匹配的財務管理體系等方面作出重要貢獻，具有豐富的會計信息化、稅收籌劃、財務管理、金融管理、內控審計、風險管理和資本運作經驗。獲得2019年全國先進會計工作者榮譽稱號。獲得2020年青島市五一勞動獎章。

Mr. YU Zhu Ming, aged 59, graduated from Dongbei University of Finance and Economics with a master's degree in business administration and is a senior accountant. He is currently the executive director, a member of the Party Committee and finance director of the Company. He was the head of the financial management department, assistant to the president and chief accountant of the Company. Mr. Yu has made important contributions to the Company's innovative financial management, integration of business and finance, operation support, and the establishment and improvement of the financial management system that is in line with the Company's development model and strategic positioning. He has extensive experience in accounting informatization, tax planning, financial management, finance management, internal control audit, risk management and capital operation. He was awarded the honorary title of National Advanced Accountant in 2019 and won Qingdao 5.1 Labor Medal of 2020.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



王瑞永先生，現年55歲，北京大學高級管理人員工商管理碩士研究生學位，高級工程師，現任本公司執行董事、黨委委員兼副總裁。青島市第十六屆人大代表。曾任北京五星青島啤酒有限公司總經理，青島啤酒淮海營銷公司總經理，上海青島啤酒華東營銷公司總經理，青島啤酒營銷中心山東省區總經理，本公司總裁助理，本公司營銷總裁。具有豐富的市場營銷、生產運營和企業管理經驗。

Mr. WANG Rui Yong, aged 55, holds a master's degree in business administration from Peking University and is a senior engineer. He is the executive director, a member of the Party Committee and the vice president of the Company and is the 16th National People's Congress of Qingdao. He was the general manager of Beijing Five Star Tsingtao Brewery Co., Ltd, the general manager of Tsingtao Brewery Huaihai Marketing Co., Ltd, the general manager of Shanghai Tsingtao Brewery Huadong Marketing Co., Ltd, the general manager of Tsingtao Brewery Marketing Center in Shandong Province, the assistant to the President of the Company and the president of Marketing of the Company. He has rich experience in marketing, production operation and enterprise management.



石琨先生，現年40歲，畢業於倫敦政治經濟學院，獲管理學碩士學位，於南京大學獲得文學學士學位。現任本公司非執行董事，復星集團副總裁、聯席首席投資官，復星蜂巢副董事長，豫園股份聯席董事長，金徽酒股份有限公司董事。石琨先生積極推動中華老字號和傳統文化的當代演繹，他是上海市青年聯合會十二屆委員會委員、上海國際時尚聯合會副會長，兼任上海表業和海鷗表業集團董事長。

Mr. SHI Kun, aged 40, graduated from The London School of Economics and Political Science with a Master's degree in management and Nanjing University with a Bachelor's degree in literature. He currently serves as Non-executive Director of the Company, Vice President and Co-Chief Investment Officer of Fosun Group, Vice Chairman of Fosun Hive, Co-Chairman of Yuyuan Inc. and Director of Jinhui Liquor Co., Ltd. Mr. SHI Kun proactively promotes the modern manifestation of time-honored Chinese brands and traditional culture. His other titles include Member of the 12th Session of the Committee of Shanghai Youth Federation, Vice President of Shanghai International Fashion Federation and Chairman of Shanghai Watch and of Sea-gull Watch Group.



于增彪先生，現年65歲，廈門大學經濟(會計)學博士、中國註冊會計師，現任本公司獨立非執行董事，清華大學經管學院會計學教授，博士生導師。于增彪先生現為美國會計學會會員、中國成本研究會副會長、中國總會計師協會副會長、財政部管理會計諮詢專家；並擔任中國電影股份有限公司、正大投資股份有限公司、上海微創醫療機器人(集團)股份有限公司的獨立董事。

Mr. YU Zeng Biao, aged 65, holds a Doctorate degree in economics (accounting) from Xiamen University and is a certified public accountant in China. He is currently an independent non-executive director of the Company, a professor of accounting and a doctoral supervisor of the School of Economics and Management of Tsinghua University. Mr. Yu is currently a member of the American Accounting Institute, Vice Chairman of China Cost Research Society, Vice Chairman of China Chief Association of Accountants, and a consulting expert in management accounting in the Ministry of Finance. He also serves as an independent director of China Film Co., Ltd., Chia Tai Investment Co., Ltd. and Shanghai MicroPort Robot (Group) Co., Ltd..

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



肖耿先生，現年57歲，加州大學洛杉磯分校經濟學博士，現任本公司獨立非執行董事，北京大學匯豐商學院金融實踐教授及北京大學海上絲路研究中心主任，兼任香港國際金融學會主席、廣東珠海橫琴自貿區專家委員會委員、中國人民大學國際貨幣研究所學術委員會委員、瑞銀中國和錦州銀行獨立非執行董事等職。曾任香港大學金融與公共政策實踐教授及經濟學終身教授、香港經綸國際經濟研究院副總裁、香港證監會主席顧問及研究部主管、匯豐銀行(中國)及倫敦新興市場基金獨立非執行董事、深圳發展銀行外部監事。

Mr. XIAO Geng, aged 57, holds a Doctorate degree in economics from the University of California, Los Angeles. He is currently an independent non-executive director of the Company, a professor of financial practice of Peking University HSBC Business School (PHBS) and Director of the Research Institute of Maritime Silk-road of Peking University. His other positions include Chairman of Hong Kong Institution for International Finance, Member of the Expert Committee for Hengqin Area of Zhuhai of China (Guangdong) Pilot Free Trade Zone, Member of the Academic Committee of International Monetary Institute of the Remin University of China, and independent non-executive director of UBS (China) and Bank of Jinzhou. He was a professor of finance and public policy practice and tenured professor of economics in The University of Hong Kong, Vice President of the Fung Global Institute of Hong Kong, Adviser to the Chairman and Head of the Research Department of the Securities and Futures Commission of Hong Kong, independent non-executive director of HSBC China and Emerging Market Fund of London, and External Supervisor of Shenzhen Development Bank.



盛雷鳴先生，現年50歲，華東政法大學法學博士、高級律師。現任本公司獨立非執行董事，北京觀韜中茂律師事務所合夥人會議主席，北京觀韜中茂(上海)律師事務所合夥人律師，兼任中華全國律師協會副會長，上海市法學會副會長，上海振華重工(集團)股份有限公司、國藥集團藥業股份有限公司及華東建築集團股份有限公司等三家A股上市公司的獨立董事。曾任上海市律師協會會長、黨委副書記等職。

Mr. SHENG Lei Ming, aged 50, holds a Doctorate degree in law from the East China University of Political Science and Law and is a senior lawyer. He is an independent non-executive director of the Company, Chairman of partners' meetings of Guantao Law Firm in Beijing and a partner of Guantao (Shanghai) Law Firm. His other positions include Vice President of All China Lawyers Association, Vice President of Shanghai Law Society and independent director of three A-share listed companies, which are Shanghai Zhenhua Heavy Industries Co., Ltd., China National Medicines Pharmaceutical Co., Ltd. and Areplus Group PLC. He was the President and Deputy Secretary of the Party Committee of Shanghai Lawyers Association.



姜省路先生，現年49歲，山東大學法學院學士。現任本公司獨立非執行董事，山東藍色經濟產業基金管理有限公司總經理、青島昱林基金管理中心(有限合夥)執行事務合夥人。現兼任青島東軟載波科技股份有限公司、海利爾藥業集團股份有限公司、青島康普頓科技股份有限公司及利群商業集團股份有限公司獨立董事。姜省路先生自1994年起歷任山東琴島律師事務所副主任、高級合夥人，國浩律師事務所合夥人，北京市金杜律師事務所合夥人，2017年被評為「山東省金融高端人才」。

Mr. JIANG Xing Lu, aged 49, holds a Bachelor's degree from the Law School of Shandong University. He is currently an independent non-executive director of the Company, General Manager of Shandong Blue Economy Industry Fund Management Co., Ltd. and Executive Partner of Qingdao Yulin Fund Management Center (Limited Partnership). He is also an independent director of Qingdao Neusoft Carrier Technology Co., Ltd., Hailier Pharmaceutical Group Co., Ltd., Qingdao Compton Technology Co., Ltd. and Liqun Commercial Group Co., Ltd.. Since 1994, Mr. Jiang has successively served as Deputy Director and Senior Partner of Qindao Law Firm (Shandong), Partner of Grandall Law Firm and Partner of King & Wood Mallesons (Beijing). In 2017, he was awarded as "High-Calibre Financial Professional of Shandong Province".

董事、監事和高管人員簡介 Profiles of Directors, Supervisors and Senior Manager

公司第九屆監事會成員簡介 Members of the Ninth Session of Board of Supervisors



李綱先生，現年60歲，畢業於西安交通大學管理科學與工程專業，管理學博士。現任本公司監事會主席。曾任青島市地稅局市北分局副局長、地稅局局長助理兼嶗山局局長、青島市地稅局稽查局局長、青島市地稅局副局長及青啤集團監事會主席、青島市市直企業監事會主席等職。

Mr. LI Gang, aged 60, graduated from the major of Management Science and Engineering of Xi'an Jiaotong University with a Doctorate degree in management. He is currently Chairman of the Board of Supervisors of the Company. He was Deputy Chief of Shibe Branch of Qingdao Local Taxation Bureau, Assistant to the Chief of Qingdao Local Taxation Bureau & Chief of Laoshan Branch of Qingdao Local Taxation Bureau, Chief of Inspection Bureau of Qingdao Local Taxation Bureau, Deputy Chief of Qingdao Local Taxation Bureau, Chairman of the Board of Supervisors of Tsingtao Group and Chairman of the Board of Supervisors of Qingdao Municipally Administered Enterprises.



姚宇先生，現年40歲，先後獲得工學本科學歷和經濟學碩士學歷，現任本公司股東監事，上海復星創富投資管理股份有限公司執行總經理，金徽酒股份有限公司監事，曾任北京清科投資管理有限公司投資經理。

Mr. YAO Yu, aged 40, holds a Bachelor's degree in engineering and a Master's degree in economics. He is currently serving as a shareholder supervisor of the Company, Executive General Manager of Shanghai Fosun Chuangfu Investment Management Co., Ltd., and a supervisor of Jinhui Liquor Co., Ltd.. He was a former investment manager of Beijing Qingke Investment Management Co., Ltd..



李燕女士，現年63歲，畢業於中央財政金融學院。現任本公司獨立監事，中央財經大學財稅學院教授，博士生導師，政府預算研究所所長，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，兼任青島港國際股份有限公司、北京東華軟件股份有限公司、華力創通股份有限公司、江西富祥藥業股份有限公司獨立董事。

Ms. LI Yan, aged 63, graduated from the Central Institute of Finance. She is currently the independent supervisor of the Company, the professor and the doctoral supervisor of the School of Finance and Taxation of Central University of Finance and Economics, the director of the Institute of Government Budget, the non-practicing member of the Chinese Institute of Certified Public Accountants, the director of China Finance Society, the director of the Finance and Taxation Law Research Society of China Law Society, and an independent director of Qingdao Port International Co., Ltd., Beijing Donghua Software Co., Ltd., Hwa Create Co., Ltd. and Jiangxi Fushine Pharmaceutical Co., Ltd..



王亞平先生，現年56歲，華東政法學院(現為華東政法大學)法學學士，國家高級律師。現任本公司獨立監事，山東琴島律師事務所執行主任、高級合夥人。山東省律師協會副會長，青島仲裁委員會仲裁員。兼任青島國恩股份有限公司獨立董事和瑞港建設控股有限公司獨立非執行董事，以及青島港國際股份有限公司獨立監事。

Mr. WANG Ya Ping, aged 56, holds a bachelor's degree in law from East China University of Political Science and Law and is a senior lawyer in China. He is currently the independent supervisor of the Company and the executive director and senior partner of Shandong Qindao Law Firm, the vice president of Shandong Lawyers Association, the arbitrator of Qingdao Arbitration Commission. He is also the independent director of Qingdao Gon Co., Ltd, the independent non-executive director of Ruigang Construction Holdings Co., Ltd and the independent supervisor of Qingdao Port International Co., Ltd.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



黃祖江先生，現年55歲，畢業於山東海洋學院海洋化學專業，南開大學經管學院工商管理碩士研究生，高級工程師。現任本公司職工監事、製造中心總裁助理、青島啤酒二廠黨委書記、廠長。曾任公司製造總裁助理兼生產管理總部部長，營銷總裁助理兼物流管理總部總經理，製造總裁助理兼安全環保總部部長。具有豐富的生產運營及物流管理經驗。

Mr. HUANG Zu Jiang, aged 55, graduated from the major of marine chemistry of the Ocean University of China, holds a Master's degree in business administration from the School of Economics of Nankai University and is a Senior Engineer. He is Supervisor as Employees' Representative of the Company, Assistant to the President of the Manufacturing Center of the Company, and Secretary of the Party Committee and Director of Factory No. 2 of Tsingtao Brewery. He was Assistant to the Manufacturing President and Head of Production Management Headquarters of the Company, Assistant to Marketing President and General Manager of Logistics Management Headquarters of the Company, and Assistant to Manufacturing President and Head of Safety and Environmental Protection Headquarters of the Company. He has extensive experience in production, operations and logistics management.



孫麗紅女士，現年45歲，青島大學經濟法系國際經濟法專業畢業，本科學歷，現任本公司職工監事、法律事務總部部長。曾任本公司董事會秘書室副主任、法律事務部副部長。具有豐富的法律工作經驗。

Ms. SUN Li Hong, aged 45, undergraduate of Major of International Economic Law in Department of Economic Law at Qingdao University. She is currently Supervisor as Employees' Representative and Head of Law Affairs Department of the Company. She also served as Deputy Head of Secretarial Office of the Board, and Deputy Head of Law Affairs Department of the Company with substantial experience in law affairs.



孟慶尚先生，現年55歲，畢業於山東工業大學工業電氣自動化專業，高級工程師。現任本公司職工監事、青島啤酒廠黨委書記、廠長。曾任青島啤酒廠廠長助理、副廠長，青島啤酒第三有限公司副總經理，青島啤酒二廠副廠長，青島啤酒(石家莊)有限公司總經理，青島啤酒(九江)有限公司總經理。具有豐富的生產運營及企業管理經驗。

Mr. MENG Qing Shang, aged 55, graduated from the major of electrical and automation of Shandong University of Industry and is a Senior Engineer. He is currently Supervisor as Employees' Representative of the Company and Secretary of the Party Committee and Director of Tsingtao Brewery Factory. He was Assistant to the Director and Deputy Director of Tsingtao Brewery Factory, Deputy General Manager of Tsingtao Brewery No. 3 Co., Ltd., Deputy Director of Tsingtao Brewery No. 2 Factory, General Manager of Tsingtao Brewery (Shijiazhuang) Co., Ltd. and General Manager of Tsingtao Brewery (Jiujiang) Co., Ltd.. He has rich experience in production, operations and enterprise management.

董事、監事和高管人員簡介 Profiles of Directors, Supervisors and Senior Manager

公司現任高級管理人員簡介 Senior Management Officers



蔡志偉先生，現年53歲，廈門大學工商管理碩士研究生學歷，高級工程師，現任本公司營銷總裁。蔡先生歷任青島啤酒二廠車間主任、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，上海青島啤酒華東營銷有限公司總經理，營銷中心山東省區總經理，公司營銷副總裁兼營銷中心銷售管理總部總經理，公司營銷中心常務副總裁等職，具有豐富的營銷管理經驗。

Mr. CAI Zhi Wei, aged 53, MBA at Xiamen University, Senior Engineer. He is currently President of Marketing Center of the Company. Mr. CAI also served as Workshop Supervisor and Deputy Factory Manager of Tsingtao Brewery No. 2 Factory, General Manager of Tsingtao Brewery (Xiamen) Co., Ltd., General Manager of Xiamen Tsingtao Brewery South-East Sales Company Limited, General Manager of Shanghai Tsingtao Brewery East-China Sales Company Limited, General Manager of Shandong Area of Marketing Center of the Company, Vice President of Marketing Center of the Company and General Manager of Sales Management Head Department of Marketing Center, and Executive Vice President of Marketing Center of the Company with substantial management experience in marketing.



姜宗祥先生，現年48歲，山東工業大學本科畢業，南開大學經濟學碩士研究生，現任本公司副總裁、供應鏈總裁。曾任青島啤酒(蕪湖)有限公司副總經理，本公司戰略投資管理總部副部長、信息管理總部部長及製造中心採購管理總部部長、製造總裁助理兼採購管理總部部長。具有豐富的生產運營及商務管理經驗。

Mr. JIANG Zong Xiang, aged 48, graduated from Shandong University of Technology with a bachelor's degree and obtained a master's degree in economics from Nankai University. He is currently the vice president and supply chain president of the Company. He served as deputy general manager of Tsingtao Brewery (Wuhu) Co., Ltd, deputy head of the Company's strategic investment management headquarters, head of information management headquarters, head of procurement management headquarters of manufacturing center, assistant to manufacturing president and head of procurement management headquarters of the Company. He has rich experience in production operation and business management.



徐楠女士，現年53歲，山東輕工業學院本科畢業，工學學士，高級工程師。現任本公司副總裁、製造總裁、總釀酒師。曾任青島啤酒(壽光)有限公司總釀酒師、總經理，本公司製造總裁助理兼青島啤酒二廠廠長，本公司製造總裁助理兼青島啤酒三廠廠長，本公司製造總裁助理兼生產技術管理總部部長。具有豐富的生產運營及質量管理經驗。

Ms. XU Nan, aged 53, graduated from Shandong Institute of Light Industry with a bachelor's degree in engineering and is a senior engineer. She is currently the vice president, manufacturing president and chief winemaker of the Company. She served as chief brewer and general manager of Tsingtao Brewery (Shouguang) Co., Ltd, assistant to the manufacturing president of the Company and the director of Tsingtao Brewery No. 2 Factory, assistant to the manufacturing president of the Company and director of Tsingtao Brewery No. 3 Factory, and assistant to the manufacturing president and head of production technology management headquarters of the Company. She has rich experience in production operation and quality assurance.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



王少波先生，現年53歲，上海交通大學本科畢業，上海交通大學安泰管理學院工商管理碩士研究生，高級工程師，現任本公司副總裁。曾任本公司青島啤酒廠廠長助理，深圳青島啤酒朝日有限公司副總經理，本公司運營管理部生產運營總監，本公司總裁助理兼戰略投資管理總部部長，具有豐富的啤酒行業戰略規劃、並購投資管理及生產運營經驗。

Mr. WANG Shao Bo, aged 53, graduated from Shanghai Jiaotong University with a bachelor's degree, obtained a master's degree in business administration from Antai School of Management of Shanghai Jiaotong University and is a senior engineer. He is currently the vice president of the Company. He served as the assistant to the director of Tsingtao Brewery of the Company, the deputy general manager of Shenzhen Tsingtao Brewery Asahi Co., Ltd, the production and operation director of the operation management department of the Company, and the assistant to the president and head of strategic investment management headquarters of the Company. He has extensive experience in strategic planning, M&A investment management and production and operation in the beer industry.



張瑞祥先生，現年56歲，山東師範大學大學本科畢業，經濟師，現任本公司董事會秘書兼董事會秘書室主任、公司秘書、授權代表。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。具有長期的上市公司運作、信息披露及資本市場融資經驗。

Mr. ZHANG Rui Xiang, aged 56, Bachelor's Degree at Shandong Normal University, an economist. He is currently Board Secretary & Head of Secretarial Office of the Board, Company Secretary and Authorized Representative of the Company. He also served as Assistant to Director, Deputy Director, and Director of Secretarial Office of the Board & Representative to Securities Affairs of the Company with long-term experience in the operation of listed company, information disclosure and financing in capital market.

重要事項 Significant Events

一、A股限制性股票激勵計劃

請參考董事會報告「十六. A股限制性股票激勵計劃」。

二、報告期內重大投資事項

- 1、 公司於2019年12月6日召開第九屆董事會2019年第四次臨時會議，審議通過青島啤酒智慧產業示範園(一期)項目可行性報告，項目投資預算約為人民幣1.5億元，新增啤酒產能24萬千升/年。該項目於2020年7月竣工投產。
- 2、 公司於2020年1月13日召開第九屆董事會第九次會議，審議通過新設棗莊公司建設60萬千升啤酒項目可行性報告，棗莊公司已於2020年6月4日由本公司作為唯一股東投資設立，註冊資本為人民幣2億元，該項目於2021年2月正式開工建設。

I. Restricted A Share Incentive Plan

Please refer to “XVI. Restricted A Share Incentive Plan” of the Report of the Directors.

II. Significant investment matters during the Reporting Period

1. The Company held the 2019 fourth extraordinary meeting of the ninth session of the Board on 6 December 2019, which approved the feasibility report of the Tsingtao Brewery Smart Industry Demonstration Park (Phase I) project with an investment budget of approximately RMB150 million for such project and a new beer production capacity of 240,000 kiloliters/year. The project was completed and put into operation in July 2020.
2. On 13 January 2020, the Company held the ninth meeting of the ninth session of the Board and approved the feasibility report on the project concerning the establishment of Zaozhuang Company with the capacity of 600,000 kl beer production. The Zaozhuang Company was invested and established by the Company (as the sole shareholder) on 4 June 2020, with a registered capital of RMB200 million. The construction of such project started in February 2021.

重要事項 Significant Events

3、公司於2020年10月29日召開第九屆董事會第十三次會議，審議通過青島啤酒西海岸精釀啤酒花園項目可行性報告，批准文化公司在西海岸新區金沙灘啤酒城內建設精釀啤酒花園項目，項目固定資產總投資約為人民幣2.5億元，項目建成後將成為青島啤酒品牌推廣、消費者體驗以及精釀啤酒消費新高地。文化公司於2020年3月26日註冊成立了青島啤酒(西海岸)文旅發展有限公司，註冊資本金人民幣900萬元。由公司向青島啤酒(西海岸)文旅發展有限公司增資人民幣1.7億元，持有該公司95%權益，並以此公司為主體投資建設精釀啤酒花園。文化公司繼續持有該公司5%權益。

3. On 29 October 2020, the Company held the thirteenth meeting of the ninth session of the Board to review and approve the feasibility report of Tsingtao Brewery West Coast Craft Beer Garden project, and approved Culture Company to build a craft beer garden in Golden Beach Beer Town in West Coast New Area with a total fixed asset investment of approximately RMB250 million. After the completion of such project, the project will become a new location for brand promotion, consumer experience and craft beer consumption of Tsingtao Brewery. Tsingtao Brewery (West Coast) Culture and Tourism Development Co., Ltd. was registered on 26 March 2020 by Culture Company, with a registered capital of RMB9 million. The Company made a capital increase of approximately RMB170 million to Tsingtao Brewery (West Coast) Culture and Tourism Development Co., Ltd., holding 95% of equity in such company, and invested in the construction of craft beer garden with such company as the main entity. Culture Company continues to hold 5% of equity in Tsingtao Brewery (West Coast) Culture and Tourism Development Co., Ltd..

三、報告期內，本公司並無涉及任何重大訴訟或仲裁，而據本公司所知，亦無任何尚未了結或可能面臨或對本公司作出之重大法律訴訟或仲裁。

III. During the Reporting Period, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration was pending or threatened or made against the Company so far which the Company is aware of.

四、報告期後事項

2021年3月22日，公司第九屆董事會2021年第一次臨時會議和第九屆監事會2021年第一次臨時會議分別審議通過關於《關於向激勵對象授予預留部分A股限制性股票的議案》，同意向符合條件的35名激勵對象授予本激勵計劃規定的預留部分30萬股A股限制性股票。具體內容詳見公司於2021年3月22日在香港交易所披露易網站(www.hkexnews.hk)發佈的相關公告。

IV. Events after the Reporting Period

At the first extraordinary meeting of 2021 of the ninth session of the Board of Directors and the first extraordinary meeting of 2021 of the ninth session of the Board of Supervisors held by the Company on March 22, 2021, the resolution on the reserved grant of restricted A shares to the participants was considered and approved. According to the approval, 300,000 reserved restricted A shares under the Incentive Plan would be granted to 35 eligible participants. For more information, please refer to the announcement published on March 22, 2021 on HKEXnews (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited.

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



普华永道

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TO THE SHAREHOLDERS OF TSINGTAO BREWERY COMPANY LIMITED,

Opinion

What we have audited

We have audited the accompanying financial statements of Tsingtao Brewery Company Limited (hereinafter “Tsingtao Brewery”), which comprise:

- the consolidated and company balance sheets as at 31 December 2020;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders’ equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of Tsingtao Brewery as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Tsingtao Brewery in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

普華永道中天會計師事務所(特殊普通合夥)

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- (1) Shandong Xin Immense Brewery Co., Ltd. (“Immense Brewery Company”) — Impairment assessment on goodwill
- (2) Impairment test on fixed assets

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(1) Immense Brewery Company — Impairment assessment on goodwill (Refer to Note 2(28) and Note 4(15) to the financial statements)</p> <p>Tsingtao Brewery has acquired 100% equity interest in Immense Brewery Company in prior years. The carrying amount of the goodwill arising from the acquisition of Immense Brewery Company amounted to approximately RMB958.87 million as at 31 December 2020.</p> <p>Management conducted an impairment assessment of the goodwill formed by the acquisition of Immense Brewery Company by comparing its recoverable amount of an asset group containing goodwill with its carrying value. The recoverable amount shall be determined based on the higher of the net amount of the fair value of the asset group less cost of disposal and the present value of the estimated future cash flow of the asset group. Management involved an independent valuer to evaluate the recoverable amount of the assets group.</p> <p>We considered this area as a key audit matter because the carrying amounts of the goodwill of Immense Brewery Company are significant to the financial statements and the reasonableness of the aforesaid managements’ estimates would have a significant impact on the result of the impairment assessment.</p>	<p>In connection with the impairment assessment on goodwill of Immense Brewery Company, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Understood and validated the managements’ internal controls over the assessment of impairment of the goodwill; • Evaluated the competency, professionalism and objectivity of the independent valuer; • Combining interviews with the management and the information obtained, we involved internal valuation experts to assist us in assessing the rationality of the valuation model and valuation methodology adopted by the management and the independent valuers employed by them; By comparing historical financial data, approved budgets, industry experience and market forecast, we evaluated the reasonableness of the key assumptions used by the management and the independent valuers employed by them, including sales growth rate during the forecast period, perpetual growth rate, gross profit margin, discount rate and etc. • Review key assumptions used by the management in impairment assessment, such as sensitivity analysis of perpetual growth rate, gross profit margin and discount rate, and consider its potential impact on the results of the impairment assessment if these assumptions are to be changed within a reasonable range. <p>According to the procedures performed, the valuation methodology of recoverable amount, valuation model, key assumptions and estimates adopted by the management and the employed independent valuers, and the results of impairment assessments made by the management are acceptable.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(2) Impairment test on fixed assets (Refer to Note 2(28) and Note 4(11) to the financial statements)</p> <p>As at 31 December 2020, the carrying amounts of fixed assets as recognized in the consolidated financial statements of Tsingtao Brewery amounted to approximately RMB10.30 billion.</p> <p>Management analysed and identified the indication of impairment, conducted impairment assessment by comparing the recoverable amount with carrying amount of group of assets containing those fixed assets with indication of impairment. The recoverable amount shall be determined based on the higher of the net amount of the fair value of the group of assets containing those assets less cost of disposal and the present value of the estimated future cash flow of the asset.</p> <p>The impairment test involved the determination of valuation parameters (e.g. discount rate), and also the assumptions in operating and financial performance in the coming years, including sales growth rate and gross profit margin in the coming years.</p> <p>We considered this area as a key audit matter because the carrying amounts of the fixed assets with indication of impairment are significant to the financial statements and the reasonableness of the aforesaid managements' estimation would have a significant impact on the results of the impairment test.</p>	<p>In connection with the impairment test on fixed assets, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Understood and validated the management's internal controls over the test of impairment of fixed assets; • Validated the management's processes in identifying the indications of impairment; • For those fixed assets with indication of impairment, examined the management's impairment test model as follows: <ul style="list-style-type: none"> — Combining interviews with the management and the information obtained, we involved internal valuation experts to assist us in assessing the rationality of the valuation model and valuation methodology adopted by the management in impairment assessment. — Evaluated the rationality of key assumptions adopted by the management by comparing historical financial data, approved budget, industry experience and market forecast, including sales growth rate, gross profit margin and discount rate and etc. — Review key assumptions used by the management in impairment assessment, such as sensitivity analysis of gross profit margin and discount rate, and consider its potential impact on the results of the impairment assessment if these assumptions are to be changed within a reasonable range. <p>According to the procedures performed, the valuation methodology of recoverable amount, valuation model, key assumptions and estimates adopted, and the results of impairment assessments made by the management are acceptable.</p>

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Other Information

Management of Tsingtao Brewery is responsible for the other information. The other information comprises all of the information included in 2020 annual report of Tsingtao Brewery other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee for the Financial Statements

Management of Tsingtao Brewery is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, 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.

In preparing these financial statements, management is responsible for assessing Tsingtao Brewery's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Tsingtao Brewery or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing Tsingtao Brewery's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tsingtao Brewery's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tsingtao Brewery to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Tsingtao Brewery to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA
Song Shuang (Engagement Partner)

Shanghai, the People's Republic of China
26 March 2021

Signing CPA
Zhang Dong

Consolidated and Company Balance Sheets

As at 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2020 Consolidated	31 December 2019 Consolidated	31 December 2020 Company	31 December 2019 Company
ASSETS					
Current assets					
Cash at bank and on hand	(1)	18,466,880,608	15,301,983,408	7,498,667,378	6,073,903,675
Financial assets held for trading	(2)	1,888,862,835	1,523,793,019	-	-
Notes receivable	(3)	5,648,580	75,100,000	3,500,000	75,100,000
Accounts receivable	(4),15(1)	119,506,428	151,069,427	1,289,784,383	1,191,236,318
Advances to suppliers	(5)	239,884,336	117,156,091	173,715,881	81,193,236
Other receivables	(6),15(2)	73,893,587	86,269,436	767,551,777	661,842,853
Inventories	(7),15(3)	3,281,033,526	3,181,769,333	1,484,423,351	1,440,374,542
Other current assets	(8)	552,409,778	564,677,336	213,704,493	337,621,348
Total current assets		24,628,119,678	21,001,818,050	11,431,347,263	9,861,271,972
Non-current assets					
Debt investment	15(4)	-	-	-	163,325,489
Long-term equity investments	(9),15(5)	374,333,837	376,641,802	10,797,859,391	10,452,229,369
Other non-current financial assets		600,000	600,000	300,000	300,000
Investment properties	(10)	27,183,434	36,504,682	28,097,551	28,074,694
Fixed assets	(11),15(6)	10,302,628,630	10,222,034,465	2,207,215,759	2,075,232,310
Construction in progress	(12)	339,805,369	178,993,842	29,042,168	29,888,393
Right-of-use assets	(13)	168,329,047	66,970,435	33,604,316	29,566,778
Intangible assets	(14), 15(7)	2,503,842,988	2,558,572,455	495,947,407	507,006,725
Goodwill	(15)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(16)	86,258,334	35,255,388	4,265,112	3,897,707
Deferred tax assets	(17)	1,718,307,625	1,455,035,532	1,044,203,455	885,429,696
Other non-current assets	(19)	57,672,911	72,852,914	20,751,654	31,543,686
Total non-current assets		16,886,066,157	16,310,565,497	14,641,286,813	14,206,494,847
TOTAL ASSETS		41,514,185,835	37,312,383,547	26,072,634,076	24,067,766,819

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2020 Consolidated	31 December 2019 Consolidated	31 December 2020 Company	31 December 2019 Company
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	(20)	703,273,054	270,906,631	-	-
Notes payable	(21)	149,491,592	220,825,323	118,344,729	119,897,333
Accounts payable	(22)	2,222,601,042	2,167,178,181	2,945,975,684	2,454,746,492
Contract liabilities	(23)	6,567,320,256	5,970,644,849	4,816,661,431	4,221,446,260
Employee benefits payable	(24)	1,906,199,446	1,458,665,786	630,441,397	531,653,920
Taxes payable	(25)	523,026,847	513,058,160	82,987,488	99,681,934
Other payables	(26)	3,074,878,208	2,424,857,501	1,389,865,972	1,011,094,365
Current portion of non-current liabilities	(27)	42,089,297	22,208,025	12,694,927	9,183,992
Other current liabilities	(23)	296,065,856	305,436,538	255,389,916	251,218,368
Total current liabilities		15,509,945,598	13,353,780,994	10,252,361,544	8,698,922,664
Non-current liabilities					
Long-term borrowings	(28)	-	209,180	-	-
Lease liabilities	(29)	115,839,869	37,471,885	17,840,026	17,127,751
Long-term payables	(30)	462,046,060	372,579,660	-	-
Deferred income	(31)	2,899,626,024	2,519,926,935	399,473,516	425,786,239
Long-term employee benefits payable	(32)	991,111,582	931,008,557	543,156,836	425,765,776
Deferred tax liabilities	(17)	167,564,536	184,035,480	-	-
Total non-current liabilities		4,636,188,071	4,045,231,697	960,470,378	868,679,766
Total liabilities		20,146,133,669	17,399,012,691	11,212,831,922	9,567,602,430
Equity					
Share capital	(33)	1,364,182,795	1,350,982,795	1,364,182,795	1,350,982,795
Capital surplus	(34), (15)(9)	3,675,291,623	3,444,317,455	4,710,298,947	4,306,633,811
Less: Treasury stock	(35)	(279,576,000)	-	(279,576,000)	-
Other comprehensive income	(35), (15)(10)	(19,851,339)	(47,347,633)	(30,438,000)	(47,445,000)
Surplus reserve	(37)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(38)	260,344,554	234,715,680	-	-
Undistributed profits	(39), (15)(11)	14,220,864,502	12,788,210,357	7,694,630,032	7,489,288,403
Total equity attributable to shareholders of the Company		20,621,960,515	19,171,583,034	14,859,802,154	14,500,164,389
Non-controlling interests		746,091,651	741,787,822	-	-
Total equity		21,368,052,166	19,913,370,856	14,859,802,154	14,500,164,389
TOTAL LIABILITIES AND EQUITY		41,514,185,835	37,312,383,547	26,072,634,076	24,067,766,819

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

Legal representative:
HUANG KexingPrincipal in charge of accounting:
YU ZhumingHead of accounting department:
HOU Qiuyan

Consolidated and Company Income Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2020	2019	2020	2019
		Consolidated	Consolidated	Company	Company
Revenue	(40),15(12)	27,759,710,926	27,983,760,363	19,545,284,577	20,169,631,508
Less: Cost of sales	(40),(46),15(12),(14)	(16,540,609,624)	(17,080,443,282)	(15,283,475,672)	(16,042,976,582)
Taxes and surcharges	(41)	(2,219,072,099)	(2,313,322,793)	(527,104,870)	(558,846,365)
Selling and distribution expenses	(42),(46),15(14)	(4,984,549,837)	(5,103,505,734)	(3,105,864,352)	(3,307,273,882)
General and administrative expenses	(43),(46),15(14)	(1,678,050,722)	(1,881,053,486)	(582,652,267)	(450,304,837)
Research and development expenses	(44),(46),15(14)	(21,467,092)	(21,088,710)	(21,467,092)	(21,088,710)
Finance expenses	(45),15(13)	470,921,460	484,172,216	191,970,722	159,701,910
Including: Interest expenses		(13,662,682)	(13,621,266)	-	-
Interest income		524,029,340	514,830,422	214,047,815	166,807,682
Add: Other income	(49)	517,048,836	602,897,696	130,682,050	103,473,086
Investment income	(50),15(17)	25,243,596	24,508,766	880,607,513	1,112,100,794
Including: Share of profit of associates and a joint venture		18,098,320	21,182,903	17,796,928	19,996,888
Profits arising from changes in fair value (Losses are listed with “-”)	(51)	55,092,634	56,754,451	-	-
Credit impairment losses (Losses are listed with “-”)	(48),15(16)	1,574,159	7,091,211	33,882,576	(30,106,734)
Asset impairment losses (Losses are listed with “-”)	(47),15(15)	(130,553,700)	(121,051,420)	(138,844,216)	(264,289,789)
Gains on disposals of assets (Losses are listed with “-”)	(52)	(5,204,016)	59,170,551	(1,391,237)	(7,154,072)
Operating profit		3,250,084,521	2,697,889,829	1,101,627,732	862,866,327
Add: Non-operating income	(53)	14,586,892	34,664,591	4,875,560	7,638,286
Less: Non-operating expenses	(54)	(25,122,089)	(5,643,591)	(23,185,909)	(3,993,988)
Total profit		3,239,549,324	2,726,910,829	1,083,317,383	866,510,625
Less: Income tax expense	(55),15(18)	(912,580,519)	(797,794,436)	(134,935,217)	(49,121,713)
Net profit		2,326,968,805	1,929,116,393	948,382,166	817,388,912
Classified by continuity of operations					
Net profit from continuing operations		2,326,968,805	1,929,116,393	948,382,166	817,388,912
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Attributable to non-controlling interests		125,645,249	77,013,017	-	-
Attributable to shareholders of the company		2,201,323,556	1,852,103,376	948,382,166	817,388,912

Consolidated and Company Income Statements (Continued)

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2020	2019	2020	2019
		Consolidated	Consolidated	Company	Company
Other comprehensive income, net of tax	(36)	27,496,294	(2,650,829)	17,007,000	1,037,000
Other comprehensive income attributable to shareholders of the Company, net of tax					
Items that will not be subsequently reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan		17,790,000	907,000	17,007,000	1,037,000
Items that will be subsequently reclassified to profit or loss					
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss		72,326	9,413	-	-
Currency translation differences		9,633,968	(3,567,242)	-	-
Total comprehensive income		2,354,465,099	1,926,465,564	965,389,166	818,425,912
Attributable to shareholders of the Company		2,228,819,850	1,849,452,547	965,389,166	818,425,912
Attributable to non-controlling interests		125,645,249	77,013,017	—	—
Earnings per share					
Basic earnings per share	(56)	1.629	1.371	—	—
Diluted earnings per share	(56)	1.627	1.371	—	—

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
YU Zhuming

Head of accounting department:
HOU Qiuyan

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2020 Consolidated	2019 Consolidated	2020 Company	2019 Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		32,249,365,646	33,048,233,130	22,805,199,928	23,823,793,769
Refund of taxes and surcharges		17,073,564	18,516,847	12,486,674	8,071,138
Cash received relating to other operating activities	(57)(a)	1,733,115,735	1,807,961,603	464,645,732	525,159,748
Sub-total of cash inflows		33,999,554,945	34,874,711,580	23,282,332,334	24,357,024,655
Cash paid for goods and services		(15,263,953,862)	(16,451,021,182)	(15,932,533,345)	(17,071,424,198)
Cash paid to and on behalf of employees		(4,471,128,901)	(4,830,268,740)	(1,629,430,523)	(1,701,438,298)
Payments of taxes and surcharges		(4,943,789,057)	(5,210,668,233)	(1,247,625,874)	(1,138,905,880)
Cash paid relating to other operating activities	(57)(b)	(4,367,260,763)	(4,366,200,846)	(2,744,536,860)	(2,789,719,269)
Sub-total of cash outflows		(29,046,132,583)	(30,858,159,001)	(21,554,126,602)	(22,701,487,645)
Net cash flows from operating activities	(58)(a)	4,953,422,362	4,016,552,579	1,728,205,732	1,655,537,010
Cash flows from investing activities					
Cash received from disposal of investments		2,530,178,900	1,669,900,000	381,460,000	642,760,000
Cash received from returns on investments		87,605,830	76,740,009	772,672,950	922,428,055
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		20,462,220	248,098,952	3,512,260	1,007,829
Cash received relating to other investing activities	(57)(c)	308,074,044	701,467,374	1,000,500	3,902,150
Sub-total of cash inflows		2,946,320,994	2,696,206,335	1,158,645,710	1,570,098,034
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,295,167,063)	(1,155,246,070)	(369,140,677)	(264,803,287)
Cash paid to acquire investments		(3,000,100,000)	(1,867,622,367)	(607,778,181)	(1,341,860,000)
Cash paid relating to other investing activities	(57)(d)	(138,792,096)	(21,103,503)	(1,669,800)	(3,873,350)
Sub-total of cash outflows		(4,434,059,159)	(3,043,971,940)	(978,588,658)	(1,610,536,637)
Net cash flows from investing activities		(1,487,738,165)	(347,765,605)	180,057,052	(40,438,603)
Cash flows from financing activities					
Cash received from investment	12	281,576,000	-	279,576,000	-
Cash received from borrowings		720,120,000	256,620,000	-	-
Sub-total of cash inflows		1,001,696,000	256,620,000	279,576,000	-

Consolidated and Company Cash Flow Statements (Continued)

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2020 Consolidated	2019 Consolidated	2020 Company	2019 Company
Cash repayments of borrowings		(270,540,000)	(289,545,200)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(793,126,772)	(710,882,300)	(732,397,535)	(645,739,858)
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		(48,402,856)	(54,705,496)	—	—
Cash payments relating to other financing activities	(57)(e)	(294,120,079)	(24,909,652)	(16,926,317)	(14,316,229)
Sub-total of cash outflows		(1,357,786,851)	(1,025,337,152)	(749,323,852)	(660,056,087)
Net cash flows from financing activities		(356,090,851)	(768,717,152)	(469,747,852)	(660,056,087)
Exchange effect on cash and cash equivalents		(23,863,277)	4,035,205	(12,601,181)	2,079,794
Net increase in cash and cash equivalents	(58)(a)	3,085,730,069	2,904,105,027	1,425,913,751	957,122,114
Add: Cash and cash equivalents at beginning of period		14,557,393,355	11,653,288,328	6,043,843,854	5,086,721,740
Cash and cash equivalents at end of year	(58)(b)	17,643,123,424	14,557,393,355	7,469,757,605	6,043,843,854

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
YU Zhuming

Head of accounting department:
HOU Qiuyan

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
Balance at 1 January 2019		1,350,982,795	3,444,186,312	-	(44,696,804)	1,400,704,380	199,512,331	11,619,782,072	719,480,301	18,689,951,387
Movements for the year ended										
31 December 2019										
Total comprehensive income										
Net profit		-	-	-	-	-	-	1,852,103,376	77,013,017	1,929,116,393
Other comprehensive income	(36)	-	-	-	(2,650,829)	-	-	-	-	(2,650,829)
Total comprehensive income for the year		-	-	-	(2,650,829)	-	-	1,852,103,376	77,013,017	1,926,465,564
Profit distribution										
Appropriation to general reserve	(39)	-	-	-	-	-	35,203,349	(35,203,349)	-	-
Profit distribution to shareholders		-	-	-	-	-	-	(648,471,742)	(54,705,496)	(703,177,238)
Others	(34)	-	131,143	-	-	-	-	-	-	131,143
Balance at 31 December 2019		1,350,982,795	3,444,317,455	-	(47,347,633)	1,400,704,380	234,715,680	12,788,210,357	741,787,822	19,913,370,856
Balance at 1 January 2020		1,350,982,795	3,444,317,455	-	(47,347,633)	1,400,704,380	234,715,680	12,788,210,357	741,787,822	19,913,370,856
Movements for the year ended										
31 December 2020										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,201,323,556	125,645,249	2,326,968,805
Other comprehensive income	(36)	-	-	-	27,496,294	-	-	-	-	27,496,294
Total comprehensive income for the year		-	-	-	27,496,294	-	-	2,201,323,556	125,645,249	2,354,465,099
Shareholder investment and capital reduction										
Equity incentive capital	(34)	13,200,000	266,376,000	(279,576,000)	-	-	-	-	-	-
Share-based payment	(34)	-	142,725,847	-	-	-	-	-	354,337	143,080,184
Subsidiary minority shareholders invested capital		-	1,167,966	-	-	-	-	-	832,034	2,000,000
Profit distribution										
Appropriation to general reserve	(39)	-	-	-	-	-	25,628,874	(25,628,874)	-	-
Profit distribution to shareholders		-	-	-	-	-	-	(743,040,537)	(60,103,024)	(803,143,561)
Others	(34)	-	(179,295,645)	-	-	-	-	-	(62,424,767)	(241,720,412)
Balance at ended 31 December 2020		1,364,182,795	3,675,291,623	(279,576,000)	(19,851,339)	1,400,704,380	260,344,554	14,220,864,502	746,091,651	21,368,052,166

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
YU Zhuming

Head of accounting department:
HOU Qiuyan

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 15	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2019		1,350,982,795	4,306,625,628	-	(48,482,000)	1,400,704,380	7,320,371,233	14,330,202,036
Movements for the year ended 31 December 2019								
Total comprehensive income								
Net profit		-	-	-	-	-	817,388,912	817,388,912
Other comprehensive income	(10)	-	-	-	1,037,000	-	-	1,037,000
Total comprehensive income for the year		-	-	-	1,037,000	-	817,388,912	818,425,912
Profit distribution								
Profit distribution to shareholders	(11)	-	-	-	-	-	(648,471,742)	(648,471,742)
Others	(9)	-	8,183	-	-	-	-	8,183
Balance at 31 December 2019		1,350,982,795	4,306,633,811	-	(47,445,000)	1,400,704,380	7,489,288,403	14,500,164,389
Balance at 1 January 2020		1,350,982,795	4,306,633,811	-	(47,445,000)	1,400,704,380	7,489,288,403	14,500,164,389
Movements for the year ended 31 December 2020								
Total comprehensive income								
Net profit		-	-	-	-	-	948,382,166	948,382,166
Other comprehensive income	(10)	-	-	-	17,007,000	-	-	17,007,000
Total comprehensive income for the year		-	-	-	17,007,000	-	948,382,166	965,389,166
Shareholder investment and capital reduction								
Equity incentive capital	4(34)	13,200,000	266,376,000	(279,576,000)	-	-	-	-
Share-based payment		-	137,278,847	-	-	-	-	137,278,847
Profit distribution								
Profit distribution to shareholders	(11)	-	-	-	-	-	(743,040,537)	(743,040,537)
Others	(9)	-	10,289	-	-	-	-	10,289
Balance at 31 December 2020		1,364,182,795	4,710,298,947	(279,576,000)	(30,438,000)	1,400,704,380	7,694,630,032	14,859,802,154

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
YU Zhuming

Head of accounting department:
HOU Qiuyan

Notes to Financial Statements

For the year ended 31 December 2020

(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 on 16 June 1993. The Company obtained business license as a Sino-foreign joint stock limited company on 27 December 1995. The registered address and head office address of the Company is 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 issuing new RMB ordinary shares and corporate convertible bonds which were converted 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 RMB1.5 billion 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.

In 2020, the company implemented equity incentives with 13.2 million restricted shares, and the total number of shares of the company increased from 1,350,982,795 shares to 1,364,182,795 shares.

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

Subsidiaries which are included in the scope of consolidation are disclosed in Note 5 and Note 6.

These financial statements have been approved for issue by the Company’s Board of Directors on 26 March 2021.

2 Summary of significant accounting policies and accounting estimates

The Group applied the accounting policies and accounting estimates based on its business operations characteristics, including provision of expected credit loss (“ECL”) of receivables (Note 2(9)), cost formulas (Note 2(10)), depreciation of fixed assets , amortization of intangible assets and Right-of-use asset (Note 2(13),(16)and(25)), revenue recognition (Note 2(21)),etc.

The areas including significant judgments to determine the critical accounting policies of the Group are disclosed in Note 2(28).

(1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (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 issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong “Companies Ordinance” came into effect in 3 March 2014. According to the requirement of Hong Kong Companies Ordinance, there are changes to presentation and disclosures of certain information in the financial statements.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

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

The financial statements of the Company for the year ended 31 December 2020 are in compliance with CAS, and truly and completely present the Consolidated and the Company's financial position as at 31 December 2020 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

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

(4) Recording currency

The Company's recording currency is Renminbi (RMB). The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The recording currency of subsidiaries in Hong Kong, Macau and Vietnam is Hong Kong Dollar (HKD), Macau Pataca (MOP) and Vietnamese Dong respectively. The financial statements are presented 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. If the merged party was acquired by the final control party from a third party in the previous year, then the consideration was measured based on carrying amount of assets and liabilities of the merged party (including the goodwill arising from acquisition by the final control party) in the final control party's consolidated financial statements. 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 recognized 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 combination exceeds the acquirer's interests in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interests 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 recognized amounts of the equity or debt securities.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(5) Business combinations (continued)

(c) Purchase of minority equity in subsidiaries

After the acquisition of the control right over the subsidiary, the Group obtained all or part of the minority equity of the subsidiary owned by the minority shareholder of the subsidiary. In the consolidated financial statements, the assets and liabilities of the subsidiary are reflected by the amount continuously calculated from the date of purchase or combination. The capital surplus shall be adjusted according to the difference between the newly increased long-term equity investment and the net asset share of the subsidiary calculated continuously from the date of acquisition or merger with the newly increased shareholding ratio. If the capital surplus (share premium) is not sufficient to offset the difference, the retained earnings shall be adjusted.

(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 realized 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 unrealized profits are eliminated in the consolidated financial statements. The items which can't be attributable to the shareholders of the Company in subsidiary's equity, net profit or loss, and total comprehensive income of the period, are separately presented in the equity item, in net profit item and total comprehensive income item of the consolidated financial statement respectively. Elimination of intra-group unrealized profit on sale of assets by the Company to its subsidiaries should be in full of the net profit attributable to the shareholders, and elimination of intra-group unrealized profit on sale of assets by subsidiaries to the Company should be allocated between the net profit attributable to the shareholders and non-controlling interests in the ratio of their interests. Elimination of intra-group unrealized profit on sale of assets amongst the subsidiaries should be allocated between the net profit attributable to the shareholders and non-controlling interests, according to the Company's share interest in the subsidiary of selling party.

If the identification of the same transaction is different between the Group and the Company or the subsidiaries as accounting entity, the adjustment should be made in the Group's view.

(7) Cash and cash equivalents

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

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currency 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 functional currency 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 capitalized 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 on 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.

(9) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity meanwhile form a financial liability or equity instrument of another entity. When the Group becomes a party of the contract, relative financial assets or liabilities are recognised.

(a) Financial assets

(i) Classification and measurement

Based on the business mode for management of the Group and cash flow characteristics of contracts, the financial assets are classified into the following categories: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial assets are fairly valued at initial recognition. For financial assets at fair value through profit or loss, related transaction costs are recognised in profit or loss for the current period; for other financial assets, related transaction costs are recognised in the amount of initial recognition. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

Debt instruments

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured by the following three ways:

Notes to Financial Statements

For the year ended 31 December 2020

(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)

(i) Classification and measurement (continued)

Measured at amortized cost:

The Group's business mode of managing this type of financial assets is to collect contractual cash flows. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement, which means the cash flow generated at certain date is only the payment for the principal and the corresponding interest based on unpaid principal. The interest income from such financial assets is recognised by effective interest method. These financial assets include cash at bank and on hand, notes receivable, accounts receivable, other receivables and debt investments. Debt investments due within 1 year (inclusive) at the balance sheet date are listed as the current portion of non-current assets; at acquiring date, debt investments with maturities within one year (inclusive) are listed as other current assets.

Measured at fair value through other comprehensive income ("FVOCI")

The Group's business mode of managing this type of financial assets is to collect contractual cash flows as well as capture profit by selling. The character of contractual cash flows is consist with the normal borrowing arrangement. These financial assets are measured at fair value and movements in the carrying amount are taken through other comprehensive income but the impairment loss or gain, exchange gain or loss and interest income using the effective interest rate method are recognised into current profit or loss. These financial assets are listed as other debt investment. The Group lists other debt investment due within one year (including one year) from the balance sheet date as non-current assets due within one year; as at acquiring date, other debt investments, that the due dates are within one year (including one year), are listed as other current assets.

Measured at fair value through profit or loss ("FVTPL"):

The Group lists those debt instruments that do not meet the criteria for amortised cost or FVOCI as financial assets held for trading that are measured at FVTPL. At the initial recognition, for eliminating or dramatically reducing accounting mismatch, the Group specifies parts of financial assets as those measured at fair value through current profit or loss. The Group lists those expired for more than one year from the balance sheet date and expected to be held for more than one year as other non-current financial assets.

Equity instruments

The Group recognises its equity instruments that have no control, joint control and significant influence on the fair value through profit or loss and list them as financial assets held for trading ; the equity instruments that are expected to be held for more than a year from the balance sheet date are listed as other non-current financial assets.

Besides, the Group specifies certain non-tradable equity instrument investments as financial assets that are measured at fair value through other comprehensive income and presented as other equity instrument investments. The relevant dividend income of such financial assets is included in the current profit and loss.

Notes to Financial Statements

For the year ended 31 December 2020

(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) Impairment

In terms of financial assets measured at amortised cost, investments in debt instruments at fair value through other comprehensive income, the Group recognises their loss provision on the basis of ECL.

Considering the reasonable and supportable information that is related to past events, current situation and forecasting on future economic conditions, the Group, based on the default risk weight, calculates the probability-weighted amount of the present value of the difference between contractual cash flows receivable and cash flows expected to be received, so as to recognise the ECL.

At each balance sheet date, the Group separately calculates the ECL of financial instruments at different stage. Financial instruments whose credit risk did not increase significantly after the initial recognition belong to stage 1 and the Group calculates their loss provision based on the ECL in the next 12 months. Financial instruments whose credit risk increased significantly after the initial recognition without credit impairment yet belong to stage 2 and the Group calculates their loss provision based on the lifetime ECL. Financial instruments suffering from credit impairment since initial recognition belong to stage 3 and the Group calculates their loss provision based on the lifetime ECL.

For the financial instruments with low credit risk at the balance sheet date, the Group assumes their credit risk did not increase significantly after the initial recognition and calculates their loss provision based on the ECL in the next 12 months.

For the financial instruments at stage 1 and stage 2, and those with low credit risk, the Group calculates their interest income based on their book value before deducting provision for impairment and their effective interest rate. For the financial instruments at stage 3, the Group calculates their interest income based on their amortised cost, which is book value less the provision for impairment, and their effective interest rate.

For notes receivable, accounts receivable formed from daily operations such as sales of goods and rendering of services, whether significant financing components exists or not, the Group calculates their loss provision based on the lifetime ECL.

When a single financial asset is unable to assess ECL at a reasonable cost, the Group classified receivables into certain groupings based on their credit risk characteristics and calculated ECL based on the grouping basis. Basis for grouping is as follows:

Bank acceptance notes combination	Banks with low credit risk
Accounts receivable combination	Dealers
Accounts receivable combination	Subsidiaries
Other receivables combination	Guarantee deposits
Other receivables combination	Receivables from subsidiaries
Other receivables combination	Receivables from other entities

Notes to Financial Statements

For the year ended 31 December 2020

(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) Impairment (continued)

For accounts receivable on the grouping basis and notes receivable formed from daily operations such as sales of goods and rendering of services, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default (“EAD”) and lifetime ECL ratio. For other receivables on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the EAD and the ECL ratio within 12 months or for the lifetime.

The Group recognizes provision for or reversal of losses in profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Group recognises impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income in the meanwhile.

(iii) De-recognition of financial assets

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset terminate; (2) 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 (3) 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.

When the investment of other equity instruments is de-recognized, the difference between carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into the retained earnings; when the recognition of other financial assets is de-recognized, the difference between carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into the current profit and loss.

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group are mainly financial liabilities at amortised cost, including notes payable and accounts payable, other payables, borrowings and etc. These financial liabilities are recognised initially at fair value minus transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Those with maturities no more than one year are classified as current liabilities; those with maturities over one year but 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 derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(9) Financial instruments (continued)

(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 when it is applicable under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and should maximize the use of relevant observable inputs. When related observable inputs can't be acquired or are not feasible to be acquired, then use unobservable inputs.

(10) Inventories

(a) Classification

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

(b) Cost formulas

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 realizable 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 realizable value. Net realizable 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) Amortization methods of low value consumables and packaging materials

Low value consumables and packaging materials are written off once used and amortised based upon fractional method respectively.

(11) Long-term equity investments

Long-term equity investment is comprised of the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has jointly control together with other parties and has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associates is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(11) Long-term equity investments (continued)

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.

(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 shareholder's 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

Long-term equity investments accounted for using the cost method 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 in the contingencies are satisfied, the Group continues recognising the expected 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 other comprehensive income, and profit distribution. 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 profit or loss arising from the intra-group transactions amongst the Group and its investees is eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment income is 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.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(11) Long-term equity investments (continued)

(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 and can influence the amount.

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.

(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(18)).

(12) Investment properties

Investment properties are buildings that are held for the purpose of leasing, are measured at the initial 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 occurred.

The Group adopts cost model for subsequent measurement of investment properties. Land use rights are amortised on the straight-line basis over their approved useful period of 50 years. 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	20 - 40 years	3% to 5%	2.4% to 4.9%
Land use rights	50 years	-	2.0%

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

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(12) Investment properties (continued)

An investment property is derecognised when it is disposed or when it 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(18)).

(13) 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 reorganization 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 each year-end.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(13) Fixed assets (continued)

(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(18)).

(d) 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 are recognised in profit or loss for the current period.

(14) 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(18)).

(15) Borrowing costs

The borrowing costs incurred in the Group that are directly attributable to the acquisition and construction of an 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 an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interests 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 an 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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(16) Intangible assets

Intangible assets comprise land use rights, trademarks, marketing networks, computer software, technology known-how and others. All intangible assets are measured at cost. The intangible assets contributed by the State-owned shareholders at the time of reform of corporate system into a corporation are recognised based on the revaluated amounts 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 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) Marketing networks

Marketing networks are the distribution channel identified in the process of business combination of the Company, which are amortised over their estimated useful lives with a range of 5 - 10 years using the straight-line method.

(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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(16) 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, such as planned investigation, evaluation and selection for improvement of the beer technology, is recognised in profit or loss in the period when it is incurred. Expenditure on the development phase, such as the designing and testing for the final application of the beer technology before the large-scale production, should be capitalised only if all of the following conditions satisfied:

- The development of the beer technology has been sufficiently proved by the technical team;
- The budget relating to the beer technology improvement has been approved by the management;
- It can be demonstrated that the products due to beer technology improvement have potential market from previous marketing investigation;
- There are adequate technical and financial resources for improvement of the beer technology and the large-scale production; and
- The expenditure attributable to the improvement of beer technology during its development phase can be liable 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(18)).

(17) Long-term prepaid expenses

Long-term prepaid expenses comprise the expenditure for improvements to right to use assets, and other expenditures that have been incurred but should be recognized 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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(18) Impairment of long-term assets

Fixed assets, constructions in progress, right-of-use assets intangible assets with finite useful lives, investing properties measured at cost method 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. The intangible assets not ready for intended use yet, are treated at least annually for impairment, irrespective of whether there are any indications of impairment. 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 recognized 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 recognized 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 group of assets or group of asset combinations which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of a group of assets or group of assets combinations, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the group of assets or group of asset combinations, and then deducted from the carrying amounts of other assets within the group of assets or groups of asset combinations in proportion to the carrying amounts of assets other than goodwill.

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

(19) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of remuneration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The employee benefits liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plan under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are supplemental post-employment benefit plan that are not defined contribution plan. During the reporting period, the Group post-employment benefits mainly include defined contribution plans such as basic pension and unemployment insurance, and which belong to supplemental post-employment benefit plan.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(19) Employee benefits (continued)

(b) Post-employment benefits (continued)

Basic pension insurance

The employees of the Group participated in the basic social pension insurance organised and implemented by the local labour and social security departments. The Group pays the basic social pension insurance to related local agencies monthly, following the demanding proportion and base. When the employees retire, the local labour and social security departments have obligations to pay the entire basic social pension. When an employee has rendered service to the Group during the accounting period, the Group should recognise liabilities and costs of assets or expenses.

Supplemental post-employment benefit plan.

In addition to the basic social pension plans, the Group also provides supplementary post-employment benefits to those employees qualified for certain criteria. Such supplementary benefits are classified as defined benefit plans. The defined benefit obligation recognized in the balance sheet is the present value of the defined benefit obligation, net of the fair value of plan assets. The defined benefit obligation is calculated by a independently actuary using the Projected Unit Credit method and applying interests rates of government bonds that have similar currency and terms to maturity to those of the related pension obligation.. The service cost and net interest income related to supplemental post-employment benefits are recognized as assets or expenses, and actuarial gains or losses arising from re-measurement of net defined benefit obligation is recognized as other comprehensive income.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognized as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognized in profit or loss in the period in which they occur.

The termination benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(20) Dividends distribution

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

(21) Revenue recognition

Revenue is recognized by the Group based on the amount of consideration that is expected to be charged when clients obtain the control of relative goods and services.

Sale of goods

The Group manufactures and sells beer products to the regional dealers. Based on contracts, the Group delivers beer products to dealers. After the acceptance of the goods and signing of the goods delivery lists by the dealers, the Group recognizes the net amount after deducting consideration payable to the customer as revenue.

After signing contracts with dealers and receiving orders, the Group recognizes the amount of contract consideration received from the dealers as contract liabilities before delivering products to dealers.

(22) 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 recognized when the conditions attached to it can be satisfied 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 to be received. 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.

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Grants related to income are government grants other than those related to assets.

The Group recognises government grants related to assets as deferred income and apportions to profit or loss in a systemic manner over the useful lives of the relevant assets.

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

The Group presents similar types of government grants consistently in the financial statements.

Government grants that are related to daily activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(22) Government Grants (continued)

The relocation compensations received directly from the government in terms of fiscal budget, which are due to the overall planning of the town, reservoir construction, shanty areas rebuilding, subsidence area management and other public interests, are recognized as payables for specific projects. The payables for specific projects, which attributes to the compensations for the losses on disposal of fixed assets and intangible assets, the expensed expenditure, the downtime losses and the new purchased and constructed assets after the relocation, in the process of the relocation and rebuilding, are transferred to deferred income and accounted for in accordance with the regulation of government grant. The excess of relocation compensation over the amount transferred to deferred income is recognized as capital reserve.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favourable interest rates. The fiscal interest discounts directly received by the group offset the relevant borrowing expenses.

(23) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized 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 recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized 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 realized or the liability is settled.

Deferred tax assets are only recognized 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 utilized.

Deferred tax liabilities are recognized 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 utilized, the corresponding deferred tax assets are recognized.

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 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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(24) Share-based payment

The restricted share incentive plan of the Group refers to share-based payment which settled with the equity instruments of the Company granted by the Group as consideration to relevant incentive participants.

For equity-settled share-based payment transactions, the Group shall measure the services received, and the corresponding increase in equity directly, at the fair value of the services received. If the right can be vested immediately after the grant, it shall be measured at fair value through current profit or loss on grant date, and the capital surplus shall be increased accordingly; The equity instruments granted do not vest until the counterparty achieve a specified performance condition during the vesting period. On each balance sheet date of the vesting period, the Group makes the best estimate based on the latest information of the number of employees available for exercise, or whether the Group meets the required performance conditions. On this basis, according to the fair value of equity instrument on grant date, the Group shall recognize the services to be rendered by the counterparty in current profit or loss based on the most likely outcome of exercisable equity instrument during the vesting period, with a corresponding confirmation of capital surplus.

The Group will not recognize the cost or expense for share-based payments that fail to meet the viable conditions ultimately, unless the vesting conditions are market conditions or non-viable conditions. No matter whether the market conditions or non-viable conditions are met, as long as meeting all of the non-market conditions, it will be regarded as the vested right.

If the fair value of the equity instruments granted increase after the Group modifies the terms of the share-based payment plan, the Group shall recognize the increase of services obtained according to the difference between the fair value of the equity instruments before and after the modification. If the Group cancels the granted equity instrument, it will be treated as accelerated exercise on the cancellation date, and the amount that should have been recognized during the remaining vesting period will be immediately included in the current profit and loss, and the capital surplus will be recognized accordingly.

If the Group needs to repurchase the restricted shares that failed to be unlocked and invalid at the pre agreed repurchase price, the Group shall recognize the liabilities and treasury stocks according to the number of restricted shares and the corresponding repurchase price.

(25) Lease

Leases is a contract in which the lessor transfers the use rights of assets to the lessee to obtain consideration for a certain period.

The Group as the lessee

The Group recognises the right-of-use assets at the starting date of the lease term, and recognises the lease liabilities at the present value of the outstanding lease payment. Lease payment include fixed payments and payments to be made if it is reasonably certain that the option to purchase or terminate will be exercised. The variable rent determined according to a certain proportion of sale shall be recognized in profit or loss instead of being included in the lease payment when actually incurred. The Group lists the lease liabilities paid within one year (including one year) from the balance sheet date as current portion of non-current liabilities.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(25) Lease (continued)

The Group as the lessee (continued)

The Group's right-of-use assets include leased buildings, land use rights, machinery and equipment etc. The right-of-use asset is initially measured according to the cost, which includes the initial measurement amount of the lease liability, the lease payment paid on or before the starting date of the lease term, the initial direct expense and etc., and deducts the lease incentive received. When the Group can reasonably determine the ownership of the leased asset upon expiration of the lease term, depreciation is recognized within the remaining useful life of the leased asset. If it is impossible to reasonably determine whether the ownership of the leased asset can be acquired at the end of the lease term, the depreciation is calculated within the shorter period between the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the book value of the right-of-use assets, the Group writes down the book value to the recoverable amount.

For short-term leases, whose lease period is no more than 12 months, and low-value asset leases, which the value of brand-new individual asset is low, the Group chooses not to recognize the right-of-use assets or lease liabilities. The relevant rent expenses are recognized into the current profit or loss or the cost of relevant assets by straight-line method during each period of the lease term.

The Group shall treat the lease as a separate item, when the lease is changed and meets the following conditions: (1) The scope of leasing is expanded by adding the right to use one or more leased assets; (2) the increased consideration is equivalent to the amount of the separate price of the extended lease scope according to the contract.

The Group re-determines the lease term on the effective date of the lease change, uses the revised discount rate to discount the lease payment after the change, and remeasures the lease liabilities when the change is not accounted for as a separate lease. Unless the contract changes directly caused by the COVID-19, the simplified method shall be adopted. If the change causes the scope of the lease to be narrowed or the term of the lease to be shortened, the Group will correspondingly reduce the book value of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease shall be included in the current profit and loss. If other changes cause the lease liabilities be remeasured, the Group adjusts the book value of the right-of-use asset accordingly.

For the rent reduction before 30 June 2021 that related to COVID-19 situation, the Group adopts the simplified method. The undiscounted amount of deduction shall be included in the current profit and loss when an agreement is reached to relieve the original payment obligation, and the lease liability shall be adjusted accordingly (Note 4(13))

The Group as the lessor

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

When the Group operatingly lease out self-owned buildings machinery equipments and land use rights, the rental income from the operating lease shall be recognized in accordance with the straight-line basis over the lease period. The Group will include variable rents determined based on a certain percentage of sales into rental income when they actually occur.

When a lease is changed, the Group regards it as a new lease from the effective date of the change, and treats the amount of advance or receivable lease payments related to the lease before the change as the amount of the new lease.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(26) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets and deferred tax assets) that meet the recognition criteria for held for sale are recognized 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 the costs to sell is recognized as asset impairment losses.

Such non-current assets and assets/liabilities included in disposal groups as classified as held for sale are accounted for as current assets/liabilities, and are presented separately in the balance sheet

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

(27) Segment information

The Group identifies operating segments based on the internal organization 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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(28) 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 group of assets or groups of asset combinations is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 4(15)).

If management revises the sustainable growth rate, gross margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of assets and group of asset combinations, and the revised sustainable growth rate is lower than the one currently used, gross margin is lower than the one currently used or the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill. If the actual sustainable growth rate and gross margin is higher or pre-tax discount rate is 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(18), the Group tests whether fixed assets have suffered any impairment on the balance sheet date. The recoverable amounts of the fixed assets have been determined based present value of the expected future cash flow to sell. These calculations require the use of accounting estimates.

For the year ended 31 December 2020, the Group recognized impairment losses of 130,553,700 (2019: 121,339,530) for fixed assets based on such evaluation. As at 31 December 2020, the Group recognized the cumulative provision for fixed assets impairment amounting to 527,812,271 (31 December 2019: 469,369,758) (Note 4(11)).

If management revises the sales growth rate, gross margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of assets and group of assets combinations, and the revised sales growth rate is lower than the one currently used, the revised gross margin is lower than the one currently used or the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against fixed assets. If the actual sales growth rate and gross margin is higher or pre-tax discount rate is 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 2020

(All amounts in RMB Yuan unless otherwise stated)

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

(28) 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 realization of deferred tax assets depends on the realization 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 expense (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 2020, deferred tax assets of 1,718,307,625 have been recognized in the Group's balance sheet. As stated in Note 4(17), the Group has unrecognized deferred tax assets aggregated to approximately 952,239,000 as at 31 December 2020, which mainly attributable to accumulated tax losses in 5 years and deductible temporary difference of certain subsidiaries. The Group has unrecognized deferred tax assets for such deductible losses and deductible temporary differences due to the fact that there is no certainty of their respective realization of these tax benefits through available future taxable profits of those subsidiaries concerned. In cases where the actual future assessable profits are more or less than expected, a recognition or reversal of deferred tax assets may arise accordingly.

(iv) Post-employment benefits Actuary

As stated in Note 2(19)(b), the present value of the post-employment obligation estimated on an actuarial basis using a number of assumptions. The actuarial valuations, in which discount rate was determined by government bonds of China and the mortality rate was based on published statistics by China Life Annuitant Mortality Table 2010 - 2013, are the best estimation on the post-employment obligation on balance sheet date. Any changes in these assumptions will have impact on the carrying amount of post-employment obligations, which will be recognized as other comprehensive income in the future.

(v) Measurement of ECL

The Group calculates the expected credit loss based on the default risk exposure and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Group uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data.

When considering forward-looking information, the Group considers different macroeconomic scenarios. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, changes in customer conditions, gross domestic product and consumer price index, etc. In 2020, the Group has considered the uncertainty caused by the COVID-19 updated relevant assumptions and parameters accordingly.

Notes to Financial Statements

For the year ended 31 December 2020

(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 (a)	Taxable income	3%-12%, 16.5%, 20%, 25%
Value added tax (“VAT”) (b)	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 or calculated using the taxable sales amount multiplied by the effective tax rate)	13% ,9% 6% and 3% as charge rate
Consumption tax (c)	Sales Price of Beer More than or equal to RMB3,000 per ton Less than RMB3,000 per ton	Consumption Tax per Unit RMB250 per ton RMB220 per ton
City maintenance and construction tax	Amount of VAT and consumption tax paid	5% and 7%
Education surcharge	Amount of VAT and consumption tax paid	5%

(a) *Enterprise income tax*

(i) *Hong Kong profits tax, Macau profits supplemental tax and Vietnam corporate income tax*

Tsingtao Brewery Hong Kong Trading Co., Ltd. (“Hong Kong Company”) and Asia Brewery (Macau) Co., Ltd. (“Macau Company”) and Tsingtao Brewery Vietnam Co., Ltd. (“Vietnam Company”), the Company’s subsidiaries, were established in Hong Kong, Macau and Vietnam, applying Hong Kong profits tax, Macau profits supplemental tax and Vietnam enterprise income tax respectively.

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%. Vietnam enterprise income tax is calculated and paid at a tax rate of 20% based on the estimated taxable income for the year.

(ii) Pursuant to the Circular on the Deduction Policies of Relevant Enterprise Income Tax for Equipment and Apparatus (Cai Shui [2018] No. 54) and related regulations issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2020, the newly purchased equipment under RMB5 million can be recognized in cost and expense of the current period in the month after the assets are put into use, and can be deducted when calculating the taxable income.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

3 Taxation (continued)

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

(b) VAT

Before 1 April 2019, the Group calculated VAT at the VAT rate of 16% on the sales revenue of beer and other products. Revenue from financial service of Tsingtao Brewery Financial LLC. (“Finance Company”) and revenue from construction business of Tsingtao Brewery Construction Co., Ltd. (“Construction Company”, a subsidiary of the Company) are subject to VAT at the rates of 6% and 10% respectively. Input VAT from purchasing goods, machinery and equipment for production or taxable services can be used to deduct output VAT. VAT payable is the balance of output VAT after deducting the deductible part of input VAT.

According to the Circular on the adjustment of the VAT rate (Cai Shui [2019] No.39) issued by the Ministry of Finance and the State Administration of Taxation, the tax rates of the Group’s business which originally applied 16% and 10% were adjusted to 13% and 9% respectively from 1 April 2019. Since 1 November 2018, the tax refund rate of the export products of the Group has been changed to 16% and changed to 13% since 1 April 2019.

(c) 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, a Chinese resident enterprise shall withhold the enterprise income tax on the basis of 10% of the dividends, when it pays dividends to its H-share holders who are overseas non-resident enterprises.

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2020	31 December 2019
Cash on hand	252,872	203,723
Bank deposits	2,894,339,144	1,262,542,417
Interbank deposits (i)	14,886,572,984	13,408,414,018
Deposit in central bank (ii)	649,651,954	591,561,976
Other cash balances (iii)	36,063,654	39,261,274
	<u>18,466,880,608</u>	<u>15,301,983,408</u>
Including: cash at bank and on hand overseas (iv)	<u>87,369,362</u>	<u>94,112,833</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(1) Cash at bank and on hand (continued)

- (i) Interbank deposits represent bank deposits and its interest receivable deposited in domestic banks by Finance Company, a subsidiary of the Company.
- (ii) Deposits in central bank represent statutory deposit and its interest receivable deposited in the People's Bank of China by Finance Company, a subsidiary of the Company. As at 31 December 2020, the statutory deposit reserves ratio of Finance Company is 6% (31 December 2019: 6%).
- (iii) As at 31 December 2020, other cash balances of 32,664,482 (31 December 2019: 31,852,379) represent housing maintenance fund in the bank; 3,180,000 (31 December 2019: 6,630,000) are pledged as collateral for issuance of bank acceptance (Note 4(21)); the remaining balances are other deposits of 219,172 (31 December 2019: 778,895).
- (iv) As at 31 December 2020, cash at bank and on hand overseas represents the cash and bank deposits of Hong Kong Company, Macau Company and Vietnam Company held in Hong Kong, Macau and Vietnam respectively.

Cash and cash equivalents presented in cash flow statements:

	31 December 2020	31 December 2019
Cash at bank and on hand	18,466,880,608	15,301,983,408
Deposit in third-party Payment platform institutions	1,565,622	924,748
Less: Restricted deposit in central bank	(649,651,954)	(591,561,976)
Restricted other cash balances	(36,063,654)	(39,261,274)
Interest receivable on deposits	(139,607,198)	(114,691,551)
	<u>17,643,123,424</u>	<u>14,557,393,355</u>

(2) Financial assets held for trading

	31 December 2020	31 December 2019
Wealth management products (i)	1,888,862,835	1,396,589,764
Fund investment (ii)	-	127,203,255
	<u>1,888,862,835</u>	<u>1,523,793,019</u>

- (i) It represents the wealth management products purchased by Finance Company, a subsidiary of the Company. As at 31 December 2020, the fair value is measured based on the estimation of the future cash flow.
- (ii) It represents the money market fund purchased by Finance Company, a subsidiary of the Company. As at 31 December 2019, its fair value is determined based on the market value on the last trading day of December 2019 issued by the relevant fund management company.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(3) Notes receivable

	31 December 2020	31 December 2019
Bank acceptance notes	<u>5,648,580</u>	<u>75,100,000</u>

(a) As at 31 December 2020, the Group has no pledged notes receivable (31 December 2019: nil).

(b) As at 31 December 2020, the Group's notes receivable which have been endorsed but not yet matured are derecognized amounting to 119,095,996 (31 December 2019: 196,015,000). There are no discounted bank acceptance notes that are not yet matured (31 December 2019: nil).

(c) Provision for bad debt

For notes receivable, irrespective of whether there is significant financing component, the Group measures loss provision according to the ECL of the lifetime.

As at 31 December 2020, the Group considers the bank acceptance notes held have no significant credit risk and will not cause major losses due to the bank default, thus no provision for bad debts is recognized.

(4) Accounts receivable

	31 December 2020	31 December 2019
Accounts receivable	302,944,075	337,040,440
Less: Provision for bad debts	<u>(183,437,647)</u>	<u>(185,971,013)</u>
	<u>119,506,428</u>	<u>151,069,427</u>

The majority of the Group's domestic sales are made by advances from customers. The remains are settled by letters of credit, bank acceptance notes or providing credit terms from 30 to 100 days.

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

	31 December 2020	31 December 2019
Within 1 year	119,520,059	151,053,718
1 to 2 years	12,134	47,764
2 to 3 years	1,610	239,525
3 to 4 years	197,440	7,393
4 to 5 years	6,946	-
Over 5 years	<u>183,205,886</u>	<u>185,692,040</u>
	<u>302,944,075</u>	<u>337,040,440</u>

Accounts receivable are mainly recorded based on the dates of transaction. The ageing of accounts receivable represented on their recording dates is basically the same as the ageing represented on the dates of invoice.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(4) Accounts receivable (continued)

(b) As at 31 December 2020, the top five accounts receivable are analysed as follows:

	Amount	Provision of bad debts	% of total balance
Total amount of the top five accounts receivable	62,698,963	(26,242,020)	21%

(c) As at 31 December 2020, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2019: nil).

(d) Provision for bad debts

For accounts receivable, irrespective of whether there is significant financing component, the Group measures loss provision according to the ECL of the lifetime.

(i) As at 31 December 2020, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed as follows:

	Ending balance	Lifetime ECL ratio	Provision for bad debts
Gansu Nongken Brewery Co., Ltd.	14,996,236	100%	(14,996,236)
Beijing Tsingtao Brewery Sales Co., Ltd. ("Beijing Sales Company")	11,245,784	100%	(11,245,784)
	26,242,020		(26,242,020)

As the Group has ceased all business transactions with the above companies, the Group is of the view that it is difficult to collect the receivable amount. Therefore full bad debt provision has been made accordingly. As at 31 December 2020, the carrying amount is the remaining unrecovered portion.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(4) Accounts receivable (continued)

(d) Provision for bad debts (continued)

- (ii) As at 31 December 2020, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group – Dealers

	31 December 2020			31 December 2019		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	119,126,094	-	-	150,520,204	-	-
Overdue within 1 year	393,965	5%	(19,698)	567,465	5%	(28,373)
Overdue within 1 - 2 years	12,134	50%	(6,067)	20,263	50%	(10,132)
Overdue 2 years or more	157,169,862	100%	(157,169,862)	159,680,798	100%	(159,680,798)
	<u>276,702,055</u>		<u>(157,195,627)</u>	<u>310,788,730</u>		<u>(159,719,303)</u>

- (iii) The provision for bad debts increased in this year is 100,616, the collecting or reversal of provisions for bad debts is 543,980, the corresponding carrying amount is 1,029,567, the amount of bad debts due to currency translation differences increases by 4,444 and the provision for bad debts written off due to uncollectable beer sales is 2,085,558.

(5) Advances to suppliers

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

	31 December 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	212,636,365	88.6%	111,333,319	95.0%
1 to 2 years	22,917,470	9.6%	3,355,283	2.9%
2 to 3 years	2,278,819	0.9%	1,885,206	1.6%
Over 3 years	2,051,682	0.9%	577,283	0.5%
	<u>239,884,336</u>	<u>100%</u>	<u>117,156,091</u>	<u>100%</u>

As at 31 December 2020, the carrying amount of advances to suppliers over 1 year is 27,247,971 (31 December 2019: 5,817,772), which have not been required to deliver yet due to production plan.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(5) Advances to suppliers (continued)

(b) As at 31 December 2020, the total amount of top five advances to suppliers are analysed as follows:

	Amount	% of total balance
Total amount of the top five advances to suppliers	120,589,179	50%

(6) Other receivables

	31 December 2020	31 December 2019
Guarantee deposits	30,663,930	21,877,494
Receivables of refundable cost of land and building	17,441,647	17,441,647
Reservation fund	10,331,110	14,544,689
Payment on behalf for recycling bottles	2,141,753	8,988,995
VAT refund	1,555,693	963,020
Receivables on construction and equipment (i)	615,830	1,997,404
Others	79,149,784	93,821,033
	141,899,747	159,634,282
Less: Provision for bad debts	(68,006,160)	(73,364,846)
	73,893,587	86,269,436

(i) It represents receivables on construction and equipment from third parties to subsidiaries of the Company, which are Tsingtao Brewery Equipment Manufacturing Co., Ltd. ("Equipment Manufacturing Company") and Tsingtao Brewery Equipment Co., Ltd. ("Machinery and Equipment Company").

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(6) Other receivables (continued)

(a) The ageing of other receivables is analysed as follows:

	31 December 2020	31 December 2019
Not overdue	72,565,244	83,701,082
Overdue within 1 year	1,194,100	2,319,520
Overdue within 1 - 2 years	395,115	729,620
Overdue 2 years or more	67,745,288	72,884,060
	<u>141,899,747</u>	<u>159,634,282</u>

(b) Provision for losses and movement in carrying amount

	Stage one		Stage three		Total
	Next 12 months ECL (Group)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2019	3,049,140	(480,786)	72,884,060	(72,884,060)	(73,364,846)
Increase in the current year	5,746,149	(400,130)	-	(112,120)	(512,250)
Reversals in the current year	(6,981,834)	507,924	(1,025,802)	1,025,802	1,533,726
Written off in the current year	-	-	(4,337,210)	4,337,210	4,337,210
Transfer to stage three	(224,240)	112,120	224,240	(112,120)	-
31 December 2020	<u>1,589,215</u>	<u>(260,872)</u>	<u>67,745,288</u>	<u>(67,745,288)</u>	<u>(68,006,160)</u>

As of December 31, 2020, the Group has no other receivables in stage two. The analysis of other receivables in stage one and stage three is as follows:

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(6) Other receivables (continued)

(b) Provision for losses and movement in carrying amount (continued)

- (i) As at 31 Dec 2020, the analysis of other receivables for which a single provision for bad debts is made is as follows:

Stage three	Ending balance	ECL ratio for the next 12 months	Provision for bad debts	Reason
Receivables of refundable cost of land use rights and building	17,441,647	100%	(17,441,647)	i)
Receivables from other entities	50,303,641	100%	(50,303,641)	ii)
	<u>67,745,288</u>		<u>(67,745,288)</u>	

- i) A land use right of the Company was expropriated by the government years ago. The government committed rendering another new land use right instead. The management considers that the possibility of obtaining new land use right is low, and therefore has transferred the cost of the expropriated land use right of 8,584,437 and cost of buildings on this land of 8,857,210 to other receivables, and full bad debt provision has been recorded accordingly.
- ii) As these other receivables that are overdue 2 years or more, the Group judged that credit impairment losses had already occurred and full amount provision for bad debts had been recognized.
- (ii) As at 31 December 2020 and 31 December 2019, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2020			31 December 2019		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Provision for bad debts	Amount	
Guarantee deposits	482,989	(146,995)	5% - 50%	1,783,418	(295,918)	5% - 50%
Receivables from other entities	1,106,226	(113,877)	5% - 50%	1,265,722	(184,868)	5% - 50%
	<u>1,589,215</u>	<u>(260,872)</u>		<u>3,049,140</u>	<u>(480,786)</u>	

By referring to historical credit loss experience, the Group recognized provision for bad debts based on current conditions and forecasts of future economic conditions.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(6) Other receivables (continued)

(c) The provision for bad debts increased in the current year is 512,250. The collecting or reversal of provision for bad debts is 1,533,726, and its corresponding carrying amount is 8,007,636.

(d) In the current year, carrying amount and bad debt of other receivables of 4,337,210 were written off.

(e) As at 31 December 2020, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1	Refundable cost of land	8,584,437	More than five years	6%	(8,584,437)
No.2	Receivables on materials	5,000,000	More than five years	4%	(5,000,000)
No.3	Receivables on materials	4,616,730	More than five years	3%	(4,616,730)
No.4	Advanced payment	4,022,410	More than five years	3%	(4,022,410)
No.5	Disposal of assets receivable	3,110,000	More than five years	2%	(3,110,000)
		<u>25,333,577</u>		<u>18%</u>	<u>(25,333,577)</u>

(f) As at 31 December 2020, the Group does not have government grants recognized as receivable amount.

(7) Inventories

(a) Classification of inventories is as follows:

	31 December 2020			31 December 2019		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	563,890,545	(968,968)	562,921,577	557,229,799	(1,021,240)	556,208,559
Packaging materials	946,154,798	(2,517,462)	943,637,336	878,527,021	(2,517,462)	876,009,559
Low-value consumables	74,320,823	-	74,320,823	61,236,850	-	61,236,850
Work in progress-outsourced	5,922,378	-	5,922,378	-	-	-
Work in progress	425,004,935	-	425,004,935	407,440,587	-	407,440,587
Finished goods	1,269,226,477	-	1,269,226,477	1,280,873,778	-	1,280,873,778
	<u>3,284,519,956</u>	<u>(3,486,430)</u>	<u>3,281,033,526</u>	<u>3,185,308,035</u>	<u>(3,538,702)</u>	<u>3,181,769,333</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(7) Inventories (continued)

(b) The movements of inventories is as follows:

2020

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Raw materials	557,229,799	4,145,708,104	(4,139,047,358)	563,890,545
Packaging materials	878,527,021	8,045,479,533	(7,977,851,756)	946,154,798
Low-value consumables	61,236,850	533,927,096	(520,843,123)	74,320,823
Work in progress-outsourced	-	171,063,443	(165,141,065)	5,922,378
Work in progress	407,440,587	4,878,363,825	(4,860,799,477)	425,004,935
Finished goods	1,280,873,778	16,350,873,997	(16,362,521,298)	1,269,226,477
	<u>3,185,308,035</u>			<u>3,284,519,956</u>

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Raw materials	464,687,748	4,405,646,292	(4,313,104,241)	557,229,799
Packaging materials	806,153,659	8,693,678,209	(8,621,304,847)	878,527,021
Low-value consumables	62,685,451	445,023,058	(446,471,659)	61,236,850
Work in progress	396,253,676	5,077,236,331	(5,066,049,420)	407,440,587
Finished goods	928,748,247	17,353,695,993	(17,001,570,462)	1,280,873,778
	<u>2,658,528,781</u>			<u>3,185,308,035</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(7) Inventories (continued)

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

2020

	31 December 2019	Increase in the current year	Decrease in the current year		31 December 2020
			Reversal	Write-off	
Raw materials	(1,021,240)	-	-	52,272	(968,968)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	(3,538,702)	-	-	52,272	(3,486,430)

2019

	31 December 2018	Increase in the current year	Decrease in the current year		31 December 2019
			Reversal	Write-off	
Raw materials	(2,503,854)	-	-	1,482,614	(1,021,240)
Packaging materials	(4,800,201)	-	288,110	1,994,629	(2,517,462)
	(7,304,055)	-	288,110	3,477,243	(3,538,702)

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

	Basis for net realisable value	Reason for writing-off
Raw materials and packaging materials	Estimated selling price less the estimated costs to completion and estimated expenses necessary to sale and related taxes	Used or disposed of during the current period

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(8) Other current assets

	31 December 2020	31 December 2019
VAT input to be deducted	227,459,185	272,740,541
VAT input to be verified	111,121,227	89,535,948
Prepaid Enterprise Income tax	106,650,613	187,655,849
Treasury bonds reverse repo investment	100,129,662	-
Credit and factoring business	6,383,733	13,426,255
Others	784,296	1,547,000
	<u>552,528,716</u>	<u>564,905,593</u>
<i>Less: Provision for other current assets</i>	<u>(118,938)</u>	<u>(228,257)</u>
	<u>552,409,778</u>	<u>564,677,336</u>

(9) Long-term equity investments

	31 December 2020	31 December 2019
Joint venture (a)	222,529,920	230,912,855
Associates (b)	153,023,917	146,948,947
	<u>375,553,837</u>	<u>377,861,802</u>
<i>Less: Provision for impairment of long-term equity investments</i>	<u>(1,220,000)</u>	<u>(1,220,000)</u>
	<u>374,333,837</u>	<u>376,641,802</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(a) Joint Venture

2020

	31 December 2019	Movements in the current period			Cash dividends declared	31 December 2020	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			
Hebei Jiahe Beer Co.,Ltd. ("Hebei Jiahe Company")	230,912,855	1,617,065	-	-	(10,000,000)	222,529,920	-

2019

	31 December 2018	Movements in the current year			Cash dividends declared	31 December 2019	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			
Hebei Jiahe Company	228,842,662	8,070,193	-	-	(6,000,000)	230,912,855	-

The share of equity interests and voting right held by the Company are both 50% in Hebei Jiahe Company, so the Group owns joint control over Hebei Jiahe Company and accounts for it as a joint venture.

Details of equity interests in the joint venture are disclosed in Note 6(2)(b).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(b) Associate

2020

	31 December 2019	Movements in the current year				31 December 2020	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends declared		
Shandong Yantai Brewery Co., Ltd. (“Yantai Brewery Company”)	127,976,623	13,411,296	-	-	(10,488,900)	130,899,019	-
Qingdao Zhaoshang Logistics Company Limited. (“Zhaoshang Logistics”)	15,181,001	2,823,069	-	10,289	-	18,014,359	-
Tsingtao Brewery Europe Trading Co., Ltd. (“European Company”)	2,516,821	301,392	72,326	-	-	2,890,539	-
Liaoning Shenqing Tsingtao Brewery Company Limited. (“Liaoning Shenqing”)	54,502	(54,502)	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	146,948,947	16,481,255	72,326	10,289	(10,488,900)	153,023,917	(1,220,000)

2019

	31 December 2018	Movements in the current year				31 December 2019	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends declared		
Yantai Brewery Company	128,559,087	8,462,433	-	-	(9,044,897)	127,976,623	-
Zhaoshang Logistics	11,672,943	3,499,875	-	8,183	-	15,181,001	-
European Company	1,321,393	1,186,015	9,413	-	-	2,516,821	-
Liaoning Shenqing	90,115	(35,613)	-	-	-	54,502	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	142,863,538	13,112,710	9,413	8,183	(9,044,897)	146,948,947	(1,220,000)

Details of equity interests in the associates are disclosed in Note 6(2)(c).

Liaoning Shenqing Company’s net assets are negative due to continuous losses, and the Group has no obligation to bear additional losses. Therefore, when confirming the share of the Group on the net loss incurred, the book value of the long-term equity investment is written down to zero. As at 31 December 2020, the accumulative unconfirmed investment loss is 10,981 (31 December 2019: 0).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Investment properties

2020

	Buildings	Land use rights	Total
Original cost			
31 December 2019	84,224,430	8,734,452	92,958,882
Increase in the current period — transfer from fixed assets and intangible assets (i)	908,328	-	908,328
Decrease in the current period — transfer to fixed assets	(18,731,280)	(2,587,486)	(21,318,766)
31 December 2020	66,401,478	6,146,966	72,548,444
Accumulated depreciation			
31 December 2019	(51,492,494)	(2,612,357)	(54,104,851)
Increase in the current period			
Accrual	(1,962,424)	(131,564)	(2,093,988)
Transfer from fixed assets and intangible assets (i)	(250,124)	-	(250,124)
Decrease in the current period — transfer to fixed assets	11,653,371	1,308,014	12,961,385
31 December 2020	(42,051,671)	(1,435,907)	(43,487,578)
Provision for impairment			
31 December 2019	(2,349,349)	-	(2,349,349)
Increase in the current period — transfer from fixed assets (i)	(263,426)	-	(263,426)
Decrease in the current period — transfer to fixed assets	735,343	-	735,343
31 December 2020	(1,877,432)	-	(1,877,432)
Carrying amount			
31 December 2020	22,472,375	4,711,059	27,183,434
31 December 2019	30,382,587	6,122,095	36,504,682

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Investment properties (continued)

2019

	Buildings	Land use rights	Total
Original cost			
31 December 2018	75,682,956	-	75,682,956
Increase in the current year — Transfer from fixed assets	10,454,815	8,734,452	19,189,267
Decrease in the current year — Transfer to fixed assets	(1,913,341)	-	(1,913,341)
31 December 2019	84,224,430	8,734,452	92,958,882
Accumulated depreciation			
31 December 2018	(46,171,652)	-	(46,171,652)
Increase in the current year			
Accrual	(2,106,715)	(110,127)	(2,216,842)
Transfer from fixed assets	(4,242,939)	(2,502,230)	(6,745,169)
Decrease in the current year — Transfer to fixed assets	1,028,812	-	1,028,812
31 December 2019	(51,492,494)	(2,612,357)	(54,104,851)
Provision for impairment			
31 December 2018	(1,578,536)	-	(1,578,536)
Increase in the current year — Transfer from fixed assets (i)	(770,813)	-	(770,813)
31 December 2019	(2,349,349)	-	(2,349,349)
Carrying amount			
31 December 2019	30,382,587	6,122,095	36,504,682
31 December 2018	27,932,768	-	27,932,768

- (i) For the year ended 31 December 2020, the self-use land with the carrying amount 394,778 (cost: 908,328) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 31 December 2020, there is no investment property without ownership certificates (31 December 2019: nil).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets

	31 December 2020	31 December 2019
Fixed assets (a)	10,301,504,225	10,221,482,397
Fixed assets pending for disposal (b)	1,124,405	552,068
	10,302,628,630	10,222,034,465

(a) Fixed assets

2020

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2019	7,312,629,435	10,944,686,036	315,594,700	905,875,957	19,478,786,128
Increase in the current year					
Purchase	-	37,230,148	11,969,782	79,180,158	128,380,088
Transfer from construction in progress	317,781,254	815,395,506	-	30,029,822	1,163,206,582
Transfer from investment properties	18,731,280	-	-	-	18,731,280
Decrease in the current year					
Disposal	(5,638,626)	(307,524,604)	(13,502,860)	(20,646,845)	(347,312,935)
Transfer to construction in progress	(142,263,120)	(161,275,883)	-	(1,667,166)	(305,206,169)
Transfer to investment properties	(908,328)	-	-	-	(908,328)
As at 31 December 2020	7,500,331,895	11,328,511,203	314,061,622	992,771,926	20,135,676,646
Accumulated depreciation					
As at 31 December 2019	(1,905,385,451)	(6,001,215,144)	(210,994,112)	(670,339,266)	(8,787,933,973)
Increase in the current year					
Accrual	(200,024,285)	(599,838,514)	(22,430,473)	(76,642,668)	(898,935,940)
Transfer from investment properties	(11,653,371)	-	-	-	(11,653,371)
Decrease in the current year					
Disposal	1,814,861	207,490,461	11,723,698	19,758,992	240,788,012
Transfer to construction in progress	52,148,044	97,488,861	-	1,488,093	151,124,998
Transfer to investment properties	250,124	-	-	-	250,124
As at 31 December 2020	(2,062,850,078)	(6,296,074,336)	(221,700,887)	(725,734,849)	(9,306,360,150)
Provision for impairment					
As at 31 December 2019	(141,826,361)	(325,414,187)	(1,703,027)	(426,183)	(469,369,758)
Increase in the current year					
Accrual	(1,537,248)	(127,036,986)	(1,398,679)	(580,787)	(130,553,700)
Transfer from investment properties	(735,343)	-	-	-	(735,343)
Decrease in the current year					
Disposal	1,438,484	69,237,533	383,595	681,167	71,740,779
Transfer to construction in progress	625,126	217,199	-	-	842,325
Transfer to investment properties	263,426	-	-	-	263,426
As at 31 December 2020	(141,771,916)	(382,996,441)	(2,718,111)	(325,803)	(527,812,271)
Carrying amount					
As at 31 December 2020	5,295,709,901	4,649,440,426	89,642,624	266,711,274	10,301,504,225
As at 31 December 2019	5,265,417,623	4,618,056,705	102,897,561	235,110,508	10,221,482,397

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

2019

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2018	7,087,231,168	10,807,663,003	328,835,951	885,060,869	19,108,790,991
Increase in the current year					
Purchase	-	29,420,740	7,746,068	87,608,467	124,775,275
Transfer from construction in progress	386,833,039	686,566,613	-	-	1,073,399,652
Transfer from investment properties	1,913,341	-	-	-	1,913,341
Decrease in the current year					
Disposal	(31,278,767)	(346,336,544)	(20,987,319)	(64,797,727)	(463,400,357)
Transfer to construction in progress	(121,614,531)	(232,627,776)	-	(1,995,652)	(356,237,959)
Transfer to investment properties	(10,454,815)	-	-	-	(10,454,815)
As at 31 December 2019	7,312,629,435	10,944,686,036	315,594,700	905,875,957	19,478,786,128
Accumulated depreciation					
As at 31 December 2018	(1,745,190,417)	(5,776,662,856)	(206,536,703)	(649,567,230)	(8,377,957,206)
Increase in the current year					
Accrual	(198,036,044)	(591,536,075)	(23,109,432)	(80,315,974)	(892,997,525)
Transfer from investment properties	(1,028,812)	-	-	-	(1,028,812)
Decrease in the current year					
Disposal	13,306,827	244,459,317	18,652,023	57,729,482	334,147,649
Transfer to construction in progress	21,320,056	122,524,470	-	1,814,456	145,658,982
Transfer to investment properties	4,242,939	-	-	-	4,242,939
As at 31 December 2019	(1,905,385,451)	(6,001,215,144)	(210,994,112)	(670,339,266)	(8,787,933,973)
Provision for impairment					
As at 31 December 2018	(117,194,676)	(312,955,604)	(1,806,132)	(2,545,307)	(434,501,719)
Increase in the current year					
Accrual	(34,510,559)	(86,056,556)	(284,985)	(487,430)	(121,339,530)
Decrease in the current year					
Disposal	9,108,061	70,161,277	388,090	2,606,554	82,263,982
Transfer to construction in progress	-	3,436,696	-	-	3,436,696
Transfer to investment properties	770,813	-	-	-	770,813
As at 31 December 2019	(141,826,361)	(325,414,187)	(1,703,027)	(426,183)	(469,369,758)
Carrying amount					
As at 31 December 2019	5,265,417,623	4,618,056,705	102,897,561	235,110,508	10,221,482,397
As at 31 December 2018	5,224,846,075	4,718,044,543	120,493,116	232,948,332	10,296,332,066

For the year ended 31 December 2020, fixed assets of the Group with the carrying amount of 153,238,846 (cost: 305,206,169; accumulated depreciation 151,124,998, impairment provision 842,325) are transferred to construction in progress to be upgraded due to technology renewal and the likes.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

As at 31 December 2020, there are no fixed assets pledged as collateral for borrowings (31 December 2019: nil).

For the Year ended 31 December 2020, fixed assets accumulated depreciation are 898,935,940 (For the year ended 31 December 2019: 892,997,525), of which 806,066,007, 8,811,419, 81,815,070 and 2,243,444 (For the year ended 31 December 2019: 809,051,082, 7,324,240, 74,241,408 and 2,380,795) have been charged to operating cost, selling and distribution expenses, general and administrative expenses and research and development expenses respectively.

The cost of fixed assets transferred from construction in progress amounts to 1,163,206,582 (For the year ended 31 December 2019: 1,073,399,652).

(i) Temporarily idle fixed assets

As at 31 December 2020, the buildings and the machinery and equipment with carrying amount of 58,150,534 (cost 209,956,745) are temporarily idle for the reason of products update (31 December 2019: carrying amount of 73,945,969 (cost 229,171,949)). The management planned to reallocate these assets among the Group or upgrade. The detailed analysis of these assets is as follows:

2020

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	183,024,452	(120,829,814)	(8,148,021)	54,046,617
Buildings	26,932,293	(12,814,560)	(10,013,816)	4,103,917
	<u>209,956,745</u>	<u>(133,644,374)</u>	<u>(18,161,837)</u>	<u>58,150,534</u>

2019

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	202,425,243	(125,632,434)	(7,207,498)	69,585,311
Buildings	26,746,706	(12,485,423)	(9,900,625)	4,360,658
	<u>229,171,949</u>	<u>(138,117,857)</u>	<u>(17,108,123)</u>	<u>73,945,969</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

(ii) Provision for impairment

According to the accounting policies stated in Note 2(18), the Group performs impairment testing on buildings, machinery and equipment with impairment indicator at the balance sheet date, and impairment of 130,553,700 has been recognised during the year ended 31 December 2020.

(iii) Fixed assets without ownership certificates

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

Reason	31 December 2020 Carrying amount	31 December 2019 Carrying amount
In the application process	332,619,000	536,747,000
Unable to obtain	84,764,000	89,578,000
	417,383,000	626,325,000

Per consultation with the Company's legal adviser, the Company's directors are of the view that this situation will not prevent the Group from legal possession of such facilities as there is no legal restriction for the Group to apply for and obtain the building ownership certificates, there are no significant adverse impact on the operations of the Group, therefore, no provision for fixed assets impairment is provided.

(b) Fixed assets pending for disposal

	31 December 2020	31 December 2019
Machinery, equipment and buildings	1,124,405	552,068

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Construction in progress

	31 December 2020			31 December 2019		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Relocation project of Shan Xi	248,125,700	-	248,125,700	3,155,194	-	3,155,194
Production line improvement of Ludong Area	16,867,976	-	16,867,976	15,310,982	-	15,310,982
Production line improvement of Luxi Area	15,352,065	-	15,352,065	-	-	-
Production line improvement of Jiang Su	11,620,055	-	11,620,055	475,558	-	475,558
Production line improvement of Hu Nan	7,147,614	-	7,147,614	4,736	-	4,736
Production line improvement of Ludong Area	3,656,696	-	3,656,696	5,654,908	-	5,654,908
Production line improvement of Liao Ning	2,891,483	-	2,891,483	-	-	-
Relocation project of Lu Nan Area	2,834,650	-	2,834,650	-	-	-
Production line improvement of Fu Jian	2,637,704	-	2,637,704	-	-	-
Production line improvement of Jiang Su	2,552,424	-	2,552,424	294,662	-	294,662
Production line improvement of Shan Xi	2,416,815	-	2,416,815	-	-	-
Production line improvement of Lu Dong Area	1,865,595	-	1,865,595	2,593,102	-	2,593,102
Production line improvement of Lu Zhong Area	1,813,943	-	1,813,943	-	-	-
Production line improvement of Shang Hai	1,798,960	-	1,798,960	1,385,841	-	1,385,841
Production line improvement of Guang Dong	1,218,166	-	1,218,166	1,323,949	-	1,323,949
Production line improvement of Zhe Jiang	1,116,083	-	1,116,083	2,914,644	-	2,914,644
Relocation project of Lu Xi Area	483,186	-	483,186	87,230,868	-	87,230,868
Other projects	15,406,254	-	15,406,254	58,649,398	-	58,649,398
	339,805,369	-	339,805,369	178,993,842	-	178,993,842

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Construction in progress (continued)

(a) Movement in significant construction in progress

2020

Name	Budget	31 December 2019	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2020	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Shan Xi	500,606,250	3,155,194	248,379,377	-	(3,408,871)	248,125,700	50%	50%	Self-funding
Production line improvement of Ludong Area	261,501,027	15,310,982	119,208,245	2,449,879	(120,101,130)	16,867,976	85%	85%	Self-funding
Production line improvement of Luxi Area	188,353,854	-	150,078,683	-	(134,726,618)	15,352,065	80%	80%	Self-funding
Production line improvement of Jiang Su	70,344,470	475,558	50,075,758	11,266,080	(50,197,341)	11,620,055	99%	88%	Self-funding
Production line improvement of Hu Nan	49,966,348	4,736	36,113,564	7,339,398	(36,310,084)	7,147,614	87%	87%	Self-funding
Production line improvement of Ludong Area	118,620,205	5,654,908	18,407,393	26,053,303	(46,458,908)	3,656,696	86%	86%	Self-funding
Production line improvement of Liao Ning	10,146,300	-	7,254,817	-	(4,363,334)	2,891,483	72%	72%	Self-funding
Relocation project of Lu Nan Area	751,860,000	-	2,834,650	-	-	2,834,650	0%	0%	Self-funding
Production line improvement of Fu Jian	20,673,232	-	4,211,143	-	(1,573,439)	2,637,704	20%	20%	Self-funding
Production line improvement of Jiang Su	45,594,298	294,662	4,627,213	488,707	(2,858,158)	2,552,424	12%	12%	Self-funding
Production line improvement of Shan Xi	64,227,386	-	48,192,735	-	(45,775,920)	2,416,815	75%	75%	Self-funding
Production line improvement of Lu Dong Area	151,998,255	2,593,102	120,532,886	4,647,840	(125,908,233)	1,865,595	84%	84%	Self-funding
Production line improvement of Luzhong Area	8,851,508	-	3,533,130	475,030	(2,194,217)	1,813,943	45%	45%	Self-funding
Production line improvement of Shang Hai	17,672,800	1,385,841	8,208,633	3,829,251	(11,624,765)	1,798,960	76%	76%	Self-funding
Production line improvement of Guang Dong	10,336,218	1,323,949	7,863,731	240,298	(8,209,812)	1,218,166	94%	91%	Self-funding
Production line improvement of Zhe Jiang	9,090,802	2,914,644	1,418,465	30,972	(3,247,998)	1,116,083	48%	48%	Self-funding
Relocation project of Lu Xi Area	212,110,000	87,230,868	111,729,974	3,484,521	(201,962,177)	483,186	95%	95%	Self-funding
Other projects		58,649,398	228,108,866	92,933,567	(364,285,577)	15,406,254			
		178,993,842	1,170,779,263	153,238,846	(1,163,206,582)	339,805,369			

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Construction in progress (continued)

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

2019

Name	Budget	31 December 2018	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2019	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Lu Xi	212,110,000	2,062,286	85,168,582	-	-	87,230,868	47%	41%	Self-funding
Office Building project of Shan Xi	36,367,720	29,465,111	2,922,946	-	-	32,388,057	89%	89%	Self-funding
Production line improvement of Lu Dong	230,143,534	17,771,040	44,968,867	13,573,396	(61,002,321)	15,310,982	60%	52%	Self-funding
Relocation project of He Bei	250,850,000	137,069,038	47,582,183	609,325	(177,461,963)	7,798,583	82%	78%	Self-funding
Production line improvement of Lu Dong	106,601,344	4,479,371	21,661,901	12,185,077	(32,671,441)	5,654,908	88%	88%	Self-funding
Production line improvement of Lu Dong	36,147,856	5,610,537	27,093,049	1,693,127	(29,807,688)	4,589,025	99%	99%	Self-funding
Relocation project of Shan Xi	500,606,250	-	3,406,964	-	(251,770)	3,155,194	1%	1%	Self-funding
Production line improvement of Zhe Jiang	9,538,504	-	5,490,778	2,367,432	(4,943,566)	2,914,644	82%	82%	Self-funding
Production line improvement of Guang Dong	8,416,750	338,462	2,831,604	-	(500,611)	2,669,455	53%	38%	Self-funding
Production line improvement of Lu Dong	68,194,747	1,749,999	57,820,586	6,314,666	(63,292,149)	2,593,102	97%	97%	Self-funding
Production line improvement of Shang Hai	15,667,898	-	3,310,871	2,669,425	(4,594,455)	1,385,841	38%	38%	Self-funding
Production line improvement of Guang Dong	16,197,810	-	4,954,981	-	(3,631,032)	1,323,949	31%	31%	Self-funding
Production line improvement of Gan Su	33,163,105	2,350,068	24,289,042	3,096,682	(28,538,431)	1,197,361	90%	90%	Self-funding
New Plant Project of He Bei	235,610,000	151,363,810	67,185,114	-	(218,464,457)	84,467	93%	93%	Self-funding
Other projects		27,631,572	266,672,451	164,633,151	(448,239,768)	10,697,406			
		<u>379,891,294</u>	<u>665,359,919</u>	<u>207,142,281</u>	<u>(1,073,399,652)</u>	<u>178,993,842</u>			

For the year ended 31 December 2020, there are no new increased borrowing costs capitalised (2019: nil). The management has assessed that there is no impairment risk on construction in progress and did not recognise provision for impairment of construction in progress (2019: nil).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Right-of-use assets

2020

	Buildings	Land use rights	Machinery and equipments	Others	Total
Original Cost					
31 December 2019	75,792,267	9,097,754	3,677,046	1,259,170	89,826,237
Increase in the current year and renewal	141,280,420	-	-	573,699	141,854,119
Decrease in the current year	(9,616,655)	(186,098)	-	(185,125)	(9,987,878)
Lease Change	(212,652)	(49,539)	-	(150,475)	(412,666)
Lease Expiration	(9,404,003)	(136,559)	-	(34,650)	(9,575,212)
31 December 2020	207,456,032	8,911,656	3,677,046	1,647,744	221,692,478

Accumulated depreciation

31 December 2019	(20,913,741)	(1,115,220)	(720,447)	(106,394)	(22,855,802)
Accrual	(37,708,942)	(1,092,574)	(720,447)	(560,878)	(40,082,841)
Disposal	9,404,003	136,559	-	34,650	9,575,212
31 December 2020	(49,218,680)	(2,071,235)	(1,440,894)	(632,622)	(53,363,431)

Carrying amount

31 December 2020	158,237,352	6,840,421	2,236,152	1,015,122	168,329,047
31 December 2019	54,878,526	7,982,534	2,956,599	1,152,776	66,970,435

2019

	Buildings	Land use rights	Machinery and equipment	Others	Total
Original Cost					
31 December 2018	—	—	—	—	—
Changes in accounting policies	48,312,421	7,042,220	3,677,046	42,413	59,074,100
1 January 2019	48,312,421	7,042,220	3,677,046	42,413	59,074,100
Increase in the current year and renewal	27,479,846	2,055,534	-	1,216,757	30,752,137
31 December 2019	75,792,267	9,097,754	3,677,046	1,259,170	89,826,237

Accumulated depreciation

31 December 2018	—	—	—	—	—
1 January 2019	-	-	-	-	-
Accrual	(20,913,741)	(1,115,220)	(720,447)	(106,394)	(22,855,802)
31 December 2019	(20,913,741)	(1,115,220)	(720,447)	(106,394)	(22,855,802)

Carrying amount

31 December 2019	54,878,526	7,982,534	2,956,599	1,152,776	66,970,435
31 December 2018	—	—	—	—	—

According to the notice of “Regulations on accounting treatment of rent reduction related to COVID-19 situation” (the “notice”) issued by the Ministry of Finance on 19 June 2020, the Group adopts the simplified method to deal with the rent reduction meeting the requirements of the notice. The relevant rent reduction with simplified treatment has an impact on the current profit and loss of about 893,000.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets

2020

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2019	2,624,663,664	449,743,612	18,629,100	974,935,670	486,832,730	4,554,804,776
Increase in the current year						
Purchase	103,122,537	-	-	-	47,017,733	150,140,270
Transfer from investment properties	2,587,486	-	-	-	-	2,587,486
Decrease in the current year						
Disposal	(2,534,087)	-	-	-	(11,478,945)	(14,013,032)
31 December 2020	2,727,839,600	449,743,612	18,629,100	974,935,670	522,371,518	4,693,519,500

Accumulated amortisation

31 December 2019	(541,417,212)	(342,358,212)	(18,629,100)	(822,501,782)	(271,326,015)	(1,996,232,321)
Increase in the current year						
Accrual	(62,189,744)	(24,056,586)	-	(77,867,210)	(39,825,332)	(203,938,872)
Transfer from investment properties	(1,308,014)	-	-	-	-	(1,308,014)
Decrease in the current year	429,992	-	-	-	11,372,703	11,802,695
31 December 2020	(604,484,978)	(366,414,798)	(18,629,100)	(900,368,992)	(299,778,644)	(2,189,676,512)

Carrying amount

31 December 2020	2,123,354,622	83,328,814	-	74,566,678	222,592,874	2,503,842,988
31 December 2019	2,083,246,452	107,385,400	-	152,433,888	215,506,715	2,558,572,455

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

2019

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2018	2,528,519,735	449,743,612	18,629,100	974,935,670	432,612,387	4,404,440,504
Increase in the current year						
— Purchase	138,413,458	-	-	-	54,253,068	192,666,526
Decrease in the current year						
Disposal	(33,535,077)	-	-	-	(32,725)	(33,567,802)
Transfer into Investment property	(8,734,452)	-	-	-	-	(8,734,452)
31 December 2019	2,624,663,664	449,743,612	18,629,100	974,935,670	486,832,730	4,554,804,776
Accumulated amortisation						
31 December 2018	(500,053,820)	(317,931,829)	(18,629,100)	(739,090,157)	(229,050,083)	(1,804,754,989)
Increase in the current year						
— Accrual	(56,658,427)	(24,426,383)	-	(83,411,625)	(42,308,657)	(206,805,092)
Decrease in the current year						
Disposal	12,792,805	-	-	-	32,725	12,825,530
Transfer into Investment property	2,502,230	-	-	-	-	2,502,230
31 December 2019	(541,417,212)	(342,358,212)	(18,629,100)	(822,501,782)	(271,326,015)	(1,996,232,321)
Carrying amount						
31 December 2019	2,083,246,452	107,385,400	-	152,433,888	215,506,715	2,558,572,455
31 December 2018	2,028,465,915	131,811,783	-	235,845,513	203,562,304	2,599,685,515

For the year ended 31 December 2020, the amortisation amount of intangible assets is 203,938,872 (2019: 206,805,092).

As at 31 December 2020, there are no intangible assets pledged as collateral for borrowings (31 December 2019: nil).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

As at 31 December 2020, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately 28,000 (31 December 2019: 2,011,000) are still in process. In addition, 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 amount of the buildings constructed thereon are approximately 31,476,000 as at 31 December 2020 (31 December 2019: 31,976,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

Development expenditures are set out as follows:

	31 December 2019	Increase in the current year	Decrease in the current year		31 December 2020
			Charged to profit or loss	Recognized as intangible assets	
Beer technology improvement project	-	21,467,092	21,467,092	-	-

For the year ended 31 December 2020, research and development expenditures of 21,467,092 (2019:21,088,710) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill

2020

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	227,026,482	-	-	227,026,482
South China Region — Nanning Company	130,895,740	-	-	130,895,740
Southeast China Region — Fuzhou Company/ Xiamen Company/Zhangzhou Company/ Dongnan Sales Company	114,031,330	-	-	114,031,330
North China Region — Three Ring Company/ Beifang Sales Company	24,642,782	-	-	24,642,782
Other Regions	49,049,770	-	-	49,049,770
	<u>1,504,514,721</u>	<u>-</u>	<u>-</u>	<u>1,504,514,721</u>
Less: Provision for impairment —				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Company	-	-	-	-
South China Region — Nanning Company	(130,895,740)	-	-	(130,895,740)
Southeast China Region — Fuzhou Company/Xiamen Company/Zhangzhou Company/Dongnan Sales Company	-	-	-	-
North China Region — Three Ring Company/Beifang Sales Company	(24,642,782)	-	-	(24,642,782)
Other Regions	(41,872,217)	-	-	(41,872,217)
	<u>(197,410,739)</u>	<u>-</u>	<u>-</u>	<u>(197,410,739)</u>
	<u>1,307,103,982</u>	<u>-</u>	<u>-</u>	<u>1,307,103,982</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	227,026,482	-	-	227,026,482
South China Region — Nanning Company	130,895,740	-	-	130,895,740
Southeast China Region — Fuzhou Company/ Xiamen Company/Zhangzhou Company/ Dongnan Sales Company	114,031,330	-	-	114,031,330
North China Region — Three Ring Company/ Beifang Sales Company	24,642,782	-	-	24,642,782
Other Regions	49,049,770	-	-	49,049,770
	<u>1,504,514,721</u>	<u>-</u>	<u>-</u>	<u>1,504,514,721</u>
Less: Provision for impairment —				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Company	-	-	-	-
South China Region — Nanning Company	(130,895,740)	-	-	(130,895,740)
Southeast China Region — Fuzhou Company/Xiamen Company/Zhangzhou Company/Dongnan Sales Company	-	-	-	-
North China Region — Three Ring Company/Beifang Sales Company	(24,642,782)	-	-	(24,642,782)
Other Regions	(41,872,217)	-	-	(41,872,217)
	<u>(197,410,739)</u>	<u>-</u>	<u>-</u>	<u>(197,410,739)</u>
	<u>1,307,103,982</u>	<u>-</u>	<u>-</u>	<u>1,307,103,982</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

All goodwill of the Group has been allocated to relevant assets and group of assets combinations on purchase date. The goodwill allocation are summarised by operating segments as follows:

	31 December 2020	31 December 2019
Shandong Region	1,185,895,099	1,185,895,099
South China Region	130,895,740	130,895,740
Southeast China Region	114,031,330	114,031,330
North China Region	24,642,782	24,642,782
Other Regions	49,049,770	49,049,770
	<u>1,504,514,721</u>	<u>1,504,514,721</u>

In the goodwill impairment test, the Group compares the carrying amount of relevant assets or group of assets combinations (including goodwill) with the recoverable amount. If the recoverable amount is lower than the carrying amount, relevant difference will be recorded in profit or loss in the current period. In 2019 and 2020, the company hired Beijing Guoyou Dazheng Asset Appraisal Co, Ltd. to assess the recoverable amount of the asset group of Immense Brewery Company that includes goodwill. The allocation of goodwill of the group has not changed in 2020.

The recoverable amounts of group of assets and group of assets combinations 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 estimated by using a fixed growth rate stated below.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

In 2020, the Group applied in calculating discounted future cash flows are as follows:

	Shandong Region			
	Immense Brewery Company	Lulansa Company	Southeast China Region	Other Regions
Growth rate in perpetual period	3%	3%	3%	3%
Gross profit margin	37%	32%	31%	25%
Discount rate	14%	14%	14%	14%

In 2019, the group applied in calculating discounted future cash flows are as follows:

	Shandong Region			
	Immense Brewery Company	Lulansa Company	Southeast China Region	Other Regions
Growth rate in perpetual period	3%	3%	3%	3%
Gross profit margin	31%	31%	22%	24%
Discount rate	14%	14%	14%	14%

The Group determines growth rate and gross margin based on historic experience and forecast on future market. The discount rate used by management is the pre-tax interest rate that is able to reflect the risks specific to relevant group of assets and group of assets combinations. The growth rate in forecast period is determined by the average growth rate of the five-year budget of the approved sales income of the relevant group of assets and group of assets combinations of 2%-4%. The growth rate in perpetual period is the weighted average growth rate used by the Group to forecast the cash flow after the five-year budget.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Long-term prepaid expenses

2020

	31 December 2019	Increase in the current year	Amortisation in the current year	31 December 2020
Decoration and renovation expenses	24,953,149	66,583,607	(13,175,382)	78,361,374
Factory hardening expenses	3,517,689	1,511,550	(1,444,959)	3,584,280
Gardening expenses	1,777,987	376,056	(1,223,149)	930,894
Others	5,006,563	171,419	(1,796,196)	3,381,786
	<u>35,255,388</u>	<u>68,642,632</u>	<u>(17,639,686)</u>	<u>86,258,334</u>

2019

	31 December 2018	Increase in the current year	Amortisation in the current year	31 December 2019
Decoration and renovation expenses	21,871,399	11,583,181	(8,501,431)	24,953,149
Factory hardening expenses	4,721,877	1,312,686	(2,516,874)	3,517,689
Gardening expenses	1,496,032	1,364,525	(1,082,570)	1,777,987
Others	5,018,111	645,267	(656,815)	5,006,563
	<u>33,107,419</u>	<u>14,905,659</u>	<u>(12,757,690)</u>	<u>35,255,388</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(17) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without offsetting

	31 December 2020		31 December 2019	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible losses	-	-	13,396,668	3,349,167
Provision for asset impairment	96,219,816	24,054,954	56,044,968	14,011,242
Deferred income	1,364,996,248	341,249,062	1,072,795,800	268,198,950
Elimination of intra-group unrealised profit	216,300,624	54,075,156	249,124,220	62,281,055
Accruals of expenses	5,868,448,752	1,467,112,188	4,820,532,160	1,205,133,040
Share-based payment	177,367,392	44,341,848	-	-
	<u>7,723,332,832</u>	<u>1,930,833,208</u>	<u>6,211,893,816</u>	<u>1,552,973,454</u>
Including:				
Expected to reverse within one year (inclusive)		1,552,562,268		1,171,074,254
Expected to be reverse after one year		<u>378,270,940</u>		<u>381,899,200</u>
		<u>1,930,833,208</u>		<u>1,552,973,454</u>

(b) Deferred tax liabilities without offsetting

	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	491,075,772	122,768,943	600,029,908	150,007,477
Depreciation of fixed assets	994,820,244	248,705,061	495,297,448	123,824,362
Changes in fair value of wealth management products	27,042,735	6,760,684	24,589,764	6,147,441
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	7,421,724	1,855,431	7,976,488	1,994,122
	<u>1,520,360,475</u>	<u>380,090,119</u>	<u>1,127,893,608</u>	<u>281,973,402</u>
Including:				
Expected to be reverse within one year (inclusive)		48,179,961		39,386,009
Expected to be reverse after one year		<u>331,910,158</u>		<u>242,587,393</u>
		<u>380,090,119</u>		<u>281,973,402</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(17) Deferred tax assets and deferred tax liabilities (continued)

(c) *Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows:*

	31 December 2020	31 December 2019
Deductible temporary differences	1,645,626,327	1,226,124,839
Deductible losses	2,163,327,814	2,550,471,144
	<u>3,808,954,141</u>	<u>3,776,595,983</u>

Given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against such deductible losses is highly uncertain. Therefore, the Group has not recognized deferred tax assets of approximately 540,832,000 (31 December 2019: 637,618,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2021 to 2025. In addition, given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against temporary differences is highly uncertain or the possibility of obtaining approval on the losses from tax authorities is low. Therefore, the Group also has not recognized deferred tax assets of approximately 411,407,000 (31 December 2019: 306,531,000) arising from the deductible temporary differences resulting from the impact of provision for impairment losses.

(d) *Deductible losses that are not recognized as deferred tax assets will be overdue in the following years:*

	31 December 2020	31 December 2019
2020	—	574,266,958
2021	508,799,495	529,147,107
2022	492,075,945	544,822,721
2023	578,997,477	609,128,474
2024	310,121,976	293,105,884
2025	273,332,921	—
	<u>2,163,327,814</u>	<u>2,550,471,144</u>

(e) *The net balances of deferred tax assets and liabilities after offsetting are as follows:*

	31 December 2020		31 December 2019	
	Offsetting amount	Net amount	Offsetting amount	Net amount
Deferred tax assets	212,525,583	1,718,307,625	97,937,922	1,455,035,532
Deferred tax liabilities	212,525,583	167,564,536	97,937,922	184,035,480

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss

2020

	31 December 2019	Increase in the current year	Decrease in the current year		Others	31 December 2020
			Reversal	Written-off		
Provision for bad debt of accounts receivable	185,971,013	100,616	(543,980)	(2,085,558)	(4,444)	183,437,647
Including: Provision for bad debt recognized individually	26,251,710	-	(9,690)	-	-	26,242,020
Provision for bad debt recognized on grouping basis	159,719,303	100,616	(534,290)	(2,085,558)	(4,444)	157,195,627
Provision for bad debt of other receivables	73,364,846	512,250	(1,533,726)	(4,337,210)	-	68,006,160
Provision for bad debt of other current asset	228,257	-	(109,319)	-	-	118,938
Subtotal	<u>259,564,116</u>	<u>612,866</u>	<u>(2,187,025)</u>	<u>(6,422,768)</u>	<u>(4,444)</u>	<u>251,562,745</u>
Provisions for impairment of inventory	3,538,702	-	-	(52,272)	-	3,486,430
Provisions for impairment of long-term investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	2,349,349	-	-	-	(471,917)	1,877,432
Provisions for impairment of fixed assets	469,369,758	130,553,700	-	(71,740,779)	(370,408)	527,812,271
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	<u>673,888,548</u>	<u>130,553,700</u>	<u>-</u>	<u>(71,793,051)</u>	<u>(842,325)</u>	<u>731,806,872</u>
	<u>933,452,664</u>	<u>131,166,566</u>	<u>(2,187,025)</u>	<u>(78,215,819)</u>	<u>(846,769)</u>	<u>983,369,617</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss (continued)

2019

	31 December 2018	Increase in the current year	Decrease in the current year		Others	31 December 2019
			Reversal	Written-off		
Provision for bad debt of accounts receivable	191,061,189	41,756	(5,116,804)	(16,264)	1,136	185,971,013
Including: Provision for bad debt recognized individually	26,751,710	-	(500,000)	-	-	26,251,710
Provision for bad debt recognized on grouping basis	164,309,479	41,756	(4,616,804)	(16,264)	1,136	159,719,303
Provision for bad debt of other receivables	77,142,452	377,983	(2,466,905)	(1,688,684)	-	73,364,846
Provision for bad debt of other current assets	155,498	228,257	(155,498)	-	-	228,257
Subtotal	268,359,139	647,996	(7,739,207)	(1,704,948)	1,136	259,564,116
Provisions for impairment of inventory	7,304,055	-	(288,110)	(3,477,243)	-	3,538,702
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	1,578,536	-	-	-	770,813	2,349,349
Provisions for impairment of fixed assets	434,501,719	121,339,530	-	(82,263,982)	(4,207,509)	469,369,758
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	642,015,049	121,339,530	(288,110)	(85,741,225)	(3,436,696)	673,888,548
	910,374,188	121,987,526	(8,027,317)	(87,446,173)	(3,435,560)	933,452,664

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(19) Other non-current assets

	31 December 2020	31 December 2019
Prepayments for construction and equipment	<u>57,672,911</u>	<u>72,852,914</u>

(20) Short-term borrowings

	Currency	31 December 2020	31 December 2019
Unsecured loan (i)	HKD	252,480,000	268,740,000
inter-bank borrowing (ii)	RMB	450,000,000	-
Interest payable	RMB	<u>793,054</u>	<u>2,166,631</u>
		<u>703,273,054</u>	<u>270,906,631</u>

(i) As at 31 December 2020, short-term loan represents the borrowing from bank of China, with RMB252,480,000 (Original foreign currency: HKD300,000,000) to Hong Kong Company, a subsidiary of the Company (As at 31 December 2019: RMB268,740,000 (Original foreign currency: HKD300,000,000)).

(ii) As at 31 December 2020, inter-bank borrowing has been borrowed by the Finance Company, a subsidiary of the Company and has been settled at 4 January 2021.

As at 31 December 2020, the interest rate of short-term borrowings is from 1.31% to 3.58% (31 December 2019: from 2.73% to 3.50%).

(21) Notes payable

	31 December 2020	31 December 2019
Trade acceptance notes	43,437,492	100,758,461
Bank acceptance notes	<u>106,054,100</u>	<u>120,066,862</u>
	<u>149,491,592</u>	<u>220,825,323</u>

Other cash balances of 3,180,000 (31 December 2019: 6,630,000) are pledged as collateral for the bank acceptance notes of the Group (Note 4(1)(iii)).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(22) Accounts payable

	31 December 2020	31 December 2019
Payable for materials and packing purchase	2,001,620,780	2,013,364,203
Payable for beer purchase due to related parties (Note 8(5))	140,979,145	102,848,774
Payable for promotional goods	68,107,878	42,206,864
Others	11,893,239	8,758,340
	<u>2,222,601,042</u>	<u>2,167,178,181</u>

- (i) As at 31 December 2020, accounts payable over 1 year with carrying amount of 15,146,001 (31 December 2019: 14,011,253) are mainly payables for materials purchase, for which has not yet been completed.
- (ii) Accounts payable are mainly recorded based on the dates of transactions and the ageing based on their recording dates is analysed as follows:

	31 December 2020	31 December 2019
Within 1 year	2,207,455,041	2,153,166,928
1 to 2 years	6,103,714	4,998,759
2 to 3 years	2,476,483	2,245,977
Over 3 years	6,565,804	6,766,517
	<u>2,222,601,042</u>	<u>2,167,178,181</u>

(23) Contract liabilities

	31 December 2020	31 December 2019
Dealer contract liabilities	<u>6,567,320,256</u>	<u>5,970,644,849</u>

A majority of opening balance of contract liabilities has been transferred to revenue in 2020.

As at 31 December 2020, the Group listed the value-added tax corresponding to contract liabilities of RMB296,004,209 in other current liabilities (31 December 2019: 305,074,854).

(24) Employee benefits payable

	31 December 2020	31 December 2019
Short-term employee benefits (a)	1,422,262,293	1,160,930,670
Defined contribution plans (b)	21,654,106	23,671,162
Termination benefits (c)	439,981,258	250,713,615
Supplemental post-employment benefits (Note 4(32))	22,301,789	23,350,339
	<u>1,906,199,446</u>	<u>1,458,665,786</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(24) Employee benefits payable (continued)

(a) Short-term employee benefits

2020

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Wages and salaries, bonus, allowances and subsidies	807,442,369	3,567,167,919	(3,343,228,867)	1,031,381,421
Staff welfare	1,036,893	287,688,154	(288,686,547)	38,500
Social security contributions	10,672,749	208,367,214	(208,441,058)	10,598,905
Including: Medical insurance	7,264,574	197,713,469	(197,674,099)	7,303,944
Work injury insurance	1,700,401	3,851,912	(3,898,888)	1,653,425
Maternity insurance	1,707,774	6,801,833	(6,868,071)	1,641,536
Housing funds	16,850,657	289,934,179	(288,876,201)	17,908,635
Labour union funds and employee education funds	324,928,002	126,453,722	(89,046,892)	362,334,832
	<u>1,160,930,670</u>	<u>4,479,611,188</u>	<u>(4,218,279,565)</u>	<u>1,422,262,293</u>

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Wages and salaries, bonus, allowances and subsidies	703,999,357	3,447,969,313	(3,344,526,301)	807,442,369
Staff welfare	871,037	280,558,162	(280,392,306)	1,036,893
Social security contributions	12,725,361	255,081,357	(257,133,969)	10,672,749
Including: Medical insurance	9,160,085	218,244,711	(220,140,222)	7,264,574
Work injury insurance	1,765,883	11,491,750	(11,557,232)	1,700,401
Maternity insurance	1,799,393	25,344,896	(25,436,515)	1,707,774
Housing funds	16,948,486	266,156,357	(266,254,186)	16,850,657
Labour union funds and employee education funds	299,137,024	121,150,090	(95,359,112)	324,928,002
	<u>1,033,681,265</u>	<u>4,370,915,279</u>	<u>(4,243,665,874)</u>	<u>1,160,930,670</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(24) Employee benefits payable (continued)

(b) Defined contribution plans

2020

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Basic pension	19,261,897	167,177,448	(168,839,006)	17,600,339
Unemployment insurance	4,409,265	6,199,518	(6,555,016)	4,053,767
	<u>23,671,162</u>	<u>173,376,966</u>	<u>(175,394,022)</u>	<u>21,654,106</u>

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Basic pension	21,020,996	448,615,915	(450,375,014)	19,261,897
Unemployment insurance	4,469,431	16,747,851	(16,808,017)	4,409,265
	<u>25,490,427</u>	<u>465,363,766</u>	<u>(467,183,031)</u>	<u>23,671,162</u>

(c) Termination benefits

	31 December 2020	31 December 2019
Early retirement benefits (Note 4(32))	133,239,157	123,371,385
Other termination benefits (i)	<u>306,742,101</u>	<u>127,342,230</u>
	<u>439,981,258</u>	<u>250,713,615</u>

- (i) For the year ended 31 December 2020, the Group has paid other termination benefits of 25,827,396, due to termination of labor relationship (2019: 59,682,140).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(25) Taxes payable

	31 December 2020	31 December 2019
Enterprise income tax payable	246,490,851	211,357,396
Consumption tax payable (i)	203,604,649	148,495,951
Unpaid VAT	36,915,626	87,811,500
City maintenance and construction tax payable	8,168,453	10,016,179
Education surcharge payable	7,048,785	8,377,748
Others	45,798,483	46,999,386
	<u>548,026,847</u>	<u>513,058,160</u>

- (i) As at 31 December 2020, several subsidiaries of the Company have accrued but not yet paid consumption tax in previous years. The total amount is approximately RMB41,883,000, and the local tax authorities have not yet required the relevant subsidiaries to pay.

(26) Other payables

	31 December 2020	31 December 2019
Guarantee deposits	800,813,929	752,125,817
Payables for equipments and engineering construction	566,763,419	379,395,052
Accruals for advertising expenses	370,800,664	285,777,281
Accruals for transportation expenses	343,883,695	319,194,913
Restricted stock repurchase obligations (Note 12)	279,576,000	-
Compensation collected in advance for demolition project	106,216,173	106,216,173
Accruals for labour expenses	78,609,432	73,671,439
Accruals for water, electricity and steam expenses	56,502,716	52,268,924
Accruals for general and administrative expenses	38,127,322	43,722,276
Dividend payable	11,700,168	-
Withholding social expenses for staff	10,185,931	12,241,556
Absorbed deposits from related parties and interests payables (i)	224,353	19,566,363
Others	411,474,406	380,677,707
	<u>3,074,878,208</u>	<u>2,424,857,501</u>

- (i) It represents the principal and interest of deposits absorbed from the Company's associates by Finance Company, a subsidiary of the Company.

As at 31 December 2020, other payables over 1 year with carrying amount of 587,962,603 (31 December 2019: 433,135,935) are mainly liabilities due to acquisition of subsidiaries and payables for equipments and engineering construction.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(27) Current portion of non-current liabilities

	30 December 2020	31 December 2019
Current portion of long-term borrowings (note 4(28))	215,720	418,360
Current portion of lease liabilities (note 4(29))	41,873,577	21,789,665
	<u>42,089,297</u>	<u>22,208,025</u>

(28) Long-term borrowings

	Currency	31 December 2020	31 December 2019
Guaranteed	DKK	215,720	627,540
Less: Current portion of guaranteed Borrowing (Note 4(27))		(215,720)	(418,360)
		<u>-</u>	<u>209,180</u>

As at 31 December 2020, bank guaranteed borrowing of RMB215,720 (Original foreign currency: DKK200,000) (31 December 2019: RMB627,540 (Original foreign currency: DKK600,000)), is guaranteed by Beijing Development and Reform Commission. The principal amount shall be repaid twice annually based on the equal repayment of principal method, with the last repayment falling due on 1 April 2021 (31 December 2019: 418,360).

As at 31 December 2020 and 2019, the long-term borrowings are interest-free borrowings.

(29) Lease liabilities

	31 December 2020	31 December 2019
Lease liabilities	157,713,446	59,261,550
Less: Current portion of lease liabilities (Note 4(27))	(41,873,577)	(21,789,665)
	<u>115,839,869</u>	<u>37,471,885</u>

As at 31 December 2020, the Group has no liabilities that will lead to potential cash outflow at the end of the year.

(30) Long-term payables

	31 December 2020	31 December 2019
Payables for specific projects	462,046,060	372,579,660

Payables for specific projects mainly represent the relocation compensation received by subsidiaries from the government. As the relocation has not yet been completed, the amount was temporarily accounted for as “payables for specific projects” in accordance with the requirements under No. 3 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Deferred income

2020

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020	Reason	
Government grants	2,519,926,935	663,403,883	(283,704,794)	2,899,626,024	Grants for relocation and technology improvement projects	
	31 December 2019	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2020	Related to assets/income
Government grants items						
Relocation projects						
Relocation project of Lu Dong area	399,039,710	-	(31,018,941)	-	368,020,769	Assets
Relocation project of Shan Xi	176,686,902	178,023,196	(5,154,671)	-	349,555,427	Assets/Income
Relocation project of Lu Xi area	98,699,600	67,641,158	(7,817,618)	-	158,523,140	Assets/Income
Relocation project of He Bei	41,630,253	101,505,914	(1,218,300)	-	141,917,867	Assets
Relocation project of Lu Nan area	150,441,211	-	(10,658,316)	-	139,782,895	Assets
Relocation project of Hu Bei	149,099,992	-	(11,461,909)	-	137,638,083	Assets
Relocation project of Gan Su	134,427,971	-	(10,753,146)	(1,451,907)	122,222,918	Assets
Relocation project of Shan Xi	132,885,544	-	(11,631,879)	-	121,253,665	Assets
Relocation project of Lu Nan area	126,703,263	-	(10,436,640)	-	116,266,623	Assets
Relocation project of Lu Xi area	129,770,199	-	(10,264,227)	(6,657,734)	112,848,238	Assets
Relocation project of Jiang Su	116,180,374	-	(9,550,282)	-	106,630,092	Assets
Relocation project of Lu Nan area	-	106,284,976	(2,000,852)	-	104,284,124	Assets/Income
Other relocation projects	611,144,937	66,000	(68,748,817)	-	542,462,120	Assets/Income
Technology improvement projects						
Technology improvement projects of Lu Xi area	-	145,920,000	(1,760,045)	-	144,159,955	Assets
Other Technology improvement projects	25,940,543	20,000,000	(3,749,970)	(214,143)	41,976,430	Assets
Other projects	227,276,436	43,962,639	(77,620,239)	(1,535,158)	192,083,678	
	2,519,926,935	663,403,883	(273,845,852)	(9,858,942)	2,899,626,024	

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Deferred income (continued)

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019	Reason	
Government grants	<u>2,343,747,145</u>	<u>542,738,567</u>	<u>(366,558,777)</u>	<u>2,519,926,935</u>	Grants for relocation and technology improvement projects	
	31 December 2018	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2019	Related to assets/income
Relocation projects						
Relocation project of Lu Dong area	414,242,128	10,228,702	(25,431,120)	-	399,039,710	Assets
Relocation project of Shan Xi	-	178,577,533	(1,890,631)	-	176,686,902	Assets
Relocation project of Lu Nan area	161,122,724	-	(10,656,013)	(25,500)	150,441,211	Assets
Relocation project of Hu Bei	150,824,841	10,044,878	(11,769,727)	-	149,099,992	Assets
Relocation project of Gan Su	145,327,766	-	(10,899,795)	-	134,427,971	Assets
Relocation project of Shan Xi	80,843,472	73,300,721	(21,258,649)	-	132,885,544	Assets
Relocation project of Lu Xi area	96,418,152	43,440,000	(10,087,953)	-	129,770,199	Assets
Relocation project of Lu Nan area	137,399,968	-	(10,696,705)	-	126,703,263	Assets
Relocation project of Jiang Su	126,117,012	-	(9,936,638)	-	116,180,374	Assets
Relocation project of Gan Su	121,126,737	-	(11,929,303)	-	109,197,434	Assets
Relocation project of Guang Dong	126,494,059	-	(12,145,399)	(8,750,541)	105,598,119	Assets
Relocation project of Hei Longjiang	108,147,567	92,333	(6,518,124)	-	101,721,776	Assets/Income
Other relocation projects	399,319,806	113,425,042	(76,805,834)	(981,553)	434,957,461	Assets/Income
Technology improvement projects						
Other Technology improvement projects	62,759,515	11,163,200	(3,504,802)	(3,834,082)	66,583,831	Assets
Other projects	<u>213,603,398</u>	<u>102,466,158</u>	<u>(128,985,461)</u>	<u>(450,947)</u>	<u>186,633,148</u>	
	<u>2,343,747,145</u>	<u>542,738,567</u>	<u>(352,516,154)</u>	<u>(14,042,623)</u>	<u>2,519,926,935</u>	

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Long-term employee benefits payable

	31 December 2020	31 December 2019
Early retirement benefits (a)	585,171,677	646,095,319
Supplemental post-employment benefits (b)	561,480,851	431,634,962
	<u>1,146,652,528</u>	<u>1,077,730,281</u>
Less: Early retirement benefits within one year	(133,239,157)	(123,371,385)
Supplemental post-employment benefits within one year	(22,301,789)	(23,350,339)
	<u>(155,540,946)</u>	<u>(146,721,724)</u>
	<u>991,111,582</u>	<u>931,008,557</u>

The above-mentioned benefits to be paid within one year are represented in employee benefits payable.

(a) Early retirement benefits

Some employees of the Group have retired before their statutory retirement age. As at the balance sheet date, the significant actuarial assumptions used in estimating the early retirement benefits payable by the Group are as follows:

	31 December 2020	31 December 2019
Discount rate (yield-to-maturity of the government bond with the same term)	2.47% - 3.15%	2.36% - 3.11%

Early retirement benefits charged to profit or loss for the current period:

	2020	2019
General and administrative expenses	25,524,605	416,684,296
Finance expenses	7,859,608	8,581,797

(b) Supplemental post-employment benefits

Supplemental post-employment benefits are provided to those employees who met certain criteria and the benefit plan was approved by the board of directors and the President's office. The benefits they can receive depend on their positions and seniorities. Such defined benefit obligations were calculated by external independent actuary Shi Towers Watson Management Consulting (Shenzhen) Co., Ltd. (unit member of China Association of Actuaries) according to the projected unit credit method.

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Long-term employee benefits payable (continued)

(b) Supplemental post-employment benefits (continued)

(i) Supplemental post-employment benefits obligations of the Group:

	31 December 2020	31 December 2019
Defined benefit obligations	561,480,851	431,634,962
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<u>561,480,851</u>	<u>431,634,962</u>

(ii) The movements in supplemental post-employment benefits of the Group are as follows:

	Present value of the defined benefit obligation
As at 1 January 2020	431,634,962
Amount charged to profit or loss in the current period	
— Service cost	158,203,598
— Interest expense on the net defined benefit obligations	10,735,000
Re-measurement amount	
— Actuarial gain (Note 4(36))	(17,790,000)
Payment	<u>(21,302,709)</u>
As at 31 December 2020	<u>561,480,851</u>
	Present value of the defined benefit obligation
As at 1 January 2019	325,266,898
Amount charged to profit or loss in the current period	
— Service cost	116,849,999
— Interest expense on the net defined benefit obligations	10,255,000
Re-measurement amount	
— Actuarial gain (Note 4(36))	(907,000)
Payment	<u>(19,829,935)</u>
As at 31 December 2019	<u>431,634,962</u>

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Long-term employee benefits payable (continued)

(b) Supplemental post-employment benefits (continued)

- (iii) The significant actuarial assumptions for the present value of the defined benefit obligations of the Group are as follows:

	31 December 2020	31 December 2019
Discount rate	3.75%	3.25%

Mortality refers to China Life Insurance Mortality Table (2010-2013).

The salary growth rate of in-service personnel is determined by the group's post-employment welfare policy and the average social salary growth rate.

- (iv) The sensitivity of the significant actuarial assumptions for the present value of defined benefit obligations is analysed as follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.52%	Increase by 3.73%

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity analyses of present value of the defined benefit obligation, the same method, projected unit credit method, has been applied as well.

- (v) The Group has not invested in any plan assets, and no separate trustee-administered assets to reimburse the payment of the defined benefit obligation of the Group (31 December 2019: nil).
- (vi) The weighted average duration of the defined benefit obligations is 14.5 years (31 December 2019: 11.3 years).
- (vii) Supplemental post-employment benefits caused many risks to the Group, and the primary risk is the fluctuation of the interest rates of government bonds. Decreasing in interest rates of government bonds results in increasing in the defined benefit obligation.
- (viii) As at 31 December 2020, the expected maturity of undiscounted defined benefit obligations is analysed as below:

	Within 1 year	1 to 5 years	More than 5 years	Total
Supplemental post-employment benefits	22,301,789	98,848,211	1,215,110,000	1,336,260,000

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Share capital

	31 December 2019	Movements in the current year	31 December 2020
RMB-denominated ordinary shares (i)	695,913,617	13,200,000	709,113,617
Foreign shares listed overseas	655,069,178	-	655,069,178
	<u>1,350,982,795</u>	<u>13,200,000</u>	<u>1,364,182,795</u>
	31 December 2018	Movements in the current year	31 December 2019
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>1,350,982,795</u>

(i) For the restricted A share incentive plan carried out by the Group this year, please refer to Note 12 for details.

(34) Capital surplus

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Share premium (i)(ii)	3,356,662,970	267,543,966	(179,393,414)	3,444,813,522
Other capital surplus —	87,654,485	142,823,616	-	230,478,101
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,196,463)	10,289	-	(10,186,174)
Amount included in shareholders' equity in share payments (ii)	-	142,725,847	-	142,725,847
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,512,734	87,480	-	4,600,214
	<u>3,444,317,455</u>	<u>410,367,582</u>	<u>(179,393,414)</u>	<u>3,675,291,623</u>

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For the year ended 31 December 2020

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4 Notes to the consolidated financial statements (continued)

(34) Capital surplus (continued)

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Share premium	3,356,662,970	-	-	3,356,662,970
Other capital surplus —	87,523,342	131,143	-	87,654,485
Share of changes of equity other than comprehensive income and profits distribution of investees accounted for using the equity method	(10,204,646)	8,183	-	(10,196,463)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,389,774	122,960	-	4,512,734
	<u>3,444,186,312</u>	<u>131,143</u>	<u>-</u>	<u>3,444,317,455</u>

- (i) On 10 January 2020, the Company completed the transfer of the 35% of the minority equity of Shandong Lulansa Beer Co., Ltd. (“Lulansa Company”), a subsidiary of the Company, held by Shandong Huashi Beer Co., Ltd. And the Company’s shareholding ratio in Lulansa Company increased from 55% to 90%. The capital surplus shall be adjusted according to the difference between the newly increased long-term equity investment and the net assets continuously calculated from the merger date with the newly increased shareholding ratio. The details are as follow:

Purchase cost — cash paid	241,818,181
Less: The shares of identifiable net assets of Lulansa Company continuously calculated from the merger date shall be determined according to the newly acquired 35% equity ratio	<u>(62,424,767)</u>
Adjustment of capital reserve	<u>179,393,414</u>

- (ii) As stated in Note 12, the Company received a total of RMB279,576,000 of capital contributions from 627 incentive participants in the restricted stock incentive plan. After the confirmed share capital was RMB13,200,000, the difference of RMB266,376,000 was included in the capital surplus. In 2020, the Group confirmed the general and administration expenses of RMB127,595,083 for the restricted stock incentive plan, and increased the capital surplus accordingly. At the same time, the Group recognized deferred income tax assets of RMB44,341,848 for the temporary difference arising from the recognition of equity incentive expenses, of which RMB28,856,747 was included in the income tax expense, RMB354,337 was recognized as minority equity, and the difference of RMB15,130,764 was included in the capital surplus.

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(35) Treasury stock

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Treasury stock	-	279,576,000	-	279,576,000

Since the Company has a repurchase obligation for the restricted stocks mentioned in Note 12 during the waiting period, the Company recognized the repurchase obligation as the liability, and confirmed RMB279,576,000 for treasury stocks and other payable respectively based on the number and the repurchase price of restricted stocks issued.

(36) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2020					
	31 December 2019	Attributable to shareholders of the Company, net of tax	31 December 2020	The pre-tax amount in the current year	Less: Transfer out from which were recognized in other comprehensive income in the previous periods	Less: Income tax expense	Attributable to shareholders of the Company, net of tax	Attributable to the non- controlling interests, net of tax
Items that will not be subsequently reclassified to profit or loss								
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(32)(b)(ii))	(49,361,000)	17,790,000	(31,571,000)	17,790,000	—	-	17,790,000	-
Items that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss	(657,778)	72,326	(585,452)	72,326	-	-	72,326	-
Currency translation differences	2,671,145	9,633,968	12,305,113	9,633,968	-	-	9,633,968	-
	(47,347,633)	27,496,294	(19,851,339)	27,496,294	-	-	27,496,294	-

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(36) Other comprehensive income (continued)

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2019					Attributable to the non-controlling interests, net of tax
	31 December 2018	Attributable to shareholders of the Company, net of tax	31 December 2019	The pre-tax amount in the current year	Less: Transfer out from which were recognized in other comprehensive income in the previous periods	Less: Income tax expense	Attributable to shareholders of the Company, net of tax	
Items that will not be subsequently reclassified to profit or loss								
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(32)(b)(ii))	(50,268,000)	907,000	(49,361,000)	907,000	-	-	907,000	-
Items that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss	(667,191)	9,413	(657,778)	9,413	-	-	9,413	-
Currency translation differences	6,238,387	(3,567,242)	2,671,145	(3,567,242)	-	-	(3,567,242)	-
	(44,696,804)	(2,650,829)	(47,347,633)	(2,650,829)	-	-	(2,650,829)	-

(37) Surplus reserve

	31 December 2019	Appropriation in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380
	31 December 2018	Appropriation in the current year	Decrease in the current year	31 December 2019
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380

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 the resolutions of the 15th meeting of the 9th Board of Directors, the Company would not appropriate the statutory surplus reserve in 2020 (2019: nil).

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(38) General reserve

	31 December 2019	Appropriation in the current year	Decrease in the current year	31 December 2020
General reserve	234,715,680	25,628,874	-	260,344,554
	31 December 2018	Appropriation in the current year	Decrease in the current year	31 December 2019
General reserve	199,512,331	35,203,349	-	234,715,680

Pursuant to Caijin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” issued by the Ministry of Finance, Finance Company, a subsidiary of the Company, according to 1.5% of the ending balance of the risk assets at Balance sheet date based on its risk consideration.

(39) Undistributed profits

	2020	2019
Undistributed profits at the beginning of the period	12,788,210,357	11,619,782,072
Add: Net profit attributable to shareholders of the Company for the current period	2,201,323,556	1,852,103,376
Less: appropriated general reserve	(25,628,874)	(35,203,349)
Ordinary shares dividend payable (a)	(743,040,537)	(648,471,742)
Undistributed profits at the end of the period	14,220,864,502	12,788,210,357

- (a) Pursuant to the resolution at the Annual General Meeting dated 8 June 2020, the Company approved a cash dividend of RMB0.55 per share (tax included) to the shareholders of the Company with RMB743,040,537, based on a total number of 1,350,982,795 shares (2019: cash dividend of RMB0.48 per share (tax included) to the shareholders of the Company with RMB648,471,742, based on a total number of 1,350,982,795 share).

Pursuant to the decision of the Board of Directors on 26 March 2021, the Board of Directors proposed that the Company should approve a cash dividend RMB0.75 per share (tax included) to the shareholders of the Company with RMB1,023,137,096, based on a total number of 1,364,182,795. The above proposal is subject to approval at the forthcoming Annual General Meeting (Note 10).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(40) Revenue and cost of sales

	2020	2019
Revenue from main operation (a)	27,337,977,919	27,618,479,426
Revenue from other operations (b)	421,733,007	365,280,937
	<u>27,759,710,926</u>	<u>27,983,760,363</u>
	2020	2019
Cost of main operation (a)	(16,236,204,483)	(16,862,865,858)
Cost of other operations (b)	(304,405,141)	(217,577,424)
	<u>(16,540,609,624)</u>	<u>(17,080,443,282)</u>

(a) Revenue and cost of main operation

	2020		2019	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	27,337,977,919	(16,236,204,483)	27,618,479,426	(16,862,865,858)

(b) Revenue and cost of other operations

	2020		2019	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sale of raw materials	126,789,266	(125,408,322)	24,825,563	(23,336,283)
Sale of packaging materials	63,443,783	(33,870,435)	92,545,784	(69,325,655)
Transportation services	34,325,848	(41,388,337)	35,375,733	(43,167,191)
Construction and equipment installations	13,185,994	(10,615,445)	2,320,124	(1,900,902)
Others	183,988,116	(93,122,602)	210,213,733	(79,847,393)
	<u>421,733,007</u>	<u>(304,405,141)</u>	<u>365,280,937</u>	<u>(217,577,424)</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(41) Taxes and surcharges

	2020	2019	Tax base
Consumption tax	1,670,968,049	1,741,751,782	Note 3
City maintenance and construction tax	224,269,519	234,094,099	Note 3
Education surcharges	169,702,554	176,064,841	Note 3
Real estate tax	57,257,021	61,093,344	
Land use tax	55,081,454	59,972,034	
Stamp duty	26,024,477	25,222,029	
Others	15,769,025	15,124,664	
	<u>2,219,072,099</u>	<u>2,313,322,793</u>	

(42) Selling and distribution Expenses

	2020	2019
Employee benefits expenses	2,104,370,364	2,150,363,056
Handling and transportation expenses	1,411,372,302	1,452,646,607
Advertising related expenses	912,164,038	957,914,513
Depreciation and amortisation charges	120,441,252	109,298,505
Administrative expenses	118,082,929	146,423,688
Operating lease payments	86,649,299	81,204,578
Labour expense	82,090,009	76,468,523
Material consumptions	73,781,920	62,966,690
Other expenses	75,597,724	66,219,574
	<u>4,984,549,837</u>	<u>5,103,505,734</u>

(43) General and administrative expenses

	2020	2019
Employee benefits expenses	994,053,111	1,315,762,340
Depreciation and amortisation charges	207,345,977	198,778,033
Share-based payment fees	127,595,083	-
Administrative expenses	86,866,131	106,250,628
Agency fees	57,480,464	50,024,212
Repair expenses	36,256,847	39,513,959
Fire control expenses to guards	32,026,447	33,155,907
Insurance expenses	22,462,565	23,009,286
Disabled security fund	15,236,688	13,834,412
Handling and transportation expenses	10,130,987	8,277,059
Material consumption	9,089,772	11,662,706
Labour expenses	8,943,807	9,635,574
Other expenses	70,562,843	71,149,370
	<u>1,678,050,722</u>	<u>1,881,053,486</u>

Notes to Financial Statements

For the year ended 31 December 2020

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4 Notes to the consolidated financial statements (continued)

(44) Research and development expenses

	2020	2019
Employee benefits expenses	13,757,576	13,573,205
Depreciation charges	2,243,444	2,380,795
Material consumptions	1,679,201	1,868,632
Administrative expenses	371,963	535,305
Other expenses	3,414,908	2,730,773
	<u>21,467,092</u>	<u>21,088,710</u>

(45) Financing Expenses

	2020	2019
Interest payment	13,662,682	13,621,266
Less: Interest income	(524,029,340)	(514,830,422)
Exchange loss/gains	11,850,797	(7,651,241)
Discounted interest on long-term employee compensation payable	18,594,608	18,836,797
Interest expense on lease liabilities	5,467,871	2,377,391
Other	3,531,922	3,473,993
	<u>(470,921,460)</u>	<u>(484,172,216)</u>

(46) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement classified by nature are as follows:

	2020	2019
Raw materials, packaging materials and consumables used	12,021,846,574	12,652,771,083
Changes in inventories of finished goods and work in progress	(5,917,047)	(363,312,442)
Finished goods purchased from outside	1,083,710,354	1,178,041,212
Employee benefits expenses	5,041,943,622	5,556,837,710
Handling and transportation expenses	1,573,600,777	1,625,262,209
Depreciation and amortisation charges	1,153,665,668	1,129,093,862
Advertising related expenses	912,164,038	957,914,513
Repair expenses	386,985,564	381,461,691
Labour expenses	217,680,554	238,905,806
Administrative expenses	211,633,891	262,220,198
Share-based payment fees	127,595,083	-
Operating lease payments	111,423,398	98,380,929
Auditors' remuneration — audit services	8,094,340	8,094,340
Other expenses	380,250,459	360,420,101
	<u>23,224,677,275</u>	<u>24,086,091,212</u>

As mentioned in Note 2(25), the Group directly included the rental expenses for short-term leases and low-value leases in the current profit and loss. The amount for 2020 is RMB111,423,398 (2019: RMB98,380,929).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(47) Asset impairment losses

	2020	2019
Impairment reversals of inventories	-	(288,110)
Impairment losses of fixed assets	<u>130,553,700</u>	<u>121,339,530</u>
	<u>130,553,700</u>	<u>121,051,420</u>

(48) Credit impairment losses

	2020	2019
Reversals of bad debts of accounts receivable	(443,364)	(5,075,048)
Reversals of bad debts of other receivables	(1,021,476)	(2,088,922)
(Reversals)/Losses of bad debts of other current assets	<u>(109,319)</u>	<u>72,759</u>
	<u>(1,574,159)</u>	<u>(7,091,211)</u>

(49) Other income

	2020	2019	Related to assets/ income
Grant for company development	220,226,616	162,390,828	Income
Grant for relocation projects	190,715,598	220,025,891	Assets/Income
Grant for technology improvement projects	5,510,015	3,504,802	Assets
Grant for other production and operation	<u>100,596,607</u>	<u>216,976,175</u>	Assets/Income
	<u>517,048,836</u>	<u>602,897,696</u>	

(50) Investment income

	2020	2019
Investment income from long-term equity investments accounted for using the equity method	18,098,320	21,182,903
Fund investment dividends and investment income obtained at the time of disposal	3,663,876	569,795
Investment income from the disposal of wealth management products	2,928,887	2,659,221
Others	<u>552,513</u>	<u>96,847</u>
	<u>25,243,596</u>	<u>24,508,766</u>

There is no significant restriction on transferring funds in the form of investment income.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(51) Profits arising from changes in fair value

	2020	2019
Financial assets at fair value through profit or loss —		
Wealth management products	57,966,546	56,338,061
Fund investment	<u>(2,873,912)</u>	<u>416,390</u>
	<u>55,092,634</u>	<u>56,754,451</u>

(52) Gains on disposals of assets

	2020	2019
(Loss)/Gains on disposal of fixed assets	(8,886,580)	4,322,131
Gains on disposal of intangible assets	<u>3,682,564</u>	<u>54,848,420</u>
	<u>(5,204,016)</u>	<u>59,170,551</u>

For Year ended 31 December 2020, all gains on disposals of assets have been regarded as non-recurring profit or loss in the current year.

(53) Non-operating income

	2020	2019
Donation gains	3,935,304	15,855
Gains on unpaid debts	3,596,653	27,017,252
Penalty gains	1,935,364	2,835,648
Others	<u>5,119,571</u>	<u>4,795,836</u>
	<u>14,586,892</u>	<u>34,664,591</u>

For the year ended 31 December 2020, all non-operating income has been regarded as non-recurring profit or loss in the current year.

(54) Non-operating expenses

	2020	2019
Donations	13,578,673	3,116,338
Compensations, defaults and overdue fines	10,416,965	668,606
Others	<u>1,126,451</u>	<u>1,858,647</u>
	<u>25,122,089</u>	<u>5,643,591</u>

For the year ended 31 December 2020, all non-operating expenses have been regard as non-recurring profit or loss in the current year.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(55) Income tax expense

	2020	2019
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,190,529,816	1,064,649,714
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	1,136,338	1,589,540
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	657,402	716,028
Deferred income tax	<u>(279,743,037)</u>	<u>(269,160,846)</u>
	<u>912,580,519</u>	<u>797,794,436</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 expense is listed below:

	2020	2019
Total profit	<u>3,239,549,324</u>	<u>2,726,910,829</u>
Income tax expense calculated at applicable tax rates	809,445,498	680,439,443
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	28,736,725	51,299,027
Income not subject to tax	(20,076,572)	(20,264,893)
Impact of utilisation of deductible tax losses and temporary differences previously unrecognized deferred tax assets	(74,776,247)	(78,522,279)
Deductible temporary differences of currently unrecognized deferred tax assets	100,917,885	91,566,667
Deductible tax losses of currently unrecognized deferred tax assets	<u>68,333,230</u>	<u>73,276,471</u>
Income tax expense	<u>912,580,519</u>	<u>797,794,436</u>

(56) 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 numbers of ordinary shares outstanding:

	2020	2019
Consolidated net profit attributable to ordinary shareholders of the Company	2,201,323,556	1,852,103,376
Weighted average numbers of ordinary shares outstanding	<u>1,350,982,795</u>	<u>1,350,982,795</u>
Basic earnings per share	<u>1.629</u>	<u>1.371</u>
Including:		
— Basic earnings per share from continuing operations	1.629	1.371

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(56) Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of the Company's ordinary shares outstanding. In 2020, the restricted stock incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	2020	2019
Consolidated net profit attributable to ordinary shareholders of the Company	2,201,323,556	1,852,103,376
Weighted average number of ordinary shares outstanding	1,350,982,795	1,350,982,795
Weighted average number of ordinary shares increased due to share-based payment	1,751,325	-
Weighted average number of ordinary shares outstanding after dilution	<u>1,352,734,120</u>	<u>1,350,982,795</u>
Diluted earnings per share	<u>1.627</u>	<u>1.371</u>
Including:		
Diluted earnings per share from continuing operations:	1.627	1.371

(57) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2020	2019
Government grants	923,295,281	930,330,968
Guarantee deposits	489,054,199	578,691,077
Others	<u>320,766,255</u>	<u>298,939,558</u>
	<u>1,733,115,735</u>	<u>1,807,961,603</u>

(b) Cash paid relating to other operating activities

	2020	2019
Handling and transportation expenses	1,708,162,695	1,729,099,433
Marketing and promotion expenses	879,315,992	881,200,305
Advertising related expenses	859,421,404	864,209,880
Administrative expenses	302,408,707	330,837,510
Guarantee deposits	259,760,637	270,119,230
Others	<u>358,191,328</u>	<u>290,734,488</u>
	<u>4,367,260,763</u>	<u>4,366,200,846</u>

Notes to Financial Statements

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4 Notes to the consolidated financial statements (continued)

(57) Notes to consolidated cash flow statement (continued)

(c) Cash received relating to other investing activities

	2020	2019
Interest income of Finance Company's deposits	287,446,225	434,734,109
Deposit reserve withdrew by Finance Company	-	242,730,000
Bidding deposits and others received	20,627,819	24,003,265
	<u>308,074,044</u>	<u>701,467,374</u>

(d) Cash paid relating to other investing activities

	2020	2019
Bidding deposits and others paid	80,732,096	21,103,503
Deposit reserve paid by Finance Company	58,060,000	-
	<u>138,792,096</u>	<u>21,103,503</u>

(e) Cash paid relating to other financing activities

	2020	2019
Purchase of minority equity (note 34(i))	241,818,181	-
Repayment of lease liabilities	52,301,898	24,909,652
	<u>294,120,079</u>	<u>24,909,652</u>

For the year ended 31 December 2020, total cash outflows related to lease paid by the Group is 142,190,422. Other cash outflows are recognized into operating activities except repayment of lease liabilities recognized in financing activities mentioned above.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(58) Supplementary information to consolidated cash flow statement

(a) Supplementary information to consolidated cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	2020	2019
Net profit	2,326,968,805	1,929,116,393
Add: Provision for asset impairment	130,553,700	121,051,420
Reversal for credit impairment	(1,574,159)	(7,091,211)
Depreciation of fixed assets and investment properties	901,029,928	895,214,367
Depreciation of right-of-use assets	40,082,841	22,855,802
Amortisation of intangible assets	203,938,872	206,805,092
Amortisation of long-term prepaid expenses	17,639,686	12,757,690
Loss/(Gains) on disposal of fixed assets and intangible assets	5,204,016	(59,170,551)
Profits arising from changes in fair value	(55,092,634)	(56,754,451)
Finance expenses	(287,546,867)	(355,960,329)
Investment income	(25,243,596)	(24,508,766)
Increase in deferred tax assets	(263,272,093)	(248,015,145)
Amortisation of deferred income	(273,845,852)	(352,516,154)
Decrease in deferred tax liabilities	(16,470,944)	(21,145,701)
Increase in inventories	(100,786,072)	(527,207,115)
Decrease in operating receivables	65,871,994	73,952,901
Increase in operating payables	2,285,964,737	2,407,168,337
Net cash flows from operating activities	<u>4,953,422,362</u>	<u>4,016,552,579</u>

Net increase in cash and cash equivalents

	2020	2019
Cash and cash equivalents at end of the year	17,643,123,424	14,557,393,355
Less: Cash and cash equivalents at beginning of the year	(14,557,393,355)	(11,653,288,328)
Net increase in cash and cash equivalents	<u>3,085,730,069</u>	<u>2,904,105,027</u>

(b) Cash and cash equivalents

	31 December 2020	31 December 2019
Cash and cash equivalents (Note 4(1))	17,643,123,424	14,557,393,355
Including: Cash on hand	252,872	203,723
Cash at bank that can be readily drawn on demand	17,641,304,930	14,556,264,884
Cash at non-financial institutions that can be readily drawn on demand	1,565,622	924,748
Cash and cash equivalents at end of the year	<u>17,643,123,424</u>	<u>14,557,393,355</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(59) Foreign currency items

	31 December 2020		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and cash on hand —			
USD	38,070,846	6.5249	248,408,463
HKD	75,336,230	0.8416	63,402,971
MOP	23,268,243	0.8172	19,014,808
EUR	1,665,241	8.0250	13,363,559
VND	17,598,349,105	0.0003	5,279,505
			<u>349,469,306</u>
Accounts receivable —			
USD	4,245,535	6.5249	27,701,691
HKD	24,127,831	0.8416	20,305,983
EUR	1,056,264	8.0250	8,476,519
GBP	579,961	8.8903	5,156,027
CAD	291,876	5.1161	1,493,267
			<u>63,133,487</u>
Other receivables —			
HKD	1,256,735	0.8416	1,057,668
MOP	341,053	0.8172	278,709
VND	313,800,000	0.0003	94,140
			<u>1,430,517</u>
Short-term borrowings —			
HKD	300,000,000	0.8416	252,480,000
Other payables —			
USD	962,928	6.5249	6,283,009
Current portion of non-current liabilities —			
DKK	200,000	1.0786	215,720

Foreign currency monetary item mentioned above refers to all currencies other than RMB (the scope is different from the foreign currency items in Note 11(1)(a)).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

5 Changes in consolidation scope

As at 4 June 2020, the Company established Tsingtao Brewery (Zaozhuang) Co., Ltd. (“Zaozhuang Company”) with a registered capital of RMB200,000,000. As at 31 December 2020, the Company has actually contributed RMB150,000,000 in cash.

As at 11 July 2020, Hong Kong company, a subsidiary of the Company, established Vietnam Company with a registered capital of USD1,000,000. As at 31 December 2020, Hong Kong Company has actually contributed USD1,000,000 in cash.

As at 6 March 2020, the Company’s subsidiary Tsingtao Brewery Cultural Communication Co., Ltd. (“Cultural Communication Company”) established Tsingtao Brewery (West Coast) Cultural Tourism Development Co., Ltd. (“West Coast Cultural Tourism”) with a registered capital of RMB9,000,000. As at 31 December 2020, Cultural Communication Company has actually contributed RMB9,000,000 in cash. As at 30 November 2020, the Company subscribed a registered capital of RMB171,000,000 to increase the capital of West Coast Cultural Tourism. As at 31 December 2020, the Company had actually contributed RMB30,000,000 in cash.

6 Interests in other entities

(1) Interests in subsidiaries

(a) The structure of the Group

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Shenzhen Tsingtao Brewery Huanan Holding Co., Ltd. (“Huanan Holding Company”)	Shenzhen, the PRC	Shenzhen, the PRC	Financing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Zhuhai) Co., Ltd. (“Zhuhai Company”)	Zhuhai, the PRC	Zhuhai, the PRC	Manufacturing	60,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Huangshi) Co., Ltd. (“Huangshi Company”)	Huangshi, the PRC	Huangshi, the PRC	Manufacturing	168,630,000	97.18%	2.82%	Establishment or investment
Tsingtao Brewery (Yingcheng) Co., Ltd. (“Yingcheng Company”)	Yingcheng, the PRC	Yingcheng, the PRC	Manufacturing	47,070,000	89.91%	10.09%	Establishment or investment
Shenzhen Huanan Tsingtao Brewery Sales Co., Ltd. (“Huanan Sales Company”)	Guangdong, the PRC	Shenzhen, the PRC	Wholesale and retail sale	20,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Changsha) Co., Ltd. (“Changsha Company”)	Changsha, the PRC	Changsha, the PRC	Manufacturing	68,000,000	70%	30%	Establishment or investment
Shanghai Tsingtao Brewery Huadong (Holding) Co., Ltd. (“Huadong Holding Company”)	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,000,000	100%	-	Establishment or investment
Tsingtao Brewery Huadong Shanghai Sales Co., Ltd. (“Shanghai Sales Company”)	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,300,000	97.01%	2.99%	Establishment or investment
Nanjing Tsingtao Brewery Huadong Sales Co., Ltd.	Jiangsu, the PRC	Nanjing, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Wuhu) Co., Ltd. (“Wuhu Company”)	Wuhu, the PRC	Wuhu, the PRC	Manufacturing	314,290,000	94.27%	5.73%	Establishment or investment
Tsingtao Brewery (Maanshan) Co., Ltd. (“Maanshan Company”)	Maanshan, the PRC	Maanshan, the PRC	Manufacturing	85,000,000	94.12%	5.58%	Establishment or investment

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Shouguang) Co., Ltd. ("Shouguang Company")	Shouguang, the PRC	Shouguang, the PRC	Manufacturing	60,606,060	99%	-	Establishment or investment
Tsingtao Brewery (Weifang) Co., Ltd. ("Weifang Company")	Weifang, the PRC	Weifang, the PRC	Manufacturing	75,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Xuzhou) Huaihai Sales Co., Ltd.	Jiangsu, the PRC	Xuzhou, the PRC	Wholesale and retail sale	131,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Xuecheng) Co., Ltd. ("Xuecheng Company")	Xuecheng, the PRC	Xuecheng, the PRC	Manufacturing	45,000,000	-	85%	Establishment or investment
Tsingtao Brewery (Tengzhou) Co., Ltd. ("Tengzhou Company")	Tengzhou, the PRC	Tengzhou, the PRC	Manufacturing	61,020,000	76.65%	23.35%	Establishment or investment
Tsingtao Brewery (Heze) Co., Ltd. ("Heze Company")	Heze, the PRC	Heze, the PRC	Manufacturing	130,000,000	93.08%	6.92%	Establishment or investment
Tsingtao Brewery (Langfang) Co., Ltd. ("Langfang Company")	Langfang, the PRC	Langfang, the PRC	Manufacturing	99,000,000	80.80%	19.20%	Establishment or investment
Tsingtao Brewery Xi'an Han's Group Co., Ltd. ("Xi'an Han's")	Shaanxi, the PRC	Xi'an, the PRC	Manufacturing and Wholesale and retail sale	287,903,022	100%	-	Establishment or investment
Tsingtao Brewery Baoji Co., Ltd. ("Baoji Company")	Baoji, the PRC	Baoji, the PRC	Manufacturing	130,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Anshan) Co., Ltd. ("Anshan Company")	Anshan, the PRC	Anshan, the PRC	Manufacturing	50,000,000	60%	-	Establishment or investment
Tsingtao Brewery (Xingkaihu) Co., Ltd. ("Xingkaihu Company")	Jixi, the PRC	Jixi, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Mishan) Co., Ltd. ("Mishan Company")	Mishan, the PRC	Mishan, the PRC	Manufacturing	118,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Harbin) Co., Ltd. ("Harbin Company")	Harbin, the PRC	Harbin, the PRC	Manufacturing	155,600,000	100%	-	Establishment or investment
Tsingtao Brewery International Trade Co., Ltd. ("International Trade")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	11,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Dezhou) Co., Ltd. ("Dezhou Company")	Pingyuan, the PRC	Pingyuan, the PRC	Manufacturing	25,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Rizhao) Co., Ltd. ("Rizhao Company")	Rizhao, the PRC	Rizhao, the PRC	Manufacturing	290,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Luzhou) Co., Ltd. ("Luzhou Company")	Luzhou, the PRC	Luzhou, the PRC	Manufacturing	111,110,000	95%	-	Establishment or investment
Tsingtao Brewery (Taizhou) Co., Ltd. ("Taizhou Company")	Taizhou, the PRC	Taizhou, the PRC	Manufacturing	70,000,000	86.43%	13.57%	Establishment or investment
Hong Kong Company	Hong Kong, the PRC	Hong Kong, the PRC	Wholesale and retail sale	40,500,000HKD	100%	-	Establishment or investment
Tsingtao Brewery (Hanzhong) Co., Ltd. ("Hanzhong Company")	Hanzhong, the PRC	Hanzhong, the PRC	Manufacturing	29,410,000	34%	66%	Establishment or investment

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Beijing Tsingtao Brewery Beifang Sales Co., Ltd. ("Beifang Sales Company")	Beijing, the PRC	Beijing, the PRC	Wholesale and retail sale	89,980,000	95%	5%	Establishment or investment
Qingdao Guangrunlong Logistics Co., Ltd. ("Guangrunlong Logistics")	Shandong, the PRC	Qingdao, the PRC	Logistics	6,184,000	100%	-	Establishment or investment
Tsingtao Brewery (Xiamen) Co., Ltd. ("Xiamen Company")	Xiamen, the PRC	Xiamen, the PRC	Manufacturing	90,000,000	-	100%	Establishment or investment
Xiamen Tsingtao Brewery Dongnan Sales Co., Ltd. ("Dongnan Sales Company")	Fujian, the PRC	Xiamen, the PRC	Wholesale and retail sale	215,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jinan) Co., Ltd. ("Jinan Company")	Jinan, the PRC	Jinan, the PRC	Manufacturing	560,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Chengdu) Co., Ltd. ("Chengdu Company")	Chengdu, the PRC	Chengdu, the PRC	Manufacturing	280,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Yulin) Co., Ltd.	Yulin, the PRC	Yulin, the PRC	Manufacturing	55,000,000	-	100%	Establishment or investment
Tsingtao Brewery Chengyang Sales Co., Ltd. ("Chengyang Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery Chenzhou Sales Co., Ltd.	Chenzhou, the PRC	Chenzhou, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Machinery and Equipment Company	Qingdao, the PRC	Qingdao, the PRC	Construction	2,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Shijiazhuang) Co., Ltd. ("Shijiazhuang Company")	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	321,010,000	100%	-	Establishment or investment
Tsingtao Brewery (Taiyuan) Co., Ltd. ("Taiyuan Company")	Taiyuan, the PRC	Taiyuan, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Finance Company	Qingdao, the PRC	Qingdao, the PRC	Financing	1,000,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jieyang) Co., Ltd. ("Jieyang Company")	Jieyang, the PRC	Jieyang, the PRC	Manufacturing	200,000,000	75%	-	Establishment or investment
Tsingtao Brewery (Shaoguan) Co., Ltd. ("Shaoguan Company")	Shaoguan, the PRC	Shaoguan, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Electronic Commerce) Co., Ltd. ("Electronic Commerce Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jiujiang) Co., Ltd. ("Jiujiang Company")	Jiujiang, the PRC	Jiujiang, the PRC	Manufacturing	200,000,000	90%	-	Establishment or investment
Tsingtao Brewery (Pingdu) Sales Co., Ltd. ("Pingdu Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	5,000,000	100%	-	Establishment or investment
Shanghai Tsingtao Brewery Sales Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	96,300,000	-	100%	Establishment or investment

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Xuzhou) Enterprise Management Service Co., Ltd. ("Xuzhou Enterprise Management")	Xuzhou, the PRC	Xuzhou, the PRC	Wholesale and retail sale	10,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Luoyang) Co., Ltd. ("Luoyang Company")	Luoyang, the PRC	Luoyang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Shanghai) industrial Co., Ltd. ("Shanghai Industrial Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	416,800,000	100%	-	Establishment or investment
Tsingtao Brewery (Zhangjiakou) Co., Ltd. ("Zhangjiakou company")	Zhangjiakou, the PRC	Zhangjiakou, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Vietnam Company	Vietnam, the PRC	Vietnam, the PRC	Wholesale and retail sale	1,000,000USD	-	100%	Establishment or investment
Zaozhuang Company	Zaozhuang, the PRC	Zaozhuang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
West Coast Culture Tourism	Qingdao, the PRC	Qingdao, the PRC	Wholesale	180,000,000	95%	5%	Establishment or investment
Shanghai Tsingtao Catering Management Co.,Ltd	Shanghai, the PRC	Shanghai, the PRC	Services	12,000,000	-	68%	Establishment or investment
Tsingtao Brewery (Sanshui) Co., Ltd. ("Sanshui Company")	Sanshui, the PRC	Sanshui, the PRC	Manufacturing	5,000,000USD	-	75%	Business combination not under common control
Tsingtao Brewery (Chenzhou) Co., Ltd. ("Chenzhou Company")	Chenzhou, the PRC	Chenzhou, the PRC	Manufacturing	70,000,000	88.80%	11.20%	Business combination not under common control
Shenzhen Tsingtao Brewery Asahi Co., Ltd. ("Shenzhen Asahi")	Shenzhen, the PRC	Shenzhen, the PRC	Manufacturing	30,000,000USD	51%	-	Business combination not under common control
Nanning Tsingtao Brewery Co., Ltd.	Nanning, the PRC	Nanning, the PRC	Manufacturing	730,000,000	-	75%	Business combination not under common control
Beijing Tsingtao Brewery Three Ring Co., Ltd. ("Three Ring Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	29,800,000USD	29%	25%	Business combination not under common control
Beijing Tsingtao Brewery Five Star Co., Ltd. ("Five Star Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	862,000,000	37.64%	25%	Business combination not under common control
Tsingtao Brewery (Weinan) Co., Ltd. ("Weinan Company")	Weinan, the PRC	Weinan, the PRC	Manufacturing	50,000,000	28%	72%	Business combination not under common control
Tsingtao Brewery (Gansu) Co., Ltd. ("Gansu Nongken Company")	Lanzhou, the PRC	Lanzhou, the PRC	Manufacturing	174,420,800	-	55.06%	Business combination not under common control

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Wuwei) Co., Ltd.	Wuwei, the PRC	Wuwei, the PRC	Manufacturing	36,100,000	-	99.72%	Business combination not under common control
Tsingtao Brewery (Rongcheng) Co., Ltd. ("Rongcheng Company")	Rongcheng, the PRC	Rongcheng, the PRC	Manufacturing	20,000,000	70%	-	Business combination not under common control
Tsingtao Brewery (Suizhou) Co., Ltd.	Suizhou, the PRC	Suizhou, the PRC	Manufacturing	24,000,000	-	90%	Business combination not under common control
Tsingtao Brewery (Fuzhou) Co., Ltd.	Fuzhou, the PRC	Fuzhou, the PRC	Manufacturing	26,828,100USD	-	100%	Business combination not under common control
Tsingtao Brewery (Zhangzhou) Co., Ltd.	Zhangzhou, the PRC	Zhangzhou, the PRC	Manufacturing	100,000,000	-	90%	Business combination not under common control
Construction Company	Qingdao, the PRC	Qingdao, the PRC	Construction	13,142,176	100%	-	Business combination not under common control
Tsingtao Brewery (Penglai) Co., Ltd. ("Penglai Company")	Penglai, the PRC	Penglai, the PRC	Manufacturing	37,500,000	80%	-	Business combination not under common control
Cultural Communication Company	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	3,500,000	100%	-	Business combination not under common control
Tsingtao Brewery Beverage Co., Ltd. ("Beverage Company")	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	130,000,000	100%	-	Business combination not under common control
Immense Brewery Company	Shandong, the PRC	Mengyin, the PRC	Manufacturing Wholesale and retail sale	18,760,000USD	75%	25%	Business combination not under common control
Tsingtao Brewery (Hangzhou) Co., Ltd. ("Hangzhou Company")	Jiande, the PRC	Jiande, the PRC	Manufacturing	230,000,000	80%	-	Business combination not under common control
Macau Company	Macau, the PRC	Macau, the PRC	Wholesale and retail sale	200,000MOP	-	60%	Business combination not under common control
Tsingtao Brewery (Shanghai) Market Service Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	334,578,898	-	100%	Business combination not under common control
Shandong Lulansa Brewery Co., Ltd. ("Lulansa Company")	Zibo, the PRC	Zibo, the PRC	Manufacturing	100,000,000	90%	-	Business combination not under common control

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Equipment Manufacture Company	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	2,897,600	-	100%	Business combination not under common control
Tsingtao Brewery (Shanghai) Investing Co., Ltd (“Shanghai Investing Company”)	Shanghai, the PRC	Shanghai, the PRC	Financing	907,320,000	100%	-	Business combination not under common control
Tsingtao Brewery Shanghai Songjiang Manufacturing Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	50,000,000	-	100%	Business combination not under common control
Tsingto Brewery (Suqian) Co., Ltd. (“Suqian Company”)	Suqian, the PRC	Suqian, the PRC	Manufacturing	100,000,000	75%	25%	Business combination not under common control
Tsingto Brewery (Xuzhou) Pengcheng Co.,Ltd.	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	155,000,000	-	100%	Business combination not under common control
Tsingtao Brewery (Xuzhou) Co., Ltd.	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	39,336,899	-	100%	Business combination not under common control
Tsingtao Brewery (Yangzhou) Co., Ltd. (“Yangzhou Company”)	Yangzhou, the PRC	Yangzhou, the PRC	Manufacturing	200,000,000	50%	50%	Business combination not under common control
Tsingto Brewery (Kunshan) Co., Ltd. (“Kunshan Company”)	Kunshan, the PRC	Kunshan, the PRC	Manufacturing	731,535,952	-	100%	Business combination not under common control
Tsingto Brewery (Lianyungang) Co., Ltd.	Lianyungang, the PRC	Lianyungang, the PRC	Manufacturing	166,093,523	-	100%	Business combination not under common control
Tsingto Brewery (Minhang) Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	377,251,025	-	96.50%	Business combination not under common control

Except Gansu Nongken, whose corporate category is incorporated company by shares, all of the above mentioned subsidiaries are limited liability companies.

There are no restrictions on using the assets of the Group or settling the liabilities of the Group.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(1) Interests in subsidiaries (continued)

(b) Subsidiaries with significant non-controlling interests

Name of subsidiaries	Share proportion of non-controlling interests	Non-controlling interests for the year ended 31 December 2020	Total dividends distributed to the minority shareholders in 2020	Non-controlling interests as at 31 December 2020
Shenzhen Asahi	49%	41,040,613	(40,880,700)	223,538,715

Summarised financial information of significant non-wholly owned subsidiaries is as follows:

	As at 31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	253,771,498	413,666,957	667,438,455	(203,214,461)	(7,352,839)	(210,567,300)

	As at 31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	240,519,444	438,155,341	678,674,785	(215,850,329)	(6,603,887)	(222,454,216)

	Year ended 31 December 2020			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	759,410,303	83,410,890	83,410,890	96,401,006

	Year ended 31 December 2019			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	841,302,720	83,431,721	83,431,721	135,884,332

Financial information above represents the amounts of subsidiaries excluding elimination in the Group.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(2) Interests in the Joint Venture and Associates

(a) Fundamental information of the significant Joint Venture and Associates

	Place of operation	Place of incorporation	Principal activities	Strategic impact on the Group	Share proportion	
					Directly	Indirectly
Joint Ventures —						
Hebei Jiahe Company	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	Yes	50%	-
Associates —						
Yantai Brewery Company	Yantai, the PRC	Yantai, the PRC	Manufacturing	Yes	39%	-
Zhaoshang Logistics	Qingdao, the PRC	Qingdao, the PRC	Logistics	Yes	30%	-
Liaoning Shenqing	Shenyang, the PRC	Shenyang, the PRC	Wholesale and retail sale	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

The equity investments above are accounted for using the equity method.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(2) Interests in the Joint Venture and Associates (continued)

(b) Summarised financial information of the joint venture

	Hebei Jiahe Company	
	31 December 2020	31 December 2019
Current assets	75,750,625	82,331,606
Including: cash and cash equivalents	32,858,685	40,726,999
Non-current assets	90,798,553	93,746,322
Total assets	166,549,178	176,077,928
Current liabilities	(21,316,393)	(22,829,436)
Total liabilities	(21,316,393)	(22,829,436)
Total equity attributable to shareholders of the Company	145,232,785	153,248,492
Adjusted fair value of the identifiable net assets when obtained	72,841,613	80,719,792
Adjusted total equity attributable to shareholders of the Company	218,074,398	233,968,284
The share of net assets calculated based on the shareholding proportion (i)	109,037,199	116,984,142
Adjusting item — goodwill	113,928,609	113,928,609
— unrealised profits of internal transaction	(435,888)	104
Carry amount of investment on the joint venture	222,529,920	230,912,855

There is no quoted market price for the joint venture investment of the Group.

	Hebei Jiahe Company	
	2020	2019
Revenue	322,977,350	354,183,616
Finance expenses	(531,791)	(515,153)
Income tax expense	(2,610,972)	(7,244,161)
Net profit	11,984,293	23,996,384
Total comprehensive income	11,984,293	23,996,384
Adjusted fair value of the identifiable net assets when obtained	(7,878,179)	(7,891,941)
Adjusted total comprehensive income attributable to shareholders of the Company	4,106,114	16,104,443
Dividends received from the joint venture in the current year	10,000,000	6,000,000

- (i) The share of the net asset of the joint venture was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the Company in the consolidated financial statement of the joint venture, adjusted according to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(2) Interests in the Joint Venture and Associates (continued)

(c) Summarised financial information of associates

	31 December 2020				31 December 2019			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	307,699,780	155,084,548	41,706,820	21,086,242	273,636,770	140,439,495	36,004,404	26,062,398
Including: cash and cash equivalents	59,020,238	1,368,701	1,586,314	10,627,524	63,087,129	1,182,619	2,893,942	12,920,569
Non-current assets	314,753,139	3,690,679	2,910,282	142,010	252,208,610	1,312,921	3,278,509	144,001
Total assets	622,452,919	158,775,227	44,617,102	21,228,252	525,845,380	141,752,416	39,282,913	26,206,399
Current liabilities	(229,490,749)	(97,667,428)	(44,653,704)	(14,001,905)	(230,020,875)	(91,149,079)	(39,101,240)	(19,914,347)
Non-current liabilities	(97,127,671)	(1,059,935)	-	-	(8,364,072)	-	-	-
Total liabilities	(326,618,420)	(98,727,363)	(44,653,704)	(14,001,905)	(238,384,947)	(91,149,079)	(39,101,240)	(19,914,347)
Total equity attributable to shareholders of the Company	295,834,499	60,047,864	(36,602)	7,226,347	287,460,433	50,603,337	181,673	6,292,052
Adjusted fair value of the identifiable net assets when obtained	22,308,507	-	-	-	26,168,506	-	-	-
Adjusted total equity attributable to shareholders of the Company	318,143,006	60,047,864	(36,602)	7,226,347	313,628,939	50,603,337	181,673	6,292,052
The share of net assets calculated based on the shareholding proportion (i)	124,075,772	18,014,359	(10,981)	2,890,539	122,315,286	15,181,001	54,502	2,516,821
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealised profits of internal transaction	(2,817,432)	-	-	-	(3,979,342)	-	-	-
— Unrecognized excess loss	-	-	10,981	-	-	-	-	-
Carry amount of investments on Associates	130,899,019	18,014,359	-	2,890,539	127,976,623	15,181,001	54,502	2,516,821

There is no quoted market price for the investments in associates of the Group.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(2) Interests in the Joint Venture and Associates (continued)

(c) Summarised financial information of associates (continued)

	2020				2019			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	761,794,802	218,308,235	54,898,588	49,127,974	812,468,714	243,815,586	65,115,270	84,534,887
Net profit/(loss)	35,268,681	9,410,231	(218,275)	753,480	29,882,904	11,666,251	(118,710)	2,965,037
Other comprehensive income	-	-	-	180,815	-	-	-	23,532
Total comprehensive income	35,268,681	9,410,231	(218,275)	934,295	29,882,904	11,666,251	(118,710)	2,988,569
Total comprehensive income attributable to shareholders of the Company	35,268,681	9,410,231	(218,275)	934,295	29,882,904	11,666,251	(118,710)	2,988,569
Adjusted fair value of the identifiable net assets when obtained	(3,859,999)	-	-	-	(3,859,999)	-	-	-
Adjusted total comprehensive income attributable to shareholders	31,408,682	9,410,231	(218,275)	934,295	26,022,905	11,666,251	(118,710)	2,988,569
Dividends received from the associates in the current year	10,488,900	-	-	-	9,044,897	-	-	-

- (i) The share of the net asset of associates was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the Company in the consolidated financial statement of the associates, adjusted according to the fair value of the identifiable assets and liabilities of the associates at the acquisition date and conformed to accounting policies of the Group.

(d) Excess losses of associate

	Accumulated unrecognized losses at the beginning of the period	Unrecognized loss in the current year	Accumulated unrecognized losses at the end of the period
Liaoning Shenqing	-	10,981	10,981

The Group has no unrecognized commitment related to joint venture investment and no contingent liability related to investment in associates.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

7 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. Different regions require different marketing strategies, and the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation and to assess their performance.

Finance Company, a subsidiary of the Company, 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 resources allocation and assess its performance.

The Group identified seven reportable segments as follows:

- Shandong region segment, responsible for the production and distribution in Shandong region and surrounding regions
- South China region segment, responsible for the production and distribution in South China region
- North China region segment, responsible for the production and distribution in North China region
- East China region segment, responsible for the production and distribution in East China region
- Southeast China region segment, responsible for the production and distribution in Southeast China region
- Hong Kong, Macau and other overseas region segment, responsible for the distribution of beer in Hong Kong SAR, Macau SAR and other overseas regions
- Finance Company segment, engaged in the financial businesses of wealth management and agency collection and payment for its members

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

Assets are allocated based on the operation of the segments and the physical location of the assets. Liabilities are allocated based on the operation of the segments.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2020 is as follows:

	Shandong Region	South China Region	North China Region	East China Region	Southeast China Region	Hong Kong, Macau and other overseas Regions	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	16,514,342,724	2,445,971,225	4,730,193,364	2,566,634,134	819,697,132	670,599,557	10,436,434	1,836,356	-	27,759,710,926
Inter-segment revenue	2,554,545,983	878,205,837	1,807,540,823	272,961,792	5,306,412	206,394,997	22,637,988	600,767	(5,748,194,599)	-
Cost of sales	(12,614,487,680)	(2,159,345,029)	(4,269,190,702)	(1,957,815,166)	(581,390,511)	(673,786,797)	(50,930)	(980,477)	5,716,437,668	(16,540,609,624)
Selling and distribution expenses	(2,984,795,079)	(508,477,016)	(749,047,089)	(493,045,907)	(149,661,587)	(99,523,159)	-	-	-	(4,984,549,837)
Interest income	61,064,085	19,425,998	48,147,299	8,548,306	1,649,746	1,570,025	312,458,619	213,202,092	(142,036,830)	524,029,340
Interest expenses	(3,062,146)	(4,411,988)	(8,621,039)	(13,424,529)	(271,331)	(6,136,161)	(147,071,155)	-	169,335,667	(13,662,682)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	18,098,320	-	18,098,320
Credit impairment reversals/(losses)	1,535,791	-	11,622	(43,870)	-	(38,703)	2,087,783	(1,978,464)	-	1,574,159
Asset impairment losses	(30,994,109)	(79,407,712)	(5,905,315)	(5,873,510)	(8,373,054)	-	-	(150,000,000)	150,000,000	(130,553,700)
Depreciation and amortisation	(514,285,646)	(174,491,817)	(213,075,320)	(165,971,582)	(34,776,497)	(3,788,374)	(1,298,495)	(55,003,596)	-	(1,162,691,327)
Total profit/(losses)	1,787,432,307	201,421,596	959,522,718	(18,829,435)	(993,069)	75,938,793	250,973,105	(162,737,946)	146,821,255	3,239,549,324
Income tax expense	(504,716,575)	(89,644,639)	(225,014,568)	(11,397,179)	(3,534,677)	(18,847,883)	(61,704,734)	-	2,279,736	(912,580,519)
Net profit/(losses)	1,282,715,732	111,776,957	734,508,150	(30,226,614)	(4,527,746)	57,090,910	189,268,371	(162,737,946)	149,100,991	2,326,968,805
Total assets	15,753,629,994	4,227,865,813	8,308,118,457	3,227,576,541	795,321,511	595,835,038	18,103,764,156	8,386,187,181	(17,884,112,856)	41,514,185,835
Total liabilities	10,630,781,909	1,963,626,854	5,272,901,199	2,839,028,527	574,751,090	626,633,163	15,270,671,528	761,137,287	(17,793,397,888)	20,146,133,669
Non-cash expenses other than depreciation and amortisation	15,235,050	906,755	5,493,926	1,103,869	272,704	75,788	-	974,387	-	24,062,479
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	374,333,837	-	374,333,837
Additions of non-current assets (i)	904,332,902	115,019,296	365,546,464	175,538,162	18,805,761	919,701	2,236,149	74,690,191	(12,472,257)	1,644,616,369

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(b) Segment information as at and for the year ended 31 December 2019 is as follows:

	Shandong Region	South China Region	North China Region	East China Region	Southeast China Region	Hong Kong, Macau and other overseas Regions	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	16,631,700,990	2,534,711,735	4,665,814,854	2,654,448,617	816,708,244	671,917,097	6,472,783	1,986,043	-	27,983,760,363
Inter-segment revenue	2,763,421,494	943,070,055	1,653,239,139	174,139,013	12,474,726	237,172,284	26,991,899	600,767	(5,811,109,377)	-
Cost of sales	(12,893,169,337)	(2,314,657,613)	(4,214,174,358)	(2,118,337,014)	(627,327,035)	(656,256,119)	(58,800)	(981,607)	5,744,518,601	(17,080,443,282)
Selling and distribution expenses	(3,043,366,720)	(524,125,972)	(746,733,745)	(526,392,926)	(143,435,769)	(119,450,602)	-	-	-	(5,103,505,734)
Interest income	51,627,885	14,101,490	44,072,780	6,515,846	1,015,665	4,817,818	366,027,699	162,558,066	(135,906,827)	514,830,422
Interest expenses	(4,067,263)	(5,078,081)	(13,810,375)	(11,211,095)	-	(8,929,720)	(137,806,625)	-	167,281,893	(13,621,266)
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	21,182,903	-	21,182,903
Credit impairment reversals/ (losses)	7,023,981	35,951	637,569	(5,324)	-	12,137	2,474,780	(3,087,883)	-	7,091,211
Asset impairment losses	(12,791,370)	(27,830,810)	(1,914,854)	(32,869,574)	(45,644,812)	-	-	(255,000,000)	255,000,000	(121,051,420)
Depreciation and amortisation	(498,305,855)	(172,014,866)	(203,289,572)	(161,878,920)	(40,024,936)	(3,791,509)	(1,065,410)	(57,261,883)	-	(1,137,632,951)
Total profit/(losses)	1,926,778,218	212,160,718	670,943,257	(315,920,386)	(85,899,383)	130,340,702	311,541,764	(341,721,990)	218,687,929	2,726,910,829
Income tax expense	(486,580,928)	(46,531,614)	(145,039,856)	(18,565,383)	(2,063,217)	(32,475,388)	(76,437,769)	-	9,899,719	(797,794,436)
Net profit/(losses)	1,440,197,290	165,629,104	525,903,401	(334,485,769)	(87,962,600)	97,865,314	235,103,995	(341,721,990)	228,587,648	1,929,116,393
Total assets	14,625,692,028	4,115,782,097	7,532,937,080	2,992,229,576	811,942,844	636,114,822	16,233,804,952	6,935,449,805	(16,571,569,657)	37,312,383,547
Total liabilities	9,183,653,284	1,915,298,061	4,995,947,761	2,624,277,944	584,174,944	649,424,720	13,591,139,975	341,089,744	(16,485,993,742)	17,399,012,691
Non-cash expenses other than depreciation and amortisation	13,587,052	550,944	5,842,619	799,128	132,765	148,370	-	153,310	-	21,214,188
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	376,641,802	-	376,641,802
Additions of non-current assets (i)	460,860,352	60,176,702	405,304,010	58,662,118	11,805,020	4,345,478	2,617,570	69,548,095	(34,445,011)	1,038,874,334

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

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For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

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

Revenue from external customers	2020	2019
Mainland China	26,996,914,522	27,265,576,602
Hong Kong and Macau SAR	192,658,422	207,720,222
Other overseas regions	570,137,982	510,463,539
	27,759,710,926	27,983,760,363
	31 December	31 December
Total non-current assets	2020	2019
Mainland China	15,153,383,039	14,840,360,043
Hong Kong and Macau SAR	13,775,495	14,569,922
	15,167,158,534	14,854,929,965

8 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 6(1).

(2) Information of the joint venture and associates

Except for the information of the joint venture and associates disclosed in Note 6(2), the other associates having related parties transactions with the Group are set out below:

Company name	Relationship with the Group
Beijing Sales Company	Associate
Guangzhou General Agency	Associate

(3) Information of other related parties

	Relationship with the Group
Tsingtao Brewery Group Co., Ltd.	Majority shareholder of the Company
Five subsidiaries of Fosun Group	Majority shareholder of the Company

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(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(4) Related party transactions

(a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	2020	2019
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices	761,828,890	807,111,315
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices	322,606,484	353,616,218
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices	213,793,132	233,887,370
			<u>1,298,228,506</u>	<u>1,394,614,903</u>

(b) Sales of goods and providing services

Name of related party	Nature of transaction	Pricing policies	2020	2019
European Company	Sale of beer and materials	Mutually-agreed prices	32,176,580	61,230,276
Liaoning Shenqing	Sale of beer and materials	Mutually-agreed prices	46,718,129	50,152,598
			<u>78,894,709</u>	<u>111,382,874</u>

(c) Absorbed deposits from related parties

	2020	2019
Yantai Brewery Company	<u>826,775,768</u>	<u>896,360,183</u>

(d) Interest expense paid to related parties

	2020	2019
Yantai Brewery Company	<u>82,535</u>	<u>58,792</u>

(e) Financial services fee received from related parties

	2020	2019
Yantai Brewery Company	<u>12,483</u>	<u>14,893</u>

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(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(4) Related party transactions (continued)

(f) Key management compensation

	2020	2019
Key management compensation paid	11,174,966	9,841,929
Share-based payment	7,626,233	—
	<u>18,801,199</u>	<u>9,841,929</u>

(g) For the year ended 31 December 2020 and 2019, there is no loan provided to the key management from the Group.

(5) Receivable and payable balances with related parties

Receivables from related parties:

		31 December 2020		31 December 2019	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
	European Company	8,476,518	-	10,142,225	-
	Guangzhou General Agency	-	-	9,690	(9,690)
		<u>19,722,302</u>	<u>(11,245,784)</u>	<u>21,397,699</u>	<u>(11,255,474)</u>

Payables to related parties:

		31 December 2020	31 December 2019
Accounts payable	Yantai Brewery Company	136,949,404	100,272,419
	Hebei Jiahe Company	4,029,741	2,576,355
		<u>140,979,145</u>	<u>102,848,774</u>
Other payables	Zhaoshang Logistics	45,086,733	47,745,380
	Yantai Brewery Company	224,353	19,566,363
		<u>45,311,086</u>	<u>67,311,743</u>
Contract liabilities	Liaoning Shenqing	35,310,803	26,666,144
	European Company	7,868	-
		<u>35,318,671</u>	<u>26,666,144</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Benefits and interests of directors

(a) Directors' and CEO's emoluments

The remuneration paid to every director, supervisor and CEO for the year ended 31 December 2020 are set out below:

Name	Emoluments in respect of a person's services as a director				Emoluments in respect of director's other, services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total	Share-based payment (Number of shares)
	Fees	Salary, bonus, and allowance	Social pension	Housing funds			
Executive directors:							
Huang Kexing	-	749,467	43,747	34,097	-	827,311	150,000
Fan Wei (i)	-	116,016	7,245	5,450	-	128,711	-
Yu Zhuming	-	712,750	43,747	34,097	-	790,594	110,000
Wang Ruiyong	-	705,992	43,747	34,097	-	783,836	110,000
Non-executive director:							
Shi Kun (ii)	-	-	-	-	-	-	-
Independent directors:							
Yu Zengbiao	120,000	-	-	-	-	120,000	-
Ben Shenglin (iii)	60,000	-	-	-	-	60,000	-
Jiang Min (iii)	60,000	-	-	-	-	60,000	-
Jiang Xinglu	120,000	-	-	-	-	120,000	-
Xiao Geng (iv)	60,000	-	-	-	-	60,000	-
Sheng Leiming (iv)	60,000	-	-	-	-	60,000	-
Supervisors:							
Li Gang	120,000	-	-	-	-	120,000	-
Wang Yaping	80,000	-	-	-	-	80,000	-
Li Yan	80,000	-	-	-	-	80,000	-
Yu Jiaping (v)	-	-	-	-	-	-	-
Huang Zujiang (vi)	-	569,800	43,747	34,097	-	647,644	-
Meng Qingshang (vi)	-	474,400	43,747	34,097	-	552,244	-
Sun Lihong	-	459,600	43,747	34,097	-	537,444	-
Yao Yu	-	-	-	-	-	-	-
	<u>760,000</u>	<u>3,788,025</u>	<u>269,727</u>	<u>210,032</u>	-	<u>5,027,784</u>	<u>370,000</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Benefits and interests of directors (continued)

(a) Directors' and CEO's emoluments (continued)

- (i) Resigned from executive director on 28 February 2020.
- (ii) Appointed as non-executive director on 16 April 2020.
- (iii) Resigned from independent director on 8 June 2020.
- (iv) Appointed as independent director on 8 June 2020.
- (v) Resigned from Supervisors on 8 January 2020.
- (vi) Appointed as Supervisors on 8 January 2020.

In 2020, the executive directors (including Huang Kexing, Fan Wei, Yu Zhuming and Wang Ruiyong) and the supervisors (including Yu Jiaping, Sun Lihong, Huang Zujiang and Meng Qingshang) have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Benefits and interests of directors (continued)

(a) Directors' and CEO's emoluments (continued)

The remuneration paid to every director, supervisor and CEO for the year ended 31 December 2019 are set out below:

Name	Emoluments in respect of a person's services as a director				Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary, bonus, and allowance	Social pension	Housing funds		
Executive directors:						
Huang Kexing	-	699,568	54,715	27,816	-	782,099
Fan Wei	-	610,002	54,715	27,816	-	692,533
Yu Zhuming	-	543,940	54,715	27,816	-	626,471
Wang Ruiyong	-	511,672	54,715	27,816	-	594,203
Non-executive director:						
Tang Bin (i)	-	-	-	-	-	-
Independent directors:						
Yu Zengbiao	120,000	-	-	-	-	120,000
Ben Shenglin	120,000	-	-	-	-	120,000
Jiang Min	120,000	-	-	-	-	120,000
Jiang Xinglu	120,000	-	-	-	-	120,000
Supervisors:						
Li Gang	120,000	-	-	-	-	120,000
Wang Yaping	80,000	-	-	-	-	80,000
Li Yan	80,000	-	-	-	-	80,000
Yu Jiaping	-	555,305	54,715	27,816	-	637,836
Sun Lihong	-	426,700	54,715	27,816	-	509,231
Xing Jun (ii)	-	256,533	36,944	16,916	-	310,393
Yao Yu (iii)	-	-	-	-	-	120,000
	<u>760,000</u>	<u>3,603,720</u>	<u>365,234</u>	<u>183,812</u>	-	<u>4,912,766</u>

(i) Resigned from non-executive director on July 16, 2019.

(ii) Resigned from employee supervisor on August 28, 2019.

(iii) Shareholder supervisor does not receive remuneration from the Company.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Benefits and interests of directors (continued)

(a) Directors' and CEO's emoluments (continued)

In 2019, the executive directors (including Huang Kexing, Fan Wei, Yu Zhuming and Wang Ruiyong) and the supervisors (including Yu Jiaping, Sun Lihong and Xing Jun) have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

(b) For the year ended 31 December 2020, there are no termination benefits for the directors (2019: nil).

(c) For the year ended 31 December 2020, there is no consideration provided to third parties for obtaining available directors' services (2019: nil).

(d) For the year ended 31 December 2020, there are no loans and quasi-loans in favour of directors, controlled body corporate of directors and connected entities of directors, and no guarantee or security provided to directors, controlled body corporate of directors and connected entities of directors (2019: nil).

(e) No significant transactions, arrangements or contracts in related to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2020 (2019: nil).

(7) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year (Except for share-based payment) include three directors (2019: three directors and one supervisor) whose emoluments are reflected in the analysis shown in the table above. The emoluments paid to the remaining two (2019: one) during the year is listed below:

	2020	2019
Salary, bonus and allowance	4,049,663	3,313,800
Social pension	87,495	54,715
Housing funds	68,194	27,816
	<u>4,205,352</u>	<u>3,396,331</u>
Share-based payment (number of shares)	240,000	-
	<u>Number of individuals</u>	
	2020	2019

Emoluments bands (Except for share-based payment):

HKD500,001 — 1,000,000 (equivalent to approximately RMB420,001 — 840,000)	1	-
HKD3,500,001 — 4,000,000 (equivalent to approximately RMB2,950,000 — 3,370,000)	-	1
HKD4,000,001 — 4,500,000 (equivalent to approximately RMB3,370,001 — 3,800,000)	1	-

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

9 Commitments

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet

	31 December 2020	31 December 2019
Buildings, machinery and equipment	<u>287,293,449</u>	<u>200,519,703</u>

10 Events after the balance sheet date

(1) Explanation of profit distribution

	2020
Profit to be distributed	<u>1,023,137,096</u>

As is stated in Note 4(39), in accordance with the resolution at the Board of Directors' meeting dated on 26 March 2021, The board of directors proposed that the company distribute a dividend of RMB1,023,137,096 to all shareholders. The undistributed dividend has not been recognized as a liability in the financial statements.

(2) Grant of reserved Restricted A-Shares

The Company held the first extraordinary meeting of the ninth session of the Board on 22 March 2021, and approved the proposal on granting reserved Restricted A-Shares to the participants. According to this proposal, The Company will award 0.3 million reserved Restricted A-Shares to 35 eligible participants on 22 March 2021 as the grant date. The Restricted A-Shares will be granted at RMB21.18 per share.

11 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The financial risk mentioned above and risk management policies adopted by the Group to reduce the risk are as follows:

The Board of Directors is responsible for planning and establishing risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has developed risk management policies to identify and analyse risks faced by the Group. These risk management policies explicitly stipulate specific risks, covering the management of market risks, credit risks, liquidity risk and many other aspects. The Group assesses the changes of market environment and the Group's operating activities regularly to determine whether the policies and systems of risk management should be updated. The Group's risk management is launched by relevant departments in accordance with the policies approved by the board of directors. These departments identifies, evaluates and avoids related risks through close cooperation with other business departments of the Group. Internal audit department of the Group conducts regular inspections on the control and procedures of risk management, and reports the result to the Audit Committee of the Group.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(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 has recognized foreign exchange risk from foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in USD). The Group's continuously monitors transactions denominated in foreign currencies and the scale of assets and liabilities to minimise the foreign exchange risk. For this purpose, The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. For the year ended 31 December 2020 and 2019, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2020 and 2019, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarised as below:

	31 December 2020		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	248,394,291	13,364,094	261,758,385
Receivables	27,701,691	15,125,813	42,827,504
	<u>276,095,982</u>	<u>28,489,907</u>	<u>304,585,889</u>
Financial liabilities denominated in foreign currency —			
Other payables	6,283,009	-	6,283,009
Current portion of non-current liabilities	-	215,720	215,720
	<u>6,283,009</u>	<u>215,720</u>	<u>6,498,729</u>
	31 December 2019		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	176,341,385	37,422,818	213,764,203
Receivables	60,166,202	18,840,024	79,006,226
	<u>236,507,587</u>	<u>56,262,842</u>	<u>292,770,429</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings	4,871,529	-	4,871,529
Current portion of non-current liabilities	-	418,360	418,360
Long-term borrowings	-	209,180	209,180
	<u>4,871,529</u>	<u>627,540</u>	<u>5,499,069</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(1) Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2020, for various financial assets and liabilities denominated in USD with a recording currency of RMB, if USD had strengthened or weakened by 4% against the RMB while all other variables had been held constant, the Group's net profit for the year would have been approximately 8,094,000 (31 December 2019: 6,949,000) higher or lower.

(b) Interest rate risk

The Group's interest rate risk arises from interest bearing debts such as long-term bank borrowings. 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 2020 and 2019, as the long-term bank borrowings are all interest-free and immaterial (Note 4(28)), there is no material interest rate risk in the view of the directors of the Group.

The Group's head office continuously monitors the interest rate position of the Group. Increase in interest rate will increase the cost of new interest-bearing borrowings and interest payments on the Group's outstanding interest-bearing debt at floating rate and therefore could have an adverse impact on the Group's financial performance. The management of the Group will make timely adjustments according to the latest market conditions. In 2020 and 2019, the Group has no interest rate swap. The directors of the Company are of the view that future interest rate changes will not have a material adverse impact on the Group's operating performance.

As at 31 December 2020, if the borrowing rate calculated at the floating rate rose or fell by 50 basis points and other factors remained unchanged, the Group's net profit would decrease or increase by approximately RMB1,054,000 (31 December 2019: approximately RMB832,000).

(c) Other price risk

Other price risk of the Group mainly arises from the investment of equity instruments, where risk of price changes exists. As at 31 December 2020 and 31 December 2019, the amount of equity instruments of the Group is insignificant, and the directors of the Company consider that there is no significant price risk.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable and other receivables etc. At the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit exposure.

The Group expects that there is no significant credit risk associated with cash at bank considering they are deposited at joint-stock commercial banks with high credit rating. Management does not expect that there will be any significant credit losses from non-performance by these counterparties.

Sales are mainly settled by advances from customers, and accordingly, there is no significant credit risk related to customers.

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable and other receivables. The Group assesses the credit quality of and sets credit limits on its dealers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the dealers is regularly monitored by the Group. In respect of dealers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2020, the Group holds no significant collateral and other credit enhancements because of the debtor's mortgage.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

11 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 head office. The Group 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 liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term borrowings	704,117,853	-	-	-	704,117,853
Notes payable	149,491,592	-	-	-	149,491,592
Accounts payable	2,222,601,042	-	-	-	2,222,601,042
Other payables	3,074,878,208	-	-	-	3,074,878,208
Current portion of non-current liabilities	46,219,464	-	-	-	46,219,464
Lease liabilities	-	34,528,432	72,555,191	27,574,427	134,658,050
	6,197,308,159	34,528,432	72,555,191	27,574,427	6,331,966,209

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term borrowings	273,459,028	-	-	-	273,459,028
Notes payable	220,825,323	-	-	-	220,825,323
Accounts payable	2,167,178,181	-	-	-	2,167,178,181
Other payables	2,424,857,501	-	-	-	2,424,857,501
Current portion of non-current liabilities	22,770,590	-	-	-	22,770,590
Long-term borrowings	-	209,180	-	-	209,180
Lease liabilities	-	16,559,450	20,695,887	7,610,159	44,865,496
	5,109,090,623	16,768,630	20,695,887	7,610,159	5,154,165,299

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(3) Liquidity risk

Bank borrowings are analysed by repayment terms as follows:

	31 December 2020	31 December 2019
Within 1 year	702,695,720	271,324,991
1 to 2 years	-	209,180
	<u>702,695,720</u>	<u>271,534,171</u>

12 Share-based payment

(a) Restricted A Share Incentive Plan

On June 8 2020, the Company held the 2019 Annual General Meeting of Shareholders and the first meeting of A-share and H-share shareholders in 2020, and approved the *Proposal of Tsingtao Brewery Co., Ltd. A Share Restricted Stock Incentive Plan (Draft) and its summary, the Proposal of the Implementation of Evaluation and Management Measures for the A-share Restricted Stock Incentive Plan of Tsingtao Brewery Co., Ltd. and the Proposal for the general meeting of shareholders to authorize the board of directors to handle matters related to the A-share restricted stock incentive plan*. On June 29 2020, the Company held the eighth extraordinary meeting of the ninth board of directors in 2020, and approved the *Proposal of Tsingtao Brewery Co., Ltd. on the First Grant of A-Share Restricted Stock to Incentive Participants (Incentive Plan)*. According to the incentive plan, the Company granted 13.2 million restricted stocks to 627 incentive participants. The grant date was June 29, 2020, and the grant price was RMB21.18 per share. The unlocking periods for restricted stocks granted are 24 months, 36 months, and 48 months from the equity registration date. According to the Company's performance appraisal and personal performance appraisal, 1/3, 1/3, and 1/3 of restricted stocks will be unlocked respectively. According to the incentive plan, if the incentive object resigns before the expiration of the unlocking period, the stocks shall not be unlocked, and the Company must repurchase and cancel the restricted stocks at the corresponding repurchase price.

According to the incentive plan, the Company received a total of RMB279,576,000 from the incentive participants. At the same time, the Company recognized liabilities of RMB279,576,000 and treasury stocks of RMB279,576,000 for the restricted stocks repurchase obligations.

(b) Changes in restricted stocks during the current year

	2020	2019
Restricted stocks (shares) issued at the beginning of the year	-	-
Restricted stock (shares) granted this year	13,200,000	-
Restricted stocks (shares) exercised this year	-	-
Restricted stocks (shares) lapsed this year	-	-
Restricted stocks (shares) issued at the end of the year	<u>13,200,000</u>	-
Share-based payment fees this year	127,595,083	-
Accumulated share-based payment fees	127,595,083	-

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

12 Share-based payment (continued)

(c) As at 31 December 2020, The remaining period of the restricted stock incentive plan is 5.56 years until 24 July 2026.

(d) Method for determining the fair value of restricted stocks on the grant date

The Group determines the fair value of restricted stocks on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted.

13 Fair value estimation

The level of fair value measurement is determined by the lowest level of inputs which has significant impact on fair value measurement, as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

(1) Assets measured at fair value on a recurring basis

As at 31 December 2020, the assets measured at fair value on a recurring basis are analysed below:

	Level 3
Financial assets held for trading — Wealth management products	1,888,862,835
Financial assets held for trading — Equity instrument investment	600,000
	<u>1,889,462,835</u>

As at 31 December 2019, the assets measured at fair value on a recurring basis are analysed below:

	Level 1	Level 3	Total
Financial assets held for trading			
— Fund investment	127,203,255	-	127,203,255
Financial assets held for trading			
— Wealth management products	-	1,396,589,764	1,396,589,764
Other non-current financial assets			
— Equity instrument investment	-	600,000	600,000
	<u>127,203,255</u>	<u>1,397,189,764</u>	<u>1,524,393,019</u>

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. There was no transfer between level 1 and 2 during this year.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

13 Fair value estimation (continued)

(1) Assets measured at fair value on a recurring basis (continued)

- (a) Gains recognized in the current profit and loss is included in the income statement under the items of profit arising from changes in fair value and investment income respectively.

For the level 3 financial assets stated above, the management evaluates and determines its fair value based on the future cash flow.

(2) Assets and liabilities not measured at fair value but disclosed at fair value

Financial assets and financial liabilities of the Group measured at amortised cost mainly represent notes receivable, accounts receivable, other receivables, other non-current financial assets, debt investment, short-term borrowings, payables and long-term borrowings. The difference between the carrying amount and fair value of those financial assets and liabilities not measured by fair value is small.

The fair value of long-term borrowings 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, which belongs to level 3.

14 Capital management

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

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

For the year ended 31 December 2020, the Group's strategy, which was unchanged from the prior year, was to maintain the cash balance above a certain standard to meet the Group's business development needs. Cash balance is calculated as cash and cash equivalents less total borrowings (including short-term borrowings, current portion of non-current liabilities and long-term borrowings). The cash balance as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents	<u>17,643,123,424</u>	<u>14,557,393,355</u>
Less: Short-term borrowings	(703,273,054)	(270,906,631)
Current portion of non-current liabilities	(215,720)	(418,360)
Long-term borrowings	<u>-</u>	<u>(209,180)</u>
	<u>(703,488,774)</u>	<u>(271,534,171)</u>
Cash balance after deducting borrowings	<u>16,939,634,650</u>	<u>14,285,859,184</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements

(1) Account receivable

	31 December 2020	31 December 2019
Accounts receivable	1,346,209,651	1,247,712,732
Less: Provision for bad debts	<u>(56,425,268)</u>	<u>(56,476,414)</u>
	<u>1,289,784,383</u>	<u>1,191,236,318</u>

The majority of the Group's domestic sales are made by advances from customers. The remains are settled by letters of credit, bank acceptance notes or providing credit terms from 30 to 100 days.

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

	31 December 2020	31 December 2019
Within 1 year	934,123,162	916,296,744
1 to 2 years	138,175,367	96,447,540
2 to 3 years	53,839,278	83,484,921
3 to 4 years	80,548,100	69,839,383
4 to 5 years	62,078,414	12,909,771
Over 5 years	<u>77,445,330</u>	<u>68,734,373</u>
	<u>1,346,209,651</u>	<u>1,247,712,732</u>

(b) *As at 31 December 2020, the top five accounts receivable are analysed as follows:*

	Amount	Provision of bad debts	% of total balance
Total amount of the top five accounts receivable	<u>505,464,459</u>	<u>-</u>	38%

(c) As at 31 December 2020, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2019: nil).

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Account receivable (continued)

(d) Provision for bad debts

For accounts receivable, irrespective of whether there is significant financing component, the Company measures loss provision according to the ECL of the lifetime.

- (i) As at 31 December 2020, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed as follows:

	Ending balance	Lifetime ECL ratio	Provision for bad debts	Reason
Beijing Sales Company	11,245,784	100%	(11,245,784)	Notes 4(4)(d)

- (ii) As at 31 December 2020, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Subsidiaries

As at 31 December 2020, accounts receivable from subsidiaries of the Company is 1,248,610,862. The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Group — Dealers

	31 December 2020			31 December 2019		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	41,173,521	-	-	50,026,027	-	-
Overdue within 1 year	-	-	-	511,142	5%	(25,557)
Overdue 2 years or more	45,179,484	100%	(45,179,484)	45,195,383	100%	(45,195,383)
	86,353,005		(45,179,484)	95,732,552		(45,220,940)

- (iii) In the current year, there is no provisions for bad debts is recognized. The reversal of provisions for bad debts is 541,456, the corresponding carrying amount is 1,027,042. The provision for bad debts written off due to uncollectable beer sales is 490,310.

Notes to Financial Statements

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15 Notes to the Company's financial statements (continued)

(2) Other receivables

	31 December 2020	31 December 2019
Dividends receivable from subsidiaries	700,149,831	589,000,000
Receivables from subsidiaries	51,297,364	52,780,900
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Reservation fund	10,182,793	10,624,210
Guarantee deposits	5,592,742	3,790,015
Others	21,310,745	27,475,466
	<u>805,975,122</u>	<u>701,112,238</u>
Less: Provision for bad debts	<u>(38,423,345)</u>	<u>(39,269,385)</u>
	<u>767,551,777</u>	<u>661,842,853</u>

(a) The ageing of accounts receivable based is analysed below:

	31 December 2020	31 December 2019
Not overdue	767,489,799	661,722,841
Overdue within 1 year	51,292	62,263
Overdue 1-2 years	31,536	121,724
Overdue over 2 years	38,402,495	39,205,410
	<u>805,975,122</u>	<u>701,112,238</u>

(b) Movement in provision for bad debts and carrying amount

	Stage one		Stage three		Total
	Next 12 months ECL (Groups)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2019	183,987	(63,975)	39,205,410	(39,205,410)	(39,269,385)
Increase in the current year	51,476	(16,115)	-	(56,392)	(72,507)
Reversals in the current year	(39,851)	2,848	(910,779)	910,779	913,627
Written off in the current year	-	-	(4,920)	4,920	4,920
Transfer to stage three	(112,784)	56,392	112,784	(56,392)	-
31 December 2020	<u>82,828</u>	<u>(20,850)</u>	<u>38,402,495</u>	<u>(38,402,495)</u>	<u>(38,423,345)</u>

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(b) Movement in provision for bad debts and carrying amount (continued)

As of December 31, 2020, the Company has no other receivables in the stage two. The analysis of other receivables in the stage one and stage three is as follows:

- (i) As at 31 December 2020, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follow:

Stage three	Ending balance	Next 12 months ECL ratio interval	Provision for bad debts	Reason
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4(6)
Receivables from other entities	20,960,848	100%	(20,960,848)	Note 4(6)
	<u>38,402,495</u>		<u>(38,402,495)</u>	

- (ii) As at 31 December 2020 and 31 December 2019, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2020			31 December 2019		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Guarantee deposits	-	-	-	12,438	(6,219)	5%-50%
Receivables from other entities	<u>82,828</u>	<u>(20,850)</u>	5%-50%	<u>171,549</u>	<u>(57,756)</u>	5%-50%
	<u>82,828</u>	<u>(20,850)</u>		<u>183,987</u>	<u>(63,975)</u>	

- (c) The provision for bad debts in the current year is 72,507. The reversal of provision for bad debts is 913,627 and its corresponding carrying amount is 950,630.

- (d) In the current year, carrying amount and bad debt of other receivables of 4,920 was written off.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(e) As at 31 December 2020, the top five other receivables are analysed as follows:

Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1 Receivable of subsidiaries dividends	234,450,000	Within 1 year	29%	-
No.2 Receivable of subsidiaries dividends	200,000,000	Within 1 year	25%	-
No.3 Receivable of subsidiaries dividends	70,000,000	Within 1 year	9%	-
No.4 Receivable of subsidiaries dividends	60,000,000	Within 1 year	7%	-
No.5 Receivable of subsidiaries dividends	50,000,000	Within 1 year	6%	-
	<u>614,450,000</u>		<u>76%</u>	<u>-</u>

(3) Inventories

	31 December 2020			31 December 2019		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	276,448,990	-	276,448,990	334,080,493	-	334,080,493
Packaging materials	136,606,270	(662,025)	135,944,245	94,401,515	(662,025)	93,739,490
Low-value consumables	41,916,164	-	41,916,164	27,190,531	-	27,190,531
Work in progress	95,540,890	-	95,540,890	93,098,557	-	93,098,557
Finished goods	934,573,062	-	934,573,062	892,265,471	-	892,265,471
	<u>1,485,085,376</u>	<u>(662,025)</u>	<u>1,484,423,351</u>	<u>1,441,036,567</u>	<u>(662,025)</u>	<u>1,440,374,542</u>

(4) Debt investment

	31 December 2020	31 December 2019
Entrusted loans to subsidiaries	58,500,000	254,000,000
Plus: Interest on debt investment	-	325,489
Less: Debt investment impairment provisions	(58,500,000)	(91,000,000)
	<u>-</u>	<u>163,325,489</u>

The entrusted loans to subsidiaries are unsecured RMB loans provided by the Company through banks and Finance Company, with annual interest of 3.92% and quarterly payment.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments

	31 December 2020	31 December 2019
Subsidiaries (a)	12,068,149,380	11,589,837,675
Joint ventures (b)	222,529,920	230,912,855
Associates (c)	150,133,378	144,432,126
	12,440,812,678	11,965,182,656
Less: Provision for impairment of long-term equity investments (d)	(1,662,953,287)	(1,512,953,287)
	10,777,859,391	10,452,229,369

(a) Subsidiaries

	31 December 2019	Movements in the current year		31 December 2020	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
		Increased investment	Decreased investment (ii)				
Shenzhen Asahi	126,746,680	-	669,696	127,416,376	-	-	83,430,000
Chenzhou Company	62,601,208	-	616,393	63,217,601	-	-	50,000,000
Huanan Sales Company	45,070,000	-	3,274,844	48,344,844	-	-	-
Huanan Holding Company	208,790,000	-	2,615,002	211,405,002	-	-	-
Huadong Holding Company	96,855,102	-	-	96,855,102	-	(96,855,102)	-
Shouguang Company	60,000,000	-	1,239,402	61,239,402	-	-	-
Five Star Company	24,656,410	-	513,661	25,170,071	-	(24,656,410)	-
Three Ring Company	69,457,513	-	571,203	70,028,716	-	(69,457,513)	-
Beifang Sales Company	83,984,000	-	1,271,148	85,255,148	-	(83,984,000)	-
Xi'anHan's Company	392,627,114	-	8,022,225	400,649,339	-	-	200,000,000
Weinan Company	14,000,000	-	727,112	14,727,112	-	-	-
Anshan Company	30,000,000	-	657,027	30,657,027	-	-	-
Xingkaihu Company	199,430,000	-	881,300	200,311,300	-	(129,430,000)	-
Mishan Company	118,520,000	-	-	118,520,000	-	(118,520,000)	-
Harbin Company	213,540,000	-	667,004	214,207,004	-	(109,940,000)	-
Penglai Company	30,000,000	-	-	30,000,000	-	(30,000,000)	-
Rongcheng Company	65,103,434	-	711,485	65,814,919	-	(65,103,434)	-
International trading company	11,210,000	-	-	11,210,000	-	-	-
Tsingtao Brewery (Laoshan) Co., Ltd.	18,089,491	-	-	18,089,491	-	-	-
Hong Kong Company	41,728,681	-	-	41,728,681	-	-	-

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(a) Subsidiaries

	31 December 2019	Movements in the current year		31 December 2020	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
		Increased investment	Decreased investment (ii)				
Taizhou Company	60,000,000	-	375,368	60,375,368	-	-	-
Maanshan Company	80,000,000	-	848,634	80,848,634	-	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	5,760,000	-	-	-
Dongnan Sales Company	293,088,560	-	3,673,802	296,762,362	-	-	-
Changsha Company	47,600,000	-	476,304	48,076,304	-	-	-
Jinan Company	560,000,000	-	808,675	560,808,675	-	-	60,000,000
Guangrunlong Logistics	16,465,405	-	-	16,465,405	-	-	-
Chengdu Company	280,000,000	-	709,786	280,709,786	-	-	-
Cultural Communication Company	5,290,000	-	887,233	6,177,233	-	-	-
Rizhao Company	339,239,300	-	668,747	339,908,047	-	-	30,000,000
Weifang Company	73,620,001	-	719,685	74,339,686	-	-	12,000,000
Dezhou Company	21,730,001	-	824,142	22,554,143	-	-	-
Construction Company	2,490,000	-	466,965	2,956,965	-	-	-
Langfang Company	79,090,000	-	1,073,205	80,163,205	-	(51,301,600)	-
Heze Company	124,590,000	-	709,786	125,299,786	-	-	-
Tengzhou Company	48,310,000	-	588,525	48,898,525	-	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	1,570,000	-	-	-
Wuhu Company	274,290,000	-	46,696	274,336,696	-	(274,290,000)	-
Shanghai Sales Company	97,300,000	-	-	97,300,000	-	(47,300,000)	-
Chengyang Sales Company	8,000,000	-	-	8,000,000	-	-	234,450,000
Shijiazhuang Company	321,010,000	-	756,483	321,766,483	-	-	70,000,000
Taiyuan Company	200,000,000	-	804,938	200,804,938	-	-	50,000,000
Finance Company	1,000,000,000	-	1,021,173	1,001,021,173	-	-	-
Immense Brewery Company	1,404,558,400	-	2,351,208	1,406,909,608	-	-	-
Hangzhou Company	186,000,000	-	756,483	186,756,483	-	-	17,000,000
Jieyang Company	150,000,000	-	618,818	150,618,818	-	-	653,504
Beverage Company	30,044,252	-	272,862	30,317,114	-	-	-
Shaoguan Company	200,000,000	-	476,304	200,476,304	(150,000,000)	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	8,000,000	-	-	-
Jiujiang Company	180,000,000	-	569,697	180,569,697	-	-	-

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(a) Subsidiaries

	31 December 2019	Movements in the current year		31 December 2020	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
		Increased investment	Decreased investment (ii)				
Xuzhou Enterprise Management	10,000,000	-	547,102	10,547,102	-	(10,000,000)	-
Pingdu Sales Company	5,000,000	-	-	5,000,000	-	-	-
Luoyang Company	200,000,000	-	659,194	200,659,194	-	-	50,000,000
Shanghai Industrial Company	200,895,228	-	2,997,913	203,893,141	-	(200,895,228)	-
Luzhou Company	118,460,956	-	580,550	119,041,506	-	-	15,000,000
Zhangjiakou Company	200,000,000	-	672,373	200,672,373	-	-	-
Lulansa Company	317,374,000	241,818,181	693,268	559,885,449	-	-	15,000,000
Huangshi Company	163,630,000	-	622,183	164,252,183	-	-	30,000,000
Yingcheng Company	42,070,000	-	569,697	42,639,697	-	-	-
Hanzhong Company	26,297,900	-	583,209	26,881,109	-	-	-
Shanghai Investing Company	1,920,654,039	-	4,068,365	1,924,722,404	-	-	-
Yangzhou Company	100,000,000	-	756,483	100,756,483	-	-	-
Suqian Company	75,000,000	-	616,393	75,616,393	-	-	-
Zaozhuang Company (i)	-	150,000,000	183,773	150,183,773	-	-	-
West Coast Cultural Tourism (i)	-	30,000,000	-	30,000,000	-	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd. (Yangpu Company)	200,000,000	-	-	200,000,000	-	(200,000,000)	-
	11,589,837,675	421,818,181	56,493,524	12,068,149,380	(150,000,000)	(1,661,733,287)	917,533,504

- (i) As stated in Note 5, according to the resolution of the Company's board of directors, the Company established Zaozhuang Company in 2020 and increased the capital of West Coast Cultural Tourism.
- (ii) The Company is obliged to settle the share payment of the employees of the Company's subsidiaries for restricted A share incentives. The Company recognized the long-term equity investment in the Company's subsidiaries of RMB56,493,524 according to the fair value of the equity instruments on the date of grant. At the same time, the Company confirmed the capital surplus of RMB56,493,524.
- (iii) The cash dividends declared this year are distributed to all shareholders of the Company.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(b) Joint venture

	31 December 2019	Movements in the current year			31 December 2020	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Hebei Jiahe Company	<u>230,912,855</u>	<u>1,617,065</u>	<u>-</u>	<u>(10,000,000)</u>	<u>222,529,920</u>	<u>-</u>

Details of equity interests in the joint venture are disclosed in Note 6(2)(b).

(c) Associates

	31 December 2019	Movements in the current year			31 December 2020	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Brewery Company	127,976,623	13,411,296	-	(10,488,900)	130,899,019	-
Zhaoshang Logistics	15,181,001	2,823,069	10,289	-	18,014,359	-
Liaoning Shenqing	54,502	(54,502)	-	-	-	-
Others	<u>1,220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,220,000</u>	<u>(1,220,000)</u>
	<u>144,432,126</u>	<u>16,179,863</u>	<u>10,289</u>	<u>(10,488,900)</u>	<u>150,133,378</u>	<u>(1,220,000)</u>

Details of equity interests in the associates are disclosed in Note 6(2)(c).

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

	31 December 2019	Increase in the current year	Written off in the current year	31 December 2020
Subsidiaries (i)	(1,511,733,287)	(150,000,000)	-	(1,661,733,287)
Associates	<u>(1,220,000)</u>	<u>-</u>	<u>-</u>	<u>(1,220,000)</u>
	<u>(1,512,953,287)</u>	<u>(150,000,000)</u>	<u>-</u>	<u>(1,662,953,287)</u>

(i) In 2020, long-term equity investments of the Company in Shaoguan Company are recognized impairment provision of 150,000,000.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets

	31 December 2020	31 December 2019
Fixed assets (a)	2,206,108,993	2,075,154,087
Fixed assets pending for disposal (b)	1,106,766	78,223
	2,207,215,759	2,075,232,310

(a) Fixed assets

2020

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2019	1,223,363,502	2,558,137,780	90,266,437	349,757,393	4,221,525,112
Increases in the current year					
Purchase	-	3,957,201	3,953,086	22,726,565	30,636,852
Transfer from construction in process	29,035,905	315,931,816	-	10,961,728	355,929,449
Transfer from Investment real estate	1,141,331	-	-	-	1,141,331
Decreases in the current year					
Disposal	(1,648,432)	(13,797,769)	(1,788,740)	(19,673,733)	(36,908,674)
Transfer to construction in process	(10,286,491)	(77,051,302)	-	-	(87,337,793)
Transfer from Investment real estate	(2,063,883)	-	-	-	(2,063,883)
31 December 2020	1,239,541,932	2,787,177,726	92,430,783	363,771,953	4,482,922,394
Accumulated depreciation					
31 December 2019	(344,115,147)	(1,438,485,084)	(65,778,726)	(266,024,702)	(2,114,403,659)
Increases in the current year					
Accrual	(33,352,283)	(139,234,083)	(6,082,225)	(28,977,669)	(207,646,260)
Transfer from Investment real estate	(714,992)	-	-	-	(714,992)
Decreases in the current year					
Disposal	1,345,954	12,028,493	1,727,532	18,542,621	33,644,600
Transfer to construction in process	7,669,039	45,212,136	-	-	52,881,175
Transfer from Investment real estate	237,317	-	-	-	237,317
31 December 2020	(368,930,112)	(1,520,478,538)	(70,133,419)	(276,459,750)	(2,236,001,819)
Provision for impairment					
31 December 2019	(1,618,803)	(30,154,402)	(194,161)	-	(31,967,366)
Increases in the current year					
— accrual	-	(8,686,487)	(40,778)	(116,951)	(8,844,216)
31 December 2020	(1,618,803)	(38,840,889)	(234,939)	(116,951)	(40,811,582)
Carrying amount					
31 December 2020	868,993,017	1,227,858,299	22,062,425	87,195,252	2,206,108,993
31 December 2019	877,629,552	1,089,498,294	24,293,550	83,732,691	2,075,154,087

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

(a) Fixed assets (continued)

2019

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2018	1,208,401,607	2,472,258,226	94,222,901	360,007,570	4,134,890,304
Increases in the current year					
Purchase	-	6,030,104	1,519,233	30,105,926	37,655,263
Transfer from construction in process	18,784,633	178,497,083	-	-	197,281,716
Decreases in the current year					
Disposal	(559,404)	(38,464,606)	(5,475,697)	(40,356,103)	(84,855,810)
Transfer to construction in process	(3,263,334)	(60,183,027)	-	-	(63,446,361)
31 December 2019	1,223,363,502	2,558,137,780	90,266,437	349,757,393	4,221,525,112
Accumulated depreciation					
31 December 2018	(314,708,975)	(1,366,257,687)	(64,621,966)	(274,060,401)	(2,019,649,029)
Increases in the current year					
— accrual	(31,940,103)	(127,374,099)	(6,323,695)	(29,980,055)	(195,617,952)
Decreases in the current year					
Disposal	253,674	27,746,863	5,166,935	38,015,754	71,183,226
Transfer to construction in process	2,280,257	27,399,839	-	-	29,680,096
31 December 2019	(344,115,147)	(1,438,485,084)	(65,778,726)	(266,024,702)	(2,114,403,659)
Provision for impairment					
31 December 2018	(1,618,803)	(31,034,322)	(260,530)	(44,116)	(32,957,771)
Increases in the current year					
— accrual	-	(9,289,789)	-	-	(9,289,789)
Decreases in the current year					
— disposal	-	10,169,709	66,369	44,116	10,280,194
31 December 2019	(1,618,803)	(30,154,402)	(194,161)	-	(31,967,366)
Carrying amount					
31 December 2019	877,629,552	1,089,498,294	24,293,550	83,732,691	2,075,154,087
31 December 2018	892,073,829	1,074,966,217	29,340,405	85,903,053	2,082,283,504

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

For the year ended 31 December 2020, the Company's fixed assets with carrying amount of 34,456,618 (cost of 87,337,793 accumulated depreciation of 52,881,175) are transferred to construction in progress to be upgraded due to the requirements of technology renewal.

As at 31 December 2020, there are no fixed assets pledged as collateral for borrowings (31 December 2019: nil).

For the year ended 31 December 2020, accrued depreciation of fixed assets are 207,646,260 (2019: 195,617,952), of which 182,789,673, 2,845,498, 19,767,645 and 2,243,444 (2019: 170,207,032, 2,894,416, 20,135,709 and 2,380,795) have been charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses respectively.

The cost of fixed assets transferred from construction in progress amounts to 355,929,449 (2019: 197,281,716).

As at 31 December 2020, the ownership certificates of certain fixed assets (buildings) with carrying amount of approximately 32,686,000 have not been obtained by the Company (31 December 2019: 35,414,000) (Note 4(11)(a)).

(b) Fixed assets pending for disposal

	31 December 2020	31 December 2019
Machinery and equipment	<u>1,106,766</u>	<u>78,223</u>

(7) Intangible assets

2020

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2019	253,343,186	190,345,726	320,907,803	440,436,932	1,205,033,647
Increase in the current year — purchase	-	-	-	44,040,026	44,040,026
Decrease in the current year — disposal	-	-	-	(10,182,821)	(10,182,821)
31 December 2020	253,343,186	190,345,726	320,907,803	474,294,137	1,238,890,852
Accumulated amortisation					
31 December 2019	(77,449,558)	(122,457,667)	(264,171,686)	(233,948,011)	(698,026,922)
Increase in the current year — accrual	(5,095,578)	(83,643)	(13,115,660)	(36,804,463)	(55,099,344)
Decrease in the current year — disposal	-	-	-	10,182,821	10,182,821
31 December 2020	(82,545,136)	(122,541,310)	(277,287,346)	(260,569,653)	(742,943,445)
Carrying amount					
31 December 2020	170,798,050	67,804,416	43,620,457	213,724,484	495,947,407
31 December 2019	175,893,628	67,888,059	56,736,117	206,488,921	507,006,725

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(7) Intangible assets (continued)

2019

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2018	262,351,986	190,345,726	320,907,803	398,919,109	1,172,524,624
Increase in the current year — purchase	-	-	-	41,550,302	41,550,302
Decrease in the current year — disposal	(9,008,800)	-	-	(32,479)	(9,041,279)
31 December 2019	253,343,186	190,345,726	320,907,803	440,436,932	1,205,033,647
Accumulated amortisation					
31 December 2018	(76,952,037)	(122,374,023)	(245,511,611)	(199,103,809)	(643,941,480)
Increase in the current year — accrual	(5,257,170)	(83,644)	(18,660,075)	(34,876,681)	(58,877,570)
Decrease in the current year — disposal	4,759,649	-	-	32,479	4,792,128
31 December 2019	(77,449,558)	(122,457,667)	(264,171,686)	(233,948,011)	(698,026,922)
Carrying amount					
31 December 2019	175,893,628	67,888,059	56,736,117	206,488,921	507,006,725
31 December 2018	185,399,949	67,971,703	75,396,192	199,815,300	528,583,144

For the year ended 31 December 2020, the amortisation amount of intangible assets is 55,099,344 (2019: 58,877,570).

As at 31 December 2020, there are no intangible assets pledged as collateral for borrowings (31 December 2019: nil).

For the year ended 31 December 2020, research and development expenditures of 21,467,092 (2019: 21,088,710) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Provision for asset impairment and loss

2020

	31 December 2019	Increase in the current year	Decrease in the current year		31 December 2020
			Reversal	Written-off	
Provision for bad debt of accounts receivable	56,476,414	-	(541,456)	490,310	56,425,268
Including: Provision for bad debt recognized individually	11,255,474	-	(9,690)	-	11,245,784
Provision for bad debt recognized on groupings	45,220,940	-	(531,766)	490,310	45,179,484
Provision for bad debt of other receivables	39,269,385	72,507	(913,627)	(4,920)	38,423,345
Debt reserve for debt investment	91,000,000	3,500,000	(36,000,000)	-	58,500,000
Subtotal	186,745,799	3,572,507	(37,455,083)	485,390	153,348,613
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term investment	1,512,953,287	150,000,000	-	-	1,662,953,287
Provisions for impairment of fixed assets	31,967,366	8,844,216	-	-	40,811,582
Subtotal	1,545,582,678	158,844,216	-	-	1,704,426,894
	1,732,328,477	162,416,723	(37,455,083)	485,390	1,857,775,507

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Provision for asset impairment and loss (continued)

2019

	31 December 2019	Increase in the current year	Decrease in the current year		31 December 2020
			Reversal	Written-off	
Provision for bad debt of accounts receivable	61,483,751	29,537	(5,036,874)	-	56,476,414
Including: Provision for bad debt recognized individually	11,755,474	-	(500,000)	-	11,255,474
Provision for bad debt recognized on groupings	49,728,277	29,537	(4,536,874)	-	45,220,940
Provision for bad debt of other receivables	42,090,211	668,294	(1,554,223)	(1,934,897)	39,269,385
Debt reserve for debt investment	55,000,000	36,000,000	-	-	91,000,000
Subtotal	158,573,962	36,697,831	(6,591,097)	(1,934,897)	186,745,799
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term investment	1,260,373,287	255,000,000	-	(2,420,000)	1,512,953,287
Provisions for impairment of fixed assets	32,957,771	9,289,789	-	(10,280,194)	31,967,366
Subtotal	1,293,993,083	264,289,789	-	(12,700,194)	1,545,582,678
	1,452,567,045	300,987,620	(6,591,097)	(14,635,091)	1,732,328,477

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(9) Capital surplus

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Share premium	4,190,058,186	266,376,000	-	4,456,434,186
Other capital surplus —	116,575,625	137,289,136	-	253,864,761
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,196,463)	10,289	-	(10,186,174)
Share-based payment Included in shareholders' equity	-	137,278,847	-	137,278,847
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,306,633,811</u>	<u>403,665,136</u>	<u>-</u>	<u>4,710,298,947</u>
	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Share premium	4,190,058,186	-	-	4,190,058,186
Other capital surplus —	116,567,442	8,183	-	116,575,625
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,204,646)	8,183	-	(10,196,463)
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,306,625,628</u>	<u>8,183</u>	<u>-</u>	<u>4,306,633,811</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements

(10) Other comprehensive income

	Changes arising from re-measurement of defined benefit plan liabilities
As at 31 December 2018	(48,482,000)
Movements for the year ended 31 December 2019	<u>1,037,000</u>
As at 31 December 2019	<u>(47,445,000)</u>
Movements for the year ended 31 December 2020	<u>17,007,000</u>
As at 31 December 2020	<u>(30,438,000)</u>

(11) Undistributed profits

	2020	2019
Undistributed profits at the beginning of the year	7,489,288,403	7,320,371,233
Add: Net profit in the current year	948,382,166	817,388,912
Less: Ordinary shares dividends payable	<u>(743,040,537)</u>	<u>(648,471,742)</u>
Undistributed profits at the end of the year	<u>7,694,630,032</u>	<u>7,489,288,403</u>

The dividends actual paid for the year ended 31 December 2020, and the dividends proposed but not paid at the end of the year are disclosed in Note 4(39).

(12) Revenue and cost of sales

	2020	2019
Revenue from main operation (a)	18,255,594,424	18,850,719,128
Revenue from other operations (b)	<u>1,289,690,153</u>	<u>1,318,912,380</u>
	<u>19,545,284,577</u>	<u>20,169,631,508</u>
	2020	2019
Cost of main operation (a)	(14,040,782,736)	(14,761,378,309)
Cost of other operations (b)	<u>(1,242,692,936)</u>	<u>(1,281,598,273)</u>
	<u>(15,283,475,672)</u>	<u>(16,042,976,582)</u>

Notes to Financial Statements

For the year ended 31 December 2020

(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

	2020		2019	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	<u>18,255,594,424</u>	<u>(14,040,782,736)</u>	<u>18,850,719,128</u>	<u>(14,761,378,309)</u>

(b) Revenue and cost of other operations

	2020		2019	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of raw materials	<u>1,280,610,520</u>	<u>(1,236,194,865)</u>	<u>1,308,701,829</u>	<u>(1,273,359,981)</u>
Others	<u>9,079,633</u>	<u>(6,498,071)</u>	<u>10,210,551</u>	<u>(8,238,292)</u>
	<u>1,289,690,153</u>	<u>(1,242,692,936)</u>	<u>1,318,912,380</u>	<u>(1,281,598,273)</u>

(13) Finance expenses

	2020	2019
Interest income	<u>(214,047,815)</u>	<u>(166,807,682)</u>
Exchange losses/(gains)	<u>7,919,486</u>	<u>(6,944,968)</u>
Discounting impact of the long-term employee benefits payable	<u>11,113,727</u>	<u>10,864,239</u>
Interest expense on lease liabilities	<u>1,325,661</u>	<u>1,092,495</u>
Others	<u>1,718,219</u>	<u>2,094,006</u>
	<u>(191,970,722)</u>	<u>(159,701,910)</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(14) Expenses by nature

The costs of sales, selling and distribution expenses, general and administrative expenses and research and development expenses classified by nature are as follows:

	2020	2019
Raw materials, packaging materials and consumables used	4,472,706,967	4,732,844,709
Changes in inventories of finished goods, work in progress and materials on	(44,749,924)	(246,567,950)
Finished goods purchased from outside	10,195,757,739	10,892,542,802
Employee benefits expenses	1,980,316,009	1,980,172,553
Handling and transportation expenses	979,542,816	1,042,085,097
Advertising related expenses	697,919,468	771,417,572
Depreciation and amortisation charges	279,347,278	267,234,566
Administrative expenses	96,693,344	122,565,000
Repair expenses	79,721,547	83,514,430
Share-based payment fees	71,101,559	-
Operating lease payments	44,518,036	43,197,112
Labour expenses	28,682,288	28,969,435
Auditors' remuneration — audit service	8,094,340	8,094,340
Other expenses	103,807,916	95,574,345
	<u>18,993,459,383</u>	<u>19,821,644,011</u>

(15) Asset impairment losses

	2020	2019
Impairment losses of long-term equity investments	150,000,000	255,000,000
Impairment losses of fixed assets	8,844,216	9,289,789
	<u>158,844,216</u>	<u>264,289,789</u>

(16) Credit impairment losses

	2020	2019
Reversals of bad debts of accounts receivable	(541,456)	(5,007,337)
Reversals of bad debts of other receivables	(841,120)	(885,929)
Reversals/(Losses) of impairment losses of debt investment	(32,500,000)	36,000,000
	<u>(33,882,576)</u>	<u>30,106,734</u>

Notes to Financial Statements

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(17) Investment income

	2020	2019
Investment income from long-term equity investment accounted for using the cost method (a)	858,343,259	1,083,223,227
Investment income from long-term equity investment accounted for using the equity method	17,796,928	19,996,888
Interest income from debt investment	4,467,326	8,880,679
	<u>880,607,513</u>	<u>1,112,100,794</u>

There is no significant restriction on transferring funds in the form of investment income.

- (a) Investment income from long-term equity investment accounted for using the cost method is the profit distribution declared by subsidiaries (Note 15(5)(a)).

(18) Income tax expense

	2020	2019
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	293,708,976	108,566,032
Deferred income tax	<u>(158,773,759)</u>	<u>(59,444,319)</u>
	<u>134,935,217</u>	<u>49,121,713</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 expense is as below:

	2020	2019
Total profit	<u>1,083,317,383</u>	<u>866,510,625</u>
Income tax expense calculated at applicable tax rates	270,829,345	216,627,656
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	20,388,798	39,116,263
Income not subject to tax	<u>(219,887,955)</u>	<u>(276,670,437)</u>
Impact of utilisation of previously unrecognized deferred tax assets	(9,294,601)	(2,380,939)
Deductible temporary differences of currently unrecognized deferred tax assets	<u>72,899,630</u>	<u>72,429,170</u>
Income tax expense	<u>134,935,217</u>	<u>49,121,713</u>

Supplementary Information

For the year ended 31 December 2020

(All amounts in RMB Yuan unless otherwise stated)

1 Summary of non-recurring profit or loss

	2020	2019
Government grants recognized in profits	517,048,836	602,897,696
Net profit or loss on disposal of non-current assets	(5,204,016)	59,170,551
Reversal of impairment provision for accounts receivable which impairment is provided individually	9,690	500,000
Employee arrangement expenses arising from land acquisition	-	(46,555,963)
Other non-operating income and expenses other than aforesaid items	(10,535,197)	29,021,000
	<u>501,319,313</u>	<u>645,033,284</u>
Impact of income tax expense	(99,696,507)	(112,892,874)
Impact on the non-controlling interests, net of tax	(15,884,003)	(27,018,105)
	<u>385,738,803</u>	<u>505,122,305</u>

Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No.1 on information disclosure by companies offering securities to the public — non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Earnings per share					
	Weighted average return on net assets		Basic earnings per share			
	2020	2019	2020	2019	Diluted earnings per share	
	2020	2019	2020	2019	2020	2019
Net profit attributable to ordinary shareholders of the Company	11.13%	9.97%	1.629	1.371	1.627	1.371
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	9.18%	7.25%	1.344	0.997	1.342	0.997

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	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 the People's Government of Qingdao
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	the 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(特殊普通合夥)	PwC Zhong Tian	Means	PricewaterhouseCoopers Zhong Tian LLP
審計委員會	指	本公司第九屆董事會審計與內控委員會	Audit Committee	Means	Audit & Internal Control Committee under the 9th session of the Board
戰略委員會	指	本公司第九屆董事會戰略與投資委員會	Strategy Committee	Means	Strategy & Investment Committee under the 9th session of the Board
報告期	指	2020年1月1日至12月31日	Reporting Period	Means	January 1 to December 31, 2020
《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 Issuers
《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 of Exchange of Hong Kong Limited
《公司章程》	指	青島啤酒股份有限公司章程	Articles of Association	Means	Articles of Association of the Company
財務公司	指	青島啤酒財務有限責任公司	Tsingtao Finance Company	Means	Tsingtao Brewery Finance LLC
香港公司	指	青島啤酒香港貿易有限公司	Tsingtao HK	Means	Tsingtao Brewery Hong Kong Trade Company Limited
復星集團	指	復星國際有限公司旗下五家實體公司	Fosun Group	Means	five entity companies under Fosun International Limited
復星國際	指	復星國際有限公司	Fosun International Limited	Means	Fosun International Limited
激勵計劃	指	公司A股限制性股票激勵計劃	Incentive Plan	Means	The Restricted A-Share Incentive Plan of the Company
文化公司	指	青島啤酒文化傳播有限公司	Culture Company	Means	Tsingtao Brewery Culture Communication Co., Ltd.
棗莊公司	指	青島啤酒(棗莊)有限公司	Zaozhuang Company	Means	Tsingtao Brewery (Zaozhuang) Co., Ltd.

公司資料 Company Information

- | | |
|--|--|
| 1. 中文名稱：青島啤酒股份有限公司 | 1. English Name: Tsingtao Brewery Company Limited |
| 2. 法定代表人：黃克興 | 2. Legal Representative: HUANG Ke Xing |
| 3. 公司秘書：張瑞祥
聯繫地址：山東省青島市
東海西路35號
青啤大廈
1106室
董事會秘書室 | 3. Company Secretary: Zhang Rui Xiang
Address: Secretarial Office of the Board
Room 1106 Tsingtao Beer Tower
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| 郵政編碼：266071 | Postal Code: 266071 |
| 電話：86-532-85713831 | Tel: 86-532-85713831 |
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| 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
東海西路35號青啤大廈
郵政編碼：266071
公司網址：www.tsingtao.com.cn
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Business Address: Tsingtao Beer Tower
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Postal Code: 266071
Company Website: www.tsingtao.com.cn
E-mail: info@tsingtao.com.cn |
| 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 | 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 |
| 6. 未上市股票托管機構：中國證券登記結算有限責任公司上海分公司 | 6. Custodian of unlisted shares: Shanghai Branch of China Securities Depository and Clearing Corporation Limited |
| 7. 會計師事務所：普華永道中天會計師事務所(特殊普通合夥)，地址為上海市黃浦區湖濱路202號領展企業廣場2座普華永道中心11樓 | 7. Auditor: PricewaterhouseCoopers Zhong Tian LLP at 11/F PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai |
| 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中路5號財富金融中心20層 | 8. Legal advisers:
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TSINGTAO

青島啤酒

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青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.



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