



青島啤酒股份有限公司 TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號: 168)



年度報告 ANNUAL REPORT 2021



目錄

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公司業務概要 Business Introduction of the Company

一、公司簡介

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。目前公司在國內擁有58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知名度的中國品牌，已行銷世界一百餘個國家和地區。

1. Company Profile

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 58 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.



公司業務概要 Business Introduction of the Company

二、報告期內核心競爭力分析

公司擁有的「青島啤酒」品牌是我國首批十大馳名商標之一，在國內外市場具有強大的品牌影響力和較高的知名度，2021年，「青島啤酒」以人民幣1,985.66億元的品牌價值繼續保持了中國啤酒行業品牌價值第一，公司擁有的「青島啤酒、嶗山啤酒、漢斯啤酒」等品牌總價值已突破人民幣3,000億元（數據及資料來源：世界品牌實驗室發佈）。

公司作為中國歷史最悠久的啤酒生產企業，高度重視產品質量，青島啤酒產品多次在國內外質量評比中榮獲冠軍，並在國內外消費者中獲得了廣泛的好評。近年來通過不斷改造完善，使公司的主要生產設備裝備達到國際先進水平，並通過對原料、工藝、技術、操作流程等方面的強化管理和控制，保障了食品安全和產品的高品質，也提升了產品的口味一致性。

公司擁有啤酒行業唯一的國家重點實驗室，擁有國內一流的研發平台，高水平的研發團隊，以及國內領先的基礎研究能力，並形成了多項自主知識產權的核心技術，保持了公司在國內啤酒市場的技術領先水平。近年來公司推出的青島啤酒「一世傳奇、百年之旅、琥珀拉格、奧古特、鴻運當頭、經典1903、桶裝原漿啤酒、皮爾森、青島啤酒IPA」等一系列具有鮮明特色、符合市場需求的新產品，引領了啤酒高端產品消費潮流，進一步提升了公司品牌形象。

公司建立並不斷完善覆蓋全國主要市場、輻射全球的網絡布局，業務遍及全球一百餘個國家和地區，持續強化市場推廣力度和深化市場銷售網絡建設，推進廠商協作運營、優化營銷價值鏈環節分工，不斷提高對終端客戶的維護和服務能力，鞏固和提高在基地市場的優勢地位和新興市場的佔有率，推動公司市場運營能力和盈利能力的不斷提升。

2. Core Competitiveness Analysis

The Company's "Tsingtao Beer" is one of the first batches of China's Well-known Trademarks and has strong influence and high visibility on local and international markets. In 2021, "Tsingtao Beer" remained the top brand value in the Chinese beer industry with a brand value of RMB198.566 billion. The overall worth of "Tsingtao Beer," "Laoshan Beer," and "Hans Brewery" owned by the Company has surpassed RMB300 billion (Data resource: World Brand Laboratory).

As a beer manufacturer with the longest history in China, the Company prioritizes product quality. Tsingtao Beer products have won several championships in domestic and foreign quality competitions as well as customer recognition both at home and abroad. The Company has boosted its major production equipment to the advanced international level through continuous improvement in recent years. Furthermore, by strengthening management and control of raw materials, production process, technologies, and operation procedures, the Company has ensured food safety and excellent product quality and maintains the consistency of product taste.

The Company possesses the only national key laboratory in the beer industry, China's first-class R&D platform, a high-caliber R&D team, and a domestic leading capability for basic research. The Company has also developed a number of core technologies with proprietary intellectual property and maintained its technologically leading position in the domestic beer market. In recent years, the Company has launched several Tsingtao Beer products, such as "Century Legend," "Tsingtao Centennial Journey," "Amber Lager," "Augerta," "Hong Yun Dang Tou," "Classic 1903", "Keg Original Beer," "Pearson" and "Tsingtao IPA." These innovative products with distinctive characteristics that fit market needs have helped to drive the consumption trend for high-end beer products and improved the Company's profile.

The Company has established and constantly refined a network that covers the major markets in China and reaches the world. Its business expanded to more than 100 countries and regions. The Company has continued to strengthen marketing and deepen the development of its sales network, promote collaborative operations between manufacturers, and improve the sales value chain. It has steadily strengthened its ability to maintain and serve end customers, consolidated and enhanced its competitive edge in the base market, raised its growing market share, and pushed continual improvement in its market operations and profitability.

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. 本集團二零二一年財務資料

1. The Group’s financial information for the year ended 31 December 2021

(單位：人民幣千元)

(Unit: RMB’000)

營業利潤	Operating profit	4,454,955
利潤總額	Total profit	4,478,975
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	3,155,456
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	2,206,584
經營活動產生的現金流量淨額	Net cash flows from operating activities	6,043,111
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	555,940
非流動資產處置淨損益	Net profit or loss on disposal of non-current assets	481,507
除同公司正常經營業務相關的有效套期保值業務外，持有交易性金融資產、衍生金融資產、交易性金融負債、衍生金融負債產生的公允價值變動損益，以及處置交易性金融資產、衍生金融資產、交易性金融負債、衍生金融負債和其他債權投資取得的投資收益	Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and the investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	197,853
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	24,021
小計	Subtotal	1,259,321
所得稅影響額	Impact of income tax expense	(297,092)
少數股東權益影響額(稅後)	Impact on the non-controlling interest, net of tax	(13,357)
合計	Total	948,872

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	2021	2020	2019	2018	2017
營業收入	Revenue	30,166,805	27,759,711	27,983,760	26,575,255	26,277,052
利潤總額	Total profit	4,478,975	3,239,549	2,726,911	2,379,767	2,104,819
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	3,155,456	2,201,324	1,852,103	1,422,200	1,263,017
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	2,206,584	1,815,585	1,346,981	1,053,743	975,266
基本每股收益	Basic earnings per share	2.328	1.629	1.371	1.053	0.935
稀釋每股收益	Diluted earnings per share	2.324	1.627	1.371	1.053	0.935
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	1.626	1.344	0.997	0.780	0.722
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	1.625	1.342	0.997	0.780	0.722
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	13.72	10.67	9.66	7.91	7.37
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	14.47	11.13	9.97	8.10	7.55
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 (%)	9.59	8.80	7.03	5.86	5.69
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 (%)	10.12	9.18	7.25	6.00	5.83
經營活動產生的現金流量淨額	Net cash flows from operating activities	6,043,111	4,953,422	4,016,553	3,992,008	2,312,191
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)	4.43	3.63	2.97	2.95	1.71
總資產	Total assets	46,563,004	41,514,186	37,312,384	34,075,265	30,974,712
總負債	Total liabilities	22,769,313	20,146,134	17,399,013	15,385,314	13,200,207
歸屬於母公司股東權益	Total equity attributable to shareholders of the Company	23,001,845	20,621,961	19,171,583	17,970,471	17,145,228
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)	16.86	15.12	14.19	13.30	12.69

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1,337萬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1,337萬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 13.37 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 13.37 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
		股本	資本公積	減：庫存股	其他綜合收益	盈餘公積	一般風險準備	未分配利潤	Non-controlling interests	Total shareholders' equity
		Share capital	Capital surplus	Treasury stock	Less: comprehensive income	Surplus reserve	General reserve	Undistributed profits		
期初數	Opening balance	1,364,183	3,675,292	(279,576)	(19,851)	1,400,704	260,344	14,220,864	746,092	21,368,052
本期增加	Increase in the current year	294	283,379	(6,227)	(39,781)	—	34,509	3,155,456	101,431	3,529,061
本期減少	Decrease in the current year	(122)	(2,462)	12,613	—	—	—	(1,057,775)	(55,676)	(1,103,422)
期末數	Ending balance	1,364,355	3,956,209	(273,190)	(59,632)	1,400,704	294,853	16,318,545	791,847	23,793,691

(1) 股本：增加原因是實施限制性股票激勵計劃所致；減少原因為回購註銷退休及離職激勵對象持有的限制性股票所致。

(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，減少原因為回購註銷退休及離職激勵對象持有的限制性股票所致。

(3) 庫存股：增加原因是實施限制性股票激勵計劃所致；減少原因為對預計未來可解鎖限制性股票持有者分配現金股利以及回購註銷退休及離職激勵對象持有的限制性股票所致。

(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，減少為本年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; Decrease represents the repurchase and cancellation of restricted shares held by retired or resigned incentive participants.

(2) Capital surplus: Increase mainly represents the grant of the restricted shares under Incentive Plan. Decrease represents the repurchase and cancellation of restricted shares held by retired or resigned incentive participants.

(3) Treasury stock: Increase represents the grant of the restricted shares under Incentive Plan. Decrease represents the distribution of cash dividends to shareholders of restricted shares expected to be vested in the future and the repurchase and cancellation of restricted shares held by retired or resigned incentive participants.

(4) Other comprehensive income: Increase 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 distribution of dividends in the current year.

一世传奇
青島啤酒 百年之旅

百酿成传奇



百位酿酒大师 传承百年工艺 融汇百种酿法 经过千锤百炼
酿于百年酒厂 藏于百年橡木 集合百味芳香 酿就百年传奇

董事長報告書 Chairman's Statement

致各位股東：

2021年國內啤酒行業共實現啤酒產量3,562萬千升。(資料來源：國家統計局；統計口徑：年主營業務收入2,000萬元以上的全部工業法人企業。)新冠肺炎疫情多點散發及消費不振使國內啤酒市場的復甦仍面臨嚴峻的挑戰。

報告期內，公司繼續秉承董事會制定的「高質量發展戰略」，持續鞏固提升基地市場建設，加快推進數字化轉型和強化智能製造，充分發揮青島啤酒的品牌和品質優勢積極開拓國內外市場。公司在加強新冠肺炎疫情常態化、精準化防控的同時，通過增銷量、調結構、提費效，積極開源節流、降本增效，進一步提升管理效率，多措並舉實現了經營業績的持續較大幅度增長。2021年，公司共實現產品銷量793萬千升，其中：主品牌青島啤酒實現銷量432.9萬千升，同比增長11.6%。報告期內，公司實現營業收入人民幣301.7億元，同比增長約8.7%；實現歸屬於上市公司股東的淨利潤人民幣31.6億元，同比增長43.3%。

Dear shareholders,

In 2021, the domestic beer industry produced 35.62 million kiloliters of beer intotal. (Data source: National Bureau of Statistics; statistic scope: all corporate industrial enterprises with a principal business revenue of over RMB20 million per year.) The recovery of the domestic beer market still faced severe obstacles as a result of the dispersed resurgence of COVID-19 and the consumption stagnation.

During the Reporting Period, the Company continued to implement the Board of Directors' "high-quality development strategy," thereby boosting the base market's development, accelerating digital transformation, strengthening intelligent manufacturing, and proactively developing domestic and foreign markets by leveraging the brand and quality of Tsingtao Beer. While intensifying the regular and targeted control of the epidemic, the Company attained substantial growth in business performance through a combination of measures, such as expanding sources of revenue, controlling expenditures, reducing costs, increasing efficiency, and further enhancing management efficiency. In 2021, the Company sold 7.93 million liters of product, including 4.329 million kiloliters of Tsingtao Beer, an increase of 11.6% year-on-year. During the Reporting Period, the Company realized operating revenue of RMB30.17 billion, an increase of 8.7% year-on-year, and a net profit attributable to the company's shareholders of RMB3.16 billion, an increase of 43.3% year-on-year.



黃克興先生
Mr. HUANG Ke Xing

董事長報告書 Chairman's Statement

報告期內，公司堅定不移地推進「青島啤酒主品牌+嶗山啤酒第二品牌」的品牌戰略，順應國內啤酒市場消費升級趨勢，深度挖掘市場多樣性的消費需求，豐富公司產品矩陣，持續優化產品結構，加快布局高端和超高端市場。報告期內，青島啤酒高檔以上產品共實現銷量52萬千升，同比增長14.2%，公司千升酒營業收入同比增長7.2%，保持了在國內啤酒中高端市場的競爭優勢。2022年初公司新研發上市的藝術典藏超高端產品——青島啤酒「一世傳奇」繼續引領了國內啤酒產業消費升級的新高度。

本公司作為北京2022年冬奧會官方贊助商，圍繞本次國際體育盛會推出了「青島啤酒冬奧冰雪罐」等系列產品，在傳播冰雪文化和奧運精神的同時廣受消費者好評；通過打造推出冰雪主題TSINGTAO1903酒吧和冰雪國潮歡聚吧等活動，完美融合啤酒激情與體育激情，創新消費者沉浸式品牌體驗新模式，實現了線上線下多點觸達和消費場景多元化的新突破。



在國際市場，公司著力強化更具國際化、互動化的品牌傳播、推廣與渠道創新，通過豐富產品線及一系列內容新穎、形式多樣的品牌推廣活動，鞏固提升海外傳統優勢市場，拓展全球市場分銷覆蓋，2021年在全球疫情對消費市場形成嚴重影響的背景下，青島啤酒實現海外市場銷量同比增長11.2%。

During the Reporting Period, the Company steadfastly promoted the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”, followed the consumption upgrading in the domestic beer market trend, deeply cultivated diversified consumer needs, enriched the product matrix, continuously enhanced the product mix and boosted business expansion on the high-end and super high-end markets. During the Reporting Period, the Company achieved 520,000 kiloliters of sales of above-high-end Tsingtao Beer products, an increase of 14.2% year-on-year. The operating revenue per 1,000 liters of beer increased by 7.2% year-on-year. The Company has maintained its competitive advantages in mid-to-high-end markets. Tsingtao “Century Legend,” an artistic, classic, and extremely high-end product launched in early of 2022, raises the bar for consumption upgrading in the domestic beer industry.

As an official sponsor of the Beijing 2022 Winter Olympic Games, the Company launched a series of products represented by “Tsingtao Beer Winter Olympics Ice Can,” which were favorably appreciated by consumers while spreading the ice culture and Olympic spirit. By launching events such as the ice-themed TSINGTAO1903 bar and Tsingtao Ice Bar, the Company combined people’s passion for beer and sports and created a new immersive brand experience for consumers, both online and offline, making breakthroughs in the diversification of consumption scenes.

The Company focused on reinforcing more international and interactive brand communication, promotion, and channel innovation on the international market. By diversifying product lines and organizing a series of branding activities of various forms with novel content, the Company improved its competitive edges in the conventional overseas market. It expanded distribution coverage in the global market. Under the circumstance where the global pandemic causing severe impact on the consumption market in 2021, Tsingtao Beer achieved year-on-year growth of 11.2% for the sales volume on the overseas market.



董事長報告書 Chairman's Statement

報告期內，公司加快數字化轉型，提升協同效應，積極構建以科技創新為引領的全域性、系統性創新新引擎，在行業內建立了「基於數字化端到端解碼的魅力感知質量管理模式」，數字化智慧供應鏈等新興業務建設也取得新成效，實現了由傳統運營轉向數字化、智能化運營的新突破，通過技術與產業融合深度實踐取得了管理效率的持續優化提升。

董事長

黃克興

中華人民共和國·青島
二零二二年三月二十八日

During the Reporting Period, the Company accelerated the pace of digital transformation, boosted the synergistic effect, and proactively built an all-around and systematic new engine led by scientific and technological innovation. The Company developed a “quality management model based on the allure of end-to-end digital decoding.” It delivered new results in developing new businesses such as digital smart supply chains. These efforts have enabled the Company to convert from traditional operations to digital and intelligent operations and continuously enhance management efficiency through the deep integration of technology and industry.

Chairman

HUANG Ke Xing

Qingdao, the People's Republic of China
28 March 2022





青島啤酒

百年鴻運

金虎納福



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。

2021年公司共實現產品銷售量793萬千升，實現營業收入人民幣301.7億元，實現歸屬於上市公司股東的淨利潤人民幣31.6億元，歸屬於上市公司股東的扣除非經常性損益後的淨利潤人民幣22.1億元。

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	2,515,231	1,077,500	329,003	2,763,668	425,487
青島啤酒(城陽)銷售有限公司 Tsingtao Brewery (Chengyang) Sales Company Limited	批發和零售業 Wholesale and retail business	8,000	578,908	530,994	337,355	1,148,697	449,806
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	969,583	766,539	405,722	2,105,561	540,963

2. 報告期內主要供貨商和客戶情況

- (1) 2021年度前五名供應商採購額約210,942萬元(2020年度：168,248萬元)，佔年度採購總額15.51%(2020年度：13.05%)。
- (2) 2021年度前五名客戶銷售額約205,964萬元(2020年度：133,743萬元)，佔年度銷售總額6.94%(2020年度：4.89%)。

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及銷售商的任何權益。

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 2021, the Company realized 7.93 million kl of sales volume of beer in total, realized RMB30.17 billion of revenue; and realized RMB3.16 billion of net profits attributable to shareholders of the Company, including RMB2.21 billion of net profits attributable to shareholders of the Company after deducting non-recurring gains and losses.

1. Operation situation of main subsidiaries (calculated in accordance with CAS)

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 2021 was approximately RMB2,109.42 million (2020: RMB1,682.48 million), which accounted for 15.51% of its annual purchase amount in aggregate (2020: 13.05%).
- (2) The total amount of the Company's sales of its top 5 clients in 2021 was approximately RMB2,059.64 million (2020: RMB1,337.43 million), which accounted for 6.94% of its annual sales amount in aggregate (2020: 4.89%).

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 and distributors.

董事會報告 Report of the Directors

二. 利潤分配和派息政策

董事會建議就截至2021年12月31日止年度派發末期股息每股人民幣1.10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2021年度股東年會審議批准。末期股息預期於2022年8月12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62至81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5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89至92頁「重要事項」。

本公司秉承「為了更美好的世界」的環境理念，以「做啤酒行業綠色發展的楷模」為環保願景，以「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、低碳管理、循環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。

II. Profit Distribution and Dividend Payout Policy

The Board proposed a final dividend of RMB1.10 (including tax) per share for the year ended 31 December 2021, and carried forward the remaining distributable profits to the next year. The proposed preliminary distribution scheme of final dividend, which is expected to be payable to the shareholders on 12 August 2022 or around the date, will be subject to the consideration and approval at the Company's 2021 Annual General Meeting. 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 deliberated 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 62 to 81 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 5 of this Annual Report. Significant events occurred during the Reporting Period are set out in "Significant Events" on pages 89 to 92 of this Annual Report.

The Company sticks to the environmental concept of "building a better world", the environmental vision of "being a model of green development in the beer industry" and the environmental mission of "promoting sustainable development of the Company and achieving harmony with nature through environmental protection, low-carbon management and circular economy". Hence, environmental protection, low-carbon management and circular economy compose an important part of the Company's strategy for sustainable development.

董事會報告 Report of the Directors

公司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。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2021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2021環境、社會及管治報告》。

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(33), (35), (36), (37), (38)。

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2021年末本公司報表的未分配利潤約為人民幣829,828萬元。

五. 股本變動及股東情況

1. 公司於2021年5月26日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授予預留A股限制性股票的登記工作，實際完成向34名激勵對象授予合計294,000股A股限制性股票。2021年12月20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中12名激勵對象持有的已獲授予但尚未解除限售的122,002股限制性股票的回購註銷工作。

The Company assigns environmental management to dedicated personnel who must have the required certificate to perform their duties. The Company has amended and improved the environmental management policy and published relevant technical standards. Centered on its annual targets and work guidelines, the Company has identified management risks, quickly implemented requirements for environment management and promoted the accountability and appraisal mechanism for achieving the environmental targets. The Company has strictly monitored the operations of environmental facilities and pollutant discharge during production to ensure stable and up-to-standard discharge and continuous improvement in environmental performance.

Within 2021, 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 2021 Environmental, Social and Governance Report published by the Company on the website of the Stock Exchange.

IV. Reserve

Details of changes of reserve of the Company and the Group during the Reporting Period are set out in Note 4(33), (35), (36), (37), (38) to Consolidated Financial Statements (prepared in accordance with CAS).

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 2021 amounted to about RMB8,298.28 million.

V. Changes of Share Capital and Information of Shareholders

1. On May 26, 2021, the Company completed the registration of the reserved restricted A shares under its Incentive Plan at China Securities Depository and Clearing Co., Ltd.'s Shanghai Branch; a total of 294,000 restricted A shares were granted to 34 participants. On December 20, 2021, the Company completed the repurchase and cancellation of 122,002 shares that had been granted to 12 participants but had yet to be released from lockup at China Securities Depository and Clearing Co., Ltd.'s Shanghai Branch.

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(+,-) 公積金轉股 Capitalizing of common reserves				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	其他 Others	小計 Subtotal	數量 Quantity	比例(%) Proportion (%)	
二、 無限售條件流通 股份 II. Unrestricted tradable shares	1,350,982,795	99.03	0	0	0	0	0	1,350,982,795	99.02
1、 人民幣普通股 1. RMB-denominated ordinary shares	695,913,617	51.01	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	48.02	0	0	0	0	0	655,069,178	48.01
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	1,364,182,795	100	294,000	0	0	-122,002	171,998	1,364,354,793	100

2. 股東情況

- (1) 報告期末公司股東總數為36,590戶。其中：A股36,340戶，H股250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. Shareholders

- (1) As at the end of the Reporting Period, the total number of shareholders of the Company was 36,590 including 36,340 holders of A-share, and 250 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.

董事會報告 Report of the Directors

(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) 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、標記或 凍結情況 Guaranteed, mark or frozen shares	股份類別 Class of share
香港中央結算(代理人)有限公司(附註1) HKSCC Nominees Limited (Note 1)	5,752	613,913,619	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	32.50	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	-13,116,277	17,099,709	1.25	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)	-844,902	15,919,707	1.17	無 Nil	A股 A-share
中國工商銀行股份有限公司－東方紅啓恒三年持有期混合型證券投資基金 Agricultural Bank of China Co., Ltd.-E Fund Consumer Industry Equity Securities Investment Fund	—	7,639,403	0.56	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	1,852,688	7,197,814	0.53	無 Nil	A股 A-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)	1,776,600	6,776,600	0.50	無 Nil	A股 A-share

董事會報告 Report of the Directors

單位：股
Unit: Share

股東名稱 Shareholder's name	報告期內增減 Increase/Decrease during the Reporting Period	報告期末持股 Shares held at the end of the Reporting Period	持股比例(%) Shareholding percentage (%)	股份質押、標記或 凍結情況 Guaranteed, mark or frozen shares	股份類別 Class of share
興業銀行股份有限公司－工銀瑞信文體產業股票型證券投資 基金 Sports Industry Equity Securities Investment Fund	4,029,607	6,373,899	0.47	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	-8,642,368	5,375,127	0.39	無 Nil	A股 A-share
中國建設銀行股份有限公司－富國價值創造混合型證券投資 基金 China Construction Bank Co., Ltd. - Fullgoal Value Creation Hybrid Securities Investment Fund	—	4,511,686	0.33	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鑫海盛持有的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，復星集團合計持有本公司H股股份68,983,919股，佔本公司總股本約5.06%。復星集團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 Xinhaisheng, 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.
- According to the instructions of Fosun Group hold a total of 68,983,919 stock shares of the Company, accounting for approximately 5.06% of the total share capital of the Company. At the end of the reporting period, the shares held by the five entities of Fosun Group were held by HKSCC Nominees Limited.

除上所述，本公司並不知曉前十名股東之間是否存在關聯關係或屬於一致行動人。

Save as disclosed above, the Company is unaware if there are any associations among these top ten shareholders 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2021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絡人以外的人士，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 2021, 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 SFO:

名稱 Name	性質 Nature	股份類別 Class of Share	持股身份 Shareholder Identity	註釋 Note	相關股份的 數目 Number of 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	29.69%	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	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	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	68,983,919	5.06%	10.53%
Fosun International Holdings Ltd.	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	2	68,983,919	5.06%	10.53%
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	68,983,919	5.06%	10.53%
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	48,361,626	3.54%	7.38%
FMR LLC	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	3	33,610,096	2.46%	5.13%

董事會報告 Report of the Directors

註釋：

- (1) 被視為由青島市國資委享有權益的38,335,600股H股是透過青啤集團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。
- (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.hkex.com.hk)有關「披露權益」的部分。

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。

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 Group, 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.
- (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. Pre-emptive Right

There are no provisions concerning pre-emptive rights in the 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. 公司董事被授予的限制性股票情況

好倉:

姓名 Name	職務 Position	持股身份 Shareholder Identity	年初持有 限制性 股票數量 Number of restricted shares held at the beginning	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	已收代價 (人民幣元) (註1) Considerations received (RMB) (Note 1)	合計持股 Total number of shares held
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 spouse's interest	150,000	0.0211	0.0110	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 Beneficial Owner	110,000	0.0155	0.0081	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 Beneficial Owner	110,000	0.0155	0.0081	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。

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

Long positions:

單位：股
Unit: Share

Note: 1. The grant price per Restricted Share is RMB21.18.

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. 監事持股情況

好倉:

單位：股
Unit: Share

姓名 Name	職務 Position	持股身份 Shareholder Identity	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
黃祖江 HUANG Zu Jiang	職工監事 Supervisor as Employees' Representative	實益擁有人 Beneficial Owner	12,900	12,900	A股流通股份 Tradable A shares

截至2021年12月31日止，除上述人員持股外，本公司的董事、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》作為董事進行證券交易的行為守則和規範。本公司已向所有董事及監事作出特定查詢，彼等亦確認於報告期內之所有適用時期，均遵守《標準守則》及其行為守則和規範所規定有關董事的證券交易的標準。

2. The shareholding of supervisors

Long positions:

As at 31 December 2021, save as disclosed above, none of the directors, 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 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. The Company has conducted inquiries on all directors and supervisors, affirmed that they had followed the standards for securities trading by directors as specified in the Model Code and their code of conduct 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2021年5月起新任四川沱牌舍得集團有限公司董事，該公司為A股上市公司舍得酒業股份有限公司（證券代碼600702）的控股股東。
- (2) 公司獨立非執行董事盛雷鳴，自2021年9月起新任上海外服控股集團股份有限公司獨立董事，該公司在上交所掛牌上市，證券代碼600662。

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

3.1 Updates on the profiles of the Company's Directors include the following:

- (1) SHI Kun, Non-executive Director of the Company, has been appointed as Director of Sichuan Tuopai Shede Group Co., Ltd. since May 2021. The company is the controlling shareholder of Shede Spirits Co., Ltd. (stock code 600702), a company listed on the A-share market.
- (2) SHENG Lei Ming, Independent Non-executive Director of the Company, has been appointed as Independent Director of Shanghai Foreign Service Holding Group Co., Ltd. since September 2021. The Company is a listed company on Shanghai Stock Exchange with the stock code 600662.

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 working 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 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 社保及公積金和其他 離職後福利)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) (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	145.84
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	127.80
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	126.47
石琨 SHI Kun	非執行董事 Non-executive Director	現任 Current	0
肖耿 XIAO Geng	獨立非執行董事 Independent non-executive Director	現任 Current	12
盛雷鳴 SHENG Lei Ming	獨立非執行董事 Independent non-executive Director	現任 Current	12
姜省路 JIANG Xing Lu	獨立非執行董事 Independent non-executive Director	現任 Current	12
張然 Rania ZHANG	獨立非執行董事 Independent non-executive Director	現任 Current	6
郭秀章 GUO Xiu Zhang	監事會主席 Chairman of Board of Supervisors	現任 Current	0
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 Zu Jiang	職工監事 Supervisor as Employees' Representative	現任 Current	69.80
孫麗紅 SUN Li Hong	職工監事 Supervisor as Employees' Representative	現任 Current	59.96

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 社保及公積金和其他 離職後福利)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) (RMB0'000)
孟慶尚 MENG Qing Shang	職工監事 Supervisor as Employees' Representative	現任 Current	63.14
蔡志偉 CAI Zhi Wei	營銷總裁 President of Marketing Center	現任 Current	404.77
姜宗祥 JIANG Zong Xiang	副總裁、供應鏈總裁 Vice President, President of Supply Chain	現任 Current	80.53
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	79.73
王少波 Wang Shao Bo	副總裁 Vice President	現任 Current	79.05
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	現任 Current	70.97
于增彪(註2)	獨立非執行董事	自2021年6月28日股東年會結束後 離任	6
YU Zeng Biao (Note 2)	Independent Non-executive Director	he left the position after the Company's annual general meeting on June 28, 2021	
李綱(註2)	監事會主席	已屆退休年齡，自2021年4月9日起辭 任	3
LI Gang (Note 2)	Chairman of Board of Supervisors	Having reached the retirement age, he resigned from his positions on April 9, 2021	
合計 Total			<u>1,375.06</u>

註：1、公司執行董事及部分高管人員2021年薪酬中包括2017-2019年三年任期激勵收入及其他退休後福利精算金額。

2、李綱先生因已屆退休年齡於2021年4月9日辭任監事會主席一職，上表所列酬金為1-3月任職期間的報酬；于增彪先生因任期屆滿於2021年6月28日股東年會結束後離任，上表所列酬金為1-6月任職期間的報酬。

Notes: 1. The remunerations of the Company's executive directors and some executives of 2021 include the incentive incomes for their three-year tenure from 2017 to 2019 as well as the actuarial amount of other post-retirement benefits.

2. Mr. LI Gang resigned from his position Chairman of Board of Supervisors on 9 April 2021 because he had reached the retirement age. Hence, his remuneration listed above is for the period from January to March 2021. Mr. YU Zeng Biao resigned from his position at the annual general meeting on 28 June 2021 because he had completed his tenure. Hence, his remuneration listed above is for the period from January to June 2021.

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32,947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)
生產人員	Production personnel	14,482
銷售人員	Sales personnel	10,479
技術人員	Technical personnel	2,084
財務人員	Financial personnel	1,228
行政人員	Administrative personnel	4,674
合計	Total	32,947

教育程度 Educational Background	教育程度類別 Class of education	數量(人) Number (person)
碩士以上	Master's degree and above	439
本科生	Undergraduate	6,404
專科生	2-year college	10,335
中專生	Secondary specialized school	6,561
中專以下	Under secondary specialized school	9,208
合計	Total	32,947

5.2 薪酬政策

報告期內，公司嚴格貫徹落實國家及地方關於工資總額管理的相關政策，按照收入分配宏觀政策要求，根據企業發展戰略、年度生產經營目標和經濟效益及人力資源配置等情況，綜合考慮勞動生產率和人工成本投入產出率、員工工資水平市場對標等情況，結合政府職能部門發佈的工資指導線，實行工資總額預算管理，合理確定職工工資總額的增長幅度，實施工資總額與業績聯動的差異化考核分配機制。

5. Employees

5.1 As at the end of the Reporting Period, the Company (including the subsidiaries) totally had 32,947 persons of full-time employees. The composition of employees in terms of profession and educational background is as follows:

5.2 Remuneration policy

During the Reporting Period, the Company strictly implemented national and local policies on the management of total salaries. In line with the macro policy requirements for income distribution, the Company gave comprehensive consideration to a number of factors, including its development strategy, annual production and operation targets, economic returns, human resource allocation, labor and production efficiency, labor cost input-output ratio and the market alignment of staff salary level. Based on the indicative salaries published by functional departments of the government, the Company exercised budget management of total salaries, determined the increase of total staff salaries in a reasonable manner, and implemented the differentiated appraisal and distribution mechanism that links total salaries with performance.

董事會報告 Report of the Directors

2021年，圍繞年度經營目標和重點工作任務，變革績效激勵驅動機制，持續強化「增長分享機制」；通過加大工資總額與經營業績的聯動，不斷提高員工收入水平，助力公司經營業績持續健康發展。

本集團為員工提供離職後福利，包括設定提存計劃和設定受益計劃。針對設定提存計劃本集團無被收的供款（由僱主代表於完全歸還該供款前離職的僱員）以減少現有及未來的供款水平。針對設定受益計劃未設立計劃資產，因此並無計劃資產的市值、供款水準或重大盈餘或不足的相關資料可予披露。

5.3 培訓計劃

2021年面對疫情防控常態化，公司加快數字化培訓模式建設步伐，針對業務重點、痛點和難點，持續推進「訓戰一體—實戰研究工作坊」項目，「營銷小尖刀微講堂」提煉推廣最新鮮實用的打法包158個，為營銷骨幹賦能8,000餘人次；「製造共創計劃」聚合400餘名工廠管理骨幹智慧，研究輸出實戰案例220餘個。持續創新靶向練兵、技能大賽、自主評價三位一體的「學-比-評」組織模式，2.75萬名一線員工在工作崗位參加學習和競賽。引入中台理念建設「E企學」，匯集3,500門優質課程和2500多個優秀案例，為全體員工提供一鍵接入最優質學習資源和最新鮮案例的學習體驗。

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。

In 2021, centered on its annual business targets and key tasks, the Company reformed the incentive-driven performance mechanism and continued to strengthen the “growth sharing mechanism”. By enhancing the link between total salaries and business performance, the Company continuously increased staff salaries to support the sustainable and sound development of its business performance.

The Group provided post-employment benefits to employees including defined contribution plans and defined benefit plans. Regarding the defined contribution plans, the Group had no forfeited contributions (by employers on behalf of employees who leave the defined contribution plan prior to vesting in such contributions) to reduce the existing level and future level of contributions. No plan assets have been created for the defined benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

5.3 Training plan

In the context of routine epidemic control in 2021, the Company accelerated the development of digital training and further promoted the “integration of training and practice – practical workshop” targeting its business focuses, problem points and challenges. 158 packages of tips were extracted at the “Sharp Knife Micro Lecture on Marketing” to empower 8,000 key marketing staff members; more than 220 practical cases were produced from the “Co-creation Plan of Manufacturing” that garnered the wisdom of more than 400 key factory management staff members. The Company continued to improve the “learning-competing-assessing” organization model that combines targeted training, skill competitions and self-assessment. 27,500 front-line staff members learned new skills and participated in the competitions under the model. The Company introduced the middle ground development concept “E-learning”, which brought together 3,500 high quality courses and more than 2,500 excellent cases to provide all staff members with the best learning resources and the learning experience with the latest cases.

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。將於應屆股東週年大會建議膺選連任之董事概無與本公司訂立不可於一年內免付賠償(法定補償除外)予以終止之服務合約。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。

於這兩年內本集團並無向董事、監事或五名最高薪人士支付酬金，作為吸引加入或於加入本集團時的獎勵或離職的補償，亦無董事及監事放棄任何酬金。

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

除本年報「重大事項」一節中所載回購註銷限制性股票事項之外，報告期內，本公司或其任何附屬公司並無購入、出售及贖回本公司任何上市證券。

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

十一. 主要附屬公司及聯營公司

本公司各附屬公司及聯營公司之詳情載於隨附合併財務報表附註。

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. None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than 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.

No emoluments were paid by the Group to the directors, supervisors the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and none of the directors and supervisors has waived any emoluments for both years.

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

Neither the Company nor its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the Reporting Period with the exception of the repurchase and cancellation of restricted shares as described in the section headed, "Significant Events" of this Annual Report.

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.

董事會報告 Report of the Directors

十二. 固定資產

有關報告期內固定資產之變動載於隨附合併財務報表附註。

十三. 銀行貸款

於二零二一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2020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。

十五. 股票掛鈎協議

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鈎協議。

十六. A股限制性股票激勵計劃

(一) A股限制性股票激勵計劃預留股份授予

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」)。2021年3月22日，公司董事會審議通過《關於向激勵對象授予預留部分A股限制性股票的議案》。同意以2021年3月22日為授予日，以21.18元/股的授予價格向符合條件的35名激勵對象授予30萬股A股限制性股票。2021年5月26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預留授予部分的A股限制性股票的登記工作，實際完成向34名激勵對象授予合計294,000股A股限制性股票。2021年5月31日，公司董事會審議通過《關於變更註冊資本及修訂公司章程的議案》。公司總股本由1,364,182,795股變更為1,364,476,795股。

XII.Fixed Assets

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

XIII.Bank Loans

Details of bank loans as at 31 December 2021 are set out in the attached Notes to Consolidated Financial Statements.

XIV.Permitted Indemnity Provision

As approved at the 2020 Annual General Meeting of the Company, the Company has purchased appropriate liabilities insurance for 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

(I) Grant of Reserved Shares under the Restricted A Share Incentive Plan

The Restricted A Share Incentive Plan (the “Incentive Plan”) was considered and approved at the 2019 Annual General Meeting and the First A-share and H-share Class Meeting of 2020 on 8 June 2020. The Board considered and approved the Proposal on Granting Reserved Restricted A Shares to the Participants on 22 March 2021. It was agreed that 300,000 reserved restricted A shares would be granted to 35 eligible participants at a grant price of RMB21.18 per share, with the grant date set for 22 March 2021. On 26 May 2021, the Company completed the registration of the reserved restricted A shares under its Incentive Plan at China Securities Depository and Clearing Co., Ltd.’s Shanghai Branch, and a total of 294,000 restricted A shares were granted to 34 participants. The Board considered and approved the Proposal to Change the Registered Capital and Amend the Articles of Incorporation on 31 May 2021. The Company’s total share capital was changed from 1,364,182,795 to 1,364,476,795.

董事會報告 Report of the Directors

(二) 回購註銷部分限制性股票

於2021年9月29日，公司董事會審議通過《公司回購註銷激勵計劃部分A股限制性股票事項的議案》，由於公司12名激勵對象因達到法定年齡正常退休或因個人原因辭職，根據《激勵計劃》的相關規定，擬對該12名人員已獲授予但尚未解除限售的公司A股限制性股票進行部分或全部回購註銷處理，合計122,002股。2021年12月20日，上述回購註銷辦理完畢登記手續。公司總股本由1,364,476,795股變更為1,364,354,793股。

有關之詳情，請參閱公司日期為2021年3月22日、2021年5月27日、2021年9月30日、2021年12月15日之公告。

十七. 按照《香港聯交所上市規則》界定的持續關連交易情況

以下為公司截至2021年12月31日止年度進行的持續關連交易資料，而須根據上市規則第14A章在本年報內披露。

(II) Repurchase and Cancellation of Some Restricted Shares

The Board considered and approved the Proposal on the Company's Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan on 29 September 2021. Since 12 Company participants reached the statutory retirement age and retired or resigned for personal reasons, it was proposed that some or all of the Company's restricted A shares granted to the 12 participants but yet to be released from lockup be repurchased or canceled in accordance with relevant provisions of the Incentive Plan. There were a total of 122,002 of these shares. Registration procedures for the aforementioned repurchase and cancellation were completed on 20 December 2021. The Company's total share capital was reduced from 1,364,476,795 to 1,364,354,793.

For details, please refer to the announcements of the Company dated 22 March 2021, 27 May 2021, 30 September 2021 and 15 December 2021 respectively.

XVII. Continuing Connected Transactions Defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is the information in relation to the continuing connected transactions that existed during the year ended 31 December 2021 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules.

董事會報告 Report of the Directors

(一) 與青啤集團及其附屬公司的持續關連交易

於2021年2月1日，本公司(1)與青啤集團簽訂《綜合服務框架協議》；(2)與優家健康簽訂《委託生產及銷售框架協議》；及(3)與智鏈順達簽訂《供應鏈業務服務框架協議》，如下文和公司日期為2021年2月1日的公告中更具體描述。

青啤集團為本公司的控股股東。優家健康及智鏈順達均為青啤集團之間接全資附屬公司，為青啤集團的聯繫人。因此，青啤集團、優家健康及智鏈順達均為本公司的關連人士，上述三項協議及其項下進行的交易構成《上市規則》第14A章項下本公司之持續關連交易，並須遵守上市規則第14A章所載申報、公告及年度審核規定，惟豁免遵守獨立股東批准之規定。

(A) 《綜合服務框架協議》

於2021年2月1日，本公司與青啤集團簽訂協議（「《綜合服務框架協議》」），據此，本公司為青啤集團及其附屬公司提供健康飲品的產品研發服務、質量檢測服務、信息網絡服務及人力資源服務。《綜合服務框架協議》的年期由2021年1月1日起至2021年12月31日止。《綜合服務框架協議》項下截至2021年12月31日止年度的實際交易金額為人民幣10,495,437元，未超過截至2021年12月31日止年度上限金額人民幣18,000,000元。

(I) Continuing connected transactions with Tsingtao Brewery Group and its subsidiaries

On 1 February 2021, the Company entered into (i) the comprehensive services framework agreement with Tsingtao Group; (ii) the entrusted production and sales framework agreement with Youjia Health; and (iii) the supply chain services framework agreement with Zhilan Shunda as more particularly described below and in the announcement of the Company dated 1 February 2021.

Tsingtao Group is a controlling shareholder of the Company. Youjia Health and Zhilan Shunda are indirectly wholly-owned subsidiaries of Tsingtao Group and associates of Tsingtao Brewery Group. Therefore, Tsingtao Group, Youjia Health and Zhilan Shunda are connected persons of the Company, and the entering into of the above three agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) Comprehensive Services Framework Agreement

On 1 February 2021, the Company and Tsingtao Group entered into an agreement (the “**Comprehensive Services Framework Agreement**”) pursuant to which the Company shall provide health beverage product development services, quality examination services, information network services and human resources services for Tsingtao Group and its subsidiaries. The Comprehensive Services Framework Agreement was for a term commenced from 1 January 2021 to 31 December 2021. The actual transaction amount under the Comprehensive Services Framework Agreement for the year ended 31 December 2021 was RMB10,495,437, which has not exceeded the annual cap amount of RMB18,000,000 for the year ended 31 December 2021.

董事會報告 Report of the Directors

(B) 《委託生產及銷售框架協議》

於2021年2月1日，本公司與優家健康簽訂協議（「《委託生產及銷售框架協議》」），據此，(i)優家健康及其附屬公司委託本集團生產「雀巢優活」[pure life]等品牌的包裝飲用水產品；及(ii)本集團向優家健康及其附屬公司銷售本公司生產的「王子」系列及「輕零」系列健康飲品（包括但不限於蘇打水、山楂鮮果飲料等）。《委託生產及銷售框架協議》的年期由2021年1月1日起至2021年12月31日止。《委託生產及銷售框架協議》項下截至2021年12月31日止年度的實際交易金額為人民幣58,103,006元，未超過截至2021年12月31日止年度上限金額人民幣189,760,000元。

(C) 《供應鏈業務服務框架協議》

於2021年2月1日，本公司與智鏈順達簽訂協議（「《供應鏈業務服務框架協議》」），據此，智鏈順達及其附屬公司為本集團提供(i)啤酒等產品的幹線運輸及電商物流等的產品運輸服務（「**產品運輸服務**」）；及(ii)配送中心、區域配送中心及工廠租庫等的倉儲物流服務（「**倉儲物流服務**」）。智鏈順達及其附屬公司將承租本集團的閒置倉庫資源進行運營（「**倉儲租賃服務**」）。《供應鏈業務服務框架協議》的年期由2021年3月1日起至2021年12月31日止。《供應鏈業務服務框架協議》項下截至2021年12月31日止年度有關(i)產品運輸服務及倉儲物流服務及(ii)倉儲租賃服務的實際交易金額分別為人民幣490,735,908元及人民幣147,171元，未超過截至2021年12月31日止年度有關(i)產品運輸服務及倉儲物流服務及(ii)倉儲租賃服務的分別年度上限金額人民幣583,400,000元及人民幣10,000,000元。

(B) *Entrusted Production and Sales Framework Agreement*

On 1 February 2021, the Company and Youjia Health entered into an agreement (the “**Entrusted Production and Sales Framework Agreement**”) pursuant to which (i) Youjia Health and its subsidiaries shall entrust the Group with producing the brands of “Nestle Pure Life”, etc. of packaged drinking water products; and (ii) the Group shall sell health beverages of brands of “Prince” and “Light” produced by the Group (including but not limited to soda water, hawthorn fresh fruit beverages, etc.) to Youjia Health and its subsidiaries. The Entrusted Production and Sales Framework Agreement was for a term commenced from 1 January 2021 to 31 December 2021. The actual transaction amount under the Entrusted Production and Sales Framework Agreement for the year ended 31 December 2021 was RMB58,103,006, which has not exceeded the annual cap amount of RMB189,760,000 for the year ended 31 December 2021.

(C) *Supply Chain Services Framework Agreement*

On 1 February 2021, the Company and Zhilan Shunda entered into an agreement (the “**Supply Chain Services Framework Agreement**”) pursuant to which Zhilan Shunda and its subsidiaries shall provide the Group with (i) product transportation services such as product transportation routes for beer, etc., e-commerce logistics, etc. (“**Product Transportation Services**”); and (ii) warehousing and logistics services such as distribution centres, regional distribution centres and factories leasing, etc. (“**Warehousing and Logistics Services**”). Zhilan Shunda and its subsidiaries shall lease the idle warehouse resources of the Group for operation (“**Warehouse Leasing Services**”). The Supply Chain Services Framework Agreement was for a term commenced from 1 March 2021 to 31 December 2021. The actual transaction amount for (i) the Product Transportation Services and Warehousing and Logistics Services; and (ii) the Warehouse Leasing Services under the Supply Chain Services Framework Agreement for the year ended 31 December 2021 was RMB490,735,908 and RMB147,171 respectively, which has not exceeded the annual cap amount of RMB583,400,000 and RMB10,000,000 for (i) the Product Transportation Services and Warehousing and Logistics Services; and (ii) the Warehouse Leasing Services respectively for the year ended 31 December 2021.

董事會報告 Report of the Directors

(二) 本公司獨立非執行董事已審閱並確認截至2021年12月31日止年度的上述持續關連交易乃：

- (i) 於集團的一般及日常業務過程中進行；
- (ii) 按一般商業條款進行；及
- (iii) 根據規管有關交易之協議進行，條款屬公平合理，而且符合公司股東的整體利益。

董事會亦認為交易已根據有關協議項下的定價政策進行，且公司的內部控制程序乃足夠有效。

(三) 本公司核數師已審查上述持續關連交易，並向本公司董事會確認該等持續關連交易沒有任何事項引起核數師的注意，使核數師相信已披露的持續關連交易：

- 未經由本公司董事會批准；
- 若交易涉及由本集團提供貨品或服務，各重大方面未按照本集團定價政策進行；
- 各重大方面沒有根據有關交易的協議條款進行；及
- 超逾有關年度上限。

本集團於一般業務過程中進行關聯方交易的詳情載於綜合財務報表附註8及在該附註說明的所有關聯方交易(除上述的持續關連交易外)並不屬於上市規則所界定的「關連交易」或「持續關連交易」。就本集團在截至2021年12月31日止年度所進行的持續關連交易而言，本公司已遵守上市規則第14A章所規定的披露要求。

十七. 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，本公司任何董事、監事或與其有關的實體均未於本年度年結日或於年內任何時間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。

(II) The independent non-executive directors of the Company had reviewed and confirmed that the aforementioned continuing connected transactions for the year ended 31 December 2021 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The board of directors of the Company also considers that the transactions had been conducted in accordance with the pricing policies under the relevant agreement and the Company's internal control procedures are adequate and effective.

(III) The Company's auditor has reviewed the aforementioned continuing connected transactions and confirmed to the board of directors of the Company that in respect of such transactions, no matter has attracted attention of the auditor that caused the auditor to believe that the continuing connected transactions:

- have not been approved by the board of directors of the Company;
- were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- have exceeded the relevant annual cap.

Details of the related party transactions undertaken by the Group in the normal course of business are set out in Note 8 to the Consolidated Financial Statements and all these related parties transactions, other than the continuing connected transactions set out above, do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions conducted by the Group during the year ended 31 December 2021.

XVII. Directors' and Supervisors' Interests in Transactions, Arrangements and 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 at the end of the year or at any time during the year.

董事會報告 Report of the Directors

十八. 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
二零二二年三月二十八日

XV III. 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
28 March 2022



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2021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，並就生產經營、產銷協同、內部控制建設和市場開拓等事項實地調研了部分生產企業和營銷公司，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

報告期內，監事會順利完成了換屆工作，在提升監事會治理水平的同時，確保了監事會工作的連續性及穩定性。本屆監事會選聘了在財稅、法律等方面具有豐富經驗的行業專家作為外部監事，且外部監事人數佔監事會總人數的一半以上，為監事會實現科學監督、有效監督奠定了基礎。

(一) 監事會召開情況

報告期內，公司監事會共召開12次會議，其中定期會議6次，臨時會議6次，審議各類議案共計37項。主要議案如下：

1、 審議定期報告：

- (1) 審議公司2020年度財務報告；
- (2) 審議公司2021年第一季度報告；
- (3) 審議公司2021年半年度報告；
- (4) 審議公司2021年第三季度報告。

I hereby present the 2021 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 conducted site surveys of some manufacturers and sales companies in respect of production, production-sale collaboration, internal control improvement and market expansion. 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

During the Reporting Period, the Board of Supervisors successfully elected the new session, ensuring the continuity and stability of its work while improving its governance level. Industrial experts with extensive experience in financial, tax and legal affairs were appointed by the Board of Supervisors as external supervisors, and the number of external supervisors account for more than half of the headcount of the Board of Supervisors, laying a foundation for the Board's scientific and effective supervision.

(I) Meetings held by Board of Supervisors

During the Reporting Period, the Board of Supervisors held totally 12 meetings, including 6 regular meetings and 6 unscheduled meetings, with 37 different resolutions considered, mainly including the following:

1. Regular reports:

- (1) considered the Company's 2020 Financial Report;
- (2) considered the Company's 2021 First Quarterly Report;
- (3) considered the Company's 2021 Interim Report;
- (4) considered the Company's 2021 Third Quarterly Report.

監事會報告 Report of the Supervisors

2、 審議持續關聯交易：

通過召開會議，審議通過了《關於本公司與青啤集團及其附屬公司簽署有關2021年度日常關聯交易(持續關連交易)事項的框架協議及確定其交易上限的議案》。

3、 審議其它事項：

通過會議選舉產生了第十屆監事會主席。通過召開會議，審議通過了《關於向激勵對象授予部分A股限制性股票的議案》、《關於核實公司A股限制性股票激勵計劃預留部分授予激勵對象人員名單的議案》、《關於公司開展結構性存款業務的議案》、《公司回購註銷激勵計劃部分A股限制性股票事項的議案》及其他議案等，共計32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多點散發的影響，市場銷售面臨了較大困難和挑戰，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，同時為使公司監事加深對公司的了解，監事會深入公司所屬山東、湖南工廠和營銷分支機構以及海南市場等進行了實地調研。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. *Considering continuous connected transactions:*

A meeting was held to consider and approve the Proposal for the Framework Agreement on Daily Connected Transaction (Continuous Connected Transaction) Matters of 2021 between the Company and Tsingtao Group and Its Affiliates and Determination of the Transaction Limit.

3. *Other issues:*

A meeting was held to elect Chairman of the tenth session of the Board of Supervisors. Meetings were held to consider and approve 32 proposals, including Proposal on Granting Some Restricted A Shares to Participants, Proposal on Verifying the List of Participants of the Reserved Portion under the Restricted A Share Incentive Plan, Proposal on the Company's Engagement in Structured Deposits and Proposal on the Company's Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan.

(II) Site researches made by Board of Supervisors

During the Reporting Period, China's beer industry was impacted by the scattered resurgence of COVID-19, causing great difficulties and challenges to the beer sales, while the beer market competition remained fierce. To further understand the business performance of Tsingtao Brewery in China and to deepen the Board of Supervisor's understanding of the Company, the Board of Supervisors conducted site surveys at the Company's factories and sales branches in Shandong and Hunan as well as the Hainan market. The surveys and communication allowed the Board of Supervisors to get firsthand information, providing strong support for it to make scientific decisions and perform effective supervision.

監事會報告 Report of the Supervisors

二、監事會對公司2021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2021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 2021

(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 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 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 2021, 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) 持續關聯交易情況

監事會認為，公司在審議本公司與青啤集團及其附屬公司2021年度日常關聯交易(持續關連交易)事項時，關連董事進行回避表決，審議程序符合法律、法規及《公司章程》的相關規定；相關協議的條款按一般商業條款進行並屬公平、合理，關連交易定價公允，符合公司及公司股東的整體利益。

(五) 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2021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。

(六) 建立和實施內幕信息知情人管理制度的情況

監事會認為，公司已根據最新監管規定及要求修訂了《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。

(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) Continuous connected transactions

The Board of Supervisors is of the view that, the consideration procedures have complied with laws, regulations and the Articles of Incorporation, as the related directors avoided voting on the matters when the Company considered the daily connected transaction (continuous connected transaction) matters of 2021 between the Company and Tsingtao Group as well as its affiliates; the terms of related agreements have complied with general commercial terms and been fair and reasonable, and the pricing in the connected transactions has been fair and in the interests of the Company and its shareholders.

(V) 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 2021 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.

(VI) 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 latest regulatory provisions and requirements. 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.

監事會報告 Report of the Supervisors

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。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！

2022年，監事會將繼續嚴格按照法律法規、《公司章程》和監管規定的要求，積極參加股東大會，列席董事會會議，誠信勤勉地履行監事會的各項職責，充分發揮專業優勢，通過召開會議、實地調研等方式，進一步強化監督職能，提升履職能力，保障公司的持續、健康、穩定發展，維護公司和股東的合法權益。

In summary, the Board of Supervisors has conscientiously 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. I would like to take this opportunity to express my heartfelt thanks to all the supervisors for their contributions to the work of the Board of Supervisors during the Reporting Period!

In 2022, the Board of Supervisors will continue to strictly follow the requirements of laws, regulations, the Articles of Incorporation and regulatory provisions. It will actively participate in the annual general meetings, attend the meetings of the Board of Directors, honestly and diligently perform its duties and give full play to its expertise. By holding meetings and conducting site surveys, it will further strengthen its supervision and improve its capacity to ensure continued, sound and stable development of the Company and safeguard the legitimate rights and interests of the Company and its shareholders.

監事會主席：郭秀章
二零二二年三月二十五日

Chairman of Board of Supervisors: GUO Xiu Zhang
25 March 2022



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。

由二零二二年一月一日起，企業管治守則的若干修訂(「新企業管治守則」)開始生效，經修訂的企業管治守則的規定將適用於所有在二零二二年一月一日或以後開始的財政年度的上市發行人。董事會將繼續審視和加強本公司的企業管治慣例，確保遵守新企業管治守則和配合最新發展。

報告期內，本公司已遵守當時生效的《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及E.1.2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。在本公司最新修訂的章程及其附件-董事會議事規則中，已詳細列明董事會在公司發展戰略和管理方面的職權以及董事會對公司發展和經營的監督與檢查職權。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

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.

From 1 January 2022, certain amendments to the Corporate Governance Code (the "Revised CG Code") come into effect and the requirements under the Revised CG Code will apply to all listed issuers for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance with the Revised CG Code and align with the latest developments.

During the reporting period, the Company had complied with the provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") effective at the time, except for Code Provision A.2.1. and E.1.2 Measures 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 latest Articles of Association and its appendix - Order of Meeting

企業管治報告 Corporate Governance Report

責履行《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。

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。

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 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.

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 rules of the Chairman of the Board and the Chief Execution 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.

企業管治報告 Corporate Governance Report

2、 組成

截止2021年12月31日，公司第十屆董事會成員由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

肖耿先生
盛雷鳴先生
姜省路先生
張然女士

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十屆董事會任期屆滿。

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、性別、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較豐富的會計專業知識和經驗。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、高級管理人員情況」。

2. Composition

As at 31 December 2021, the tenth 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. XIAO Geng
Mr. SHENG Lei Ming
Mr. JIANG Xing Lu
Ms. Rania ZHANG

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 tenth session of the Board of Directors.

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, sex, 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 non-executive 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 'Profile of Directors, Supervisors and Senior Management Officers' in this Annual Report.

企業管治報告 Corporate Governance Report

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

There are 4 independent non-executive directors in the latest session of the Board, accounting for over 1/3 of the total numbers 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.

3、董事會會議

2021年度，本公司共舉行了1次現場會議，3次現場結合電話（視頻）會議和8次以通訊表決方式召開的書面議案會議，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：

- 3.1 審議批准年度、半年度及季度業績報告；
- 3.2 審議通過修改公司章程及其附件（股東大會和董事會議事規則），修改公司信息披露事務管理制度等治理文件；
- 3.3 審議通過公司A股限制性股票激勵計劃預留股份授予事項的議案；
- 3.4 審議批准召集臨時股東大會以及股東年會等事項；
- 3.5 審議批准子公司搬遷新建及新增產能項目和整合清算項目的可行性報告。

3. Board meeting

In 2021, the Company totally held 1 site meeting, 3 site meetings with phone calls (video conference) and 8 meetings combining with voting through communications to consider the Company's operation and financial performance, management structure and investment plan mainly including:

- 3.1 Considering and approving the reports of annual, interim and quarterly results;
- 3.2 Considering and approving the amendment to the Articles of Association and its annexes (orders of meeting for shareholder's general meeting and meeting for the Board of Directors), and amending the Company's governance documents such as the policy on the information disclosure management;
- 3.3 Considering and approving proposals related to the grant of the reserved shares under the Restricted A Share Plan of the Company;
- 3.4 Considering and approving the convening of extraordinary general meetings, the annual general meeting and other issues;
- 3.5 Considering and approving the feasibility report for the relocation of new projects, new capacity projects of subsidiaries, and integration and liquidation projects.

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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及股東大會的詳情載列如下：

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 and general meetings in the year are as follows:

董事姓名 Name	參加董事會情況 Information of attending board meeting						參加股東 大會情況 Information of attending general meeting
	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	以通訊方式 參加次數 Number that attend in form of communications	委托出席次數 Number that being attended by proxy	缺席次數 Number of absence	是否連續兩次 未親自參加會議 If not attend in person for consecutive two times	出席股東大會 的次數 Number of attending general meeting
黃克興(註1) HUANG Ke Xing (Note 1)	12	5	7	0	0	否 No	1
于竹明 YU Zhu Ming	12	5	7	0	0	否 No	2
王瑞永 WANG Rui Yong	12	5	7	0	0	否 No	2
石琨 SHI Kun	12	5	7	0	0	否 No	0
肖耿 XIAO Geng	12	5	7	0	0	否 No	0
盛雷鳴 SHENG Lei Ming	12	5	7	0	0	否 No	1
姜省路 JIANG Xing Lu	12	5	7	0	0	否 No	2
張然(註2) Ms. Rania ZHANG (Note 2)	5	3	2	0	0	否 No	-
于增彪(註3) Mr. YU Zeng Biao (Note 3)	7	2	5	0	0	否 No	0

註1：根據《企業管治守則》條文第E.1.2條，董事會主席應出席股東周年大會。黃克興先生因有其他重要事務而未能出席本公司於2021年6月28日舉行之股東年會，本公司之執行董事于竹明先生獲委任為股東年會的主席，回答股東之提問。

Note 1: Provision E.1.2 of the Corporate Governance Code, the chairman of the board should attend the annual general meeting. Mr. HUANG Ke Xing could not attend the annual general meeting of the Company held on June 28, 2021 due to other important engagements and Mr. YU Zhu Ming, Executive Director of the Company, had designated as Chairman of the annual general meeting to answer shareholders' questions.

註2：張然女士於2021年6月28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她。

Note 2: Ms. Rania ZHANG was appointed as Independent Non-executive Director at the annual general meeting on June 28, 2021. Hence, the number of attendance at the general meetings during the Reporting Period is not applicable to her.

註3：于增彪先生於2021年6月28日舉行的股東年會結束後不再擔任獨立非執行董事職務。

Note 3: After the annual general meeting held on June 28, 2021, Mr. YU Zeng Biao no longer served as Independent Non-executive Director.

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

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

二. 董事

1、 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2021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。

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 fully and completely 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.

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 2021 to 31 December 2021, 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.

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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，包括上交所和香港公司治理公會分別舉行的董秘後續培訓及管治課程。

Mr. ZHANG Rui Xiang (Board Secretary and Director of the Board Secretary's Office of the Company) is the Corporate 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, including subsequent training and governance courses organized by Shanghai Stock Exchange and The Hong Kong Chartered Governance Institute.

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。

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、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》。在向所有董事作出特定查詢後，本公司確認，本公司所有董事於報告期內均已遵守《上市規則》所規定的有關董事進行證券交易的標準。

3. Securities transaction by directors

The Company formulated the Regulations on Holding and Changes of Shares in the Company by 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 and supervisors during the Reporting Period.

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。

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、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。

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

The Board makes annual review over the annual, interim and quarterly reports in accordance with the sufficient 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2021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，以下委員會成員組成之披露為截止2021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。

第十屆董事會審計委員會的成員包括：獨立非執行董事張然女士(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。其中張然女士具備財務和會計業務的經驗和能力，並擁有會計學專業博士學位和會計學專業教授職稱。2021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，委員會均會就曾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：

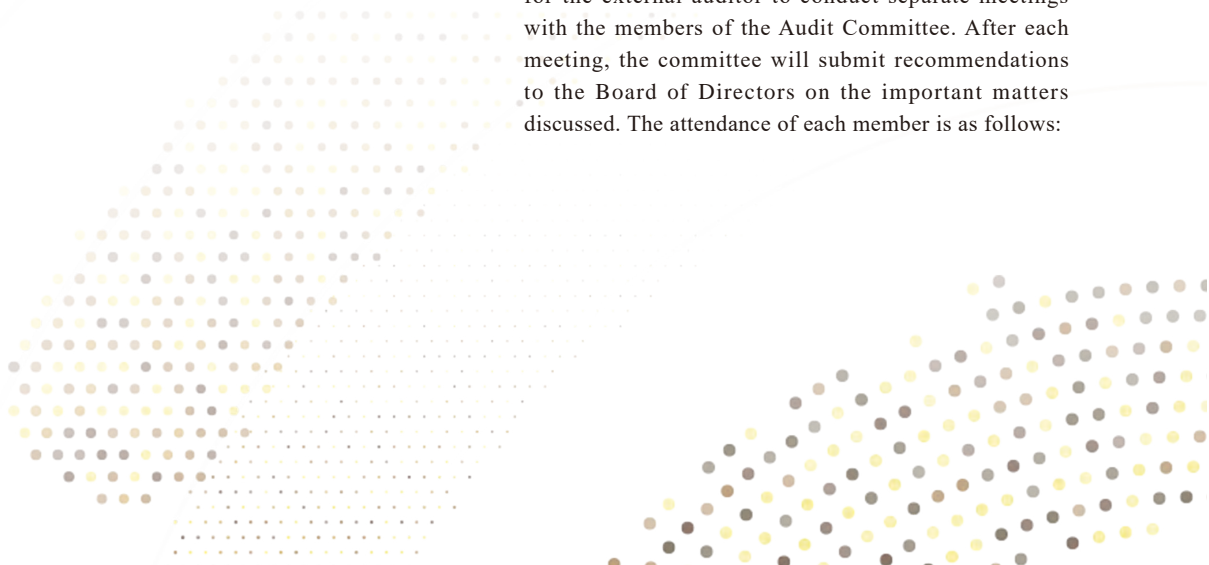
III. Specific Committees under the Board

The Board held a meeting on 28 June 2021, 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. The following disclosure on the members of the committees is about the status as of the end of 2021.

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 Listing 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 internal control system and regulations, 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.

Members of the Audit Committee of the tenth session of the Board of Directors include: Independent Non-executive Directors Ms. Rania ZHANG (Chairman of the Audit Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu and Non-executive Director Mr. SHI Kun. Ms. Rania ZHANG is well-versed in finance and accounting, and she holds PhD and Professorship in Accounting. The 2021 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 separate 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:



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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 be attended (time)	出席率(%) Attending Rate (%)
張然 (審計委員會主席) (註1)	Rania ZHANG (Chairman of Audit Committee of the tenth session of the Board of Directors) (Note 1)	2	2	100
肖耿	XIAO Geng	5	5	100
盛雷鳴	SHENG Lei Ming	5	5	100
姜省路	JIANG Xing Lu	5	5	100
石琨	SHI Kun	5	5	100
于增彪 (第九屆董事會 審計委員會主席) (註2)	YU Zeng Biao (Chairman of Audit Committee of the ninth session of the Board of Directors) (Note 2)	3	3	100

註1：張然女士於2021年6月28日起出任本公司第十屆董事會審計委員會主席。

Note 1: Ms. Rania ZHANG have served as Chairman of the Company's Audit Committee of the tenth session of the Board of Directors since June 28, 2021.

註2：于增彪先生於2021年6月28日起不再擔任本公司第九屆董事會審計委員會主席。

Note 2: Mr. YU Zeng Biao have ceased to serve as Chairman of the Company's Audit Committee of the ninth session of the Board of Directors since June 28, 2021.

審計委員會在本年度主要工作包括：

Major work of Audit Committee in the year includes:

- 審閱本公司的年度、半年度及季度業績報告和財務報告；
- 就續聘公司審計師事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。

- 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 internal control systems and regulations, 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.

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。

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.

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第十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盛雷鳴先生、張然女士及非執行董事石琨先生。2021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	出席會議(次) Number of meetings attended (time)	應出席會議(次) Number of meetings should be attended (time)	出席率(%) 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
盛雷鳴	SHENG Lei Ming	4	4	100
張然(註1)	Ms.Rania ZHANG (Note 1)	1	1	100
石琨	SHI Kun	4	4	100
于增彪(註2)	YU Zeng Biao (Note 2)	3	3	100

註1：張然女士於2021年6月28日起出任本公司戰略委員會委員。

註2：于增彪先生於2021年6月28日起不再擔任本公司戰略委員會委員。

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及整合關閉項目的可行性報告，以及土地收儲項目可行性報告。

Members of the Strategy Committee of the tenth session of the Board of Directors include: Mr. HUANG Ke Xing (Chairman of the Strategy Committee), Mr. YU Zhu Ming, independent non-executive directors Mr. SHENG Lei Ming, Ms. Rania ZHANG and non-executive director Mr. SHI Kun. 4 meetings were held by the Annual Strategy Committee in 2021. The attendance of each member was as follows:

出席會議(次) Number of meetings attended (time)	應出席會議(次) Number of meetings should be attended (time)	出席率(%) Attending Rate (%)
4	4	100
4	4	100
4	4	100
1	1	100
4	4	100
3	3	100

Note 1: Ms. Rania ZHANG has served as Member of the Company's Strategy Committee since June 28, 2021.

Note 2: Mr. YU Zeng Biao has ceased to serve as Member of the Company's Strategy Committee since June 28, 2021.

The main work of the Strategy Committee in the year included: reviewing the feasibility report on a subsidiary's relocation, new construction, new capacity, and integration and closure project and the feasibility report on the land purchase and storage 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。

第十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（提名委員會主席）、肖耿先生、盛雷鳴先生、張然女士及非執行董事石琨先生。

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 and Remuneration Committee of the tenth session of the Board of Directors include Independent Non-Executive directors Mr. JIANG Xing Lu (Chairman of the Nomination Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Ms. Rania ZHANG and Non-Executive director Mr. SHI Kun.

企業管治報告 Corporate Governance Report

2021年度提名與薪酬委員會舉行了3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，以及對於每名獨立非執行董事的獨立性及擬提名的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。各委員出席會議的情況如下：

In 2021, the Nomination & Remuneration Committee held three meetings, where they reviewed the remuneration information of the directors, supervisors and executives as disclosed in the Annual Report. Furthermore, they also reviewed the independence of each of the independent non-executive and the qualifications of the candidate for independent non-executive director to be proposed and recommended her appointment at the annual general meeting. 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 be attended (time)	出席率(%) Attending Rate (%)
姜省路(提名委員會主席)	JIANG Xing Lu (Chairman of the Nomination Committee)	3	3	100
肖耿	XIAO Geng	3	3	100
盛雷鳴	SHENG Lei Ming	3	3	100
張然(註1)	Ms. Rania ZHANG (Note 1)	-	-	-
石琨	SHI Kun	3	3	100
于增彪(註2)	YU Zeng Biao (Note 2)	3	3	100

註1：張然女士於2021年6月28日起出任本公司提名與薪酬委員會委員。

Note 1: Ms. Rania ZHANG has served as Member of the Company's Nomination & Remuneration Committee since June 28, 2021.

註2：于增彪先生於2021年6月28日起不再擔任提名與薪酬委員會委員。

Note 2: Mr. YU Zeng Biao has ceased to serve as Member of the Company's Nomination & Remuneration Committee since June 28, 2021.

於張然女士出任委員期間，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 Ms. Rania ZHANG as member, 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.

公司於2021年6月28日召開股東年會，通過董事會和監事會換屆選舉的議案，選舉產生第十屆董事會和監事會，按照公司制定的董事會成員多元化政策，公司第十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、性別、文化及教育背景或專業經驗。第十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。

On 28 June 2021, the Company held the annual general meeting and approved the resolutions for the election of the tenth session of the Board of Directors and Supervisory committee 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, sex, cultural and educational background or professional experience of the members. The tenth session of the 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.

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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。

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.

薪酬範圍(不含股份支付):	Emoluments bands (Except for share-based payment):	人數 Number of individuals
港幣0元 – 1,000,000元 (折合人民幣約0元 – 820,000元)	HKD0 – 1,000,000 (equivalent to approximately RMB0 – 820,000)	4
港幣1,000,001元 – 4,500,000元 (折合人民幣約820,000元 – 3,680,000元)	HKD1,000,001 – 4,500,000 (equivalent to approximately RMB820,000 – 3,680,000)	0
港幣4,500,001元 – 5,000,000元 (折合人民幣約3,680,000元 – 4,090,000元)	HKD4,500,001 – 5,000,000 (equivalent to approximately RMB3,680,000 – 4,090,000)	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.

四. 監控機制

1. 監事會

截止2021年12月31日，公司第十屆監事會由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、高級管理人員情況」。

IV. Supervisory Mechanism

1. Board of Supervisors

As at 31 December 2021, the tenth 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 Management Officers" in this Annual Report.

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監事會依法獨立行使公司監督權，保障股東、公司和員工的合法權益不受侵犯。2021年度，監事會共舉行12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，並列席了董事會現場會議和出席股東大會。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。

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 2021, the Board of Supervisors totally held 12 meetings 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 sat in site 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、 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》，以及內部控制及風險管理具體規範的要求，制定了一系列內部控制及風險管理制度，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及風險管理，評價其有效性，並如實披露內部控制及風險管理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及風險管理進行監督。經理層負責組織領導企業內部控制及風險管理的日常運行。

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 and risk management, the Company formulated a series of internal control and risk management 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 and risk management regulatory systems, it is the responsibilities of the Board to establish and effectively implement the internal control and risk management and assess their effectiveness, and truly disclose the internal control and risk management evaluation report. The Board of Supervisors supervises the establishment and implementation of internal control and risk management of the Board, while the managers are responsible for organizing and leading the ordinary operation of the internal control and risk management.

公司內部控制及風險管理系統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。由於內部控制及風險管理系統存在的固有局限性，故該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

The target of the Company's internal control and risk management systems is to reasonably ensure the lawful and compliant operating management, the assets safety, 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 and risk management systems, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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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 內部控制及風險管理運行有效性評估

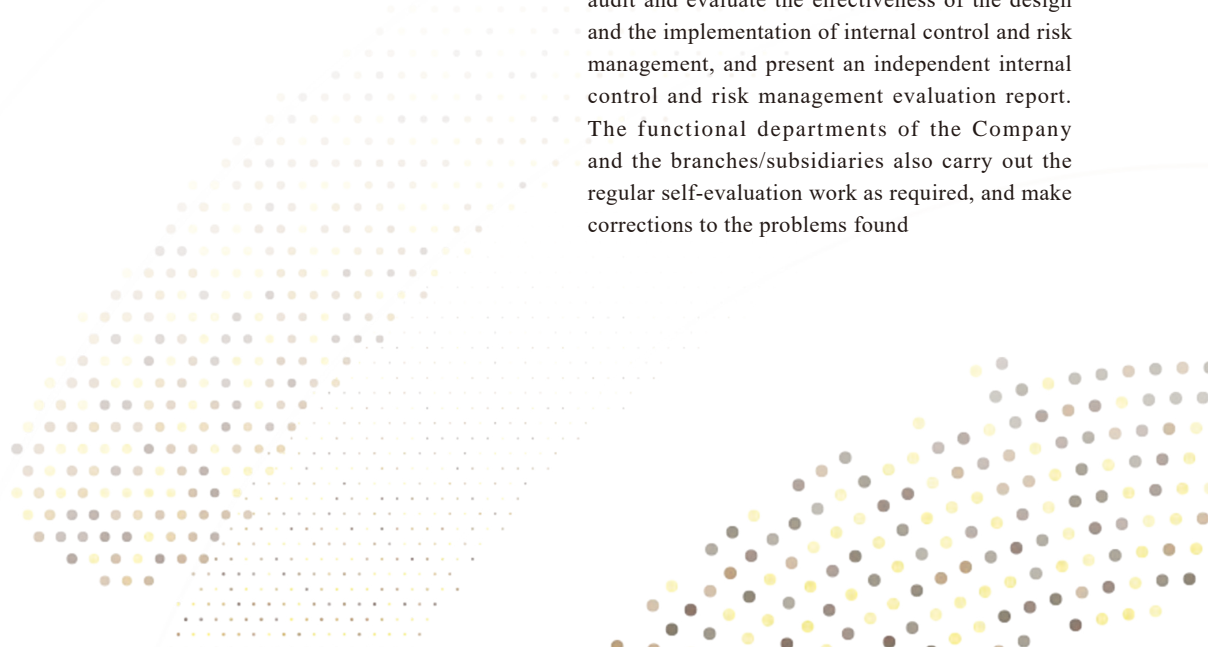
公司建立了總部獨立內控及風險管理評價、總部職能部門自我內控評價和分(子)公司自我內控及風險管理評價相結合的三級內控評價機制，每年組織進行內部控制及風險管理評價工作，就內部控制及風險管理的設計有效性和實施有效性進行審計評價，並出具獨立的內控評價報告。公司總部各職能部門、各分(子)公司也按照規定定期開展自評工作，對所發現的問題實施整改。

The 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 and risk management operation

The Company establishes the 3-tier internal control and risk management evaluation mechanism which combines the independent internal control and risk management evaluation of head office, self-evaluation of internal control and risk management of functional departments of head office, and the self-evaluation of internal control and risk management 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 risk management, and present an independent internal control and risk management 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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2021年度內控評價重點關注的主要業務領域包括：營銷系統中的促銷費用管理、經銷商管理、合同管理、運行費用管理、營銷計劃管理等；生產製造系統中的食品安全管理、安全環保、存貨管理、固定資產管理等；公司總部層面中的財務管理與資金管理、人力資源管理、信息系統管理；供應鏈系統中的採購管理、物流管理。重點關注的高風險領域主要包括食品安全管理、促銷費用管理、供應鏈管理、合同管理、存貨管理等。

2021年，公司根據《企業內部控制基本規範》及其配套指引的規定，圍繞公司年度經營目標，繼續推進內部控制體系建設，對高風險領域開展風險評估，通過組織內部控制評價、合規審計、經濟責任審計、工程項目審計及工程項目造價諮詢監督等，促進了管理效率和效益的改進與提升，促進了公司各項經營管理目標的實現。

面對複雜的外部環境，2022年公司將緊緊圍繞戰略和年度經營目標，通過不斷完善內部控制體系持續強化各項管理制度的落地執行，加大審計發現問題的整改力度，防範經營管理風險，進一步提升公司的運營能力，為公司高質量發展保駕護航。

In 2021, the Company focused on the following business areas in its internal control evaluation: the management of promotion expenses, distributors, contracts, operating expenses and marketing plans in the marketing system; the management of food safety, safety and environmental protection, inventory and fixed assets in the production system; the management of finance and capital, human resources and information system at the head office level of the Company; the management of procurement and logistics in the supply chain system. The high-risk areas of focus mainly include the management of food safety, promotion expenses, supply chain, contracts, inventory, etc.

In 2021, the Company followed the Basic Standards of Corporate Internal Control as well as the relevant guidelines and centered on its annual business targets to continuously promote the development of its internal control system. It conducted risk assessment of high-risk areas and facilitated the improvement of its management efficiency by organizing internal control evaluation, compliance audit, economic accountability audit, project audit and supervision of project cost consultation. The Company has promoted the achievement of its business and management targets.

In the context of a complicated external environment, the Company will continue to focus on its strategies and annual business targets in 2022. It will constantly improve its internal control system, strengthen the implementation of its management policies, intensify the rectification of problems identified in audits, prevent operation management risks, and further improve its operational abilities to safeguard its high-quality management.

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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

公司第十屆董事會第五次會議審議通過公司2021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2021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2021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 2021 internal control evaluation report was considered and approved at the fifth meeting of the tenth session of the Board. According to the affirmation standards of internal control defects worked out 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 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 2021, 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 2021 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，本公司已於2021年10月修訂《內幕信息知情人登記管理制度》，進一步明確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，嚴防內部消息洩露風險。

2.3 In terms of the handling and releasing inside information, the Company revised the Administrative Policies for the Registration of Information Insiders in October 2021, further 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20年。2021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 20 consecutive years. In 2021, 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，正式形成大會決議。公司聘請的律師對大會作見證並發表法律意見書。

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 work out the formal resolution of the meetings. 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。2021年5月28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2021年第一次臨時股東大會，審議通過關於選舉郭秀章先生為公司第九屆監事會股東監事的議案。

2021年6月28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年度股東年會，股東年會審議通過了公司2020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，董事會和監事會換屆選舉議案，新一屆董事和監事建議薪酬方案和為新一屆董事、監事及高管人員購買責任保險的議案，以及聽取了公司2020年度獨立非執行董事述職報告。股東年會以特別決議案方式審議通過《關於修改公司章程及其附件的議案》。

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 28 May 2021, the Company held the first extraordinary general meeting of 2021 in the form of onsite meeting and online voting combined in Qingdao. The proposal on electing Mr. GUO Xiu Zhang as a shareholder supervisor of the ninth session of the Board of Supervisors of the Company was considered and approved.

On June 28, 2021, the annual general meeting of 2020 was held by the Company in Qingdao, combining site meeting and online voting. At the meeting, a series of proposals were considered and approved, including six proposals respectively on the report of the Board of Directors, the report of the Board of Supervisors, the audited financial report, the profit distribution plan, the report on the renewed engagement of financial services, and the internal control auditor report of 2020, the proposal on the election of the new session of the Board of Directors and of the Board of Supervisors and the proposal on the recommended remuneration plan and the purchase of insurance for the new session of directors and supervisor. The shareholders were also briefed on the independent non-executive directors' work report of 2020. In addition, the annual general meeting approved the Resolution on Amending the Articles of Incorporation and Its Annexes as a special resolution.

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.

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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》第八十五條第(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》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

2021年5月31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預留股份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。2021年6月28日，本公司召開的2020年度股東年會上審議通過關於修改公司章程及其附件的議案。

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 publicly listed shares with voting right issued by the Company may requisite in writing the convening of extraordinary general meeting pursuant to Rule 85 (I) 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 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 to the Articles of Association

On May 31, 2021, the Board of Directors of the Company made a resolution as authorized at the annual general meeting to amend the share capital structure and the registered capital stated in the Articles of Association, in light of the change to the share capital after the registration of the grant of the reserved shares under the Company's restricted A share incentive plan. On June 28, 2021, the proposal on the amendments to the Articles of Association and its annexes were considered and approved at the annual general meeting of 2020 held by the Company.

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上述修改已於2021年5月31日和6月28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。

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了解，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。

2021年5月7日和8日，公司分別在上海證券交易所上證路演中心召開2020年度業績說明會及假座酒店召開2020年度業績交流會。公司董事長黃克興，執行董事、財務總監于竹明，董事會秘書張瑞祥出席，一方面通過網絡互動交流的方式與廣大投資者進行深入交流，另一方面公司管理層近距離與各位與會分析師進行了充分的問答交流，詳盡解答了資本市場關注的熱點問題，加深了對公司經營戰略和發展舉措的全面深入了解，進一步增強了投資者的持股信心。



The aforementioned amendments took effect starting from the dates when the resolution was made on May 31 and June 28, 2021.

For the detail of the aforementioned amendments. Please refer to the relevant announcements published by the Company on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Shanghai Stock Exchange (www.sse.com.cn).

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.

On May 7 and 8, 2021, the Company respectively held the performance reporting conference of 2020 at the Roadshow Center of Shanghai Stock Exchange and the performance communication conference of 2020 at a hotel. HUANG Ke Xing, Chairman of the Company, YU Zhu Ming, Executive Director and Finance Director of the Company, and ZHANG Rui Xiang, Board Secretary of the Company, attended the conferences. They had in-depth discussions with the Company's investors online, while the Company's management answered questions from analysts at the conferences. They provided detailed explanation on concerns of the capital market, deepened investors' understanding of the Company's business strategies and development measures and further strengthened their confidence in holding the Company's shares.

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此外，公司亦非常重視與投資者的日常交流，2021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。公司還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2021年9月參加了2021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。

On top of the above, the Company prioritizes routine communication with its shareholders. In 2021, 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 2021 and other investor communication events. The CFO 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 CAS)

(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	30,166,805	27,759,711	8.67
營業成本	Cost of sales	19,091,131	17,951,982	6.35
銷售費用	Selling and distribution expenses	4,096,874	3,573,178	14.66
管理費用	General and administrative expenses	1,692,545	1,678,051	0.86
財務費用	Finance expenses	-243,188	-470,921	
研發費用	Research and development expenses	30,890	21,467	43.90
投資收益	Investment income	186,065	25,244	637.08
公允價值變動收益	Profits arising from changes in fair value	253,437	55,093	360.02
信用減值損失 (損失以「-」號填列)	Credit impairment losses (Losses are listed with “-”)	-12,652	1,574	-903.71
資產減值損失 (損失以「-」號填列)	Asset impairment losses (Losses are listed with “-”)	-189,060	-130,554	
資產處置收益 (損失以「-」號填列)	Gains on disposals of assets (Losses are listed with “-”)	481,507	-5,204	
營業外收入	Non-operating income	32,710	14,587	124.25
營業外支出	Non-operating expenses	8,690	25,122	-65.41
經營活動產生的現金流量淨額	Net cash flows from operating activities	6,043,111	4,953,422	22.00
投資活動產生的現金流量淨額	Net cash flows from investing activities	-10,249,764	-1,487,738	
籌資活動產生的現金流量淨額	Net cash flows from financing activities	-1,613,623	-356,091	

管理層討論與分析 Management Discussion and Analysis

2、收入 Revenue

(1) 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	758	793	56	2.23	1.38	13.95

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

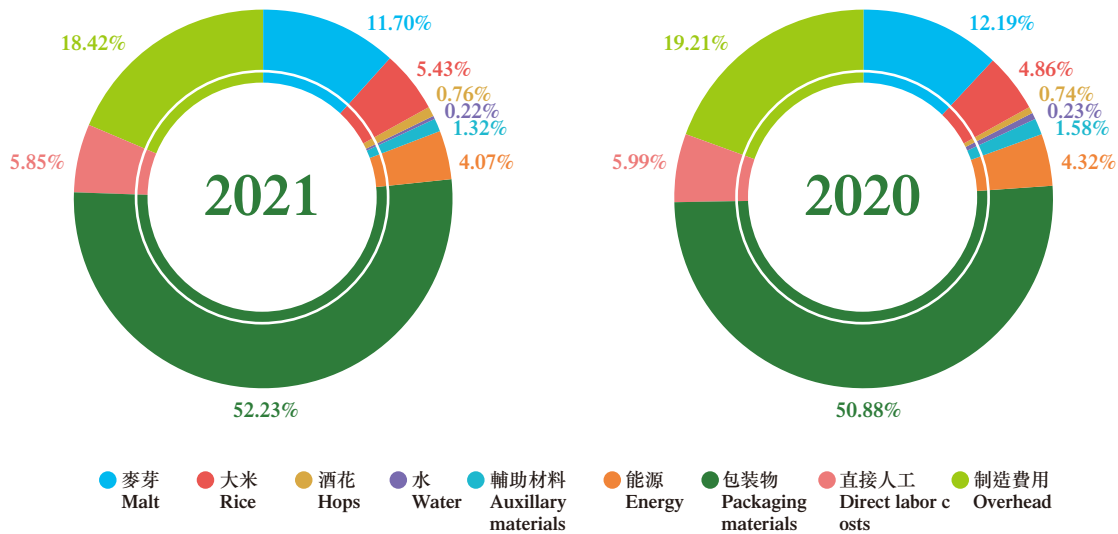
單位：千元 幣種：人民幣
Unit: RMB '000 Currency: RMB

分行業 By industries	成本構成項目 Items in the costs	本期金額 Amount During this Reporting Period	分行業情況 By industries		上年同期估 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 (%)	情況說明 Explanation
			本期估總 成本比例(%) Percentage of the total cost during this Reporting Period (%)	上年同期金額 Amount of corresponding period in prior year			
啤酒銷售 Sales of beer	直接材料 Direct materials	12,043,561	63.09	11,334,514	63.13	6.26	
啤酒銷售 Sales of beer	直接人工 Direct labor	930,071	4.87	906,887	5.05	2.56	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,612,825	24.16	4,322,465	24.08	6.72	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased form outside	1,188,323	6.22	1,083,710	6.04	9.65	
其他非主營銷售業務 Other non-principle sales business	其他非主營銷售業務 Other non-principle sales business	316,351	1.66	304,406	1.70	3.92	
合計 Total		19,091,131	100.00	17,951,982	100.00	6.35	
分產品 By products	成本構成項目 Items in the costs	本期金額 Amount During this Reporting Period	分產品情況 By products		上年同期估總成 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 (%)	情況說明 Explanation
			本期估總 成本比例(%) Percentage of the total cost during this Reporting Period (%)	上年同期金額 Amount of corresponding period in prior year			
啤酒銷售 Sales of beer	直接材料 Direct materials	12,043,561	63.09	11,334,514	63.13	6.26	
啤酒銷售 Sales of beer	直接人工 Direct labor	930,071	4.87	906,887	5.05	2.56	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,612,825	24.16	4,322,465	24.08	6.72	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased form outside	1,188,323	6.22	1,083,710	6.04	9.65	
其他非主營銷售業務 Other non-principle sales business	其他非主營銷售業務 Other non-principle sales business	316,351	1.66	304,406	1.70	3.92	
合計 Total		19,091,131	100.00	17,951,982	100.00	6.35	

管理層討論與分析 Management Discussion and Analysis

製造成本構成

Composition of production costs



4、費用

Expenses

(1) 營業收入 Revenue

2021年營業收入同比增加8.67%，主要原因是本年度因銷量增加及品種結構優化使得當期營業收入同比增加所致。

In 2021, revenue increased by 8.67% from the corresponding period in prior year. This was mainly because the increase of the sales volume and the improvement of the product structure in the year.

(2) 營業成本 Cost of sales

2021年營業成本同比增加6.35%，主要原因是本年度因銷量增加、原材料價格上漲及品種結構優化使得當期營業成本同比增加所致。

In 2021, cost of sales increased by 6.35% from the corresponding period in prior year. This was mainly because the increase of the sales volume, the increase of the raw material price and the improvement of the product structure in the year.

(3) 銷售費用

Selling and distribution expenses

2021年銷售費用同比增加14.66%，主要原因是本年度銷量增加及公司加大品牌宣傳力度，以及同期因新冠疫情政府減免社會保險費用所致。

In 2021, selling and distribution expenses increased by 14.66% from the corresponding period in prior year. This was mainly because the sales volume increased and the Company intensified promotional effort in the year, and that the government reduced or exempted social insurance expenses because of COVID-19 in the corresponding period.

(4) 管理費用

General and administrative expenses

2021年管理費用同比增加0.86%，主要原因是本年度股份支付費用同比增加所致。

In 2021, general and administrative expenses increased by 0.86% from the corresponding period in prior year. This was mainly because the share payments in the year increased from the corresponding period in prior year.

管理層討論與分析 Management Discussion and Analysis

(5) 財務費用

Finance expenses

2021年財務費用同比增加227,733千元，主要原因是本年度辦理結構性存款、金融同業存單等債務工具，其收益計入公允價值變動收益、投資收益所致。

In 2021, finance expenses increased by RMB227.733 million from the corresponding period in prior year. This was mainly because the income from structured deposits, interbank negotiable certificates of deposits and other debt instruments in the year was included into profits arising from changes in fair value and investment income.

(6) 研發費用

Research and development expenses

2021年研發費用同比增加43.90%，主要原因是本年度加大新產品研發支出投入同比增加所致。

In 2021, Research and development expenses increased by 43.90% from the corresponding period in prior year. This was mainly because the Research and development expenses on new products in the year were increased from the corresponding period in prior year.

(7) 投資收益

Investment income

2021年投資收益同比增加637.08%，主要原因是本年度辦理金融同業存單業務，其收益計入投資收益所致。

In 2021, investment income increased by 637.08% from the corresponding period in prior year. This was mainly because the income from interbank negotiable certificates of deposits in the year was included in investment income.

(8) 公允價值變動收益

Profits arising from changes in fair value

2021年公允價值變動收益同比增加360.02%，主要原因是本年度辦理結構性存款等債務工具產生公允價值變動收益所致。

In 2021, profits arising from changes in fair value increased by 360.02% from the corresponding period in prior year. This was mainly because debt instruments such as structured deposits in the year generated profits arising from changes in fair value.

(9) 信用減值損失(損失以「-」號填列)

Credit impairment loss (losses are listed with “-”)

2021年信用減值損失同比增加14,226千元，主要原因是本年度個別子公司對應收款項計提信用減值損失同比增加所致。

In 2021, credit impairment losses increased by RMB14.226 million from the corresponding period in prior year. This was mainly because some subsidiaries' calculation of credit impairment losses for receivables in the year increased from the corresponding period in prior year.

(10) 資產減值損失(損失以「-」號填列)

Asset impairment losses (losses are listed with “-”)

2021年資產減值損失同比增加58,506千元，主要原因是本年度個別子公司計提的固定資產減值損失同比增加所致。

In 2021, asset impairment losses increased by RMB58.506 million from the corresponding period in prior year. This was mainly because some subsidiaries' calculation of fixed asset impairment losses in the year increased from the corresponding period in prior year.

管理層討論與分析 Management Discussion and Analysis

(11) 資產處置收益(損失以[-]號填列)

Gains on disposals of assets (losses are listed with “-”)

2021年資產處置收益同比增加486,711千元，主要原因是本年度本公司取得處置土地使用權等長期資產的收益同比增加所致。

In 2021, gains on disposals of assets increased by RMB486.711 million from the corresponding period in prior year. This was mainly because the Company's gains from disposals of land use and other long-term assets in the year increased from the corresponding period in prior year.

(12) 營業外收入

Non-operating income

2021年營業外收入同比增加124.25%，主要原因是本年度個別子公司確認的與日常經營活動無關的收入同比增加所致。

In 2021, non-operating income increased by 124.25% from the corresponding period in prior year. This was mainly because the income irrelevant to daily operating activities recognized by some subsidiaries in the year increased from the corresponding period in prior year.

(13) 營業外支出

Non-operating expenses

2021年營業外支出同比減少65.41%，主要原因是同期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 2021, non-operating expenses decreased by 65.41% from the corresponding period in prior year. This was mainly because the Company made donations to external parties in the fight against COVID-19 as part of its effort to proactively fulfill its social responsibility in the same period.

(14) 經營活動產生的現金流量淨額變動

Net cash flows from operating activities

2021年經營活動產生的現金流量淨額同比增加22.00%，主要原因是本年度因銷量增加及品種結構優化使得銷售商品、提供勞務收到的現金同比增加所致。

In 2021, net cash flows from operating activities increased by 22.00% from the corresponding period in prior year. This was mainly because the cash received from the sale of commodities and the provision of labor services increased from the corresponding period in prior year due to the increase of the sales volume and the improvement of the product structure in the year.

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(15) 投資活動產生的現金流量淨額變動 Net cash flows from investing activities

2021年投資活動產生的現金流量淨額同比減少8,762,026千元，主要原因是本年度辦理結構性存款、金融同業存單等債務工具使得投資活動現金流出增加所致。

In 2021, net cash flows from investing activities decreased by RMB8,762.026 million from the corresponding period in prior year. This was mainly because the cash outflows from investing activities increased due to debt instruments such as structured deposits and interbank negotiable certificates of deposits in the year.



(16) 籌資活動產生的現金流量淨額變動 Net cash flows from financing activities

2021年籌資活動產生的現金流量淨額同比減少1,257,532千元，主要原因是本年度本公司之全資子公司財務公司償還同業拆入資金，以及本年度分配股利支付的現金同比增加所致。

In 2021, net cash flows from financing activities decreased by RMB1,257.532 million from the corresponding period in prior year. This was mainly because the Company's wholly-owned subsidiary Finance Company repaid the interbank borrowings in the year and the cash paid for distributing share dividends in the year increased from the corresponding period in prior year.

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5、研發投入

Research and development expenses

5.1 研發投入情況表

Information of Research and development expenses

單位：千元
Unit: RMB'000

本期費用化研發投入	Research and development expenses of the Reporting Period	30,890
本期資本化研發投入	Research and development expenses of the Reporting Period capitalised	0
研發投入合計	Total Research and development expenses	30,890
研發投入總額佔營業收入比例(%)	Percentage of total Research and development expenses in revenue (%)	0.10
研發投入資本化的比重(%)	Percentage of Research and development expenses capitalized (%)	0.00

5.2 研發人員情況表

Information of R&D personnel

公司研發人員的數量	Number of R&D personnel	629
研發人員數量佔公司總人數的比例(%)	Percentage of number of R&D personnel in total number of employees of the Company (%)	1.91

研發人員學歷結構

Educational background of R&D personnel

學歷結構類別		學歷結構人數
Educational background		Number of persons
博士研究生	PhD	9
碩士研究生	Postgraduate	92
本科	Undergraduate	317
專科	2-year college	149
高中及以下	High school and below	62

研發人員年齡結構

Age groups of R&D personnel

年齡結構類別		年齡結構人數
Age group		Number of persons
30歲以下(不含30歲)	Below 30 (not inclusive of 30)	37
30-40歲(含30歲, 不含40歲)	30-40 (inclusive of 30, not inclusive of 40)	216
40-50歲(含40歲, 不含50歲)	40-50 (inclusive of 40, not inclusive of 50)	237
50-60歲(含50歲, 不含60歲)	50-60 (inclusive of 50, not inclusive of 60)	138
60歲及以上	60 and above	1

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(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 (%)	上期期末數	上期期末數 佔總資產的 比例(%) Percentage of total assets (%)	本期期末金額 較上期期末變動 比例(%) Increase/ (Decrease) (%)
				Amount at the end of the corresponding period in prior year		
貨幣資金	Cash at bank and on hand	14,597,590	31.35	18,466,881	44.48	-20.95
交易性金融資產	Financial assets held for trading	2,778,401	5.97	1,888,863	4.55	47.09
應收票據	Notes receivable	200		5,649	0.01	-96.46
其他應收款	Other receivables	674,818	1.45	73,894	0.18	813.23
其他流動資產	Other current assets	7,061,895	15.17	552,410	1.33	1,178.38
在建工程	Construction in progress	762,290	1.64	339,805	0.82	124.33
長期待攤費用	Long-term prepaid expenses	127,034	0.27	86,258	0.21	47.27
其他非流動資產	Other non-current assets	86,905	0.19	57,673	0.14	50.69
短期借款	Short-term borrowings	245,781	0.53	703,273	1.69	-65.05
應交稅費	Taxes payable	854,043	1.83	548,027	1.32	55.84
其他流動負債	Other current liabilities	446,809	0.96	296,066	0.71	50.92
長期應付款	Long-term payables	24,537	0.05	462,046	1.11	-94.69

(1) 貨幣資金

Cash at bank and on hand

本年度期末比期初減少20.95%，主要原因是本年度辦理結構性存款、金融同業存單等債務工具使得貨幣資金減少所致。

Cash at bank and on hand at the end of the Reporting Period decreased by 20.95% from the beginning of the Reporting Period. This was mainly because of debt instruments such as structured deposits and interbank negotiable certificates of deposits in the year.

(2) 交易性金融資產

Financial assets held for trading

本年度期末比期初增加47.09%，主要原因是本年度辦理結構性存款等債務工具所致。

Financial assets held for trading at the end of the Reporting Period increased by 47.09% from the beginning of the Reporting Period. This was mainly because of debt instruments such as structured deposits in the year.

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(3) 應收票據

Notes receivable

本年度期末比期初減少96.46%，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 at the end of the Reporting Period decreased by 96.46% from the beginning of the Reporting Period. This was mainly because some banks' acceptance bills received by the Company had been endorsed and transferred in the year.

(4) 其他應收款

Other receivables

本年度期末比期初增加813.23%，主要原因是本年度本公司應收處置土地使用權等長期資產的應收款項增加所致。

Other receivables at the end of the Reporting Period increased by 813.23% from the beginning of the Reporting Period. This was mainly because of the increase of the receivables from the Company's long-term assets such as disposal of land use rights in the year.

(5) 其他流動資產

Other current assets

本年度期末比期初增加1178.38%，主要原因是本年度開展金融同業存單業務所致。

Other current assets at the end of the Reporting Period increased by 1178.38% from the beginning of the Reporting Period. This was mainly because of the interbank negotiable certificates of deposits in the year.

(6) 在建工程

Construction in progress

本年度期末比期初增加124.33%，主要原因是本年度個別子公司開展搬遷擴建項目增加所致。

Construction in progress at the end of the Reporting Period increased by 124.33% from the beginning of the Reporting Period. This was mainly because of the increase of some subsidiaries' relocation and expansion projects in the year.

(7) 長期待攤費用

Long-term prepaid expenses

本年度期末比期初增加47.27%，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 prepaid expenses at the end of the Reporting Period increased by 47.27% from the beginning of the Reporting Period. This was mainly because of the increase of some subsidiaries' decoration costs of long-term leasing assets in the year.

(8) 其他非流動資產

Other non-current assets

本年度期末比期初增加50.69%，主要原因是本年度部分子公司預付工程及設備採購款增加所致。

Other non-current assets at the end of the Reporting Period increased by 50.69% from the beginning of the Reporting Period. This was mainly because of the increase of some subsidiaries' prepayments for projects and equipments in the year.

(9) 短期借款

Short-term borrowings

本年度期末比期初減少65.05%，主要原因是本年度本公司之全資子公司財務公司償還同業拆入資金所致。

Short-term borrowings at the end of the Reporting Period decreased by 65.05% from the beginning of the Reporting Period. This was mainly because the Company's wholly-owned subsidiary Finance Company repaid interbank borrowings in the year.

(10) 應交稅費

Taxes payable

本年度期末比期初增加55.84%，主要原因是本年度應交所得稅、應交增值稅增加所致。

Taxes payables at the end of the Reporting Period increased by 55.84% from the beginning of the Reporting Period. This was mainly because of the increase of the income taxes payable and the value-added taxes payable in the year.

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(11) 其他流動負債

Other current liabilities

本年度期末比期初增加50.92%，主要原因是本年度部分子公司增值稅待轉銷項稅額增加所致。

Other current liabilities at the end of the Reporting Period increased by 50.92% from the beginning of the Reporting Period. This was mainly because some subsidiaries' undeclared amount of VAT increased in the year.

(12) 長期應付款

Long-term payables

本年度期末比期初減少94.69%，主要原因是本年度部分子公司將收到的政府搬遷補償款按搬遷項目進度轉入遞延收益所致。

Long-term payables at the end of the Reporting Period decreased by 94.69% from the beginning of the Reporting Period. This was mainly because some subsidiaries transferred the government compensations they had received into the deferred income according to the progress of the relocation projects in the year.

(四) 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2021年12月31日的債務資本率為0% (2020年12月31日：0%)。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 2021, the Company's debt / capital ratio was 0% (31 December 2020: 0%). The calculation of debt / capital ratio 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2021年12月31日，本公司無資產抵押。(2020年12月31日：無)。

As at 31 December 2021, the Company did not have any mortgages (31 December 2020: 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

2021年度本公司資本性新建、搬遷及改擴建項目共投入約16.35億元。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 2021, the Company invested in approximately RMB1,635 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

無。

Nil.

6. 或有負債

Contingent liabilities

無。

Nil.

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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1,376萬千升，實際產能949萬千升。公司實際產能是綜合平衡各地市場銷售淡旺季系數及節假日、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 137.6 million hl, of which the actual production capacity is 94.9 million hl. 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)
555	468

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 (千升) Production (kl)	同比(%) Increase/ (Decrease) from the corresponding period in prior year (%)	銷量 (千升) Sales volume (kl)	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	429萬	13.02	433萬	11.62	100.94	19,795,911	14.75	青島 Tsingtao
其他品牌 Other brands	329萬	-9.07	360萬	-8.68	109.39	9,876,786	-2.08	嶗山 Laoshan
合計 Total	758萬	2.23	793萬	1.38	104.61	29,672,697	8.54	青島、嶗山 Tsingtao and Laoshan

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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、包裝材料和其他物料等，其中啤酒主要生產原料大麥的採購來源以進口為主，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、判斷行情適時調整的策略。公司不斷拓展競價模式，搭建了青島啤酒採購商城，實現透明、規範、高效管理。

The main raw materials purchased by the Company include raw materials for brewing, packaging materials and other materials. Among the raw materials, barley, the main raw material in brewing beer, is mainly imported from abroad, while the packaging materials are purchased at home. The Company purchases bulk materials in centralized manner through the unified bidding by the head office, of which most materials are purchased through annual bidding, and some through quarterly bidding. At the same time, the Company makes timely adjustment by keeping an eye on the industry to determine the industry situation. The Company also expands the bidding model and establishes the Tsingtao Procurement Mall platform to exercise transparent, standardized and highly efficient management.



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(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	估當期總採購額的 比重(%) Percentage of total purchasing amount of the Reporting Period (%)
釀酒原材料	Raw materials for brewing	3,906,867	4,049,279	30.53
包裝材料	Packaging materials	8,806,045	8,045,480	68.82
能源	Energy	82,890	96,429	0.65

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+網上零售店+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.

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公司全面推進營銷數字化轉型發展，借助數字化新技術，推動供應鏈、經銷商網絡模式全面升級；加快渠道、人員、費用、消費者在線，打造營銷模式行業領先地位。

The Company promotes the digital transformation of marketing on all fronts and adopts new digital technologies to drive the upgrading of its supply chain and distributor network model in all aspects. It seeks to be an industrial leader for marketing models by accelerating the connectivity of channels, personnel, costs and consumers.

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 Brewery, implement brand promotion and build and enhance the upmarket brand image of Tsingtao Brewery 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	本期銷售收入 Sales income of the Reporting Period	上期銷售收入 Sales Income of the corresponding period in prior year	本期佔比 (%) Percentage of the Reporting Period (%)	本期銷售量 (千升) Sales volume of the Reporting Period (kl)	上期銷售量	本期佔比 (%) Percentage of the Reporting Period (%)
						(千升) Sales volume of the corresponding period in prior year (kl)	
山東地區	Shandong Region	19,747,061	18,026,420	66.55	5,317,746	5,143,182	67.05
華北地區	North China	7,275,214	6,489,668	24.52	2,017,400	1,889,799	25.44
華南地區	South China	3,366,735	3,268,886	11.35	930,820	943,260	11.74
華東地區	East China	2,791,905	2,802,879	9.41	905,206	972,505	11.41
東南地區	South-east China	891,116	822,715	3.00	233,150	230,777	2.94
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	643,990	561,744	2.17	106,946	95,541	1.35
分部間抵消	Elimination between regions	-5,043,324	-4,634,334	-17.00	-1,580,359	-1,452,382	-19.93
合計	Total	29,672,697	27,337,978	100.00	7,930,909	7,822,682	100.00

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.

管理層討論與分析 Management Discussion and Analysis

(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 Number of distributor as at the end of the Reporting Period	報告期內增加數量 Increased number during the Reporting Period	報告期內減少數量 Decreased number during the Reporting Period
國內市場	Domestic market	13,265	2,599	3,751

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。基於行業渠道模式發展，開創式實施渠道模式變革TM項目，以「廠商協作分銷-MDCD」模式為手段，科學匹配「責權利」，發揮公司策劃管理優勢，撬動經銷商資源優勢，形成1+1>2的執行合力打造品牌運營商，實現「產品結構、市場佔有率、細分領域專業化程度」的全面提升。

Persisting in the collaboration concept of “co-creation, sharing and win-win results”, the Company strives to build a value-added platform for all its partners on the value chain. On the basis of the industrial channel model, the Company has taken the initiative to implement the transformative TM project, in which the Company adopts the “manufacturer-distributor collaborative distribution (MDCD)” model and scientifically matches “accountability, authority and interests”. The Company gives play to its strength in planning and management and mobilizes distributors’ resources, thus growing into a branded operator of 1 + 1 > 2 and making improvements in “product structure, market share and specialization in industrial segments”.



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	19,795,911	14.75	11,135,193	14.89	43.75	增加0.57個百分點 Increased by 0.57 percentage points
其他品牌	Other brands	9,876,786	-2.08	7,639,587	-4.24	22.65	增加0.43個百分點 Increased by 0.43 percentage points
小計	Total	29,672,697	-	18,774,780	-	-	-
按地區分部	By regions						
山東地區	Shandong Region	19,747,061	9.55	13,374,161	6.95	32.27	增加1.64個百分點 Increased by 1.64 percentage points
華北地區	North China	7,275,214	12.10	5,173,186	13.44	28.89	減少0.84個百分點 Decreased by 0.84 percentage points
華南地區	South China	3,366,735	2.99	2,240,907	2.25	33.44	增加0.48個百分點 Increased by 0.48 percentage points
華東地區	East China	2,791,905	-0.39	2,043,289	-1.05	26.81	增加0.49個百分點 Increased by 0.49 percentage points
東南地區	South-east China	891,116	8.31	614,343	2.42	31.06	增加3.97個百分點 Increased by 3.97 percentage points
港澳及其他海外地區	Hong Kong, Macau and other overseas regions	643,990	14.64	402,976	0.79	37.43	增加8.60個百分點 Increased by 8.60 percentage points
分部間抵消	Elimination between regions	(5,043,324)		(5,074,082)			
小計	Total	29,672,697	-	18,774,780	-	-	-

情況說明：

港澳及其他海外地區毛利率同比增加8.60個百分點，主要原因是本年度銷量增加，以及調高產品價格所致。

Explanation:

The gross profit margins in Hong Kong, Macao and other overseas regions increased by 8.60 percentage points, mainly due to the increase of the sales volume and the product prices in 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

國內啤酒市場已進入平穩發展的新階段，目前中國前五大啤酒企業已佔市場約80%的份額，產品結構提升、質量提升、品牌提升尚有較大空間，市場競爭格局相對穩定。

The domestic beer market has reached a new level of stability. China's top five beer companies account for approximately 80% of the market. There is ample space for improving the product mix, quality, and brand. Also, the market competition pattern is pretty consistent.

隨著啤酒行業運輸成本、原材料價格、人工成本等的增加，國內啤酒行業仍面臨較大的增長壓力，推動企業加快推進智能製造、規模化生產和產能優化，提高生產運營效率，降低運營成本。

Increased transport costs, raw material prices, and labor costs in the domestic beer industry put it under tremendous growth pressure. Companies are driven to accelerate intelligent manufacturing, mass production, and capacity optimization, enhance production and operation efficiency, and lower operating costs.

國內啤酒市場消費需求呈現多元化、高端化、個性化趨勢，以聽裝啤酒、精釀啤酒、生鮮啤酒等為代表的高端產品佔比不斷提升，並保持良好的發展勢頭。

Consumer demands in the domestic beer market are becoming more diversified, high-end, and individualized. High-end products such as canned beer, craft beer, and fresh beer account for an increasingly larger percentage and maintain a good momentum for development.

作為全球最大的啤酒生產及消費市場，中國啤酒消費市場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提升空間。新冠肺炎疫情對國內啤酒產品傳統銷售渠道和場景以及市場消費人群的消費習慣產生影響，傳統消費渠道受到較大衝擊，線上銷售渠道快速發展，成熟的電子商務應用帶動了產品銷售業務的數字化轉型，為消費者帶來了更加方便、快捷的選擇方式。

China's beer market is the world's largest market of beer production and consumption. Increasing profitability in the Chinese beer industry can be achieved by further optimizing capacity, improving the product structure, and adjusting prices. COVID-19 has impacted domestic traditional channels and scenes for the sales of beer products and on consumers' consumption habits. The conventional consumption channels are suffering while online sales channels are flourishing. Mature e-commerce application has also spurred the digital transformation of product sales, bringing consumers more convenient and faster options.



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、覆蓋全國市場的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。依據「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强做優做大啤酒主業，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 is committed to pursuing a high-quality development strategy, giving full play to the strength of its platform resources, such as Tsingtao Brewery's brand, quality, and production base and channel network encompassing markets in the entire country, and strives to promote the transformation of its development pattern. Under the six strategic pillars of "Led by Brand, Powered by Innovation, Quality First, Prioritizing Efficiency, Optimizing Structure, and Coordination of Development." The Company will strengthen its core businesses through a variety of tactical measures, including expanding the market base's strategic belt, speeding up product structure upgrades, enhancing brand equity, establishing attractive quality, expanding the global market, and developing large and intelligent operations, in order to increase its market competitiveness, achieve high-quality and sustainable development, and establish a first-class international brand enterprise.

(三) 經營計劃

Operating plan

公司將聚焦啤酒主業，充分發揮青島啤酒的品牌和品質優勢，積極推進產品結構升級，加大市場宣傳推廣力度，發揮啤酒行業唯一國家重點實驗室的技術優勢，提升青島啤酒魅力質量，不斷提升青島啤酒的市場競爭力。

The Company will focus on selling beer products as its primary business, fully utilize the brand and quality advantages of Tsingtao Brewery, proactively driving the upgrading of its product mix, and stepping up efforts in product marketing and promotion. The Company will use its technological strength with the only national key laboratory in the industry, improve the quality of Tsingtao Brewery, and constantly enhance the market competitiveness of Tsingtao Brewery.

公司將發揮覆蓋全國主要市場的生產和銷售網絡布局優勢，鞏固和提高在基地市場的優勢地位和新興市場的佔有率，構建以消費者為中心的營銷管理體系。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、時尚化水平。在國際市場堅持高品質、高價格、高可見度，不斷拓展全球市場分銷覆蓋，提升品牌國際影響力。

The Company will take advantage of its production and sales network that covers major markets in China, consolidate its dominant position on the base market, expand its share of the rising market, and develop a sales management system centered on consumers. Focused on sales combined with sports, music, and experience, the company will continue to raise its brand influence and maintain Tsingtao Brewery's popularity among international, young, and fashionable consumers through an immersive brand experience. On the global market, the Company will stick to high quality, high price, and high visibility, expand distribution coverage globally, and increase the brand profile internationally.

公司將持續推進「青島啤酒主品牌+嶗山啤酒第二品牌」的品牌戰略，以消費者為中心，致力於產品創新和品質升級，積極培育及研發戰略性新產品和新特產品，引領產品消費升級，不斷鞏固和提升公司中高端市場的競爭優勢。

The Company will further promote the brand strategy of "Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand." With a focus on consumers, the company will devote resources to product innovation and quality upgrading, proactively foster and develop new strategic products and new characteristic products, take the lead in product consumption upgrades, and enhance the Company's competitive advantages in mid-to-high-end markets.

公司將構建多業態深度關聯、相互補充、利他共生的生態圈。依托「TSINGTAO1903青島啤酒吧」連鎖業務，著力打造品牌推廣的新高地、消費者體驗的新高地、生鮮啤酒等高端啤酒銷售的新高地。通過沉浸式體驗消費場景，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。

The Company will build an ecosystem in which multiple business models will be profoundly interconnected, complementary, symbiotic, and mutually beneficial. Based on the "TSINGTAO1903" chain business, the Company will endeavor to establish new grounds for brand promotion, consumer experience, and the sale of high-end beer such as fresh beer. Through an immersive experience of consumption scenes, the Company will continue to meet consumers' multi-level needs for individualization, diverse scenes, convenience, and high quality.

管理層討論與分析 Management Discussion and Analysis

公司將加速推進以數字化為引領的轉型升級，推進科技發展與數字化、智能化發展，依托「基於數字化端到端解碼的魅力感知質量管理模式」，實現以產品為中心的質量向以消費者綜合感受為中心的感知質量轉變。The Company will expedite the transformation and upgrading led by digitization as well as promote technological, digital, and intelligent development. Based on the “quality management model based on the charm of end-to-end digital decoding,” they will strive to change from product-centered quality to perceived quality centered on consumers’ comprehensive feelings.

公司將強化智慧製造、智能製造，擴大高端製造轉型升級，以青島啤酒廠榮獲全球首家啤酒飲料行業工業互聯網「燈塔工廠」為契機，繼續推進規模化、智能化智慧型工廠建設。同時堅持綠色發展，積極採用新技術、新工藝，強化節能減排。

The Company will strengthen smart and intelligent manufacturing and expand its transition towards high-end manufacturing. It will continue to promote the development of large-scale, intelligent, and smart factories as the world’s first industrial internet “Lighthouse Brewery” for the beer industry. Additionally, the Company will continue to pursue green development by adopting new technologies and processes and stepping up efforts to save energy and reduce emissions.

2022年，面對市場競爭激烈、原材料價格上漲、疫情反復等嚴峻挑戰，公司將在董事會的帶領下堅定信心、篤信篤行、善作善成，堅定的做強做優啤酒主業，推動公司市場運營能力和盈利能力的不斷提升，實現高質量發展，為廣大股東創造更高的價值。

Under the board’s leadership, the company will proceed with confidence and take firm action to strengthen its beer sales in the face of challenging obstacles, including cutthroat competition, rising prices of raw materials, and the resurgent epidemic in 2022. The company will drive its market operations and profitability towards continuous improvement, achieve high-quality development and create higher value for the shareholders.

(四) 可能面對的風險

Potential Business Risks

啤酒市場因疫情防控導致的人員流動減少、社交餐飲需求降低，對傳統渠道和銷售終端形成衝擊，影響啤酒市場的復甦和增長。

Due to the reduction of personnel needs and social catering demand in the beer market caused by epidemic control affecting traditional channels and end-of-sales, and the beer market’s recovery and growth.

目前國內啤酒市場集中度不斷提升，競品不斷增加可能會導致國內中高端產品市場競爭進一步加劇，導致廣告、促銷等市場費用持續增長。啤酒生產原材料等大宗物資價格和人工成本持續上漲帶來的經營壓力，也將對公司未來銷量、收入和盈利的增長形成影響。

Domestic beer market concentration and competition will intensify market competition for domestic mid-to-high-end products, resulting in a continuous increase in advertising, promotion, and other related expenses. The operational pressures caused by rising raw material prices for beer production and other bulk materials and rising labor costs will also affect the company’s future sales, revenue, and profits.



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

公司第十屆董事會成員簡介 Members of the Tenth Session of the Board:



黃克興先生，現年59歲，山東大學機械工程學院畢業，北京大學光華管理學院高級管理人員工商管理碩士，正高級工程師。現任本公司董事長、黨委書記，青啤集團黨委書記、董事長。曾任本公司總裁助理兼戰略投資管理總部部長、本公司副總裁、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 59, graduated from the School of Mechanical Engineering of Shandong University and obtained a Master's degree in business administration from the Guanghua School of Management of Peking University. He is qualified as a Senior Engineer. He is currently Chairman of the Board of Directors and Secretary of the Party Committee of the Company and Secretary of the Party Committee and Chairman of the Board of Directors of Tsingtao Group. He was Assistant to the President of the Company and Head of Strategic Investment Management Department, Vice President of the Company, 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 of 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60歲，東北財經大學高級管理人員工商管理碩士，正高級會計師。現任本公司執行董事、黨委委員、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，2020年被授予青島市高端金融人才榮譽稱號，2020年被選聘為山東省及青島市管理會計諮詢專家，2021年4月獲得青島市勞動模範榮譽稱號，2021年8月被授予青島拔尖人才稱號。

Mr. YU Zhu Ming, aged 60, 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. In 2020, he was recognized as a "High-Calibre Financial Professional of Qingdao" and selected as an expert consultant of management accounting of Shandong Province and Qingdao City; in April 2021, he was recognized as a "Qingdao Labor Model"; in August 2021, he was recognized as a "Qingdao Top Talent".

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56歲，北京大學高級管理人員工商管理碩士，高級工程師，現任本公司執行董事、黨委委員、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，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 56, 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 Shanghai Tsingtao Brewery Huadong Marketing Co., Ltd General, 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41歲，於倫敦政治經濟學院獲管理學碩士學位，並於南京大學獲得文學學士學位。現任本公司非執行董事，復星國際副總裁、聯席首席投資官，上海豫園旅遊商城(集團)股份有限公司聯席董事長，金徽酒股份有限公司董事，四川沱牌舍得集團有限公司董事。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 41, 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 International, Co-Chairman of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., Director of Jinhui Liquor Co., Ltd., and Director of Sichuan Tuopai Shede Group Co., Ltd. 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.



肖耿先生，現年58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，香港中文大學(深圳)高等金融研究院政策與實踐研究所所長，香港中文大學(深圳)實踐教授，兼任香港國際金融學會董事會主席、瑞銀中國和錦州銀行獨立非執行董事等職。曾任北京大學滙豐商學院金融實踐教授、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、滙豐銀行(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 58, holds a Doctorate degree in economics from the University of California, Los Angeles. He is currently an independent non-executive director of the Company, Director of the Policy and Practice Institute of Shenzhen Finance Institute of The Chinese University of Hong Kong (Shenzhen), Professor of Practice at The Chinese University of Hong Kong (Shenzhen), and concurrently serves as Chairman of the Board of the Hong Kong Institute for International Finance and an independent non-executive director of UBS (China) and Bank of Jinzhou. He was a professor of financial practice at Peking University HSBC Business School (PHBS), 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.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



盛雷鳴先生，現年51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上海外服控股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 51, holds a Doctorate degree in law from the East China University of Political Science and Law and is qualified as 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 Shanghai Foreign Service Holding Group Co., Ltd.. He was President and Deputy Secretary of the Party Committee of Shanghai Bar Association.



姜省路先生，現年50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及利群商業集團股份有限公司獨立董事，青島銀行股份有限公司外部監事。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 50, 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. and Liqun Commercial Group Co., Ltd. and an external supervisor of Bank of Qingdao 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".



張然女士，現年44歲，美國科羅拉多大學立茲商學院(Leeds School of Business, University of Colorado at Boulder)會計學博士。現任本公司獨立非執行董事，中國人民大學商學院會計學教授、博士生導師、商學院碩博項目主任。張女士曾任美國科羅拉多大學立茲商學院兼職講師。2006年6月至2019年10月執教於北京大學光華管理學院。現兼任北京諾禾致源科技股份有限公司、潛能恒信能源技術股份有限公司獨立董事。曾任比亞迪股份有限公司獨立非執行董事、審計委員會主席。

Ms. Rania ZHANG, aged 44, obtained a PhD in accounting from Leeds School of Business, University of Colorado at Boulder. She is currently an independent non-executive director of the Company, as well as a professor of accounting, a tutor for PhD students and the director of master and doctoral programme of the business school at the School of Business of Renmin University of China. Ms. Zhang also served as a part-time lecturer at the Leeds School of Business, University of Colorado at Boulder in the United States From June 2006 to October 2019, she taught at Guanghua School of Management, Peking University. Now she holds a concurrent post as the independent director of both Beijing Nuohe Zhiyuan Technology Co., Ltd. and Qianneng Hengxin Energy Technology Co., Ltd. She also served as an independent nonexecutive director and chairman of the audit committee of BYD Co., Ltd.

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

公司第十屆監事會成員簡介 Members of the Tenth Session of Board of Supervisors



郭秀章先生，現年56歲，畢業於華東理工大學生物化學專業，工學學士；兼獲中央黨校函授學院經濟管理專業本科學歷。現任本公司監事會主席，曾任青島市委政研室副主任、青島市政協研究室主任、青啤集團監事會主席、青島市市直企業監事會主席、青島華通國有資本運營(集團)有限公司監事會主席、青島海檢集團有限公司監事會主席等職。

Mr. GUO Xiu Zhang, aged 56, graduated from the major of biochemistry at East China University of Science and Technology with the Bachelor's Degree of Engineering; he also obtained the Bachelor's Degree in Economic Management from the Party School of the Central Committee of the CPC. He currently serves as Chairman of the Board of Supervisors of the Company. He was Deputy Director of the Policy Research Office of Qingdao Municipal Party Committee, Director of the CPPCC Research Office of Qingdao, Chairman of the Board of Supervisors of Tsingtao Group, Chairman of the Board of Supervisors of companies directly administered by Qingdao, Chairman of the Board of Supervisors of Qingdao Huatong State-owned Assets Operation (Group) Co., Ltd. and Chairman of the Board of Supervisors of Qingdao NMEI Group Co., Ltd.



姚宇先生，現年41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董事總經理，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 41, 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, Managing Director 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64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，兼任青島港國際股份有限公司、首旅酒店(集團)股份有限公司、北京菜市口百貨股份有限公司、北京華力創通科技股份有限公司、江西富祥藥業股份有限公司獨立董事。

Ms. LI Yan, aged 64, 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 and an independent director of Qingdao Port International Co., Ltd., BGT Hotels (Group) Co., Ltd., Beijing Caishikou Department Store Co., Ltd., Hwa Create Co., Ltd. and Jiangxi Fushine Pharmaceutical Co., Ltd..

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



王亞平先生，現年57歲，華東政法學院（現為華東政法大學）法學學士，國家一級律師。現任本公司獨立監事，山東國曜琴島（青島）律師事務所合夥人會議主席。山東省律師協會副會長，青島市律師協會監事長，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、青島百洋醫藥股份有限公司獨立董事、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 57, holds a bachelor's degree in law from East China University of Political Science and Law and is a Class I lawyer in China. He is currently an independent supervisor of the Company and Chairman of Partners' Meeting of Shandong Guoyao Qindao (Qingdao) Law Firm. His other titles include Vice President of Shandong Lawyers Association, Chief Supervisor of Qingdao Lawyers Association and Arbitrator of Qingdao Arbitration Commission. He concurrently serves as an independent director of Qingdao Gon Co., Ltd, an independent director of Qingdao Baheal Pharmaceutical Co., Ltd., an independent non-executive director of Ruigang Construction Holdings Co., Ltd and an independent supervisor of Qingdao Port International Co., Ltd.



黃祖江先生，現年56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 56, 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 qualified as 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46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、法律事務管理總部部長。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 46, 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 Management 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56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 56, graduated from the major of electrical and automation of Shandong University of Industry and is qualified as 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54歲，廈門大學高級管理人員工商管理碩士，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 54, MBA for senior management personnel 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 & 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49歲，山東工業大學本科畢業，南開大學經濟學碩士，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 49, 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.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Manager



徐楠女士，現年54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 54, 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 brewer 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.



王少波先生，現年54歲，上海交通大學本科畢業，上海交通大學安泰管理學院高級管理人員工商管理碩士，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、併購投資管理及生產運營經驗。

Mr. WANG Shao Bo, aged 54, graduated from Shanghai Jiaotong University with a bachelor's degree, obtained a master's degree in business administration for senior management personnel 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57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 57, Bachelor's Degree at Shandong Normal University, 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 listing 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預留股份授予

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」）。2021年3月22日，公司董事會審議通過《關於向激勵對象授予預留部分A股限制性股票的議案》。同意以2021年3月22日為授予日，以21.18元/股的授予價格向符合條件的35名激勵對象授予30萬股A股限制性股票。2021年5月26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預留授予部分的A股限制性股票的登記工作，實際完成向34名激勵對象授予合計294,000股A股限制性股票。2021年5月31日，公司董事會審議通過《關於變更註冊資本及修訂公司章程的議案》。公司總股本由1,364,182,795股變更為1,364,476,795股。

(二) 回購註銷部分限制性股票

於2021年9月29日，公司董事會審議通過《公司回購註銷激勵計劃部分A股限制性股票事項的議案》，由於公司12名激勵對象因達到法定年齡正常退休或因個人原因辭職，根據《激勵計劃》的相關規定，擬對該12名人員已獲授予但尚未解除限售的公司A股限制性股票進行部分或全部回購註銷處理，合計122,002股。2021年12月20日，上述回購註銷辦理完畢登記手續。公司總股本由1,364,476,795股變更為1,364,354,793股。

有關之詳情，請參閱公司日期為2021年3月22日、2021年5月27日、2021年9月30日、2021年12月15日之公告。

(I) Grant of Reserved Shares under the Restricted A Share Incentive Plan

The Restricted A Share Incentive Plan (the “Incentive Plan”) was considered and approved at the 2019 Annual General Meeting and the first A-share and H-share class meeting of 2020 on 8 June 2020. The Board considered and approved the Proposal on Granting Reserved Restricted A Shares to the Participants on 22 March 2021. It was agreed that 300,000 reserved restricted A shares would be granted to 35 eligible participants at a grant price of RMB21.18 per share, with the grant date set for 22 March 2021. On 26 May 2021, the Company completed the registration of the reserved restricted A shares under its Incentive Plan at China Securities Depository and Clearing Co., Ltd.’s Shanghai Branch, and a total of 294,000 restricted A shares were granted to 34 participants. The Board considered and approved the Proposal to Change the Registered Capital and Amend the Articles of Incorporation on 31 May 2021. The Company’s total share capital was changed from 1,364,182,795 to 1,364,476,795.

(II) Repurchase and Cancellation of Some Restricted Shares

The Board considered and approved the Proposal on the Company’s Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan on 29 September 2021. Since 12 Company participants reached the statutory retirement age and retired or resigned for personal reasons, it was proposed that some or all of the Company’s restricted A shares granted to the 12 participants but yet to be released from lockup be repurchased or canceled in accordance with relevant provisions of the Incentive Plan. There were a total of 122,002 of these shares. Registration procedures for the aforementioned repurchase and cancellation were completed on 20 December 2021. The Company’s total share capital was reduced from 1,364,476,795 to 1,364,354,793.

For details, please refer to the announcements of the Company dated 22 March 2021, 27 May 2021, 30 September 2021 and 15 December 2021 respectively.

重要事項 Significant Events

(三) 報告期內其他重大事項

1、 子公司清算事項

2021年3月26日，第九屆董事會第十五次會議審議通過漳州公司清算項目可行性報告，漳州公司於2021年5月6日進入清算解散程序，5月末與全部員工辦理解除勞動合同手續。漳州公司部分設備已經通過內部調撥處置完成，其他土地等資產尚未處置。

2、 土地收儲事項

2.1 2021年7月12日，公司第十屆董事會2021年第一次臨時會議審議通過公司楊家群貨場土地政府收儲項目可行性報告，同意青島市市北區政府對公司楊家群貨場土地進行收儲，並與政府簽訂土地收儲協議。該土地處置收益估計增加公司2021年度歸屬於上市公司股東的淨利潤約人民幣4.36億元。

2.2 上述會議也審議通過北京五星青島啤酒有限公司清算項目資產處置可行性報告。同意北京市海澱區人民政府對五星公司所屬自用生產用地進行收儲。五星公司土地徵收補償款確認收入後預計將增加公司歸屬於母公司股東的淨利潤約人民幣7億元。截止報告期末，五星公司尚未啓動具體土地收儲手續。

(III) Other Significant Events during the Reporting Period

1. Liquidation of a Subsidiary

On 26 March 2021, at the Board's fifteenth meeting of the nine-session, the feasibility report for the liquidation of the Zhangzhou branch was considered and approved. On 6 May 2021, the Zhangzhou branch initiated liquidation and dissolution procedures. By the end of May 2021, the branch had terminated all of its employees' labor contracts. A portion of the Zhangzhou branch's equipment has been sold internally, and other assets such as land have yet to be sold.

2. Purchase and Storage of Land

2.1 On 12 July 2021, at the Board's first unscheduled meeting of the tenth session, the feasibility report for the government's purchase and storage of the Company's Yangjiaqun Yard land was considered and approved. It was agreed that the Shibe District Government of Qingdao would purchase and store the Company's Yangjiaqun Yard land. The company entered into a purchase and storage agreement with the government. The gain on the land sale is estimated to add approximately RMB436 million to the company's net profit attributable to shareholders.

2.2 The aforementioned meeting also considered and approved the feasibility report for the asset disposition in connection with the liquidation of Beijing Five-Star Tsingtao Brewery Co., Ltd. It was agreed that Beijing Five-Star's self-used production land would be purchased and stored by the Beijing Haidian District People's Government. Compensation from the government's acquisition of Beijing Five-Star's Land is expected to boost the company's net profit attributable to shareholders by approximately RMB700 million. Beijing Five-Star had not initiated procedures for the government's purchase and storage of the land as of the end of the Reporting Period.

重要事項 Significant Events

詳情請見公司日期為2021年7月12日、11月26日、12月17日在香港交易所網站刊發的董事會臨時會議決議公告、擬由政府收儲土地公告及進展公告等海外監管公告，公司將密切關注五星公司土地收儲事項的進展情況，並按照相關法律法規的規定，持續履行信息披露義務。

For details, please refer to the Company's overseas regulatory announcements, which include the announcement on a resolution approved at an unscheduled Board meeting, the announcement on the government's proposed purchase and storage of land, and the progress announcement published on the HKEX website on 12 July 2021, 26 November 2021, and 17 December 2021, respectively. The Company will closely monitor the progress of the purchase and storage of Beijing Five-Star's land and will continue to comply with applicable laws and regulations regarding information disclosure.

- 3、2021年3月26日，公司第九屆董事會第十五次會議審議通過以下新擴建項目，具體投資及進展情況如下：

3. On 26 March 2021, at the Board's fifteenth meeting of its nine-session session, the following new and expansion projects were considered and approved. The detail of the investment and progress of the projects is as follows:

- 3.1 青島啤酒研發創新基地項目可行性報告，同意公司在青島即墨市藍色硅谷經濟區建設啤酒釀造與飲料研發等創新基地，項目總投資人民幣37,796萬元，並成立全資子公司——青島啤酒科技研發中心有限公司，註冊資本人民幣38,000萬元。目前已完成土地規劃、施工許可等手續並獲取土地證。

- 3.1 The feasibility report for Tsingtao Brewery's R&D and innovation base was considered and approved. It was agreed to establish an innovation base for beer brewing and beverage development in Jimo, Qingdao's Blue Silicon Valley Economic Zone. RMB377.96 million is the total investment. The Company will establish Tsingtao Brewery Scientific and Technological R&D Center Co., Ltd. as a wholly-owned subsidiary with a registered capital of RMB380,000,000. Land planning has been completed, and the construction permit and land certificate.

- 3.2 審議通過青島啤酒智慧產業園120萬千升擴建項目可行性報告，建成後新增產能20萬千升/年，項目總投資人民幣58,492萬元，目前該項目正在按計劃推進中。

- 3.2 The feasibility report for the Tsingtao Brewery Smart Industry Park's 1.2 million kl expansion project was considered and approved. When completed, the project will add 200,000 kl of capacity per year. RMB584.92 million is the total investment. Currently, the project is proceeding according to plan.



重要事項 Significant Events

3.3 審議通過山東綠蘭莎啤酒有限公司搬遷擴建40萬千升項目可行性報告。項目總投資人民幣44,510萬元，報告期內，該項目已取得環評報告批復，待辦理土地手續。

4、 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，項目總投資約為人民幣2.5億元，2021年2月，該項目開土動工，2022年1月，項目釀造設備安裝調試完成並進行投料。根據該項目經營業態的拓展補充和後期運營需求，2022年2月，公司董事會召開臨時會議，同意對該項目追加投資預算人民幣5,982萬元，由公司向青島啤酒(西海岸)文旅發展有限公司增加註冊資金人民幣6,000萬元。

(四) 報告期內，本公司並無涉及新發生的任何重大訴訟、仲裁事項。

3.3 The feasibility report for Shandong LuLanSa Brewery Co., Ltd.'s 400,000 kl relocation and expansion project was considered and approved. RMB445.10 million is the total investment. The environmental assessment report was approved during the Reporting Period. The land's administrative procedures have not been completed.

4. On 29 October 2021, at the Board's thirteenth meeting of the ninth session, the feasibility report for Tsingtao Brewery's West Coast craft beer garden project was considered and approved. It was agreed that a craft beer garden would be built in Qingdao West Coast New Area's Golden Beach Beer City. The project's total investment is approximately RMB250 million. Construction of the project began in February 2021; in January 2022, the brewing equipment was installed and commissioned, and materials were fed into the equipment. In light of the project's expansion and supplementation of operations and future operational requirements, the Company's Board of Directors convened an emergency meeting in February 2022 and agreed to invest an additional RMB59.82 million in the project. The Company will increase the registered capital of Tsingtao Brewery (West Coast) Culture and Tourism Development Co., Ltd by RMB60.00 million.

(IV) During the Reporting Period, the Company did not involve in any material litigation or arbitration.



財務報告 Financial Report

按照中國企業會計準則編制的財務報表 Financial Statements Prepared in Accordance with China Accounting Standards for Business Enterprises

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Auditor's Report



普華永道

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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 2021;
- 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 2021, 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 summarized 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 2021.</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 judgements and assumptions 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 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 judgments and 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 recognition 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 data-bbox="165 372 785 433">(2) Impairment test on fixed assets (Refer to Note 2(28) and Note 4(11) to the financial statements)</p> <p data-bbox="165 470 785 562">As at 31 December 2021, the carrying amounts of fixed assets as recognized in the consolidated financial statements of Tsingtao Brewery amounted to approximately RMB10,148.13 million.</p> <p data-bbox="165 599 785 814">Management analysed and identified the indication of impairment, conducted impairment assessment by comparing the recoverable amount with carrying amount of 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 asset less cost of disposal and the present value of the estimated future cash flow of the asset.</p> <p data-bbox="165 851 785 1009">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 data-bbox="165 1045 785 1231">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 judgements and assumptions would have a significant impact on the results of the impairment test.</p>	<p data-bbox="810 372 1431 433">In connection with the impairment test on fixed assets, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li data-bbox="810 470 1431 530">• Understood and validated the management’s internal controls over the test of impairment of fixed assets; <li data-bbox="810 567 1431 627">• Validated the management’s processes in identifying the indications of impairment; <li data-bbox="810 664 1431 750">• For those fixed assets with indication of impairment, examined the management’s impairment test model as follows: <ul style="list-style-type: none"> <li data-bbox="868 786 1431 944">— Combining interviews with the management and the information obtained, we involved internal valuation experts to assist us in assessing the rationality of the valuation methodology adopted by the management in impairment assessment. <li data-bbox="868 980 1431 1166">— Evaluated the rationality of key judgments and 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. <li data-bbox="868 1203 1431 1388">— 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 data-bbox="810 1425 1431 1550">According to the procedures performed, the recognition method of recoverable amount, valuation model, key assumptions and estimates adopted, and the results of impairment assessments made by the management are acceptable.</p>

Other Information

Management of Tsingtao Brewery is responsible for the other information. The other information comprises all of the information included in 2021 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.

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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 (including the disclosures), structure and content of the financial statements, 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
28 March 2022

Signing CPA
Li Lili



Consolidated and Company Balance Sheets

As at 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2021 Consolidated	31 December 2020 Consolidated	31 December 2021 Company	31 December 2020 Company
ASSETS					
Current assets					
Cash at bank and on hand	(1)	14,597,590,313	18,466,880,608	9,241,394,971	7,498,667,378
Financial assets held for trading	(2)	2,778,400,866	1,888,862,835	1,000,208,219	-
Notes receivable	(3)	200,000	5,648,580	200,000	3,500,000
Accounts receivable	(4),15(1)	124,729,816	119,506,428	1,399,795,657	1,289,784,383
Advances to suppliers	(5)	227,987,238	239,884,336	161,219,397	173,715,881
Other receivables	(6),15(2)	674,818,381	73,893,587	672,562,776	767,551,777
Inventories	(7),15(3)	3,492,997,857	3,281,033,526	1,639,617,110	1,484,423,351
Other current assets	(8)	7,061,894,939	552,409,778	188,571,308	213,704,493
Total current assets		28,958,619,410	24,628,119,678	14,303,569,438	11,431,347,263
Non-current assets					
Debt investment	15(4)	-	-	73,169,193	-
Long-term equity investments	(9),15(5)	366,040,084	374,333,837	10,969,591,367	10,777,859,391
Other non-current financial assets		600,000	600,000	-	300,000
Investment properties	(10)	25,694,960	27,183,434	27,977,189	28,097,551
Fixed assets	(11),15(6)	10,148,833,313	10,302,628,630	2,110,919,740	2,207,215,759
Construction in progress	(12)	762,289,882	339,805,369	104,231,337	29,042,168
Right-of-use assets	(13)	167,762,564	168,329,047	27,158,232	33,604,316
Intangible assets	(14),15(7)	2,480,748,549	2,503,842,988	508,698,803	495,947,407
Goodwill	(15)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(16)	127,033,797	86,258,334	7,487,058	4,265,112
Deferred tax assets	(17)	2,131,373,398	1,718,307,625	1,307,029,533	1,044,203,455
Other non-current assets	(19)	86,904,552	57,672,911	59,073,702	20,751,654
Total non-current assets		17,604,385,081	16,886,066,157	15,195,336,154	14,641,286,813
TOTAL ASSETS		46,563,004,491	41,514,185,835	29,498,905,592	26,072,634,076

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2021 Consolidated	31 December 2020 Consolidated	31 December 2021 Company	31 December 2020 Company
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	(20)	245,780,575	703,273,054	-	-
Notes payable	(21)	170,028,474	149,491,592	165,483,480	118,344,729
Accounts payable	(22)	3,127,872,424	2,566,484,737	3,603,456,501	3,225,682,518
Contract liabilities	(23)	8,123,275,272	6,567,320,256	6,359,363,459	4,816,661,431
Employee benefits payable	(24)	2,172,664,930	1,906,199,446	868,072,245	630,441,397
Taxes payable	(25)	854,042,924	548,026,847	246,640,558	82,987,488
Other payables	(26)	3,069,741,775	2,730,994,513	1,182,291,449	1,110,159,138
Current portion of non-current liabilities	(27)	48,428,344	42,089,297	12,997,149	12,694,927
Other current liabilities	(23)	446,808,798	296,065,856	390,233,493	255,389,916
Total current liabilities		18,258,643,516	15,509,945,598	12,828,538,334	10,252,361,544
Non-current liabilities					
Lease liabilities	(28)	112,778,668	115,839,869	11,986,516	17,840,026
Long-term payables	(29)	24,537,343	462,046,060	-	-
Deferred income	(30)	3,210,806,388	2,899,626,024	366,755,691	399,473,516
Long-term employee benefits payable	(31)	991,149,211	991,111,582	593,567,288	543,156,836
Deferred tax liabilities	(17)	171,398,023	167,564,536	-	-
Total non-current liabilities		4,510,669,633	4,636,188,071	972,309,495	960,470,378
Total liabilities		22,769,313,149	20,146,133,669	13,800,847,829	11,212,831,922
Equity					
Share capital	(32)	1,364,354,793	1,364,182,795	1,364,354,793	1,364,182,795
Capital surplus	(33),15(9)	3,956,209,113	3,675,291,623	4,980,309,993	4,710,298,947
Less: Treasury stock	(34)	(273,189,919)	(279,576,000)	(273,189,919)	(279,576,000)
Other comprehensive income	(35),15(10)	(59,632,540)	(19,851,339)	(72,405,000)	(30,438,000)
Surplus reserve	(36)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(37)	294,853,079	260,344,554	-	-
Undistributed profits	(38),15(11)	16,318,545,692	14,220,864,502	8,298,283,516	7,694,630,032
Total equity attributable to shareholders of the Company		23,001,844,598	20,621,960,515	15,698,057,763	14,859,802,154
Non-controlling interests		791,846,744	746,091,651	—	—
Total equity		23,793,691,342	21,368,052,166	15,698,057,763	14,859,802,154
TOTAL LIABILITIES AND EQUITY		46,563,004,491	41,514,185,835	29,498,905,592	26,072,634,076

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 Income Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2021	2020	2021	2020
		Consolidated	Consolidated	Company	Company
Revenue	(39),15(12)	30,166,805,377	27,759,710,926	21,516,205,396	19,545,284,577
<i>Less:</i> Cost of sales	(39),(45),15(12),(14)	(19,091,130,744)	(17,951,981,926)	(17,307,523,382)	(16,238,104,047)
Taxes and surcharges	(40)	(2,318,835,745)	(2,219,072,099)	(634,181,888)	(527,104,870)
Selling and distribution expenses	(41),(45),15(14)	(4,096,874,125)	(3,573,177,535)	(2,601,823,017)	(2,151,235,977)
General and administrative expenses	(42),(45),15(14)	(1,692,545,246)	(1,678,050,722)	(700,166,069)	(582,652,267)
Research and development expenses	(43),(45),15(14)	(30,890,245)	(21,467,092)	(30,890,245)	(21,467,092)
Finance expenses	(44),15(13)	243,187,765	470,921,460	(961,198)	191,970,722
Including: Interest expenses		(22,685,367)	(13,662,682)	-	-
Interest income		315,648,307	524,029,340	30,429,087	214,047,815
<i>Add:</i> Other income	(48)	555,940,452	517,048,836	61,828,629	130,682,050
Investment income	(49),15(17)	186,065,404	25,243,596	985,480,582	880,607,513
Including: Share of profit of associates and a joint venture		20,561,728	18,098,320	20,266,180	17,796,928
Profits arising from changes in fair value (Losses are listed with “-”)	(50),15(18)	253,436,734	55,092,634	193,654,894	-
Credit impairment losses (Losses are listed with “-”)	(47),15(16)	(12,651,673)	1,574,159	(13,383,370)	33,882,576
Asset impairment losses (Losses are listed with “-”)	(46),15(15)	(189,060,479)	(130,553,700)	(129,406,472)	(158,844,216)
Gains on disposals of assets (Losses are listed with “-”)	(51)	481,507,267	(5,204,016)	593,379,666	(1,391,237)
Operating profit		4,454,954,742	3,250,084,521	1,932,213,526	1,101,627,732
<i>Add:</i> Non-operating income	(52)	32,710,482	14,586,892	5,481,123	4,875,560
<i>Less:</i> Non-operating expenses	(53)	(8,689,759)	(25,122,089)	(5,742,612)	(23,185,909)
Total profit		4,478,975,465	3,239,549,324	1,931,952,037	1,083,317,383
<i>Less:</i> Income tax expense	(54),15(19)	(1,222,731,595)	(912,580,519)	(305,032,458)	(134,935,217)
Net profit		3,256,243,870	2,326,968,805	1,626,919,579	948,382,166
Classified by continuity of operations					
Net profit from continuing operations		3,256,243,870	2,326,968,805	1,626,919,579	948,382,166
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Attributable to shareholders of the Company		3,155,455,810	2,201,323,556	1,626,919,579	948,382,166
Attributable to non-controlling interests		100,788,060	125,645,249	-	-

Consolidated and Company Income Statements (Continued)

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2021	2020	2021	2020
		Consolidated	Consolidated	Company	Company
Other comprehensive income, net of tax	(35)	(39,756,980)	27,496,294	(41,967,000)	17,007,000
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		(43,297,000)	17,790,000	(41,967,000)	17,007,000
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		(306,770)	72,326	-	-
Currency translation differences		3,822,569	9,633,968	-	-
Other comprehensive income attributable to non-controlling interests, net of tax		24,221	-	—	—
Total comprehensive income		3,216,486,890	2,354,465,099	1,584,952,579	965,389,166
Attributable to shareholders of the Company		3,115,674,609	2,228,819,850	1,584,952,579	965,389,166
Attributable to non-controlling interests		100,812,281	125,645,249	—	—
Earnings per share					
Basic earnings per share	(55)	2.328	1.629	—	—
Diluted earnings per share	(55)	2.324	1.627	—	—

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 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2021	2020	2021	2020
		Consolidated	Consolidated	Company	Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		35,855,302,233	32,249,365,646	25,996,126,863	22,805,199,928
Refund of taxes and surcharges		15,883,560	17,073,564	15,799,723	12,486,674
Cash received relating to other operating activities	(56)(a)	1,096,195,654	1,733,115,735	241,233,225	464,645,732
Sub-total of cash inflows		36,967,381,447	33,999,554,945	26,253,159,811	23,282,332,334
Cash paid for goods and services		(17,558,042,372)	(16,972,116,557)	(18,343,471,464)	(17,006,621,715)
Cash paid to and on behalf of employees		(5,025,945,414)	(4,471,128,901)	(1,780,506,992)	(1,629,430,523)
Payments of taxes and surcharges		(5,350,364,310)	(4,943,789,057)	(1,620,786,275)	(1,247,625,874)
Cash paid relating to other operating activities	(56)(b)	(2,989,917,896)	(2,659,098,068)	(1,949,687,137)	(1,670,448,490)
Sub-total of cash outflows		(30,924,269,992)	(29,046,132,583)	(23,694,451,868)	(21,554,126,602)
Net cash flows from operating activities	(57)(a)	6,043,111,455	4,953,422,362	2,558,707,943	1,728,205,732
Cash flows from investing activities					
Cash received from disposal of investments		13,805,685,800	2,530,178,900	10,556,935,368	381,460,000
Cash received from returns on investments		295,822,969	87,605,830	1,868,503,874	772,672,950
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		33,025,473	20,462,220	15,820,358	3,512,260
Cash received relating to other investing activities	(56)(c)	362,955,180	308,074,044	3,865,550	1,000,500
Sub-total of cash inflows		14,497,489,422	2,946,320,994	12,445,125,150	1,158,645,710
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,634,967,831)	(1,295,167,063)	(370,261,448)	(369,140,677)
Cash paid to acquire investments		(22,990,409,580)	(3,000,100,000)	(11,845,560,000)	(607,778,181)
Cash paid relating to other investing activities	(56)(d)	(121,875,573)	(138,792,096)	(4,921,618)	(1,669,800)
Sub-total of cash outflows		(24,747,252,984)	(4,434,059,159)	(12,220,743,066)	(978,588,658)
Net cash flows from investing activities		(10,249,763,562)	(1,487,738,165)	224,382,084	180,057,052
Cash flows from financing activities					
Cash received from investments	12	6,226,920	281,576,000	6,226,920	279,576,000
Cash received from borrowings		251,370,000	720,120,000	-	-
Cash received from other financing activities		9,000	-	-	-
Sub-total of cash inflows		257,605,920	1,001,696,000	6,226,920	279,576,000

Consolidated and Company Cash Flow Statements (Continued)

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2021	2020	2021	2020
		Consolidated	Consolidated	Company	Company
Cash repayments of borrowings		(701,572,470)	(270,540,000)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(1,110,755,103)	(793,126,772)	(1,022,402,739)	(732,397,535)
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		(67,376,020)	(48,402,856)	—	—
Cash payments relating to other financing activities	(56)(e)	(58,900,983)	(294,120,079)	(21,098,868)	(16,926,317)
Sub-total of cash outflows		(1,871,228,556)	(1,357,786,851)	(1,043,501,607)	(749,323,852)
Net cash flows from financing activities		(1,613,622,636)	(356,090,851)	(1,037,274,687)	(469,747,852)
Exchange effect on cash and cash equivalents		(9,094,889)	(23,863,277)	(4,582,999)	(12,601,181)
Net (decrease)/increase in cash and cash equivalents	(57)(a)	(5,829,369,632)	3,085,730,069	1,741,232,341	1,425,913,751
Add: Cash and cash equivalents at beginning of year		17,643,123,424	14,557,393,355	7,469,757,605	6,043,843,854
Cash and cash equivalents at end of year	(57)(b)	11,813,753,792	17,643,123,424	9,210,989,946	7,469,757,605

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 2021

(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 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	(35)	-	-	-	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	(32),(33)	13,200,000	266,376,000	(279,576,000)	-	-	-	-	-	-
Share-based payment	(33)	-	142,725,847	-	-	-	-	-	354,337	143,080,184
Subsidiary minority shareholders invested capital		-	1,167,966	-	-	-	-	-	832,034	2,000,000
Profit distribution	(38)									
Appropriation to general reserve		-	-	-	-	-	25,628,874	(25,628,874)	-	-
Profit distribution to shareholders		-	-	-	-	-	-	(743,040,537)	(60,103,024)	(803,143,561)
Others	(33)	-	(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
Balance at 1 January 2021		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
Movements for the year ended 31 December 2021										
Total comprehensive income										
Net profit		-	-	-	-	-	-	3,155,455,810	100,788,060	3,256,243,870
Other comprehensive income	(35)	-	-	-	(39,781,201)	-	-	-	24,221	(39,756,980)
Total comprehensive income for the year		-	-	-	(39,781,201)	-	-	3,155,455,810	100,812,281	3,216,486,890
Shareholder investment and capital reduction										
Equity incentive capital	(32),(33)	294,000	5,932,920	(6,226,920)	-	-	-	-	-	-
Repurchase of restricted shares	(32),(33)	(122,002)	(2,462,000)	2,584,002	-	-	-	-	-	-
Share-based payment	(33)	-	277,149,234	-	-	-	-	-	618,662	277,767,896
Profit distribution	(38)									
Appropriation to general reserve		-	-	-	-	-	34,508,525	(34,508,525)	-	-
Profit distribution to shareholders		-	-	10,028,999	-	-	-	(1,023,266,095)	(55,675,850)	(1,068,912,946)
Others	(33)	-	297,336	-	-	-	-	-	-	297,336
Balance at ended 31 December 2021		1,364,354,793	3,956,209,113	(273,189,919)	(59,632,540)	1,400,704,380	294,853,079	16,318,545,692	791,846,744	23,793,691,342

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 2021

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 15 (unless otherwise stated)	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
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(32),(33)	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		<u>1,364,182,795</u>	<u>4,710,298,947</u>	<u>(279,576,000)</u>	<u>(30,438,000)</u>	<u>1,400,704,380</u>	<u>7,694,630,032</u>	<u>14,859,802,154</u>
Balance at 1 January 2021		<u>1,364,182,795</u>	<u>4,710,298,947</u>	<u>(279,576,000)</u>	<u>(30,438,000)</u>	<u>1,400,704,380</u>	<u>7,694,630,032</u>	<u>14,859,802,154</u>
Movements for the year ended 31 December 2021								
Total comprehensive income								
Net profit		-	-	-	-	-	1,626,919,579	1,626,919,579
Other comprehensive income	(10)	-	-	-	(41,967,000)	-	-	(41,967,000)
Total comprehensive income for the year		-	-	-	(41,967,000)	-	1,626,919,579	1,584,952,579
Shareholder investment and capital reduction								
Equity incentive capital	4(32),(33)	294,000	5,932,920	(6,226,920)	-	-	-	-
Repurchase of restricted shares	4(32),(33)	(122,002)	(2,462,000)	2,584,002	-	-	-	-
Share-based payment		-	266,536,674	-	-	-	-	266,536,674
Profit distribution								
Profit distribution to shareholders	(11)	-	-	10,028,999	-	-	(1,023,266,095)	(1,013,237,096)
Others	(9)	-	3,452	-	-	-	-	3,452
Balance at 31 December 2021		<u>1,364,354,793</u>	<u>4,980,309,993</u>	<u>(273,189,919)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,298,283,516</u>	<u>15,698,057,763</u>

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 2021

(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. The Company’s total share capital 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. In 2021, the Company granted 294,000 additional restricted shares to participants, and repurchased and cancelled 122,002 restricted shares. The Company’s total share capital was increased from 1,364,182,795 to 1,364,354,793.

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. Tsingtao Brewery Fashion Industry Development Co., Ltd. (“Fashion Industry Company”) and Tsingtao Brewery Technology Research and Development Center Co., Ltd. (“Research and Development Center”) which are included in the scope of consolidation and Tsingtao Brewery (Taizhou) Co., Ltd. (“Taizhou Company”) which are excluded in the scope of consolidation in this year are disclosed in Note 5.

These financial statements have been approved for issue by the Company’s Board of Directors on 28 March 2022.

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 depreciation of 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).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(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.

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

The financial statements of the Company for the year ended 31 December 2021 are in compliance with CAS, and truly and completely present the Consolidated and the Company’s financial position as at 31 December 2021 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 (VND) 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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(5) Business combinations (continued)

(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 recognized 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.

(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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(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 amount of cash and are subject to an insignificant risk of changes in value.

(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 recognized 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 recognized.

(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.

Notes to Financial Statements

For the year ended 31 December 2021

(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)

Financial assets are fairly valued at initial recognition. For financial assets at fair value through profit or loss, related transaction costs are recognized in profit or loss for the current period; for other financial assets, related transaction costs are recognized 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 recognized 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:

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 recognized 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 consisting 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 recognized 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.

Notes to Financial Statements

For the year ended 31 December 2021

(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 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, the rest are listed as financial assets held for trading.

Equity instruments

The Group recognizes 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.

(ii) Impairment

In terms of financial assets measured at amortised cost, investments in debt instruments at fair value through other comprehensive income, the Group recognizes 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 recognize 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.

Notes to Financial Statements

For the year ended 31 December 2021

(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 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 belong to stage 1 and calculates their loss provision based on the ECL in the next 12 months.

For the financial instruments at stage 1 and stage 2, 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

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 recognizes impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income in the meanwhile.

Notes to Financial Statements

For the year ended 31 December 2021

(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)

(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 recognized 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.

(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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(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 labor 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 associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(11) Long-term equity investments (continued)

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of 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 recognized 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 recognizes 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 unrealized 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 recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

Notes to Financial Statements

For the year ended 31 December 2021

(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 recognized 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 2021

(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 derecognized 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 recognized 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 recognized 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 recognized 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 derecognized. All the other subsequent expenditures are recognized 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 2021

(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 derecognized 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 recognized 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 recognized 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 2021

(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 recognized 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 recognized 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 amortization 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 amortization method

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

Notes to Financial Statements

For the year ended 31 December 2021

(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 recognized 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 recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized 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 amortization.

Notes to Financial Statements

For the year ended 31 December 2021

(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 benefits plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefits 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 benefits 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 benefits plan.

Notes to Financial Statements

For the year ended 31 December 2021

(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 labor 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 labor 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 recognize liabilities and costs of assets or expenses.

Supplemental post-employment benefits 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 an 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 recognizes 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 recognizes 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 2021

(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 annual general 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 recognizes 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 2021

(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 2021

(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 recognizes the right-of-use assets at the starting date of the lease term, and recognizes the lease liabilities at the present value of the outstanding lease payment. Lease payments 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 2021

(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 new pneumonia epidemic situation, 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 remeasured, the Group adjusts the book value of the right-of-use asset accordingly.

For the rent reduction before 30 June 2022 that related to new pneumonia epidemic 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 2021

(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 2021

(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 sales growth rate during the forecast period, perpetual 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 sales growth rate during the forecast period is lower than the one currently used, perpetual 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 sales growth rate during the forecast period, perpetual 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 2021, the Group recognized impairment losses of 189,060,479 (2020: 130,553,700) for fixed assets based on such evaluation. As at 31 December 2021, the Group recognized the cumulative provision for fixed assets impairment amounting to 638,704,017 (31 December 2020: 527,812,271) (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 2021

(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 2021, deferred tax assets of 2,131,373,398 have been recognized in the consolidated balance sheet. As stated in Note 4(17), the Group has unrecognized deferred tax assets aggregated to approximately 987,002,000 as at 31 December 2021, 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 2021, 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 2021

(All amounts in RMB Yuan unless otherwise stated)

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

(29) Significant changes in accounting policies

In 2021, the Ministry of Finance issued the “Notice on implementation of Accounting Standards for Business Enterprises” (Cai Kuai [2021] No. 1) and the “Notice on adjustment of the Application Scope of the Regulations of Accounting Treatment of the COVID-19-related Rent Concession” (Cai Kuai [2021] No. 9) and “Q&A on the Implementation of Accounting Standards for Business Enterprises”. The financial statements for the year ended 31 December 2021 are prepared in accordance with the above notices and Q&A, and impacts are as follows.

(a) List of Transportation Costs

Contents and reasons of the modification of accounting policies	The line items affected	The amounts affected 2020	
		Consolidated	Company
The Group reclassified certain transportation costs, incurred before the control of the goods transferred to the customer, from “Selling and distribution expenses” to “Cost of sales”	Selling and distribution expenses	(1,411,372,302)	(954,628,375)
	Cost of sales	1,411,372,302	954,628,375

(b) Accounting treatment on the changes in the basis for determining the contractual cash flows of financial assets or financial liabilities due to Interest Rate Benchmark Reform

The financial statement for the year ended 31 December 2021 are prepared in accordance with Accounting Standards for Business Enterprises Interpretation No.14, regarding to the accounting treatment on the changes in the basis for determining the contractual cash flows of financial assets or financial liabilities due to Interest Rate Benchmark Reform. Up to the date of 31 December 2021, the replacement of the Interest Rate Benchmark has no material impact on the financial statements.

Notes to Financial Statements

For the year ended 31 December 2021

(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% and 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 the Announcement on extending the implementation period of Certain Preferential Policies (Cai Shui [2021] No. 6) and related regulations issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2023, 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 2021

(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

In 2021 and 2020, the Group calculated VAT at the VAT rate of 13% on the sales revenue of beer and other products. The applicable VAT rates for the financial business income of Tsingtao Brewery Finance Co., Ltd. (“Finance Company”) and the construction business income of Tsingtao Brewery Construction Co., Ltd. (“Construction Company”) are 6% and 9% respectively. Input VAT paid for purchase of goods, machinery and equipment for production or taxable services can be deducted from output VAT. The amount of VAT payable is the balance of the current output tax less the deductible input tax.

Some subsidiaries of the Group are small-scale taxpayers and are subject to a 3% value-added tax rate.

(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 2021	31 December 2020
Cash on hand	190,330	252,872
Bank deposits	2,836,366,452	2,894,339,144
Interbank deposits (i)	10,981,934,590	14,886,572,984
Deposit in central bank (ii)	745,859,241	649,651,954
Other cash balances (iii)	33,239,700	36,063,654
	<u>14,597,590,313</u>	<u>18,466,880,608</u>
Including: cash at bank and on hand overseas (iv)	<u>113,132,828</u>	<u>87,369,362</u>

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021, the statutory deposit reserves ratio of Finance Company is 5% (31 December 2020: 6%).
- (iii) As at 31 December 2021, other cash balances of 33,020,250 (31 December 2020: 32,664,482) represent housing maintenance fund in the bank; the Group has no pledge as collateral for issuance of bank acceptance (31 December 2020: 3,180,000) (Note 4(21)); the remaining balances are other deposits of 219,450 (31 December 2020: 219,172).
- (iv) As at 31 December 2021, 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 2021	31 December 2020
Cash at bank and on hand	14,597,590,313	18,466,880,608
deposit in non-financial institutions	3,017,559	1,565,622
Less: Restricted deposit in central bank	(745,859,241)	(649,651,954)
Restricted bank term deposits	(1,900,000,000)	-
Restricted other cash balances	(33,239,700)	(36,063,654)
Interest receivable on deposits	(107,755,139)	(139,607,198)
	<u>11,813,753,792</u>	<u>17,643,123,424</u>

(2) Financial assets held for trading

	31 December 2021	31 December 2020
Debt instruments (i)	<u>2,778,400,866</u>	<u>1,888,862,835</u>

- (i) It represents the debt instruments purchased by the Group. As at 31 December 2021, the fair value is measured based on the estimation of the future cash flow.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(3) Notes receivable

	31 December 2021	31 December 2020
Bank acceptance notes	<u>200,000</u>	<u>5,648,580</u>

(a) As at 31 December 2021, the Group has no pledged notes receivable (31 December 2020: nil).

(b) As at 31 December 2021, the Group's notes receivable which have been endorsed but not yet matured are derecognized amounting to 77,886,878 (31 December 2020: 119,095,996). There are no discounted bank acceptance notes that are not yet matured (31 December 2020: nil).

(c) Provision for bad debts

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 2021, 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 2021	31 December 2020
Accounts receivable	305,736,992	302,944,075
Less: Provision for bad debts	<u>(181,007,176)</u>	<u>(183,437,647)</u>
	<u>124,729,816</u>	<u>119,506,428</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 2021	31 December 2020
Within 1 year	124,729,905	119,520,059
1 to 2 years	2,050	12,134
2 to 3 years	-	1,610
3 to 4 years	1,230	197,440
4 to 5 years	65,926	6,946
Over 5 years	<u>180,937,881</u>	<u>183,205,886</u>
	<u>305,736,992</u>	<u>302,944,075</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 2021

(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 2021, 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	64,760,820	(26,242,020)	21%

(c) As at 31 December 2021, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2020: 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 2021, 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.

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Dealers

	31 December 2021			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	124,689,168	-	-	119,126,094	-	-
Overdue within 1 year	42,787	5%	(2,139)	393,965	5%	(19,698)
Overdue within 1 - 2 years	-	50%	-	12,134	50%	(6,067)
Overdue 2 years or more	154,763,017	100%	(154,763,017)	157,169,862	100%	(157,169,862)
	<u>279,494,972</u>		<u>(154,765,156)</u>	<u>276,702,055</u>		<u>(157,195,627)</u>

- (iii) The provision for bad debts increased in this year is 32,049, the collecting or reversal of provisions for bad debts is 680,388, the corresponding carrying amount is 1,227,308, the amount of bad debts due to currency translation differences decreases by 319 and the provision for bad debts written off due to uncollectable beer sales is 1,781,813.

(5) Advances to suppliers

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

	31 December 2021		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	221,794,039	97.3%	212,636,365	88.6%
1 to 2 years	5,477,999	2.4%	22,917,470	9.6%
2 to 3 years	218,751	0.1%	2,278,819	0.9%
Over 3 years	496,449	0.2%	2,051,682	0.9%
	<u>227,987,238</u>	<u>100%</u>	<u>239,884,336</u>	<u>100%</u>

As at 31 December 2021, the carrying amount of advances to suppliers over 1 year is 6,193,199 (31 December 2020: 27,247,971), which have not been required to deliver yet due to production plan.

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021, 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	147,155,783	65%

(6) Other receivables

	31 December 2021	31 December 2020
Receivables of disposals of land (i)	584,155,232	-
Guarantee deposits	37,832,122	30,663,930
Receivables of refundable cost of land and building	17,446,767	17,441,647
Reservation fund	14,225,811	10,331,110
VAT refund	3,466,849	1,555,693
Receivables on construction and equipment (ii)	2,158,973	615,830
Payment on behalf for recycling bottles	1,899,399	2,141,753
Others	90,553,499	79,149,784
	751,738,652	141,899,747
Less: Provision for bad debts	(76,920,271)	(68,006,160)
	674,818,381	73,893,587

(i) Receivables of disposals of land are the amounts that should be charged from the purchase and storage of part of the Group's land by relevant government departments. Qingdao Land Reserve and Arrangement Center, Qingdao Shibei District People's Government and Qingdao Beichengfa Industry Development Co., Ltd. signed the "Agreement on Purchase and Store of State-owned Construction Land Use Rights of Qingdao City" with the Company. The compensation of Yangjiaqun yard land in the Shibei District, Qingdao City will be determined according to the land auction status. As of 31 December 2021, Yangjiaqun yard land and other surrounding land has been sold through online public auction. Based on the final auction price, the compensation is RMB572,797,535, which has not been received as of 31 December 2021. The net book value of Yangjiaqun yard land was RMB2,267,943, and the Company recognized gain on disposal of Yangjiaqun yard land RMB570,529,592 (Note 4(51)).

(ii) 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"), Tsingtao Brewery Equipment Co., Ltd. ("Machinery and Equipment Company") and Construction Company.

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021	31 December 2020
Not overdue	673,563,148	72,565,244
Overdue within 1 year	1,075,236	1,194,100
Overdue within 1 - 2 years	431,078	395,115
Overdue 2 years or more	76,669,190	67,745,288
	<u>751,738,652</u>	<u>141,899,747</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 2020	1,589,215	(260,872)	67,745,288	(67,745,288)	(68,006,160)
Increase in the current year	4,941,997	(258,524)	11,013,342	(11,013,342)	(11,271,866)
Reversals in the current year	(4,999,112)	255,422	(468,889)	468,889	724,311
Written off in the current year	-	-	(1,646,337)	1,646,337	1,646,337
Transfer to stage three	(25,786)	12,893	25,786	(25,786)	(12,893)
31 December 2021	<u>1,506,314</u>	<u>(251,081)</u>	<u>76,669,190</u>	<u>(76,669,190)</u>	<u>(76,920,271)</u>

As at 31 December 2021, 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 2021

(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 December 2021, 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	<u>59,227,543</u>	100%	<u>(59,227,543)</u>	ii)
	<u>76,669,190</u>		<u>(76,669,190)</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 2021 and 31 December 2020, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2021			31 December 2020		
	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	<u>446,435</u>	<u>(96,419)</u>	5% - 50%	482,989	(146,995)	5% - 50%
Receivables from other entities	<u>1,059,879</u>	<u>(154,662)</u>	5% - 50%	<u>1,106,226</u>	<u>(113,877)</u>	5% - 50%
	<u>1,506,314</u>	<u>(251,081)</u>		<u>1,589,215</u>	<u>(260,872)</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 2021

(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 11,284,759. The collecting or reversal of provision for bad debts is 724,311, and its corresponding carrying amount is 5,468,001.

(d) In the current year, carrying amount and bad debt of other receivables of 1,646,337 were written off.

(e) As at 31 December 2021, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1	Receivables of disposals of land	584,155,232	Within one year	78%	-
No.2	Receivables on malt	10,924,205	Two to three years	1%	(10,924,205)
No.3	Refundable cost of land	8,584,437	More than five years	1%	(8,584,437)
No.4	Receivables on materials	5,000,000	More than five years	1%	(5,000,000)
No.5	Receivables on materials	4,616,730	More than five years	1%	(4,616,730)
		<u>613,280,604</u>		<u>82%</u>	<u>(29,125,372)</u>

(f) As at 31 December 2021, the Group does not have government grants recognized as receivable amount.

(7) Inventories

(a) Classification of inventories is as follows:

	31 December 2021			31 December 2020		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	434,582,336	(929,918)	433,652,418	563,890,545	(968,968)	562,921,577
Packaging materials	1,026,552,531	(2,517,462)	1,024,035,069	946,154,798	(2,517,462)	943,637,336
Low-value consumables	95,562,443	-	95,562,443	74,320,823	-	74,320,823
Work in progress-outsourced	-	-	-	5,922,378	-	5,922,378
Work in progress	402,783,085	-	402,783,085	425,004,935	-	425,004,935
Finished goods	1,536,964,842	-	1,536,964,842	1,269,226,477	-	1,269,226,477
	<u>3,496,445,237</u>	<u>(3,447,380)</u>	<u>3,492,997,857</u>	<u>3,284,519,956</u>	<u>(3,486,430)</u>	<u>3,281,033,526</u>

Notes to Financial Statements

For the year ended 31 December 2021

(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:

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Raw materials	563,890,545	3,989,757,237	(4,119,065,446)	434,582,336
Packaging materials	946,154,798	8,806,045,189	(8,725,647,456)	1,026,552,531
Low-value consumables	74,320,823	584,713,637	(563,472,017)	95,562,443
Work in progress-outsourced	5,922,378	217,130,456	(223,052,834)	-
Work in progress	425,004,935	5,260,614,434	(5,282,836,284)	402,783,085
Finished goods	1,269,226,477	17,603,168,526	(17,335,430,161)	1,536,964,842
Contract performance costs	-	1,682,681,680	(1,682,681,680)	-
	<u>3,284,519,956</u>			<u>3,496,445,237</u>

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
Contract performance costs	-	1,411,372,302	(1,411,372,302)	-
	<u>3,185,308,035</u>			<u>3,284,519,956</u>

Contract performance costs are mainly transportation costs incurred before the control of the goods transferred to the customer and for the performance of the sales contract. In 2021, The total amount of contract performance costs amortized to cost of sales is RMB1,682,681,680 (2020: RMB1,411,372,302).

Notes to Financial Statements

For the year ended 31 December 2021

(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:

2021

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Reversal	Write-off	
Raw materials	(968,968)	-	-	39,050	(929,918)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	(3,486,430)	-	-	39,050	(3,447,380)

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)

(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	Disposed in the current year

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(8) Other current assets

	31 December 2021	31 December 2020
Interbank negotiable certificates of deposits (i)	6,306,415,440	-
Treasury bonds reverse repo investment	340,066,143	100,129,662
VAT input to be deducted	270,337,548	227,459,185
VAT input to be verified	105,485,119	111,121,227
Credit and factoring business	6,462,244	6,383,733
Prepaid Enterprise Income tax	35,564,789	106,650,613
Others	422,158	784,296
	<u>7,064,753,441</u>	552,528,716
Less: Provision for other current assets	<u>(2,858,502)</u>	(118,938)
	<u>7,061,894,939</u>	552,409,778

(i) It represents the interbank negotiable certificates of deposits purchased by Finance Company, a subsidiary of the Company. The management holds this type of investment for the purpose of obtaining contractual cash flow rather than trading at any time. The characteristics of contractual cash flow are consistent with the basic loan arrangement, so it is measured at amortized cost and listed as other current assets.

(9) Long-term equity investments

	31 December 2021	31 December 2020
Joint venture (a)	218,713,189	222,529,920
Associates (b)	148,546,895	153,023,917
	<u>367,260,084</u>	375,553,837
Less: Provision for impairment of long-term equity investments	<u>(1,220,000)</u>	(1,220,000)
	<u>366,040,084</u>	374,333,837

Notes to Financial Statements

For the year ended 31 December 2021

(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

2021

	31 December 2020	Movements in the current year			Cash dividends declared	31 December 2021	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")	222,529,920	3,183,269	-	-	(7,000,000)	218,713,189	-

2020

	31 December 2019	Movements in the current year			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 Company	230,912,855	1,617,065	-	-	(10,000,000)	222,529,920	-

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).

The Group does not adjust the long-term equity investment at the beginning of the period due to the implementation of new financial instruments, new revenue and new lease standards by the joint venture in 2021.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(b) Associate

2021

	31 December 2020	Movements in the current year				31 December 2021	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")	130,899,019	13,982,426	-	-	(12,379,306)	132,502,139	-
Qingdao Zhaoshang Logistics Co., Ltd. ("Zhaoshang Logistics")	18,014,359	3,100,485	-	3,452	(9,172,857)	11,945,439	-
Tsingtao Brewery Europe Trading Co., Ltd. ("European Company")	2,890,539	295,548	(306,770)	-	-	2,879,317	-
Liaoning Shenqing Tsingtao Brewery Co., Ltd. ("Liaoning Shenqing")	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	153,023,917	17,378,459	(306,770)	3,452	(21,552,163)	148,546,895	(1,220,000)

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		
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	-
European Company	2,516,821	301,392	72,326	-	-	2,890,539	-
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)

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 2021, the accumulative unconfirmed investment loss is 179,102 (31 December 2020: 10,981).

The Group does not adjust the long-term equity investment at the beginning of the period due to the implementation of new financial instruments, new revenue and new lease standards by the associate in 2021.

Notes to Financial Statements

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4 Notes to the consolidated financial statements (continued)

(10) Investment properties

2021

	Buildings	Land use rights	Total
Original cost			
31 December 2020	66,401,478	6,146,966	72,548,444
Increase in the current period — transfer from fixed assets (i)	5,775,247	-	5,775,247
Decrease in the current period — transfer to fixed assets and intangible assets	(701,429)	(4,261,245)	(4,962,674)
31 December 2021	71,475,296	1,885,721	73,361,017
Accumulated depreciation			
31 December 2020	(42,051,671)	(1,435,907)	(43,487,578)
Increase in the current period			
Accrual	(1,813,288)	(37,714)	(1,851,002)
Transfer from fixed assets (i)	(1,376,011)	-	(1,376,011)
Decrease in the current period — transfer to fixed assets and intangible assets	421,719	504,247	925,966
31 December 2021	(44,819,251)	(969,374)	(45,788,625)
Provision for impairment			
31 December 2020	(1,877,432)	-	(1,877,432)
31 December 2021	(1,877,432)	-	(1,877,432)
Carrying amount			
31 December 2021	24,778,613	916,347	25,694,960
31 December 2020	22,472,375	4,711,059	27,183,434

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Investment properties (continued)

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	908,328	-	908,328
Decrease in the current period — transfer to fixed assets and intangible 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	(250,124)	-	(250,124)
Decrease in the current period — transfer to fixed assets and intangible 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	(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

- (i) For the year ended 31 December 2021, the self-use land with the carrying amount 4,399,236 (cost: 5,775,247) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 31 December 2021, there is no investment property without ownership certificates (31 December 2020: nil).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets

	31 December 2021	31 December 2020
Fixed assets (a)	10,148,131,382	10,301,504,225
Fixed assets pending for disposal (b)	701,931	1,124,405
	10,148,833,313	10,302,628,630

(a) Fixed assets

2021

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2020	7,500,331,895	11,328,511,203	314,061,622	992,771,926	20,135,676,646
Increase in the current year					
Purchase	-	35,026,722	9,235,164	71,262,746	115,524,632
Transfer from construction in progress	340,854,624	711,529,379	-	39,607,916	1,091,991,919
Transfer from investment properties	701,429	-	-	-	701,429
Decrease in the current year					
Disposal	(182,524,572)	(509,380,505)	(36,673,704)	(42,920,560)	(771,499,341)
Transfer to construction in progress	(125,305,458)	(144,959,366)	(218,718)	(877,953)	(271,361,495)
Transfer to investment properties	(5,775,247)	-	-	-	(5,775,247)
As at 31 December 2021	7,528,282,671	11,420,727,433	286,404,364	1,059,844,075	20,295,258,543
Accumulated depreciation					
As at 31 December 2020	(2,062,850,078)	(6,296,074,336)	(221,700,887)	(725,734,849)	(9,306,360,150)
Increase in the current year					
Accrual	(201,393,655)	(601,713,722)	(20,406,101)	(76,563,692)	(900,077,170)
Transfer from investment properties	(421,719)	-	-	-	(421,719)
Decrease in the current year					
Disposal	119,601,008	382,713,567	33,149,525	39,558,675	575,022,775
Transfer to construction in progress	34,596,087	86,960,559	76,187	404,276	122,037,109
Transfer to investment properties	1,376,011	-	-	-	1,376,011
As at 31 December 2021	(2,109,092,346)	(6,428,113,932)	(208,881,276)	(762,335,590)	(9,508,423,144)
Provision for impairment					
As at 31 December 2020	(141,771,916)	(382,996,441)	(2,718,111)	(325,803)	(527,812,271)
Increase in the current year — accrual	(27,760,199)	(155,110,607)	(2,522,001)	(3,667,672)	(189,060,479)
Decrease in the current year — disposal	3,428,225	72,508,931	1,625,917	605,660	78,168,733
As at 31 December 2021	(166,103,890)	(465,598,117)	(3,614,195)	(3,387,815)	(638,704,017)
Carrying amount					
As at 31 December 2021	5,253,086,435	4,527,015,384	73,908,893	294,120,670	10,148,131,382
As at 31 December 2020	5,295,709,901	4,649,440,426	89,642,624	266,711,274	10,301,504,225

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

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

For the year ended 31 December 2021, fixed assets of the Group with the carrying amount of 149,324,386(cost: 271,361,495; accumulated depreciation 122,037,109) 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 2021

(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 2021, there are no fixed assets pledged as collateral for borrowings (31 December 2020: nil).

For the Year ended 31 December 2021, fixed assets accumulated depreciation are 900,077,170 (For the year ended 31 December 2020: 898,935,940), of which 798,704,090, 13,383,949, 85,722,906 and 2,266,225 (For the year ended 31 December 2020: 806,066,007, 8,811,419, 81,815,070 and 2,243,444) 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 1,091,991,919 (For the year ended 31 December 2020: 1,163,206,582).

(i) Temporarily idle fixed assets

As at 31 December 2021, the buildings and the machinery and equipment with carrying amount of 34,050,821 (cost 185,664,061) are temporarily idle for the reason of products update (31 December 2020: carrying amount of 58,150,534 (cost 209,956,745)). The management planned to reallocate these assets among the Group or upgrade. The details analysis of these assets are as follows:

2021

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	163,350,840	(121,592,994)	(10,194,760)	31,563,086
Buildings	22,313,221	(9,811,670)	(10,013,816)	2,487,735
	<u>185,664,061</u>	<u>(131,404,664)</u>	<u>(20,208,576)</u>	<u>34,050,821</u>

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>

Notes to Financial Statements

For the year ended 31 December 2021

(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 189,060,479 has been recognized during the year ended 31 December 2021.

(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 2021 Carrying amount	31 December 2020 Carrying amount
In the application process	448,111,000	332,619,000
Unable to obtain	39,837,000	84,764,000
	487,948,000	417,383,000

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 2021	31 December 2020
Machinery and equipment	701,931	1,124,405

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Construction in progress

	31 December 2021			31 December 2020		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Relocation project of Lu Nan Area	391,050,385	-	391,050,385	2,834,650	-	2,834,650
Industrial park project of Lu Dong Area	115,968,101	-	115,968,101	-	-	-
Production line improvement of Lu Dong Area	55,319,327	-	55,319,327	656,637	-	656,637
Production line improvement of Lu Dong Area	52,912,591	-	52,912,591	1,865,595	-	1,865,595
Production line improvement of Lu Dong Area	32,951,800	-	32,951,800	16,867,976	-	16,867,976
Production line improvement of Jiang Su	18,890,518	-	18,890,518	11,620,055	-	11,620,055
Production line improvement of ShenZhen	11,623,815	-	11,623,815	-	-	-
Production line improvement of He Bei	9,666,815	-	9,666,815	924,567	-	924,567
Production line improvement of Lu Dong Area	9,614,250	-	9,614,250	-	-	-
Production line improvement of Hu Nan	8,238,473	-	8,238,473	7,147,614	-	7,147,614
Relocation project of Shan Xi	8,161,394	-	8,161,394	248,125,700	-	248,125,700
Production line improvement of He Nan	7,684,445	-	7,684,445	317,390	-	317,390
Production line improvement of Shang Hai	5,710,084	-	5,710,084	-	-	-
Production line improvement of Lu Dong Area	4,855,479	-	4,855,479	3,656,696	-	3,656,696
Production line improvement of Jiang Su	3,080,737	-	3,080,737	2,552,424	-	2,552,424
Production line improvement of Lu Xi Area	1,800,833	-	1,800,833	15,352,065	-	15,352,065
Other projects	24,760,835	-	24,760,835	27,884,000	-	27,884,000
	762,289,882	-	762,289,882	339,805,369	-	339,805,369

Notes to Financial Statements

For the year ended 31 December 2021

(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

2021

Name	Budget	31 December 2020	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2021	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Lu Nan Area	647,860,000	2,834,650	388,215,735	-	-	391,050,385	60%	60%	Self-funding
Industrial park project of Lu Dong Area	212,300,000	-	115,968,101	-	-	115,968,101	57%	55%	Self-funding
Production line improvement of Lu Dong Area	82,256,672	656,637	70,741,179	547,551	(16,626,040)	55,319,327	88%	87%	Self-funding
Production line improvement of Lu Dong Area	770,776,385	1,865,595	72,072,890	34,412,703	(55,438,597)	52,912,591	19%	14%	Self-funding
Production line improvement of Lu Dong Area	168,433,022	16,867,976	37,563,827	32,192,906	(53,672,909)	32,951,800	51%	51%	Self-funding
Production line improvement of Jiang Su	34,839,083	11,620,055	22,242,882	958,684	(15,931,103)	18,890,518	100%	99%	Self-funding
Production line improvement of ShenZhen	55,321,623	-	45,488,892	21,069,697	(54,934,774)	11,623,815	84%	82%	Self-funding
Production line improvement of He Bei	20,410,291	924,567	15,522,869	-	(6,780,621)	9,666,815	85%	81%	Self-funding
Production line improvement of Lu Dong Area	58,218,884	-	24,769,321	5,293,638	(20,448,709)	9,614,250	54%	52%	Self-funding
Production line improvement of Hu Nan	49,966,348	7,147,614	20,190,651	812,672	(19,912,464)	8,238,473	95%	95%	Self-funding
Relocation project of Shan Xi	551,976,250	248,125,700	289,707,867	-	(529,672,173)	8,161,394	97%	97%	Self-funding
Production line improvement of He Nan	30,580,003	317,390	23,641,778	9,525,483	(25,800,206)	7,684,445	80%	78%	Self-funding
Production line improvement of Shang Hai	17,247,000	-	9,487,748	-	(3,777,664)	5,710,084	81%	55%	Self-funding
Production line improvement of Lu Dong Area	37,083,000	3,656,696	15,517,852	13,125,997	(27,445,066)	4,855,479	87%	87%	Self-funding
Production line improvement of Jiang Su	45,594,298	2,552,424	1,979,852	-	(1,451,539)	3,080,737	93%	93%	Self-funding
Production line improvement of Lu Xi Area	188,353,854	15,352,065	8,352,484	-	(21,903,716)	1,800,833	84%	84%	Self-funding
Other projects		27,884,000	203,688,118	31,385,055	(238,196,338)	24,760,835			
		<u>339,805,369</u>	<u>1,365,152,046</u>	<u>149,324,386</u>	<u>(1,091,991,919)</u>	<u>762,289,882</u>			

Notes to Financial Statements

For the year ended 31 December 2021

(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)

2020

Name	Budget	31 December 2019	Increase in the current year Purchase	Increase in the current year — Transfer from fixed asset	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 Lu Dong 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 Lu Xi 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 Lu Dong 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	647,860,000	-	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 Lu Zhong 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			
		<u>178,993,842</u>	<u>1,170,779,263</u>	<u>153,238,846</u>	<u>(1,163,206,582)</u>	<u>339,805,369</u>			

For the year ended 31 December 2021, there are no new increased borrowing costs capitalised (2020: nil). The management has assessed that there is no impairment risk on construction in progress and did not recognize provision for impairment of construction in progress (2020: nil).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Right-of-use assets

2021

	Buildings	Land use rights	Machinery and equipments	Others	Total
Original Cost					
31 December 2020	207,456,032	8,911,656	3,677,046	1,647,744	221,692,478
Increase in the current year and renewal	57,394,293	-	-	7,676	57,401,969
Decrease in the current year					
Lease Change	(4,862,501)	-	-	(3,114)	(4,865,615)
Lease Expiration	(19,426,267)	-	-	(778)	(19,427,045)
31 December 2021	240,561,557	8,911,656	3,677,046	1,651,528	254,801,787

Accumulated depreciation

31 December 2020	(49,218,680)	(2,071,235)	(1,440,894)	(632,622)	(53,363,431)
Accrual	(50,790,600)	(1,035,588)	(720,448)	(556,201)	(53,102,837)
Disposal	19,426,267	-	-	778	19,427,045
31 December 2021	(80,583,013)	(3,106,823)	(2,161,342)	(1,188,045)	(87,039,223)

Carrying amount

31 December 2021	159,978,544	5,804,833	1,515,704	463,483	167,762,564
31 December 2020	158,237,352	6,840,421	2,236,152	1,015,122	168,329,047

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					
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

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets

2021

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2020	2,727,839,600	449,743,612	18,629,100	974,935,670	522,371,518	4,693,519,500
Increase in the current year						
Purchase	63,316,314	-	-	-	87,676,840	150,993,154
Transfer from investment properties	4,261,245	-	-	-	-	4,261,245
Decrease in the current year						
Disposal (i)	(48,130,788)	-	-	-	(337,879)	(48,468,667)
31 December 2021	2,747,286,371	449,743,612	18,629,100	974,935,670	609,710,479	4,800,305,232
Accumulated amortization						
31 December 2020	(604,484,978)	(366,414,798)	(18,629,100)	(900,368,992)	(299,778,644)	(2,189,676,512)
Increase in the current year						
Accrual	(68,087,510)	(11,455,235)	-	(34,616,548)	(40,542,966)	(154,702,259)
Transfer from investment properties	(504,247)	-	-	-	-	(504,247)
Decrease in the current year						
Disposal (i)	25,000,030	-	-	-	326,305	25,326,335
31 December 2021	(648,076,705)	(377,870,033)	(18,629,100)	(934,985,540)	(339,995,305)	(2,319,556,683)
Carrying amount						
31 December 2021	2,099,209,666	71,873,579	-	39,950,130	269,715,174	2,480,748,549
31 December 2020	2,123,354,622	83,328,814	-	74,566,678	222,592,874	2,503,842,988

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

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 amortization						
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						
Disposal	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

- (i) Disposal of intangible assets including Yangjiaqun yard land is 2,267,943 (cost: 5,233,714; accumulated depreciation 2,965,771) in 2021, which is disclosed in Note 4(6)(i).

For the year ended 31 December 2021, the amortization amount of intangible assets is 154,702,259 (2020: 203,938,872).

As at 31 December 2021, there are no intangible assets pledged as collateral for borrowings (31 December 2020: nil).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

As at 31 December 2021, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately 981,000 (31 December 2020: 1,030,000) 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 30,949,000 as at 31 December 2021 (31 December 2020: 31,476,000). 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 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Charged to profit or loss	Recognized as intangible assets	
Beer technology improvement project	-	30,890,245	(30,890,245)	-	-

For the year ended 31 December 2021, research and development expenditures of 30,890,245 (2020: 21,467,092) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
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>1,504,514,721</u>
<i>Less: Provision for impairment —</i>				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Brewery	-	-	-	-
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>(197,410,739)</u>
	<u>1,307,103,982</u>	-	-	<u>1,307,103,982</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

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>
<i>Less: Provision for impairment —</i>				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Brewery	-	-	-	-
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 2021

(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 summarized by operating segments as follows:

	31 December 2021	31 December 2020
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 2021 and 2020, the Company hired Yinxin Assets Appraisal Co., Ltd. and 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 2021.

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 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

In 2021, the Group applied in calculating discounted future cash flows are as follows:

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lulansa Brewery		
Growth rate in perpetual period	2%	2%	2%	2%
Gross profit margin	35%	32%	31%	25%
Discount rate	13%	14%	14%	13%

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

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lulansa Brewery		
Growth rate in perpetual period	3%	3%	3%	3%
Gross profit margin	34%	32%	29%	25%
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%-5%. 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 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Long-term prepaid expenses

2021

	31 December 2020	Increase in the current year	Amortization in the current year	31 December 2021
Decoration and renovation expenses	78,361,374	71,437,788	(31,656,068)	118,143,094
Factory hardening expenses	3,584,280	1,450,015	(1,374,284)	3,660,011
Gardening expenses	930,894	129,623	(509,929)	550,588
Others	3,381,786	2,364,785	(1,066,467)	4,680,104
	<u>86,258,334</u>	<u>75,382,211</u>	<u>(34,606,748)</u>	<u>127,033,797</u>

2020

	31 December 2019	Increase in the current year	Amortization 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>

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021		31 December 2020	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	55,075,004	13,768,751	96,219,816	24,054,954
Deferred income	2,212,969,796	553,242,449	1,364,996,248	341,249,062
Elimination of intra-group unrealized profit	304,942,508	76,235,627	216,300,624	54,075,156
Accruals of expenses	6,661,788,500	1,665,447,125	5,868,448,752	1,467,112,188
Share-based payment	529,367,864	132,341,966	177,367,392	44,341,848
	9,764,143,672	2,441,035,918	7,723,332,832	1,930,833,208
Including:				
Expected to reverse within one year (inclusive)		1,727,623,686		1,552,562,268
Expected to be reverse after one year		713,412,232		378,270,940
		2,441,035,918		1,930,833,208

Notes to Financial Statements

For the year ended 31 December 2021

(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)

(b) Deferred tax liabilities without offsetting

	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	433,936,488	108,484,122	491,075,772	122,768,943
Depreciation of fixed assets	1,454,655,697	363,663,924	994,820,244	248,705,061
Changes in fair value of financial assets held for trading	28,400,866	7,100,216	27,042,735	6,760,684
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	7,249,124	1,812,281	7,421,724	1,855,431
	<u>1,924,242,175</u>	<u>481,060,543</u>	<u>1,520,360,475</u>	<u>380,090,119</u>
Including:				
Expected to be reverse within one year (inclusive)		28,711,321		48,179,961
Expected to be reverse after one year		<u>452,349,222</u>		<u>331,910,158</u>
		<u>481,060,543</u>		<u>380,090,119</u>

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021	31 December 2020
Deductible temporary differences	1,986,196,439	1,645,626,327
Deductible losses	1,961,812,717	2,163,327,814
	<u>3,948,009,156</u>	<u>3,808,954,141</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 490,453,000 (31 December 2020: 540,832,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2022 to 2026. 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 496,549,000 (31 December 2020: 411,407,000) 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 2021	31 December 2020
2021	—	508,799,495
2022	485,174,995	492,075,945
2023	560,273,898	578,997,477
2024	302,166,479	310,121,976
2025	274,395,322	273,332,921
2026	339,802,023	—
	<u>1,961,812,717</u>	<u>2,163,327,814</u>

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

	31 December 2021		31 December 2020	
	Offsetting amount	Net amounts	Offsetting amount	Net amounts
Deferred tax assets	309,662,520	2,131,373,398	212,525,583	1,718,307,625
Deferred tax liabilities	309,662,520	171,398,023	212,525,583	167,564,536

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss

2021

	31 December 2020	Increase in the current year	Decrease in the current year		Others	31 December 2021
			Reversal	Written-off		
Provision for bad debt of accounts receivable	183,437,647	32,049	(680,388)	(1,781,813)	(319)	181,007,176
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	157,195,627	32,049	(680,388)	(1,781,813)	(319)	154,765,156
Provision for bad debt of other receivables	68,006,160	11,284,759	(724,311)	(1,646,337)	-	76,920,271
Provision for bad debt of other current assets	118,938	2,858,502	(118,938)	-	-	2,858,502
Subtotal	251,562,745	14,175,310	(1,523,637)	(3,428,150)	(319)	260,785,949
Provisions for impairment of inventory	3,486,430	-	-	(39,050)	-	3,447,380
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	1,877,432	-	-	-	-	1,877,432
Provisions for impairment of fixed assets	527,812,271	189,060,479	-	(78,168,733)	-	638,704,017
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	731,806,872	189,060,479	-	(78,207,783)	-	842,659,568
	983,369,617	203,235,789	(1,523,637)	(81,635,933)	(319)	1,103,445,517

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss (continued)

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 assets	228,257	-	(109,319)	-	-	118,938
Subtotal	259,564,116	612,866	(2,187,025)	(6,422,768)	(4,444)	251,562,745
Provisions for impairment of inventory	3,538,702	-	-	(52,272)	-	3,486,430
Provisions for impairment of long-term equity 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	673,888,548	130,553,700	-	(71,793,051)	(842,325)	731,806,872
	933,452,664	131,166,566	(2,187,025)	(78,215,819)	(846,769)	983,369,617

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(19) Other non-current assets

	31 December 2021	31 December 2020
Prepayments for construction and equipment	<u>86,904,552</u>	<u>57,672,911</u>

(20) Short-term borrowings

	Currency	31 December 2021	31 December 2020
Unsecured loan (i)	HKD	245,280,000	252,480,000
inter-bank borrowing (ii)	RMB	-	450,000,000
Interest payable	RMB	<u>500,575</u>	<u>793,054</u>
		<u>245,780,575</u>	<u>703,273,054</u>

(i) As at 31 December 2021, short-term loan represents the borrowing from bank of China, with RMB245,280,000 (Original foreign currency: HKD300,000,000) to Hong Kong Company, a subsidiary of the Company (As at 31 December 2020: RMB252,480,000 (Original foreign currency: HKD300,000,000)).

(ii) As at 31 December 2021, 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 2021, the interest rate of short-term borrowings is from 0.89% to 1.31% (31 December 2020: from 1.31% to 3.58%).

(21) Notes payable

	31 December 2021	31 December 2020
Trade acceptance notes	74,110,945	43,437,492
Bank acceptance notes	<u>95,917,529</u>	<u>106,054,100</u>
	<u>170,028,474</u>	<u>149,491,592</u>

As at 31 December 2021, there are no cash balances pledged as collateral for the bank acceptance notes of the Group (Note 4(1) (iii)) (As at 31 December 2020: RMB3,180,000).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(22) Accounts payable

	31 December 2021	31 December 2020
Payable for materials and packing purchase	2,469,333,592	2,001,620,780
Payable for handling and transport costs	427,643,498	343,883,695
Payable for beer purchase due to related parties (Note 8(6))	156,096,615	140,979,145
Payable for promotional goods	62,546,888	68,107,878
Others	12,251,831	11,893,239
	<u>3,127,872,424</u>	<u>2,566,484,737</u>

(i) As at 31 December 2021, Payable for handling and transportation costs including payable due to related parties is 183,583,838 (31 December 2020: 45,086,733)(Note 8(6)).

(ii) As at 31 December 2021, accounts payable over 1 year with carrying amount of 11,441,429 (31 December 2020: 15,146,001) are mainly payables for materials purchase, for which has not yet been completed.

(iii) 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 2021	31 December 2020
Within 1 year	3,116,430,995	2,551,338,736
1 to 2 years	1,957,747	6,103,714
2 to 3 years	3,068,726	2,476,483
Over 3 years	6,414,956	6,565,804
	<u>3,127,872,424</u>	<u>2,566,484,737</u>

Accounts payable are mainly recorded based on the date of business occurrence, and the aging listed on the entry date is basically the same as the aging listed on the invoice date.

(23) Contract liabilities

	31 December 2021	31 December 2020
Dealer contract liabilities	<u>8,123,275,272</u>	<u>6,567,320,256</u>

A majority of opening balance of contract liabilities has been transferred to revenue in 2021.

As at 31 December 2021, the Group listed the value-added tax corresponding to contract liabilities of RMB446,207,884 in other current liabilities (31 December 2020: 296,004,209).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(24) Employee benefits payable

	31 December 2021	31 December 2020
Short-term employee benefits (a)	1,693,577,033	1,422,262,293
Defined contribution plans (b)	22,129,771	21,654,106
Termination benefits (c)	433,567,053	439,981,258
Supplemental post-employment benefits (Note 4(31))	23,391,073	22,301,789
	2,172,664,930	1,906,199,446

(a) Short-term employee benefits

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Wages and salaries, bonus, allowances and subsidies	1,031,381,421	3,712,625,812	(3,475,649,428)	1,268,357,805
Staff welfare	38,500	308,426,517	(308,405,802)	59,215
Social security contributions	10,598,905	249,757,759	(249,533,709)	10,822,955
Including: Medical insurance	7,303,944	232,104,928	(231,870,918)	7,537,954
Work injury insurance	1,653,425	11,202,268	(11,173,411)	1,682,282
Maternity insurance	1,641,536	6,450,563	(6,489,380)	1,602,719
Housing funds	17,908,635	297,214,084	(297,919,910)	17,202,809
Labor union funds and employee education funds	362,334,832	132,253,436	(97,454,019)	397,134,249
	<u>1,422,262,293</u>	<u>4,700,277,608</u>	<u>(4,428,962,868)</u>	<u>1,693,577,033</u>

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
Labor 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>

Notes to Financial Statements

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(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

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Basic pension	17,600,339	449,846,738	(449,301,102)	18,145,975
Unemployment insurance	4,053,767	17,143,922	(17,213,893)	3,983,796
	<u>21,654,106</u>	<u>466,990,660</u>	<u>(466,514,995)</u>	<u>22,129,771</u>

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>

The Group pays the basic pension and unemployment insurance to the local labor and social security departments monthly, following the demanding proportion and base. The Group has no right to utilize such contributions to reduce the future level of contributions for employee.

(c) Termination benefits

	31 December 2021	31 December 2020
Early retirement benefits (Note 4(31))	152,699,292	133,239,157
Other termination benefits (i)	<u>280,867,761</u>	<u>306,742,101</u>
	<u>433,567,053</u>	<u>439,981,258</u>

(i) For the year ended 31 December 2021, the Group has paid other termination benefits of 50,203,229, due to termination of labor relationship (31 December 2020: 25,827,396).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(25) Taxes payable

	31 December 2021	31 December 2020
Enterprise income tax payable	474,541,348	246,490,851
Consumption tax payable	197,112,247	203,604,649
Unpaid VAT	107,504,952	36,915,626
City maintenance and construction tax payable	14,765,397	8,168,453
Education surcharge payable	11,325,982	7,048,785
Others	48,792,998	45,798,483
	<u>854,042,924</u>	<u>548,026,847</u>

(26) Other payables

	31 December 2021	31 December 2020
Guarantee deposits	922,208,855	800,813,929
Payables for equipments and engineering construction	810,320,567	566,763,419
Accruals for advertising expenses	423,072,168	370,800,664
Restricted shares repurchase obligations (Note 12)	273,189,919	279,576,000
Compensation collected in advance for demolition project	100,000,000	106,216,173
Accruals for labor expenses	73,299,282	78,609,432
Accruals for water, electricity and steam expenses	48,168,282	56,502,716
Accruals for general and administrative expenses	32,634,597	38,127,322
Withholding social expenses for staff	18,567,210	10,185,931
Absorbed deposits from related parties and interests payables (i)	420,530	224,353
Dividend payable	-	11,700,168
Others	367,860,365	411,474,406
	<u>3,069,741,775</u>	<u>2,730,994,513</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 2021, other payables over 1 year with carrying amount of 942,435,827 (31 December 2020: 587,962,603) are mainly liabilities due to liabilities arising from restricted shares repurchase obligations, compensation collected in advance for demolition project, payables for equipments and engineering construction and acquisition of subsidiaries.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(27) Current portion of non-current liabilities

	31 December 2021	31 December 2020
Current portion of long-term borrowings (i)	-	215,720
Current portion of lease liabilities (note 4 (28))	<u>48,428,344</u>	<u>41,873,577</u>
	<u>48,428,344</u>	<u>42,089,297</u>

- (i) As at 31 December 2021, current portion of long-term borrowings of RMB 215,720 (Original foreign currency: DKK 200,000), is guaranteed by Beijing Development and Reform Commission and has been settled at 1 April 2021.

(28) Lease liabilities

	31 December 2021	31 December 2020
Lease liabilities	<u>161,207,012</u>	157,713,446
Less: Current portion of lease liabilities (Note 4(27))	<u>(48,428,344)</u>	<u>(41,873,577)</u>
	<u>112,778,668</u>	<u>115,839,869</u>

As at 31 December 2021, the Group has no liabilities that will lead to potential cash outflow at the end of the year.

- (i) As at 31 December 2021, the minimum rent payable in the future for the short-term lease contracts that are simplified by the Group according to the new lease standards is RMB17,351,643, all of which are payable within one year.

(29) Long-term payables

	31 December 2021	31 December 2020
Payables for specific projects	<u>24,537,343</u>	<u>462,046,060</u>

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 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(30) Deferred income

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021	Reason	
Government grants	2,899,626,024	737,940,270	(426,759,906)	3,210,806,388	Grants for relocation and technology improvement projects	
	31 December 2020	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2021	Related to assets/income
Government grants items						
Relocation projects						
Relocation project of Shan Xi	349,555,427	298,399,271	(158,180,988)		489,773,710	Assets/Income
Relocation project of Lu Nan area	104,284,124	358,899,447	(14,380,571)		448,803,000	Assets/Income
Relocation project of Lu Dong area	368,020,769	-	(24,705,373)		343,315,396	Assets
Relocation project of Lu Xi area	158,523,140	-	(13,451,480)		145,071,660	Assets/Income
Relocation project of He Bei	141,917,867	-	(11,741,907)		130,175,960	Assets
Relocation project of Lu Nan area	139,782,895	-	(10,658,316)		129,124,579	Assets
Relocation project of Hu Bei	137,638,083	-	(12,181,624)		125,456,459	Assets
Relocation project of Gan Su	122,222,918	-	(10,696,083)	(556,981)	110,969,854	Assets
Relocation project of Shan Xi	121,253,665	-	(11,631,879)		109,621,786	Assets
Relocation project of Lu Nan area	116,266,623	-	(10,504,927)		105,761,696	Assets
Relocation project of Lu Xi area	112,848,238	-	(9,200,235)	(2,874,181)	100,773,822	Assets
Other relocation projects	656,981,718	40,070,000	(75,947,477)	(3,042,004)	618,062,237	Assets/Income
Technology improvement projects						
Technology improvement projects of Lu Xi area	144,159,955	-	(9,368,111)	-	134,791,844	Assets
Technology improvement projects of An Hui	19,152,788	8,000,000	(2,136,393)	-	25,016,395	Assets
Other Technology improvement projects	46,746,012	1,716,539	(4,994,957)	(2,269,427)	41,198,167	Assets
Other projects	160,271,802	30,855,013	(38,236,992)	-	152,889,823	
	2,899,626,024	737,940,270	(418,017,313)	(8,742,593)	3,210,806,388	

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(30) Deferred income (continued)

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	

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Long-term employee benefits payable

	31 December 2021	31 December 2020
Early retirement benefits payable (a)	541,159,215	585,171,677
Supplemental post-employment benefits payable (b)	626,080,361	561,480,851
	<u>1,167,239,576</u>	<u>1,146,652,528</u>
Less: Early retirement benefits payable within one year	(152,699,292)	(133,239,157)
Supplemental post-employment benefits payable within one year	(23,391,073)	(22,301,789)
	<u>(176,090,365)</u>	<u>(155,540,946)</u>
	<u>991,149,211</u>	<u>991,111,582</u>

The above-mentioned benefits to be paid within one year are represented in employee benefits payable.

(a) Early retirement benefits

Early retirement benefits payable is provided to those employees who met certain criteria and the benefit plan was approved by the Company. 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 2021	31 December 2020
Discount rate (yield-to-maturity of the government bond with the same term)	2.24% - 2.77%	2.47% - 3.15%

Early retirement benefits payable charged to profit or loss for the current period:

	2021	2020
General and administrative expenses	9,282,759	25,524,605
Finance expenses	9,671,520	7,859,608

(b) Supplemental post-employment benefits payable

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. As at the balance sheet date, the Group's supplemental post-employment benefits payable is calculated by external independent actuary Towers Watson Management Consulting (ShenZhen) Co., Ltd.(unit member of China Association of Actuaries) according to the projected unit credit method.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Long-term employee benefits payable (continued)

(b) Supplemental post-employment benefits (continued)

(i) Supplemental post-employment benefits payable of the Group:

	31 December 2021	31 December 2020
Defined benefit obligations	626,080,361	561,480,851
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<u>626,080,361</u>	<u>561,480,851</u>

(ii) The movements in supplemental post-employment benefits payable of the Group are as follows:

	Present value of the defined benefit obligation
As at 1 January 2021	561,480,851
Amount charged to profit or loss in the current period	
— Service cost	23,280,000
— Interest expense on the net defined benefit obligations	20,636,000
Re-measurement amount	
— Actuarial loss (Note 4(35))	43,297,000
Payment	<u>(22,613,490)</u>
As at 31 December 2021	<u>626,080,361</u>
	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(35))	(17,790,000)
Payment	<u>(21,302,709)</u>
As at 31 December 2020	<u>561,480,851</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) 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 2021	31 December 2020
Discount rate	3.25%	3.75%

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 3.59%	Increase by 3.80%

The sensitivity analyses above are based on a change in an assumption while keeping all other assumptions constant. However, various assumptions may be correlated in practice. 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 2020: nil).
- (vi) The weighted average duration of the defined benefit obligations is 14.8 years (31 December 2020: 14.5 years).

The expected maturity of undiscounted defined benefit obligations is analysed as below:

	31 December 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Supplemental post-employment benefits	23,391,000	24,590,000	81,154,000	1,211,212,000	1,340,347,000

- (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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Share capital

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
RMB-denominated ordinary shares (i)	709,113,617	294,000	(122,002)	709,285,615
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,182,795</u>	<u>294,000</u>	<u>(122,002)</u>	<u>1,364,354,793</u>
	31 December 2019	Increase in the current year	Decrease 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>-</u>	<u>1,364,182,795</u>

(i) For the restricted A share incentive plan carried out by the Group this year, please refer to Note 12 for details.

(33) Capital surplus

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium (i)	3,444,813,522	5,932,920	(2,462,000)	3,448,284,442
Other capital surplus —	230,478,101	277,446,570	-	507,924,671
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,186,174)	3,452	-	(10,182,722)
Amount included in shareholders' equity in share payments (i)	142,725,847	277,149,234	-	419,875,081
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,600,214	293,884	-	4,894,098
	<u>3,675,291,623</u>	<u>283,379,490</u>	<u>(2,462,000)</u>	<u>3,956,209,113</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Capital surplus (continued)

	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 (i)	-	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>

- (i) As stated in Note 12, in 2021, the Company received a total of RMB6,226,920 of capital contributions from 34 incentive recipients of the restricted share incentive plan. After the recognition of the share capital of RMB294,000, the difference of RMB5,932,920 is included in the capital surplus. For the year ended 2021, the Group recognized the general and administrative expenses of RMB245,427,734 for the restricted share incentive plan and increased the capital surplus accordingly. At the same time, the Group recognized deferred income tax assets of RMB88,000,118 for temporary differences arising from the recognition of equity incentive expenses, of which RMB55,659,956 was included in income tax expenses, RMB618,662 was recognized as minority interests, and the difference of RMB31,721,500 was included in capital surplus (2020: the Company received a total of RMB279,576,000 of capital contributions from 627 incentive participants of the restricted share incentive plan. After the recognition of the share capital of RMB13,200,000, the difference of RMB266,376,000 is included in the capital surplus. The Group recognized the general and administrative expenses of RMB127,595,083 for the restricted share incentive plan and increased the capital surplus accordingly. Meanwhile, the Group recognized deferred income tax assets of RMB44,341,848 for temporary differences arising from the recognition of equity incentive expenses, of which RMB28,856,747 was included in income tax expenses, RMB354,337 was recognized in minority interests, and the difference of RMB15,130,764 was included in capital surplus).

As stated in Note 12, in 2021, Because the incentive recipients retired at the legal age or resigned for personal reasons, the Company repurchased and cancelled 122,002 restricted shares, offsetting the share capital of RMB122,002 and the capital reserve of RMB2,462,000.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Capital surplus (continued)

- (ii) 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
<i>Less:</i> 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>

(34) Treasury stock

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Treasury stock	<u>279,576,000</u>	<u>6,226,920</u>	<u>(12,613,001)</u>	<u>273,189,919</u>
	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Treasury stock	<u>-</u>	<u>279,576,000</u>	<u>-</u>	<u>279,576,000</u>

The Company has a repurchase obligation for the restricted shares mentioned in Note 12 during the waiting period, as at 31 December 2021, the Company recognized the repurchase obligation as the liability. Therefore, the Company confirmed RMB273,189,919 (2020: RMB279,576,000) for treasury stocks and other payable respectively based on the number and the repurchase price of restricted shares issued. According to the dividend distribution resolution of annual general meeting of shareholders on 28 June 2021, the Company distributed cash dividends of RMB10,028,999 to shareholders of restricted shares expected to be vested in the future, offsetting treasury stocks of RMB10,028,999. In addition, due to the Company’s repurchase and cancellation of some restricted shares mentioned in Note 12, RMB2,584,002 of treasury stocks were offset.

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(35) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2021					
	31 December 2020	Attributable to shareholders of the Company, net of tax	31 December 2021	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(31)(b)(ii))	(31,571,000)	(43,297,000)	(74,868,000)	(43,297,000)	-	-	(43,297,000)	-
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	(585,452)	(306,770)	(892,222)	(306,770)	-	-	(306,770)	-
Currency translation differences	12,305,113	3,822,569	16,127,682	3,846,790	-	-	3,822,569	24,221
	(19,851,339)	(39,781,201)	(59,632,540)	(39,756,980)	-	-	(39,781,201)	24,221

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(35) Other comprehensive income (continued)

	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(31)(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	-
	<u>(47,347,633)</u>	<u>27,496,294</u>	<u>(19,851,339)</u>	<u>27,496,294</u>	<u>-</u>	<u>-</u>	<u>27,496,294</u>	<u>-</u>

(36) Surplus reserve

	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>
	31 December 2019	Appropriation in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company has appropriated statutory surplus reserve of RMB1,400,704,380, which has exceeded 50% of the registered capital. According to the resolution of the 5th meeting of the 10th Board of Directors, the Company would not appropriate the statutory surplus reserve in 2021 (2020: nil).

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(37) General reserve

	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
General reserve	260,344,554	34,508,525	-	294,853,079
	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

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

(38) Undistributed profits

	2021	2020
Undistributed profits at the beginning of the period	14,220,864,502	12,788,210,357
Add: Net profit attributable to shareholders of the Company for the current period	3,155,455,810	2,201,323,556
Less: appropriated general reserve	(34,508,525)	(25,628,874)
Ordinary shares dividend payable (a)	(1,023,266,095)	(743,040,537)
Undistributed profits at the end of the period	16,318,545,692	14,220,864,502

- (a) Pursuant to the resolution at the annual general meeting dated 28 June 2021, the Company approved a cash dividend of RMB0.75 per share (tax included) to the shareholders of the Company of RMB1,023,357,596 for the year of 2020, based on a total number of 1,364,476,795 shares (2020: cash dividend of RMB0.55 per share (tax included) to the shareholders of the Company of RMB743,040,537 for the year of 2019, based on a total number of 1,350,982,795 issued shares). The above-mentioned 2020 cash dividend includes an expected unvested restricted shares' cash dividend of RMB91,501.

Pursuant to the decision of the Board of Directors on 28 March 2022, the Board of Directors proposed that the Company should approve a cash dividend RMB1.10 per share (tax included) to the shareholders of the Company with RMB 1,500,790,272, based on a total number of 1,364,354,793 issued shares. 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 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(39) Revenue and cost of sales

	2021	2020
Revenue from main operation (a)	29,672,697,265	27,337,977,919
Revenue from other operations (b)	494,108,112	421,733,007
	<u>30,166,805,377</u>	<u>27,759,710,926</u>
	2021	2020
Cost of main operation (a)	(18,774,779,956)	(17,647,576,785)
Cost of other operations (b)	(316,350,788)	(304,405,141)
	<u>(19,091,130,744)</u>	<u>(17,951,981,926)</u>

(a) Revenue and cost of main operation

	2021		2020	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	29,672,697,265	(18,774,779,956)	27,337,977,919	(17,647,576,785)

Please refer to Note 7 for the revenue by operating regional segments.

(b) Revenue and cost of other operations

	2021		2020	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Catering related	170,562,110	(92,010,112)	87,283,401	(53,870,211)
Sale of packaging materials	98,292,673	(65,599,509)	63,443,783	(33,870,435)
Sale of raw materials	67,143,548	(66,718,470)	126,789,266	(125,408,322)
Construction and equipment installations	28,913,854	(25,278,665)	13,185,994	(10,615,445)
Others	129,195,927	(66,744,032)	131,030,563	(80,640,728)
	<u>494,108,112</u>	<u>(316,350,788)</u>	<u>421,733,007</u>	<u>(304,405,141)</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(40) Taxes and surcharges

	2021	2020	Tax base
Consumption tax	1,746,675,547	1,670,968,049	Note 3
City maintenance and construction tax	236,125,669	224,269,519	Note 3
Education surcharges	178,032,865	169,702,554	Note 3
Real estate tax	64,212,810	57,257,021	
Land use tax	59,328,139	55,081,454	
Stamp duty	27,378,481	26,024,477	
Others	7,082,234	15,769,025	
	<u>2,318,835,745</u>	<u>2,219,072,099</u>	

(41) Selling and distribution Expenses

	2021	2020
Employee benefits expenses	2,342,850,291	2,104,370,364
Advertising related expenses	1,169,677,689	912,164,038
Administrative expenses	130,269,726	118,082,929
Depreciation and amortization charges	96,403,107	120,441,252
Labor expenses	91,062,250	82,090,009
Operating lease payments	90,947,902	86,649,299
Material consumptions	61,047,550	73,781,920
Repair expenses	47,812,406	29,853,872
Other expenses	66,803,204	45,743,852
	<u>4,096,874,125</u>	<u>3,573,177,535</u>

(42) General and administrative expenses

	2021	2020
Employee benefits expenses	855,122,650	994,053,111
Share-based payment fees	245,427,734	127,595,083
Depreciation and amortization charges	205,222,474	207,345,977
Administrative expenses	95,988,369	86,866,131
Agency fees	65,320,822	57,480,464
Repair expenses	43,738,673	36,256,847
Fire control expenses to guards	33,959,683	32,026,447
Insurance expenses	22,454,236	22,462,565
Disabled security fund	16,101,485	15,236,688
Labor expenses	9,508,280	8,943,807
Material consumptions	9,144,521	9,089,772
Other expenses	90,556,319	80,693,830
	<u>1,692,545,246</u>	<u>1,678,050,722</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(43) Research and development expenses

	2021	2020
Employee benefits expenses and labor expenses	22,267,682	13,757,576
Depreciation charges	2,266,225	2,243,444
Material consumptions	2,244,628	1,679,201
Administrative expenses	382,187	371,963
Other expenses	3,729,523	3,414,908
	<u>30,890,245</u>	<u>21,467,092</u>

(44) Financing Expenses

	2021	2020
Interest payment	22,685,367	13,662,682
Less: Interest income	(315,648,307)	(524,029,340)
Exchange loss	8,719,388	11,850,797
Discounted interest on long-term employee compensation payable	30,307,520	18,594,608
Interest expense on lease liabilities	6,407,633	5,467,871
Other	4,340,634	3,531,922
	<u>(243,187,765)</u>	<u>(470,921,460)</u>

(45) 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:

	2021	2020
Raw materials, packaging materials and consumables used	12,876,022,879	12,021,846,574
Changes in inventories of finished goods and work in progress	(245,516,515)	(5,917,047)
Employee benefits expenses	5,224,159,918	5,041,943,622
Handling and transportation expenses	1,779,235,722	1,573,600,777
Finished goods purchased from outside	1,188,322,993	1,083,710,354
Advertising related expenses	1,169,677,689	912,164,038
Depreciation and amortization charges	1,135,971,137	1,153,665,668
Repair expenses (i)	409,786,780	386,985,564
Share-based payment fees	245,427,734	127,595,083
Labor expenses	234,341,892	217,680,554
Administrative expenses	234,239,621	211,633,891
Operating lease payments (ii)	138,269,052	111,423,398
Auditors' remuneration — audit services	8,094,340	8,094,340
Other expenses	513,407,118	380,250,459
	<u>24,911,440,360</u>	<u>23,224,677,275</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(45) Expenses by nature (continued)

- (i) For the daily repair expenses that do not meet the conditions for capitalization of fixed assets, the Company includes the expenses related to the production and processing of inventories into the cost of inventories, and carries them forward to the operating costs accordingly. Expenses related to the research and development department, administration department and sales department are included in research and development expenses, administrative expenses and selling and distribution expenses, respectively.
- (ii) 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 2021 is RMB138,269,052 (2020: RMB111,423,398).

According to the “Notice on adjustment of the Application Scope of the Regulations of Accounting Treatment of the COVID-19-related Rent Concession” (Cai Kuai [2021] No. 9) issued by the Ministry of Finance in 2021, due to the impact of the COVID-19, the lessor reduced the Company’s rent with the amount of RMB26,505 in 2021 (2020: RMB892,948). The Company has offset the concession with the current rental expenses according to the simplified treatment.

(46) Asset impairment losses

	2021	2020
Impairment losses of fixed assets	<u>189,060,479</u>	<u>130,553,700</u>

(47) Credit impairment losses

	2021	2020
Reversals of bad debts of accounts receivable	(648,339)	(443,364)
Losses/(Reversals) of bad debts of other receivables	10,560,448	(1,021,476)
Losses/(Reversals) of bad debts of other current assets	<u>2,739,564</u>	<u>(109,319)</u>
	<u>12,651,673</u>	<u>(1,574,159)</u>

(48) Other income

	2021	2020	Related to assets/ income
Grant for relocation projects	363,280,860	190,715,598	Assets/ Income
Grant for company development	92,074,277	220,226,616	Income
Grant for technology improvement projects	16,499,461	5,510,015	Assets
Grant for other production and operation	<u>84,085,854</u>	<u>100,596,607</u>	Assets/ Income
	<u>555,940,452</u>	<u>517,048,836</u>	

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(49) Investment income

	2021	2020
Investment income from interbank negotiable certificates of deposits	150,405,860	-
Investment income from long-term equity investments accounted for using the equity method	20,561,728	18,098,320
Investment income from the disposal of financial assets held for trading	14,290,866	6,592,763
Others	806,950	552,513
	<u>186,065,404</u>	<u>25,243,596</u>

There is no significant restriction on transferring funds in the form of investment income.

(50) Profits arising from changes in fair value

	2021	2020
Financial assets at fair value through profit or loss — Debt instruments	<u>253,436,734</u>	<u>55,092,634</u>

(51) Gains on disposals of assets

	2021	2020
Losses on disposal of fixed assets	(92,650,310)	(8,886,580)
Gains on disposal of intangible assets (i)	573,550,215	3,682,564
Gains on disposal of right-of-use assets	607,362	-
	<u>481,507,267</u>	<u>(5,204,016)</u>

(i) Gains on disposals of intangible assets mainly includes the disposal of the Company's Yangjiaqun yard land, with the amount of RMB570,529,592 (Note 4(6)(i)).

For Year ended 31 December 2021, all gains on disposals of assets have been regarded as non-recurring profit or loss in the current year.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(52) Non-operating income

	2021	2020
Gains on unpaid debts	23,411,255	3,596,653
Penalty gains	1,394,755	1,935,364
Donation gains	718,057	3,935,304
Others	7,186,415	5,119,571
	<u>32,710,482</u>	<u>14,586,892</u>

For the year ended 31 December 2021, all non-operating income has been regarded as non-recurring profit or loss in the current year.

(53) Non-operating expenses

	2021	2020
Compensations, defaults and overdue fines	4,190,050	10,416,965
Donations	2,980,564	13,578,673
Others	1,519,145	1,126,451
	<u>8,689,759</u>	<u>25,122,089</u>

For the year ended 31 December 2021, all non-operating expenses have been regarded as non-recurring profit or loss in the current year.

(54) Income tax expense

	2021	2020
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,594,799,457	1,190,529,816
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	4,952,893	1,136,338
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	(128,631)	657,402
Deferred income tax	<u>(376,892,124)</u>	<u>(279,743,037)</u>
	<u>1,222,731,595</u>	<u>912,580,519</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(54) Income tax expense (continued)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expense is listed below:

	2021	2020
Total profit	4,478,975,465	3,239,549,324
Income tax expense calculated at applicable tax rates	1,117,233,479	809,445,498
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	28,006,248	28,736,725
Income not subject to tax	(24,038,882)	(20,076,572)
Impact of utilisation of deductible tax losses and temporary differences from previously unrecognised deferred tax assets	(59,424,949)	(74,776,247)
Deductible temporary differences of currently unrecognised deferred tax assets	76,005,193	100,917,885
Deductible tax losses of currently unrecognised deferred tax assets	84,950,506	68,333,230
Income tax expense	1,222,731,595	912,580,519

(55) 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:

	2021	2020
Consolidated net profit attributable to shareholders of the Company	3,155,455,810	2,201,323,556
Less: Cash dividend of restricted shares expected to be vested in the future	(10,028,999)	-
Consolidated net profit attributable to ordinary shareholders of the Company	3,145,426,811	2,201,323,556
Weighted average numbers of ordinary shares outstanding	1,350,982,795	1,350,982,795
Basic earnings per share	2.328	1.629
Including:		
— Basic earnings per share from continuing operations	2.328	1.629

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(55) 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 2021, the restricted share incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	3,155,455,810	2,201,323,556
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	6,950,904	1,751,325
Weighted average number of ordinary shares outstanding after dilution	<u>1,357,933,699</u>	<u>1,352,734,120</u>
Diluted earnings per share	<u>2.324</u>	1.627
Including:		
Diluted earnings per share from continuing operations:	2.324	1.627

(56) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2021	2020
Guarantee deposits	522,744,061	489,054,199
Government grants	430,058,977	923,295,281
Others	<u>143,392,616</u>	<u>320,766,255</u>
	<u>1,096,195,654</u>	<u>1,733,115,735</u>

(b) Cash paid relating to other operating activities

	2021	2020
Marketing and promotion expenses	1,054,530,347	879,315,992
Advertising related expenses	1,047,190,895	859,421,404
Administrative expenses	354,378,027	302,408,707
Guarantee deposits	245,814,871	259,760,637
Others	<u>288,003,756</u>	<u>358,191,328</u>
	<u>2,989,917,896</u>	<u>2,659,098,068</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(56) Notes to consolidated cash flow statement (continued)

(c) Cash received relating to other investing activities

	2021	2020
Interest income of Finance Company's deposits	335,595,268	287,446,225
Bidding deposits and others received	27,359,912	20,627,819
	<u>362,955,180</u>	<u>308,074,044</u>

(d) Cash paid relating to other investing activities

	2021	2020
Deposit reserve paid by Finance Company	96,160,000	58,060,000
Bidding deposits and others paid	25,715,573	80,732,096
	<u>121,875,573</u>	<u>138,792,096</u>

(e) Cash paid relating to other financing activities

	2021	2020
Repayment of lease liabilities	56,288,820	52,301,898
Payment of restricted shares repurchase and cancellation	2,612,163	-
Purchase of minority equity (note 33 (ii))	-	241,818,181
	<u>58,900,983</u>	<u>294,120,079</u>

For the year ended 31 December 2021, total cash outflows related to lease paid by the Group is 173,896,499. 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 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(57) 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:

	2021	2020
Net profit	3,256,243,870	2,326,968,805
Add: Provision for asset impairment	189,060,479	130,553,700
Losses/(Reversals) for credit impairment	12,651,673	(1,574,159)
Depreciation of fixed assets and investment properties	901,928,172	901,029,928
Depreciation of right-of-use assets	53,102,837	40,082,841
Amortization of intangible assets	154,702,259	203,938,872
Amortization of long-term prepaid expenses	34,606,748	17,639,686
Share-based payment expenses	245,427,734	127,595,083
Losses/(Gains) on disposal of fixed assets and intangible assets	(481,507,267)	5,204,016
Profits arising from changes in fair value	(253,436,734)	(55,092,634)
Finance expenses	(270,133,840)	(287,546,867)
Investment income	(186,065,404)	(25,243,596)
Increase in deferred tax assets	(380,725,611)	(263,272,093)
Amortization of deferred income	(418,017,313)	(273,845,852)
Decrease/(Increase) in deferred tax liabilities	3,833,487	(16,470,944)
Increase in inventories	(219,590,217)	(100,786,072)
Decrease in operating receivables	25,268,994	65,871,994
Increase in operating payables	3,375,761,588	2,158,369,654
Net cash flows from operating activities	<u>6,043,111,455</u>	<u>4,953,422,362</u>

Net (decrease)/increase in cash and cash equivalents

	2021	2020
Cash and cash equivalents at end of the year	11,813,753,792	17,643,123,424
Less: Cash and cash equivalents at beginning of the year	<u>(17,643,123,424)</u>	<u>(14,557,393,355)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,829,369,632)</u>	<u>3,085,730,069</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(57) Supplementary information to consolidated cash flow statement (continued)

(b) Cash and cash equivalents

	31 December 2021	31 December 2020
Cash and cash equivalents (Note 4(1))	11,813,753,792	17,643,123,424
Including: Cash on hand	190,330	252,872
Cash at bank that can be readily drawn on demand	11,810,545,903	17,641,304,930
Cash at non-financial institutions that can be readily drawn on demand	3,017,559	1,565,622
Cash and cash equivalents at end of the year	11,813,753,792	17,643,123,424

(58) Foreign currency items

	31 December 2021		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and on hand —			
USD	23,024,865	6.3757	146,799,632
HKD	88,262,322	0.8176	72,163,274
EUR	5,627,904	7.2197	40,631,779
MOP	46,357,945	0.7936	36,789,665
VND	3,305,182,748	0.0003	991,555
			297,375,905
Accounts receivable —			
HKD	57,204,741	0.8176	46,770,596
USD	4,711,952	6.3757	30,041,992
EUR	1,273,218	7.2197	9,192,252
GBP	754,045	8.6064	6,489,613
MOP	3,768,687	0.7936	2,990,830
CAD	322,664	5.0046	1,614,804
VND	304,357,492	0.0003	91,307
			97,191,394
Other receivables —			
HKD	1,445,120	0.8176	1,181,530
MOP	339,918	0.7936	269,759
VND	367,700,000	0.0003	110,310
			1,561,599

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(58) Foreign currency items (continued)

	31 December 2021		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Short-term borrowings —			
HKD	300,000,000	0.8176	245,280,000
Accounts payable —			
HKD	22,595,296	0.8176	18,473,914
VND	8,959,840,409	0.0003	2,687,952
MOP	3,200,060	0.7936	2,539,568
			23,701,434
Other payables —			
USD	1,667,061	6.3757	10,628,681
HKD	4,470,524	0.8176	3,655,100
MOP	806,685	0.7936	640,185
EUR	7,800	7.2197	56,314
VND	113,940,245	0.0003	34,182
			15,014,462
Current portion of non-current liabilities —			
MOP	1,423,708	0.7936	1,129,855
HKD	573,220	0.8176	468,665
			1,598,520
Lease liabilities —			
MOP	1,842,611	0.7936	1,462,296
HKD	57,586	0.8176	47,082
			1,509,378

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 2021

(All amounts in RMB Yuan unless otherwise stated)

5 Changes in consolidation scope

As at 10 February 2021, the Company's subsidiary Tsingtao Beer Culture Communication Co., Ltd. ("Culture Communication Company") established Fashion Industry Company with a registered capital of RMB100,000,000. As at 31 December 2021, the Culture Communication Company had actually contributed RMB70,000,000 in cash.

As at 22 June 2021, the Company established Research and Development Center with a registered capital of RMB380,000,000. As at 31 December 2021, the Research and Development Center had actually contributed RMB50,000,000 in cash.

As at 5 March 2021, the Company's subsidiary Taizhou Company completed the cancellation.

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

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(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 (Maanshan) Co., Ltd. ("Maanshan Company")	Maanshan, the PRC	Maanshan, the PRC	Manufacturing	85,000,000	94.12%	5.58%	Establishment or investment
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

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For the year ended 31 December 2021

(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 (Dezhou) Co., Ltd. ("Dezhou Company")	Dezhou, the PRC	Dezhou, 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
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
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

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For the year ended 31 December 2021

(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 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
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

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For the year ended 31 December 2021

(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 (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
Tsingtao Brewery (Zaozhuang) Co., Ltd. ("Zaozhuang Company")	Zaozhuang, the PRC	Zaozhuang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (West Coast) Cultural Tourism Development Co., Ltd. ("West Coast Cultural Tourism")	Qingdao, the PRC	Qingdao, the PRC	Wholesale	180,000,000	95%	5%	Establishment or investment
Fashion Industry Company	Qingdao, the PRC	Qingdao, the PRC	Retail sale	100,000,000	-	100%	Establishment or investment
Research and Development Center	Qingdao, the PRC	Qingdao, the PRC	Technology promotion and application services	380,000,000	100%	-	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, 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

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For the year ended 31 December 2021

(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 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
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

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For the year ended 31 December 2021

(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	
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
Tsingto 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
Lulansa Company	Zibo, the PRC	Zibo, the PRC	Manufacturing	100,000,000	90%	-	Business combination not under common control
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

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For the year ended 31 December 2021

(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	
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. None of the Company’s subsidiaries has issued stocks or bonds.

There are no restrictions on using the assets of the Group or settling the liabilities of the Group.

(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 2021	Total dividends distributed to the minority shareholders in 2021	Non-controlling interests as at 31 December 2021
Shenzhen Asahi	49%	44,220,910	(40,870,900)	226,818,923

Summarised financial information of significant non-wholly owned subsidiaries is as follows:

	As at 31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	292,245,627	418,573,183	710,818,810	(230,700,561)	(15,185,435)	(245,885,996)
	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)

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For the year ended 31 December 2021

(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 (continued)

	Year ended 31 December 2021			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	811,775,159	90,169,333	90,169,333	159,225,736
	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

Financial information above represents the amounts of subsidiaries excluding elimination in the Group. The dividends declared to be distributed to minority shareholders in 2021 have been paid in current year.

(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	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

The equity investments above are accounted for using the equity method.

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For the year ended 31 December 2021

(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 2021	31 December 2020
Current assets	75,344,724	75,750,625
Including: cash and cash equivalents	45,472,108	32,858,685
Non-current assets	89,549,234	90,798,553
Total assets	164,893,958	166,549,178
Current liabilities	(21,668,969)	(21,316,393)
Total liabilities	(21,668,969)	(21,316,393)
Total equity attributable to shareholders of the Company	143,224,989	145,232,785
Adjusted fair value of the identifiable net assets when obtained	66,344,171	72,841,613
Adjusted total equity attributable to shareholders of the Company	209,569,160	218,074,398
The share of net assets calculated based on the shareholding proportion (i)	104,784,580	109,037,199
Adjusting item — goodwill	113,928,609	113,928,609
— unrealized profits of internal transaction	-	(435,888)
Carry amount of investment on the joint venture	218,713,189	222,529,920

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For the year ended 31 December 2021

(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 (continued)

There is no quoted market price for the joint venture investment of the Group.

	Hebei Jiahe Company	
	2021	2020
Revenue	309,539,863	322,977,350
Finance expenses	(687,009)	(531,791)
Income tax expense	(3,392,618)	(2,610,972)
Net profit	11,992,204	11,984,293
Total comprehensive income	11,992,204	11,984,293
Adjusted fair value of the identifiable net assets when obtained	(6,497,442)	(7,878,179)
Adjusted total comprehensive income attributable to shareholders of the Company	5,494,762	4,106,114
Dividends received from the joint venture in the current year	7,000,000	10,000,000

- (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.

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For the year ended 31 December 2021

(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 2021				31 December 2020			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	352,321,767	159,570,735	43,901,414	27,394,870	307,699,780	155,084,548	41,706,820	21,086,242
Including: cash and cash equivalents	80,313,996	324,075	3,110,021	11,241,802	59,020,238	1,368,701	1,586,314	10,627,524
Non-current assets	374,358,217	2,595,552	2,927,026	258,953	314,753,139	3,690,679	2,910,282	142,010
Total assets	726,679,984	162,166,287	46,828,440	27,653,823	622,452,919	158,775,227	44,617,102	21,228,252
Current liabilities	(316,467,019)	(122,348,006)	(47,425,445)	(20,455,530)	(229,490,749)	(97,667,428)	(44,653,704)	(14,001,905)
Non-current liabilities	(109,406,808)	(150)	-	-	(97,127,671)	(1,059,935)	-	-
Total liabilities	(425,873,827)	(122,348,156)	(47,425,445)	(20,455,530)	(326,618,420)	(98,727,363)	(44,653,704)	(14,001,905)
Total equity attributable to shareholders of the Company	300,806,157	39,818,131	(597,005)	7,198,293	295,834,499	60,047,864	(36,602)	7,226,347
Adjusted fair value of the identifiable net assets when obtained	25,167,353	-	-	-	22,308,507	-	-	-
Adjusted total equity attributable to shareholders of the Company	325,973,510	39,818,131	(597,005)	7,198,293	318,143,006	60,047,864	(36,602)	7,226,347
The share of net assets calculated based on the shareholding proportion (i)	127,129,669	11,945,439	(179,102)	2,879,317	124,075,772	18,014,359	(10,981)	2,890,539
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealized profits of internal transaction	(4,268,209)	-	-	-	(2,817,432)	-	-	-
— Unrecognized excess loss	-	-	179,102	-	-	-	10,981	-
Carry amount of investments on Associates	132,502,139	11,945,439	-	2,879,317	130,899,019	18,014,359	-	2,890,539

There is no quoted market price for the investments in associates of the Group.

Notes to Financial Statements

For the year ended 31 December 2021

(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)

	2021				2020			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	887,133,724	247,219,800	64,014,261	66,412,237	761,794,802	218,308,235	54,898,588	49,127,974
Net profit/(loss)	36,713,469	10,334,951	(560,403)	738,870	35,268,681	9,410,231	(218,275)	753,480
Other comprehensive income	-	-	-	(766,924)	-	-	-	180,815
Total comprehensive income	36,713,469	10,334,951	(560,403)	(28,054)	35,268,681	9,410,231	(218,275)	934,295
Total comprehensive income attributable to shareholders of the Company	36,713,469	10,334,951	(560,403)	(28,054)	35,268,681	9,410,231	(218,275)	934,295
Adjusted fair value of the identifiable net assets when obtained	2,858,846	-	-	-	(3,859,999)	-	-	-
Adjusted total comprehensive income attributable to shareholders	39,572,315	10,334,951	(560,403)	(28,054)	31,408,682	9,410,231	(218,275)	934,295
Dividends received from the associates in the current year	12,379,306	9,172,857	-	-	10,488,900	-	-	-

- (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. None of the assets involved in transactions between the Group and its joint ventures constitute business.

(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	168,121	179,102

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 2021

(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.

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2021 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	17,880,615,068	2,724,203,817	5,375,527,897	2,587,178,518	895,372,837	685,953,168	12,741,368	5,212,704	-	30,166,805,377
Inter-segment revenue	2,970,562,416	735,832,945	1,985,889,151	261,688,358	6,540,148	140,370,100	16,913,963	29,816,219	(6,147,613,300)	-
Cost of sales	(14,192,999,221)	(2,311,025,407)	(5,251,741,902)	(2,085,720,365)	(622,624,631)	(709,881,349)	(41,287)	(33,232,545)	6,116,135,963	(19,091,130,744)
Selling and distribution expenses	(2,572,260,318)	(421,059,222)	(542,305,715)	(363,883,023)	(142,443,444)	(54,922,403)	-	-	-	(4,096,874,125)
Interest income	73,797,148	24,063,335	57,409,128	10,886,933	2,596,600	981,340	303,787,641	30,111,952	(187,985,770)	315,648,307
Interest expenses	(2,910,449)	(3,602,344)	(2,170,010)	(14,678,725)	(2,119,646)	(2,400,343)	(206,277,949)	-	211,474,099	(22,685,367)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	20,561,728	-	20,561,728
Credit impairment (losses)/reversals	(6,659,224)	-	108,949	(6,370)	-	(19,220)	(2,907,408)	(3,168,400)	-	(12,651,673)
Asset impairment losses	(14,674,748)	(88,369,722)	(7,368,022)	(77,415,136)	(564,739)	-	-	(119,523,695)	118,855,583	(189,060,479)
Depreciation and amortization	(492,927,103)	(167,334,730)	(228,538,860)	(159,695,327)	(25,619,518)	(3,436,144)	(1,921,181)	(64,867,153)	-	(1,144,340,016)
Total profit/(losses)	2,455,774,346	186,473,068	1,010,496,161	(65,447,804)	55,834,884	46,924,204	330,933,419	345,898,834	112,088,353	4,478,975,465
Income tax expense	(646,656,432)	(83,417,893)	(252,137,513)	(616,001)	(2,787,244)	(9,854,502)	(82,770,505)	(148,132,348)	3,640,843	(1,222,731,595)
Net profit/(losses)	1,809,117,914	103,055,175	758,358,648	(66,063,805)	53,047,640	37,069,702	248,162,914	197,766,486	115,729,196	3,256,243,870
Total assets	17,349,438,930	4,392,900,227	9,064,165,290	3,256,289,238	822,188,402	466,480,889	20,738,210,517	10,883,920,991	(20,410,589,993)	46,563,004,491
Total liabilities	13,755,881,675	2,048,988,743	5,394,049,917	2,872,499,134	613,022,640	503,691,136	17,655,042,594	154,470,868	(20,228,333,558)	22,769,313,149
Non-cash expenses other than depreciation and amortization	24,113,719	1,336,279	6,049,584	1,528,011	218,389	144,618	-	3,324,553	-	36,715,153
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	366,040,084	-	366,040,084
Additions of non-current assets (i)	1,140,799,275	111,947,960	399,198,511	70,922,153	8,358,484	4,159,753	2,861,643	109,570,373	(54,132,499)	1,793,685,653

(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 2021

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(b) 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	(13,437,453,061)	(2,230,111,810)	(4,604,502,728)	(2,085,569,342)	(601,792,813)	(707,958,433)	(50,930)	(980,477)	5,716,437,668	(17,951,981,926)
Selling and distribution expenses	(2,161,829,697)	(437,710,235)	(413,735,063)	(365,291,732)	(129,259,285)	(65,351,523)	-	-	-	(3,573,177,535)
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 profits 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 amortization	(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 amortization	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.

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For the year ended 31 December 2021

(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 summarized as follows:*

Revenue from external customers	2021	2020
Mainland China	29,305,534,454	26,996,914,522
Hong Kong and Macau SAR	191,195,211	192,658,422
Other overseas regions	670,075,712	570,137,982
	30,166,805,377	27,759,710,926
Total non-current assets	31 December 2021	31 December 2020
Mainland China	15,457,991,487	15,153,383,039
Hong Kong and Macau SAR	14,420,196	13,775,495
	15,472,411,683	15,167,158,534

8 Related parties and related party transactions

(1) Information of parent company

The parent company of the Company is Tsingtao Brewery Group Co., Ltd. ("Tsingtao Brewery Group"), which is registered in Qingdao, Shandong Province, China, with a registered capital of RMB 689.82 million. Its main business is the operation and investment of state-owned assets. As of 31 December, 2021, the shareholding ratio was 32.50% (31 December, 2020: 32.51%).

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government.

(2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6(1).

(3) 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
Tsingtao Brewery (Guangzhou) General Agency Co., Ltd.	Associate

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(4) Information of other related parties

Company name	Relationship with the Group
Four subsidiaries of Fosun International Group Co., Ltd	Majority shareholder of the Company
Tsingtao Brewery Youjia Health Drinks Co., Ltd. (“Youjia Health”)(i)	Tsingtao Brewery Group’s subsidiaries
Tsingtao Brewery Youjia Health Drinks (Shanghai) Co., Ltd. (“Youjia Shanghai”)(i)	Tsingtao Brewery Group’s subsidiaries
Yunnan Dashan Beverage Co., Ltd. (“Yunnan Dashan”)(i)	Tsingtao Brewery Group’s subsidiaries
Qingdao Smart Chain Success Delivery Technology Co., Ltd. (“Smart Chain Success Delivery”)(i)	Tsingtao Brewery Group’s subsidiaries
Shanghai Dasheng Smart Supply Chain Co., Ltd. (“Dasheng Smart Chain”)(i)	Tsingtao Brewery Group’s subsidiaries
Tsingtao Brewery Real Estate Co., Ltd. (“Tsingtao Brewery Real Estate”)(i)	Tsingtao Brewery Group’s subsidiaries

- (i) On 1 February 2021, the Company issued the announcement of Tsingtao Brewery Co., Ltd. on signing the related party transaction framework agreement and daily related party transaction with the Tsingtao Brewery Group’s subsidiaries. The Company has approved the signing of the 2021 entrusted production and sales framework agreement with Youjia health, the 2021 supply chain business service framework agreement with Smart Chain Success Delivery and the comprehensive service framework agreement with Tsingtao Brewery Group at the 14th meeting of the ninth board of directors.

(5) Related party transactions

(a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	2021	2020
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices refer to the market prices	874,420,653	761,828,890
Smart Chain Success Delivery (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	488,229,407	-
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices refer to the market prices	307,073,772	322,606,484
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices refer to the market prices	198,174,485	213,793,132
Smart Chain Success Delivery (i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	2,506,501	-
			<u>1,870,404,818</u>	<u>1,298,228,506</u>

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods and providing services

Name of related party	Nature of transaction	Pricing policies	2021	2020
European Company	Sale of beer and materials	Mutually-agreed prices refer to the market prices	67,191,960	32,176,580
Liaoning Shenqing	Sale of beer and materials	Mutually-agreed prices refer to the market prices	55,189,238	46,718,129
Youjia Health (ii)	Sale of products	Mutually-agreed prices refer to the market prices	54,691,332	-
Youjia Shanghai (ii)	Sale of products	Mutually-agreed prices refer to the market prices	1,906,247	-
Yunnan Dashan (ii)	Sale of products	Mutually-agreed prices refer to the market prices	1,239,414	-
Youjia Shanghai (ii)	Provide consignment processing	Mutually-agreed prices refer to the market prices	266,013	-
Yantai Brewery Company	Provide equipment engineering services	Mutually-agreed prices refer to the market prices	8,053,097	-
Youjia Health (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	5,234,785	-
Tsingtao Brewery Group (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	3,306,977	-
Smart Chain Success Delivery (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,454,444	-
Tsingtao Brewery Real Estate (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	251,500	-
Dasheng Smart Chain (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	247,731	-
Dasheng Smart Chain (ii)	Provide warehousing services	Mutually-agreed prices refer to the market prices	147,171	-
			199,179,909	78,894,709

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods and providing services (continued)

- (i) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates receiving labor service from Smart Chain Success Deliver.
- (ii) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates sale of product and provide services among with Youjia Health, Youjia Shanghai, Yunnan Dashan, Tsingtao Brewery Group, Smart Chain Success Delivery, Tsingtao Brewery Real Estate and Dasheng Smart Chain.

(c) Absorbed deposits from related parties

	2021	2020
Yantai Brewery Company	<u>972,533,453</u>	<u>826,775,768</u>

(d) Interest expense paid to related parties

	2021	2020
Yantai Brewery Company	<u>41,287</u>	<u>82,535</u>

(e) Financial services fee received from related parties

	2021	2020
Yantai Brewery Company	<u>16,573</u>	<u>12,483</u>

(f) Key management compensation

	2021	2020
Key management compensation paid	13,750,712	11,174,966
Share-based payment	<u>15,089,198</u>	<u>7,626,233</u>
	<u>28,839,910</u>	<u>18,801,199</u>

- (g) For the year ended 31 December 2021 and 2020, there is no loan provided to the key management from the Group.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Receivable and payable balances with related parties

Receivables from related parties:

		31 December 2021		31 December 2020	
		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	9,192,250	-	8,476,518	-
		20,438,034	(11,245,784)	19,722,302	(11,245,784)

Payables to related parties:

		31 December 2021	31 December 2020
Accounts payable	Yantai Brewery Company	154,212,943	136,949,404
	Smart Chain Success Delivery	131,474,295	-
	Zhaoshang Logistics	52,109,543	45,086,733
	Hebei Jiahe Company	1,883,672	4,029,741
		339,680,453	186,065,878
Other payables	Yantai Brewery Company	420,530	224,353
Contract liabilities	Liaoning Shenqing	30,677,083	35,310,803
	Youjia Health	6,532,739	-
	Yantai Brewery Company	328,248	-
	Youjia Shanghai	45,941	-
	European Company	7,218	7,868
		37,591,229	35,318,671

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(7) 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 2021 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 Company or its subsidiaries undertaking	Total	Share-based payment (Number of shares)
	Fees	Salary and allowance	Bonus	Social pension contributions (excluding retirement plan contributions)	Retirement plan contributions and other post-employment benefits	Housing funds			
Executive directors:									
Huang Kexing	-	576,924	768,912	21,827	53,954	36,828	-	1,458,445	150,000
Yu Zhuming	-	476,834	688,554	21,827	53,954	36,828	-	1,277,997	110,000
Wang Ruiyong	-	476,834	675,308	21,827	53,954	36,828	-	1,264,751	110,000
Non-executive director:									
Shi Kun	-	-	-	-	-	-	-	-	-
Independent directors:									
Rania Zhang (i)	60,000	-	-	-	-	-	-	60,000	-
Yu Zengbiao (ii)	60,000	-	-	-	-	-	-	60,000	-
Jiang Xinglu	120,000	-	-	-	-	-	-	120,000	-
Xiao Geng	120,000	-	-	-	-	-	-	120,000	-
Sheng Leiming	120,000	-	-	-	-	-	-	120,000	-
Supervisors:									
Guo Xiuzhang (iii)	-	-	-	-	-	-	-	-	-
Yao Yu	-	-	-	-	-	-	-	-	-
Li Gang (iv)	30,000	-	-	-	-	-	-	30,000	-
Wang Yaping	80,000	-	-	-	-	-	-	80,000	-
Li Yan	80,000	-	-	-	-	-	-	80,000	-
Huang Zuijiang	-	557,000	28,400	21,827	53,954	36,828	-	698,009	-
Meng Qingshang	-	497,000	21,800	21,827	53,954	36,828	-	631,409	-
Sun Lihong	-	450,000	37,000	21,827	53,954	36,828	-	599,609	-
	670,000	3,034,592	2,219,974	130,962	323,724	220,968	-	6,600,220	370,000

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions *(continued)*

(7) Benefits and interests of directors *(continued)*

(a) Directors' and CEO's emoluments *(continued)*

- (i) Appointed as independent director on 28 June 2021.
- (ii) Resigned from independent director on 28 June 2021.
- (iii) Appointed as Supervisor on 28 May 2021.
- (iv) Resigned from Supervisor on 9 April 2021.

In 2021, the executive directors (including Huang Kexing, Yu Zhuming and Wang Ruiyong) and the supervisors (including 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.

Bonuses are formulated by the Remuneration Committee and are in line with the Company's relevant remuneration policies.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(7) 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 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 Company or its subsidiaries undertaking	Share-based payment (Number of shares)
	Fees	Salary and allowance	Bonus	Social pension (excluding retirement plan contributions)	Retirement plan and other post-employment benefits	Housing funds	Total		
Executive directors:									
Huang Kexing	-	554,707	194,760	17,475	26,272	34,097	-	827,311	150,000
Fan Wei (i)	-	85,666	30,350	3,322	3,923	5,450	-	128,711	-
Yu Zhuming	-	458,644	254,106	17,475	26,272	34,097	-	790,594	110,000
Wang Ruiyong	-	458,644	247,348	17,475	26,272	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)	-	550,000	19,800	17,475	26,272	34,097	-	647,644	-
Meng Qingshang (vi)	-	460,000	14,400	17,475	26,272	34,097	-	552,244	-
Sun Lihong	-	430,000	29,600	17,475	26,272	34,097	-	537,444	-
Yao Yu	-	-	-	-	-	-	-	-	-
	760,000	2,997,661	790,364	108,172	161,555	210,032	-	5,027,784	370,000

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For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions *(continued)*

(7) 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.

- (b) For the year ended 31 December 2021, except for the retirement plan contributions and other post-retirement benefits disclosed in the above table, there are no other retirement benefits due to directors' services or other services (2020: nil).
- (c) For the year ended 31 December 2021, there are no termination benefits for the directors (2020: nil).
- (d) For the year ended 31 December 2021, there is no consideration provided to third parties for obtaining available directors' services (2020: nil).
- (e) For the year ended 31 December 2021, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate of directors and connected entities of directors, and no guarantee or security in connection with loans, quasi-loans or credit transaction provided to directors, controlled bodies corporate of directors and connected entities of directors (2020: nil).
- (f) 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 2021 (2020:nil).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(8) 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 (2020: three directors) whose emoluments are reflected in the analysis shown in the table above. The emoluments paid to the remaining two non-director individuals (2020: two) during the year is listed below:

	2021	2020
Salary and allowance	3,247,740	2,679,830
Bonus	1,383,067	1,369,833
Social pension (excluding retirement plan contributions)	43,654	34,950
Retirement plan contributions and other post-employment benefits	104,908	52,545
Housing funds	73,656	68,194
	<u>4,853,025</u>	<u>4,205,352</u>
Share-based payment (number of shares)	240,000	240,000

	Number of individuals	
	2021	2020
Emoluments bands(Except for share-based payment):		
HKD0 - 1,000,000 (equivalent to approximately RMB0 - 820,000)	1	1
HKD4,000,001 - 4,500,000 (equivalent to approximately RMB3,270,000 - 3,680,000)	-	1
HKD4,500,001 - 5,000,000 (equivalent to approximately RMB3,680,000 - 4,090,000)	1	-

9 Commitments

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet

	31 December 2021	31 December 2020
Buildings, machinery and equipment	<u>635,041,772</u>	<u>287,293,449</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

10 Events after the balance sheet date

(1) Explanation of profit distribution

2021

Profit to be distributed	1,500,790,272
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As is stated in Note 4(38), in accordance with the resolution at the Board of Directors' meeting dated on 28 March 2022, the board of directors proposed that the Company distribute a dividend of RMB1,500,790,272 to all shareholders. The undistributed dividend has not been recognized as a liability in the financial statements.

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 identify, evaluate and avoid 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.

(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 2021 and 2020, the Group did not enter into any forward exchange contracts or currency swap contracts.

Notes to Financial Statements

For the year ended 31 December 2021

(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 2021 and 2020, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarized as below:

	31 December 2021		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	143,610,727	40,632,350	184,243,077
Receivables	30,041,992	38,307,053	68,349,045
	<u>173,652,719</u>	<u>78,939,403</u>	<u>252,592,122</u>
Financial liabilities denominated in foreign currency —			
Other payables	10,628,681	56,314	10,684,995
	<u>10,628,681</u>	<u>56,314</u>	<u>10,684,995</u>
	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>

As at 31 December 2021, 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 4,891,000 (31 December 2020: 8,094,000) higher or lower.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(1) Market risk (continued)

(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 2021, there was no long-term bank borrowings (as at 31 December 2020, the long-term bank borrowings are all interest-free and immaterial (Note 4(27))), 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 2021 and 2020, 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 2021, 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 RMB 1,024,000 (31 December 2020: approximately RMB 1,054,000).

(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 2021 and 31 December 2020, 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, other receivables and debt instrument investments at fair value through profit or loss that are not included in the scope of impairment assessment 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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(2) Credit risk (continued)

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 2021, the Group held no significant collateral and other credit enhancements because of the debtor's mortgage.

(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 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term borrowings	246,372,691	-	-	-	246,372,691
Notes payable	170,028,474	-	-	-	170,028,474
Accounts payable	3,127,872,424	-	-	-	3,127,872,424
Other payables	3,069,741,775	-	-	-	3,069,741,775
Current portion of non-current liabilities	55,007,907	-	-	-	55,007,907
Lease liabilities	-	44,380,055	55,997,836	33,462,120	133,840,011
	6,669,023,271	44,380,055	55,997,836	33,462,120	6,802,863,282

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(3) Liquidity risk (continued)

	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	2,566,484,737	-	-	-	2,566,484,737
Other payables	2,730,994,513	-	-	-	2,730,994,513
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
	<u>6,197,308,159</u>	<u>34,528,432</u>	<u>72,555,191</u>	<u>27,574,427</u>	<u>6,331,966,209</u>

Bank borrowings are analysed by repayment terms as follows:

	31 December 2021	31 December 2020
Within 1 year	<u>245,280,000</u>	<u>702,695,720</u>

12 Share-based payment

(a) Restricted A Share Incentive Plan

As at 8 June 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 shares Incentive Plan (Draft) and its summary, the Proposal of the Implementation of Evaluation and Management Measures for the A-share Restricted Share 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 restricted A-share incentive plan*. On 29 June 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 Share to Incentive Participants ("Incentive Plan")*. According to the incentive plan, the Company granted 13.2 million restricted shares to 627 incentive participants. The grant date was 29 June 2020, and the grant price was RMB21.18 per share. The unlocking periods for restricted shares 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 shares 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 shares at the corresponding repurchase price.

According to the Incentive Plan, the Company has collected the subscription of RMB279,576,000 from participants in 2020, and has recognized liabilities of RMB 279,576,000 and treasury shares of RMB 279,576,000 for the obligation to repurchase restricted shares.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

12 Share-based payment (continued)

(a) Restricted A Share Incentive Plan (continued)

As at 22 March 2021, the Company held the first extraordinary meeting of the ninth Board of Directors in 2021, and approved the Proposal on granting reserved part of A restricted shares to incentive recipients (Plan for granting reserved restricted shares). According to the plan for granting reserved restricted shares, the Company granted 300,000 restricted shares to 35 incentive recipients, with the grant date of 22 March 2021 and the grant price of RMB21.18 per share. The unlocking periods for the restricted shares granted are 24 months, 36 months and 48 months from the equity registration date. According to the Company's performance assessment and individual performance assessment, 1/3, 1/3 and 1/3 of the restricted shares will be unlocked respectively. According to the plan of granting reserved restricted shares, if the incentive participants resign before the expiration of the unlocking period, the shares shall not be unlocked, and the Company must repurchase and cancel the corresponding restricted shares at the corresponding repurchase price. Among the 35 incentive recipients to be granted, 1 incentive recipient has waived the subscription for personal reasons.

According to the Incentive Plan, the Company has collected the subscription of RMB6,226,920 from participants in 2021, and has recognized liabilities of RMB6,226,920 and treasury shares of RMB6,226,920 for the obligation to repurchase restricted shares.

According to the resolution of the 2020 annual general meeting of shareholders, a cash dividend of RMB 10,028,999 was distributed to the above-mentioned participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

The Board considered and approved the Proposal on the Company's Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan on 29 September 2021. As of this meeting of the Board of Directors, 12 incentive participants in the incentive plan have reached the statutory retirement age or resigned for personal reasons, resulting in changes in their personal circumstances, which triggered the conditions for repurchase and cancellation of restricted shares. In 2021, the Company cancelled 122,002 restricted shares, and offset the repurchase obligation liabilities of RMB2,584,002 and treasury shares of RMB2,584,002.

As at 31 December 2021, the restricted A share incentive plan recognized a total of RMB273,189,919 in liabilities for repurchase obligations and RMB273,189,919 in treasury shares.

(b) Changes in restricted shares during the current year

	2021	2020
Restricted stocks (shares) issued at the beginning of the year	13,200,000	-
Restricted stocks (shares) granted this year	294,000	13,200,000
Restricted stocks (shares) expired this year	(122,002)	-
	<u>13,371,998</u>	<u>13,200,000</u>
Restricted stocks (shares) issued at the end of the year		
Share-based payment expenses this year	245,427,734	127,595,083
Accumulated share-based payment expenses	373,022,817	127,595,083

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

12 Share-based payment (continued)

(c) As at 31 December 2021, the remaining period of the plan granting in 2020 is until 24 July 2026, for 4.56 years. The remaining period of the plan granting in 2021 is until 26 May 2027, for 5.40 years.

(d) Method for determining the fair value of restricted shares on the grant date

The Group determines the fair value of restricted shares 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 2021, the assets measured at fair value on a recurring basis are analysed below:

	Level 3
Financial assets held for trading — Debt instruments	2,778,400,866
Other non-current financial assets — Equity instruments	600,000
	<u>2,779,000,866</u>

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 — Debt instruments	1,888,862,835
Other non-current financial assets — Equity instruments	600,000
	<u>1,889,462,835</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 2021

(All amounts in RMB Yuan unless otherwise stated)

13 Fair value estimation (Continued)

(1) Assets measured at fair value on a recurring basis (continued)

Changes of the above Level 3 financial assets are analysed below:

	31 December 2020	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss(a)	31 December 2021	Assets still held on 31 December 2021 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2021 — Profit or loss from changes in fair value
Financial assets held for trading — Debt instruments	1,888,862,835	13,600,000,000	(12,978,189,569)	267,727,600	2,778,400,866	28,400,866
Other non-current financial assets — Equity instruments	600,000	-	-	-	600,000	-
	<u>1,889,462,835</u>	<u>13,600,000,000</u>	<u>(12,978,189,569)</u>	<u>267,727,600</u>	<u>2,779,000,866</u>	<u>28,400,866</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

13 Fair value estimation (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

	31 December 2019	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss(a)	31 December 2020	Assets still held on 31 December 2020 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2020 — Profit or loss from changes in fair value
Financial assets held for trading						
— Debt instrument	1,396,589,764	2,220,000,000	(1,754,769,664)	60,895,433	1,888,862,835	27,042,735
Other non-current financial assets						
— Equity instrument	600,000	-	-	-	600,000	-
	<u>1,397,189,764</u>	<u>2,220,000,000</u>	<u>(1,754,769,664)</u>	<u>60,895,433</u>	<u>1,889,462,835</u>	<u>27,042,735</u>

- (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.

Notes to Financial Statements

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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 2021, 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 long-term borrowings). The cash balance as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	<u>11,813,753,792</u>	<u>17,643,123,424</u>
Less: Short-term borrowings	(245,780,575)	(703,273,054)
Current portion of non-current liabilities	<u>-</u>	<u>(215,720)</u>
	<u>(245,780,575)</u>	<u>(703,488,774)</u>
Cash balance after deducting borrowings	<u>11,567,973,217</u>	<u>16,939,634,650</u>

15 Notes to the Company's financial statements

(1) Account receivable

	31 December 2021	31 December 2020
Accounts receivable	1,456,219,322	1,346,209,651
Less: Provision for bad debts	<u>(56,423,665)</u>	<u>(56,425,268)</u>
	<u>1,399,795,657</u>	<u>1,289,784,383</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.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Account receivable (continued)

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

	31 December 2021	31 December 2020
Within 1 year	935,354,806	934,123,162
1 to 2 years	165,922,299	138,175,367
2 to 3 years	103,061,180	53,839,278
3 to 4 years	36,928,593	80,548,100
4 to 5 years	79,043,620	62,078,414
Over 5 years	135,908,824	77,445,330
	<u>1,456,219,322</u>	<u>1,346,209,651</u>

(b) As at 31 December 2021, 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>554,258,656</u>	-	<u>38%</u>

(c) As at 31 December 2021, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2020: nil).

(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 2021, accounts receivable (i) 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	<u>11,245,784</u>	100%	<u>(11,245,784)</u>	Notes 4(4)(d)

(ii) As at 31 December 2021, accounts receivable (ii) that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Subsidiaries

As at 31 December 2021, accounts receivable from subsidiaries of the Company is 1,355,152,943. The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Notes to Financial Statements

For the year ended 31 December 2021

(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 (continued)

(ii) (continued)

Group — Dealers (continued)

	31 December 2021			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime		Amount	Lifetime	
		ECL ratio	Amount		ECL ratio	Amount
Not overdue	44,642,714	-	-	41,173,521	-	-
Overdue within 1 year	-	5%	-	-	-	-
Overdue 2 years or more	45,177,881	100%	(45,177,881)	45,179,484	100%	(45,179,484)
	89,820,595		(45,177,881)	86,353,005		(45,179,484)

(iii) In the current year, there is no provisions for bad debts is recognized. The reversal of provisions for bad debts is 651,603, the corresponding carrying amount is 651,603. The provision for bad debts written off due to uncollectable beer sales is 650,000.

(2) Other receivables

	31 December 2021	31 December 2020
Receivables of disposals of land	584,155,232	-
Receivables from subsidiaries	50,994,267	51,297,364
Dividends receivable from subsidiaries	19,000,000	700,149,831
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Guarantee deposits	16,077,774	5,592,742
Reservation fund	9,981,728	10,182,793
Others	24,070,446	21,310,745
	721,721,094	805,975,122
Less: Provision for bad debts	(49,158,318)	(38,423,345)
	672,562,776	767,551,777

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(a) The ageing of accounts receivable based is analysed below:

	31 December 2021	31 December 2020
Not overdue	672,504,110	767,489,799
Overdue within 1 year	53,783	51,292
Overdue 1-2 years	14,599	31,536
Overdue over 2 years	49,148,602	38,402,495
	<u>721,721,094</u>	<u>805,975,122</u>

(b) Movement in provision for bad debts and 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 2020	82,828	(20,850)	38,402,495	(38,402,495)	(38,423,345)
Increase in the current year	38,451	(4,423)	10,957,391	(10,957,391)	(10,961,814)
Reversals in the current year	(39,851)	9,033	(224,331)	224,331	233,364
Transfer to stage three	(13,046)	6,523	13,046	(13,046)	(6,523)
31 December 2021	<u>68,382</u>	<u>(9,717)</u>	<u>49,148,601</u>	<u>(49,148,601)</u>	<u>(49,158,318)</u>

As of December 31, 2021, 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 2021, 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	31,706,954	100%	(31,706,954)	Note 4 (6)
	<u>49,148,601</u>		<u>(49,148,601)</u>	

Notes to Financial Statements

For the year ended 31 December 2021

(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)

- (ii) As at 31 December 2021 and 31 December 2020, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2021			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Guarantee deposits	-	-	-	-	-	-
Receivables from other entities	68,382	(9,717)	5% - 50%	82,828	(20,850)	5% - 50%
	<u>68,382</u>	<u>(9,717)</u>		<u>82,828</u>	<u>(20,850)</u>	

- (c) The provision for bad debts in the current year is 10,968,337. The reversal of provision for bad debts is 233,364 and its corresponding carrying amount is 264,182.
- (d) In the current year, there were no other receivables and bad debt actually written off in this year.
- (e) As at 31 December 2021, the top five other receivables are analysed as follows:

Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1 Receivables of disposals of land	584,155,232	Within one year	81%	-
No.2 Payment on behalf for social security	25,927,577	Within one year	4%	-
No.3 Receivables on malt	10,924,205	Two to three years	2%	(10,924,205)
No.4 Payment on behalf for recycling bottles	10,003,025	More than four years	1%	-
No.5 Refundable cost of land	8,584,437	More than five years	1%	(8,584,437)
	<u>639,594,476</u>		<u>89%</u>	<u>(19,508,642)</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(3) Inventories

	31 December 2021			31 December 2020		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	166,210,826	-	166,210,826	276,448,990	-	276,448,990
Packaging materials	117,724,452	(662,025)	117,062,427	136,606,270	(662,025)	135,944,245
Low-value consumables	29,766,754	-	29,766,754	41,916,164	-	41,916,164
Work in progress	81,465,189	-	81,465,189	95,540,890	-	95,540,890
Finished goods	1,245,111,914	-	1,245,111,914	934,573,062	-	934,573,062
	<u>1,640,279,135</u>	<u>(662,025)</u>	<u>1,639,617,110</u>	<u>1,485,085,376</u>	<u>(662,025)</u>	<u>1,484,423,351</u>

(4) Debt investment

	31 December 2021	31 December 2020
Entrusted loans to subsidiaries	134,800,000	58,500,000
Plus: Interest on debt investment	169,193	-
Less: Debt investment impairment provisions	<u>(61,800,000)</u>	<u>(58,500,000)</u>
	<u>73,169,193</u>	<u>-</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.

(5) Long-term equity investments

	31 December 2021	31 December 2020
Subsidiaries (a)	12,387,019,470	12,068,149,380
Joint ventures (b)	218,713,189	222,529,920
Associates (c)	<u>145,667,578</u>	<u>150,133,378</u>
	<u>12,751,400,237</u>	<u>12,440,812,678</u>
Less: Provision for impairment of long-term equity investments (d)	<u>(1,781,808,870)</u>	<u>(1,662,953,287)</u>
	<u>10,969,591,367</u>	<u>10,777,859,391</u>

Notes to Financial Statements

For the year ended 31 December 2021

(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 2020	Movements in the current year			31 December 2021	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	Share-based payment (ii)				
Shenzhen Asahi	127,416,376	-	-	1,302,325	128,718,701	-	-	83,410,000
Chenzhou Company	63,217,601	-	-	1,209,589	64,427,190	-	-	-
Huanan Sales Company	48,344,844	-	-	6,213,534	54,558,378	-	-	100,000,000
Huanan Holding Company	211,405,002	-	-	5,062,549	216,467,551	-	-	-
Huadong Holding Company	96,855,102	-	-	-	96,855,102	-	(96,855,102)	-
Shouguang Company	61,239,402	-	-	1,355,757	62,595,159	-	-	-
Five Star Company	25,170,071	-	-	756,432	25,926,503	-	(24,656,410)	-
Three Ring Company	70,028,716	-	-	843,047	70,871,763	-	(69,457,513)	-
Beifang Sales Company	85,255,148	-	-	2,723,458	87,978,606	-	(83,984,000)	-
Xi'anHan's Company	400,649,339	-	-	14,356,807	415,006,146	-	-	200,000,000
Weinan Company	14,727,112	-	-	1,678,417	16,405,529	-	-	-
Anshan Company	30,657,027	-	-	1,289,328	31,946,355	-	-	-
Xingkaihu Company	200,311,300	-	-	1,725,727	202,037,027	-	(129,430,000)	-
Mishan Company	118,520,000	-	-	-	118,520,000	-	(118,520,000)	-
Harbin Company	214,207,004	-	-	1,308,906	215,515,910	-	(109,940,000)	-
Penglai Company	30,000,000	-	-	-	30,000,000	-	(30,000,000)	-
Rongcheng Company	65,814,919	-	-	1,396,193	67,211,112	-	(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	-	-	-
Taizhou Company	60,375,368	-	(60,375,368)	-	-	-	-	-
Maanshan Company	80,848,634	-	-	1,306,213	82,154,847	-	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	-	5,760,000	-	-	-
Dongnan Sales Company	296,762,362	-	-	6,355,788	303,118,150	-	-	-
Changsha Company	48,076,304	-	-	719,778	48,796,082	-	-	-
Jinan Company	560,808,675	-	-	1,586,917	562,395,592	-	-	50,000,000
Guangrunlong Logistics	16,465,405	-	-	-	16,465,405	-	-	-
Chengdu Company	280,709,786	-	-	1,319,495	282,029,281	(118,855,583)	(118,855,583)	-
Cultural Communication Company (i)	6,177,233	70,000,000	-	1,806,063	77,983,296	-	-	-
Rizhao Company	339,908,047	-	-	1,563,884	341,471,931	-	-	-

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For the year ended 31 December 2021

(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 (continued)

	31 December 2020	Movements in the current year			31 December 2021	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	Share-based payment (ii)				
Weifang Company	74,339,686	-	-	1,358,558	75,698,244	-	-	-
Dezhou Company	22,554,143	-	-	1,617,268	24,171,411	-	-	-
Construction Company	2,956,965	-	-	916,355	3,873,320	-	-	-
Langfang Company	80,163,205	-	-	1,201,386	81,364,591	-	-	-
Heze Company	125,299,786	-	-	1,895,977	127,195,763	-	(51,301,600)	-
Tengzhou Company	48,898,525	-	-	785,403	49,683,928	-	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	-	1,570,000	-	-	-
Wuhu Company	274,336,696	-	-	91,636	274,428,332	-	(274,290,000)	-
Shanghai Sales Company	97,300,000	-	-	-	97,300,000	-	(47,300,000)	-
Chengyang Sales Company	8,000,000	-	-	-	8,000,000	-	-	-
Shijiazhuang Company	321,766,483	-	-	1,484,497	323,250,980	-	-	50,000,000
Taiyuan Company	200,804,938	-	-	1,579,585	202,384,523	-	-	-
Finance Company	1,001,021,173	-	-	2,003,914	1,003,025,087	-	-	-
Immense Brewery Company	1,406,909,608	-	-	4,613,930	1,411,523,538	-	-	-
Hangzhou Company	186,756,483	-	-	1,411,130	188,167,613	-	-	20,000,000
Jieyang Company	150,618,818	-	-	1,214,348	151,833,166	-	-	3,560,881
Beverage Company	30,317,114	-	-	1,033,070	31,350,184	-	-	-
Shaoguan Company	200,476,304	-	-	861,841	201,338,145	-	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	-	8,000,000	-	-	-
Jiujiang Company	180,569,697	-	-	1,117,953	181,687,650	-	-	8,011,681
Xuzhou Enterprise Management	10,547,102	-	-	934,682	11,481,784	-	(10,000,000)	-
Pingdu Sales Company	5,000,000	-	-	-	5,000,000	-	-	430,000,000
Luoyang Company	200,659,194	-	-	1,473,023	202,132,217	-	-	-
Shanghai Industrial Company	203,893,141	-	-	6,330,944	210,224,085	-	(200,895,228)	-
Luzhou Company	119,041,506	-	-	1,139,252	120,180,758	-	-	-
Zhangjiakou Company	200,672,373	-	-	1,319,441	201,991,814	-	-	-
Lulansa Company	559,885,449	-	-	1,360,444	561,245,893	-	-	17,587,236
Huangshi Company	164,252,183	-	-	1,220,950	165,473,133	-	-	-
Yingcheng Company	42,639,697	-	-	1,117,953	43,757,650	-	-	-
Hanzhong Company	26,881,109	-	-	1,144,470	28,025,579	-	-	-

Notes to Financial Statements

For the year ended 31 December 2021

(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 (continued)

	31 December 2020	Movements in the current year			31 December 2021	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	Share-based payment (ii)				
Shanghai Investing Company	1,924,722,404	-	-	7,555,973	1,932,278,377	-	-	-
Yangzhou Company	100,756,483	-	-	1,484,496	102,240,979	-	-	-
Suqian Company	75,616,393	-	-	1,209,589	76,825,982	-	-	-
Zaozhuang Company (i)	150,183,773	50,000,000	-	887,183	201,070,956	-	-	-
West Coast Cultural Tourism (i)	30,000,000	103,000,000	-	-	133,000,000	-	-	-
Research and Development Center (i)	-	50,000,000	-	-	50,000,000	-	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd.	200,000,000	-	-	-	200,000,000	-	(200,000,000)	-
	12,068,149,380	273,000,000	(60,375,368)	106,245,458	12,387,019,470	(118,855,583)	(1,780,588,870)	962,569,798

- (i) The Company will newly establish Research and Development Center in 2021 and contribute the capital of Cultural Communication Company, Zaozhuang Company and 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 recognizes the long-term equity investment in the Company's subsidiaries of 106,245,458 according to the fair value of the equity instruments on the date of grant, and at the same time confirms the capital reserve of 106,245,458.
- (iii) The cash dividends declared this year are distributed to all shareholders of the Company.

(b) Joint venture

	31 December 2020	Movements in the current year			31 December 2021	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	222,529,920	3,183,269	-	(7,000,000)	218,713,189	-

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 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(c) Associates

	31 December 2020	Movements in the current year			31 December 2021	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	130,899,019	13,982,426	-	(12,379,306)	132,502,139	-
Zhaoshang Logistics	18,014,359	3,100,485	3,452	(9,172,857)	11,945,439	-
Liaoning Shenqing	-	-	-	-	-	-
Others	1,220,000	-	-	-	1,220,000	(1,220,000)
	150,133,378	17,082,911	3,452	(21,552,163)	145,667,578	(1,220,000)

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 2020	Increase in the current year	Written off in the current year	31 December 2021
Subsidiaries (i)	(1,661,733,287)	(118,855,583)	-	(1,780,588,870)
Associates	(1,220,000)	-	-	(1,220,000)
	(1,662,953,287)	(118,855,583)	-	(1,781,808,870)

(i) In 2021, long-term equity investments of the Company in Shaoguan Company are recognized impairment provision of 118,855,583.

(6) Fixed assets

	31 December 2021	31 December 2020
Fixed assets (a)	2,110,599,248	2,206,108,993
Fixed assets pending for disposal (b)	320,492	1,106,766
	2,110,919,740	2,207,215,759

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

(a) Fixed assets

2021

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2020	1,239,541,932	2,787,177,726	92,430,783	363,771,953	4,482,922,394
Increases in the current year					
Purchase	-	4,093,238	3,216,589	30,898,137	38,207,964
Transfer from construction in process	86,815,593	86,176,083	-	5,881,232	178,872,908
Decreases in the current year					
Disposal	(2,317,915)	(74,119,070)	(5,379,545)	(7,746,969)	(89,563,499)
Transfer to construction in process	(103,014,570)	(21,339,056)	-	-	(124,353,626)
Transfer to Investment real estate	(1,359,112)	-	-	-	(1,359,112)
31 December 2021	1,219,665,928	2,781,988,921	90,267,827	392,804,353	4,484,727,029
Accumulated depreciation					
31 December 2020	(368,930,112)	(1,520,478,538)	(70,133,419)	(276,459,750)	(2,236,001,819)
Increases in the current year - accrual					
	(33,537,065)	(146,280,677)	(5,249,201)	(24,629,933)	(209,696,876)
Decreases in the current year					
Disposal	211,027	52,503,631	4,855,699	7,367,279	64,937,636
Transfer to construction in process	30,505,769	7,484,040	-	-	37,989,809
31 December 2021	(371,750,381)	(1,606,771,544)	(70,526,921)	(293,722,404)	(2,342,771,250)
Provision for impairment					
31 December 2020	(1,618,803)	(38,840,889)	(234,939)	(116,951)	(40,811,582)
Increases in the current year - accrual					
	(6,345,366)	(3,202,955)	(183,364)	(819,204)	(10,550,889)
Decreases in the current year - disposal					
	2,106,888	17,547,161	234,939	116,952	20,005,940
31 December 2021	(5,857,281)	(24,496,683)	(183,364)	(819,203)	(31,356,531)
Carrying amount					
31 December 2021	842,058,266	1,150,720,694	19,557,542	98,262,746	2,110,599,248
31 December 2020	868,993,017	1,227,858,299	22,062,425	87,195,252	2,206,108,993

Notes to Financial Statements

For the year ended 31 December 2021

(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)

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 2021

(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)

For the year ended 31 December 2021, the Company's fixed assets with carrying amount of 86,363,817 (cost of 124,353,626 accumulated depreciation of 37,989,809) are transferred to construction in progress to be upgraded due to the requirements of technology renewal.

As at 31 December 2021, there are no fixed assets pledged as collateral for borrowings (31 December 2020: nil).

For the year ended 31 December 2021, accrued depreciation of fixed assets are 209,696,876 (2020: 207,646,260), of which 182,688,811, 2,743,559, 21,998,281 and 2,266,225 (2020: 182,789,673, 2,845,498, 19,767,645 and 2,243,444) 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 178,872,908 (2020: 355,929,449).

As at 31 December 2021, the ownership certificates of certain fixed assets (buildings) with carrying amount of approximately 31,723,000 have not been obtained by the Company (31 December 2020: 32,686,000) (Note 4(11)(a)).

(b) Fixed assets pending for disposal

	31 December 2021	31 December 2020
Machinery and equipment	<u>320,492</u>	<u>1,106,766</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(7) Intangible assets

2021

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2020	253,343,186	190,345,726	320,907,803	474,294,137	1,238,890,852
Increase in the current year — purchase	1,788,185	-	-	73,592,308	75,380,493
Decrease in the current year — disposal	(7,019,000)	-	-	(317,064)	(7,336,064)
31 December 2021	248,112,371	190,345,726	320,907,803	547,569,381	1,306,935,281

Accumulated amortization

31 December 2020	(82,545,136)	(122,541,310)	(277,287,346)	(260,569,653)	(742,943,445)
Increase in the current year — accrual	(5,061,516)	(83,643)	(13,115,660)	(41,303,917)	(59,564,736)
Decrease in the current year — disposal	3,963,788	-	-	307,915	4,271,703
31 December 2021	(83,642,864)	(122,624,953)	(290,403,006)	(301,565,655)	(798,236,478)

Carrying amount

31 December 2021	164,469,507	67,720,773	30,504,797	246,003,726	508,698,803
31 December 2020	170,798,050	67,804,416	43,620,457	213,724,484	495,947,407

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 amortization

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

For the year ended 31 December 2021, the amortization amount of intangible assets is 59,564,736 (2020: 55,099,344).

As at 31 December 2021, there are no intangible assets pledged as collateral for borrowings (31 December 2020: nil).

For the year ended 31 December 2021, research and development expenditures of 30,890,245 (2020: 21,467,092) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Provision for asset impairment and loss

2021

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Reversal	Written-off	
Provision for bad debt of accounts receivable	56,425,268	-	(651,603)	650,000	56,423,665
Including: Provision for bad debt recognized individually	11,245,784	-	-	-	11,245,784
Provision for bad debt recognized on groupings	45,179,484	-	(651,603)	650,000	45,177,881
Provision for bad debt of other receivables	38,423,345	10,968,337	(233,364)	-	49,158,318
Debt reserve for debt investment	58,500,000	3,300,000	-	-	61,800,000
Subtotal	153,348,613	14,268,337	(884,967)	650,000	167,381,983
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term equity investment	1,662,953,287	118,855,583	-	-	1,781,808,870
Provisions for impairment of fixed assets	40,811,582	10,550,889	-	(20,005,940)	31,356,531
Subtotal	1,704,426,894	129,406,472	-	(20,005,940)	1,813,827,426
	1,857,775,507	143,674,809	(884,967)	(19,355,940)	1,981,209,409

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 equity 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 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(9) Capital surplus

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium	4,456,434,186	5,932,920	(2,462,000)	4,459,905,106
Other capital surplus —	253,864,761	266,540,126	-	520,404,887
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,186,174)	3,452	-	(10,182,722)
Share-based payment Included in shareholders' equity	137,278,847	266,536,674	-	403,815,521
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,710,298,947</u>	<u>272,473,046</u>	<u>(2,462,000)</u>	<u>4,980,309,993</u>
	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>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(10) Other comprehensive income

	Changes arising from re-measurement of defined benefit plan liabilities
As at 31 December 2019	(47,445,000)
Movements for the year ended 31 December 2020	<u>17,007,000</u>
As at 31 December 2020	<u>(30,438,000)</u>
Movements for the year ended 31 December 2021	<u>(41,967,000)</u>
As at 31 December 2021	<u>(72,405,000)</u>

(11) Undistributed profits

	2021	2020
Undistributed profits at the beginning of the year	7,694,630,032	7,489,288,403
Add: Net profit in the current year	1,626,919,579	948,382,166
Less: Ordinary shares dividends payable	<u>(1,023,266,095)</u>	<u>(743,040,537)</u>
Undistributed profits at the end of the year	<u>8,298,283,516</u>	<u>7,694,630,032</u>

The dividends actual paid for the year ended 31 December 2021, and the dividends proposed but not paid at the end of the year are disclosed in Note 4(38).

(12) Revenue and cost of sales

	2021	2020
Revenue from main operation (a)	20,153,524,762	18,255,594,424
Revenue from other operations (b)	<u>1,362,680,634</u>	<u>1,289,690,153</u>
	<u>21,516,205,396</u>	<u>19,545,284,577</u>

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(12) Revenue and cost of sales (continued)

	2021	2020
Cost of main operation (a)	(15,977,798,134)	(14,987,140,497)
Cost of other operations (b)	(1,329,725,248)	(1,250,963,550)
	<u>(17,307,523,382)</u>	<u>(16,238,104,047)</u>

(a) Revenue and cost of main operation

	2021		2020	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	<u>20,153,524,762</u>	<u>(15,977,798,134)</u>	<u>18,255,594,424</u>	<u>(14,987,140,497)</u>

(b) Revenue and cost of other operations

	2021		2020	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of raw materials	1,306,803,932	(1,277,902,364)	1,280,610,520	(1,244,465,479)
Others	<u>55,876,702</u>	<u>(51,822,884)</u>	<u>9,079,633</u>	<u>(6,498,071)</u>
	<u>1,362,680,634</u>	<u>(1,329,725,248)</u>	<u>1,289,690,153</u>	<u>(1,250,963,550)</u>

(13) Finance expenses

	2021	2020
Interest income	(30,429,087)	(214,047,815)
Exchange losses	7,771,211	7,919,486
Discounting impact of the long-term employee benefits payable	20,580,325	11,113,727
Interest expenses on lease liabilities	1,364,614	1,325,661
Others	<u>1,674,135</u>	<u>1,718,219</u>
	<u>961,198</u>	<u>(191,970,722)</u>

Notes to Financial Statements

For the year ended 31 December 2021

(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:

	2021	2020
Raw materials, packaging materials and consumables used	5,141,919,092	4,472,706,967
Changes in inventories of finished goods and work in progress	(296,463,151)	(44,749,924)
Finished goods purchased from outside	10,507,649,868	10,195,757,739
Employee benefits expenses	2,198,594,837	1,980,316,009
Handling and transportation expenses	1,216,798,424	979,542,816
Advertising related expenses	969,778,894	697,919,468
Depreciation and amortization charges	286,438,354	279,347,278
Share-based payment fees	139,182,276	71,101,559
Administrative expenses	113,968,618	96,693,344
Repair expenses (i)	89,021,836	79,721,547
Operating lease payments (ii)	52,509,598	44,518,036
Labor expenses	41,953,275	28,682,288
Auditors' remuneration — audit service	8,094,340	8,094,340
Other expenses	170,956,452	103,807,916
	<u>20,640,402,713</u>	<u>18,993,459,383</u>

- (i) For the daily repair expenses that do not meet the conditions for capitalization of fixed assets, the Company includes the expenses related to the production and processing of inventories into the cost of inventories, and carries them forward to the operating costs accordingly. Expenses related to the research and development department, administration department and sales department are included in research and development expenses, administrative expenses and selling and distribution expenses, respectively.
- (ii) As mentioned in Note 2(25), the Company directly included the rental expenses for short-term leases and low-value leases in the current profit and loss. The amount for 2021 is RMB52,509,598 (2020: RMB44,518,036).

Due to the impact of the new crown pneumonia epidemic, the lessor exempted the Company from rent of RMB0 in 2021 (2020: RMB170,418).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(15) Asset impairment losses

	2021	2020
Impairment losses of fixed assets	10,550,889	8,844,216
Impairment losses of long-term equity investments	118,855,583	150,000,000
	<u>129,406,472</u>	<u>158,844,216</u>

(16) Credit impairment losses

	2021	2020
Reversals of bad debts of accounts receivable	(651,603)	(541,456)
Losses/(Reversals) of bad debts of other receivables	10,734,973	(841,120)
Losses/(Reversals) of impairment losses of debt investment	3,300,000	(32,500,000)
	<u>13,383,370</u>	<u>(33,882,576)</u>

(17) Investment income

	2021	2020
Investment income from long-term equity investment accounted for using the cost method (a)	914,426,602	858,343,259
Investment income from long-term equity investment accounted for using the equity method	20,266,180	17,796,928
Investment income from disposal of long-term equity investment	43,158,604	-
Interest income from debt investment	4,003,935	4,467,326
Investment income from disposal of trading financial assets	3,625,261	-
	<u>985,480,582</u>	<u>880,607,513</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)).

Notes to Financial Statements

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(18) Profits arising from changes in fair value

	2021	2020
Financial assets at fair value through profit or loss — Debt instruments	<u>193,654,894</u>	<u>-</u>

(19) Income tax expense

	2021	2020
Current income tax calculated according to tax law and related regulations in mainland China		
— China enterprise income tax	546,749,596	293,708,976
Deferred income tax	<u>(241,717,138)</u>	<u>(158,773,759)</u>
	<u>305,032,458</u>	<u>134,935,217</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:

	2021	2020
Total profit	<u>1,931,952,037</u>	<u>1,083,317,383</u>
Income tax expense calculated at applicable tax rates	482,988,009	270,829,345
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	19,723,533	20,388,798
Income not subject to tax	(234,526,104)	(219,887,955)
Impact of utilisation of previously unrecognized deferred tax assets	(663,059)	(9,294,601)
Deductible temporary differences of currently unrecognized deferred tax assets	<u>37,510,079</u>	<u>72,899,630</u>
Income tax expense	<u>305,032,458</u>	<u>134,935,217</u>

Supplementary Information

For the year ended 31 December 2021

(All amounts in RMB Yuan unless otherwise stated)

1 Summary of non-recurring profit or loss

	2021	2020
Government grants recognized in profits	555,940,452	517,048,836
Net profit or loss on disposal of non-current assets	481,507,267	(5,204,016)
Reversal of impairment provision for accounts receivable which impairment is provided individually	-	9,690
Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, and derivative financial liabilities, and the disposal of trading financial assets, derivative financial Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	197,853,070	-
Other non-operating income and expenses other than aforesaid items	24,020,723	(10,535,197)
	<u>1,259,321,512</u>	<u>501,319,313</u>
Impact of income tax expense	(297,092,428)	(99,696,507)
Impact on the non-controlling interests, net of tax	(13,357,469)	(15,884,003)
	<u>948,871,615</u>	<u>385,738,803</u>

Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No.1 on information disclosure by companies offering securities to the public — non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Weighted average return on net assets		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2021	2020	2021	2020	2021	2020
Net profit attributable to ordinary shareholders of the Company	14.47%	11.13%	2.328	1.629	2.324	1.627
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	10.12%	9.18%	1.626	1.344	1.625	1.342

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	本公司第十屆董事會審計與內控委員會	Audit Committee	Means	Audit & Internal Control Committee under the 10th session of the Board
戰略委員會	指	本公司第十屆董事會戰略與投資委員會	Strategy Committee	Means	Strategy & Investment Committee under the 10th session of the Board
報告期	指	2021年1月1日至12月31日	Reporting Period	Means	January 1 to December 31, 2021
《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
青啤財務公司	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四家實體公司	Fosun Group	Means	four 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 A-Share Restricted Stock Incentive Plan of the Company
漳州公司	指	青島啤酒(漳州)有限公司	Zhangzhou company	Means	Tsingtao Brewery(zhangzhou) Co.,Ltd.
五星公司	指	北京五星青島啤酒有限公司	Five Star Company	Means	Beijing Five Star Tsingtao Brewery Co., Ltd
優家健康	指	青島啤酒優家健康飲品有限公司	Youjia Health	Means	Tsingtao Brewery Youjia Health Beverage Co., Ltd
智鏈順達	指	青島智鏈順達科技有限公司	Zhilan Shunda	Means	Tsingtao Zhilian Shunda Technology Co., Ltd
優家健康集團	指	優家健康及其附屬公司	Youjia Health Group	Means	Youjia Health and its subsidiaries
智鏈順達集團	指	智鏈順達及其附屬公司	Zhilan Shunda Group	Means	Zhilan Shunda and its subsidiaries

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
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青啤大廈
1106室
董事會秘書室
郵政編碼：266071
電話：86-532-85713831
傳真：86-532-85713240 | 3. Company Secretary: Zhang Rui Xiang
Address: Secretarial Office of the Board
Room 1106 Tsingtao Beer Tower
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Shandong Province
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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
電子信箱：info@tsingtao.com.cn | 4. Registered Address: No. 56, Dengzhou Road,
Qingdao, Shandong Province
Business Address: Tsingtao Beer Tower
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Qingdao, Shandong Province
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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青島啤酒

2021
ANNUAL REPORT
年度報告

青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.



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