Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TSINGTAO BREWERY COMPANY LIMITED

(a Sino-foreign joint stock limited company established in the People's Republic of China)

(Stock Code: 168)

ANNOUNCEMENT OF 2014 INTERIM RESULTS

The board of directors (the "Board") of Tsingtao Brewery Company Limited (the "Company" or "the Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") prepared pursuant to China Accounting Standard for Business Enterprises ("CAS") for the six months ended 30 June 2014 ("Reporting Period").

I INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

Consolidated Balance Sheet

ASSETS	*Note*	**30 June 2014 (Unaudited)**	31 December 2013
Current assets			
Cash at bank and on hand		**9,958,476,164**	8,531,720,086
Notes receivable		**62,177,320**	84,760,000
Accounts receivable	*2*	**395,616,767**	152,292,736
Advances to suppliers		**149,506,400**	132,345,527
Interest receivable		**182,220,892**	188,461,377
Other receivables		**265,612,454**	183,395,467
Inventories		**2,109,431,104**	2,534,551,935
Other current assets		**273,838,843**	466,863,422
Total current assets		**13,396,879,944**	12,274,390,550
Non-current assets			
Available-for-sale financial assets		**1,008,642**	1,308,642
Long-term equity investments		**1,515,726,046**	1,270,638,738
Investment properties		**7,557,716**	7,924,988
Fixed assets		**8,901,588,467**	8,740,310,277
Construction in progress		**614,665,747**	506,624,256
Fixed assets pending for disposal		**6,426,993**	5,368,759
Intangible assets		**2,689,947,125**	2,533,027,393
Goodwill		**1,079,925,496**	1,079,925,496
Long-term prepaid expenses		**30,102,720**	21,525,082
Deferred tax assets		**818,683,886**	700,162,187
Other non-current assets	*3*	**196,928,232**	223,660,169
Total non-current assets		**15,862,561,070**	15,090,475,987
TOTAL ASSETS		**29,259,441,014**	27,364,866,537

Consolidated Balance Sheet *(continued)*

LIABILITIES AND EQUITY	*Note*	**30 June 2014 (Unaudited)**	31 December 2013
Current liabilities			
Short-term borrowings		**317,977,343**	101,080,110
Notes payable		**118,853,130**	138,382,882
Accounts payable	*4*	**3,542,550,693**	2,707,070,770
Advances from customers		**615,870,034**	980,497,616
Employee benefits payable		**886,471,895**	823,317,140
Taxes payable		**752,112,127**	332,033,368
Interest payable		**840,520**	1,202,929
Dividends payable		**616,542,258**	1,020,000
Other payables		**5,334,040,174**	4,231,981,495
Current portion of non-current liabilities		**1,736,302**	1,797,167,198
Total current liabilities		**12,186,994,476**	11,113,753,508
Non-current liabilities			
Long-term borrowings		**4,687,983**	4,881,294
Payables for specific projects		**475,898,001**	450,935,656
Deferred income		**1,316,537,412**	1,260,778,419
Deferred tax liabilities		**163,097,158**	173,745,333
Other non-current liabilities	*5*	**458,896,169**	487,301,292
Total non-current liabilities		**2,419,116,723**	2,377,641,994
Total liabilities		**14,606,111,199**	13,491,395,502
Equity			
Share capital		**1,350,982,795**	1,350,982,795
Capital surplus	*6*	**4,075,633,686**	4,075,633,686
Other comprehensive income		**27,423,537**	28,958,454
Surplus reserve		**1,059,469,127**	1,059,469,127
Undistributed profits	*7*	**8,302,233,871**	7,505,514,981
Total equity attributable to shareholders of the Company		**14,815,743,016**	14,020,559,043
Minority interests	*6*	**(162,413,201)**	(147,088,008)
Total equity		**14,653,329,815**	13,873,471,035
TOTAL LIABILITIES AND EQUITY		**29,259,441,014**	27,364,866,537

Consolidated Income Statement

	Note	Six months ended 30 June 2014 (Unaudited)	2013 (Unaudited)
Revenue	8	**16,958,068,052**	14,971,338,262
Less: Cost of sales	8	**(10,145,048,255)**	(8,753,434,812)
Taxes and surcharges	9	**(1,272,218,033)**	(1,209,910,466)
Selling and distribution expenses		**(3,470,956,501)**	(3,094,353,638)
General and administrative expenses		**(600,348,563)**	(602,813,851)
Financial expenses — net		**173,922,651**	95,693,515
Asset impairment losses		**1,030,824**	6,415,244
Add: Investment income		**34,787,119**	232,470,189
Including: Share of profit of associates and joint ventures		**35,087,117**	21,430,790
Operating profit		**1,679,237,294**	1,645,404,443
Add: Non-operating income		**222,411,726**	299,947,243
Including: Gain on disposal of non-current assets		**1,370,513**	1,184,799
Less: Non-operating expenses		**(21,421,591)**	(182,940,159)
Including: Losses on disposal of non-current assets		**(15,646,360)**	(45,311,744)
Total profit		**1,880,227,429**	1,762,411,527
Less: Income tax expenses	10	**(442,470,623)**	(325,021,815)
Net profit		**1,437,756,806**	1,437,389,712
Attributable to shareholders of the Company		**1,404,661,148**	1,394,881,161
Minority interests		**33,095,658**	42,508,551
Earnings per share			
Basic earnings per share	11	**1.040**	1.032
Diluted earnings per share	11	**1.040**	1.032
Other comprehensive income, net of tax		**(1,534,917)**	3,940,499
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Currency translation differences		**(1,576,530)**	3,940,499
Share of other comprehensive income of investments accounted for using the equity method that may be reclassified subsequently to profit or loss when specific conditions are met		**41,613**	—
Total comprehensive income		**1,436,221,889**	1,441,330,211
Attributable to shareholders of the Company		**1,403,126,231**	1,398,821,660
Minority interests		**33,095,658**	42,508,551

Notes:

1. Basis of preparation

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

The Ministry of Finance issued and amended some standards and application guidance of CAS in 2014.

For the year ended 31 December 2013, the Group have early adopted these new and amended standards including CAS No. 39 — Fair value measurement, CAS No. 40 — Joint arrangements, revised CAS No. 9 — Employee benefits, CAS No. 30 — Financial statement presentation and CAS No. 33 — Consolidated financial statements in preparing the financial statements.

For the six months ended 30 June 2014, the Group have early adopted these standards including CAS No. 41 — Disclosure of interests in other entities, revised CAS No. 2 — Long-term equity investments and the financial statements format of the application guidance for CAS No. 30 — Financial statement presentation in preparing the financial statements. Management of the Company has assessed that these developments have no significant effect on the consolidated financial statements of the Group, except for the effect of applying the revised CAS No. 2 — Long-term equity investments and the report format of the application guidance for CAS No. 30 — Financial statement presentation.

1. **Basis of preparation** *(continued)*

Changes in significant accounting policies

Details and reasons for the changes	Procedures for approval	Affected items and amount
As stated above, the Group early adopted the revised CAS No. 2 — Long-term equity investments, issued by the Ministry of Finance in 2014, in preparation of the financial statements of the Group for the six months ended 30 June 2014, comparative figures have been revised accordingly.	The changes in accounting policies have been approved by the Board of the Company.	Increase available-for-sale financial assets of the Group by RMB1,008,642 and RMB1,308,642 as at 30 June 2014 and 31 December 2013 respectively; decrease long-term equity investments of the Group by RMB1,008,642 and RMB1,308,642 as at 30 June 2014 and 31 December 2013 respectively.
As stated above, the Group early adopted the financial statements format of the application guidance for CAS No. 30 — Financial statement presentation, issued by the Ministry of Finance in 2014, in preparation of the financial statements of the Group for the six months ended 30 June 2014, comparative figures have been revised accordingly.	The changes in accounting policies have been approved by the Board of the Company.	Increase deferred income of the Group by RMB1,316,537,412 and RMB1,260,778,419 as at 30 June 2014 and 31 December 2013 respectively; decrease other non-current liabilities of the Group by RMB1,316,537,412 and RMB1,260,778,419 as at 30 June 2014 and 31 December 2013 respectively. Increase other comprehensive income of the Group by RMB27,423,537 and RMB28,958,454 as at 30 June 2014 and 31 December 2013 respectively; decrease capital surplus of the Group by RMB3,201,562 and RMB3,159,949 as at 30 June 2014 and 31 December 2013 respectively; decrease the difference on translation of foreign currency financial statements of the Group by RMB24,221,975 and RMB25,798,505 as at 30 June 2014 and 31 December 2013 respectively.

2. Accounts receivable

	30 June 2014 (Unaudited)	31 December 2013
Accounts receivable	**597,789,733**	354,377,376
Less: provision for bad debts	**(202,172,966)**	(202,084,640)
	395,616,767	152,292,736

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

The aging of accounts receivable based on their recording dates is analysed below:

	30 June 2014 (Unaudited)	31 December 2013
Within 6 months	**393,702,166**	150,525,869
6 months to 1 year	**1,920,053**	1,859,860
1 to 2 years	**181,101**	—
2 to 3 years	**164,284**	565,506
Over 3 years	**201,822,129**	201,426,141
	597,789,733	354,377,376

3. Other non-current assets

	30 June 2014 (Unaudited)	31 December 2013
Payments for construction and equipment	**165,478,232**	192,210,169
Others *(i)*	**31,450,000**	31,450,000
	196,928,232	223,660,169

(i) The Company and Suntory (China) Investment Company Limited ("Suntory Company") signed the supplemental agreement on 24 February 2014. In accordance with the supplemental agreement, Suntory Company will further inject supplementary fund amounting to RMB62,900,000 to Suntory Tsingtao Brewery (Shanghai) Co., Ltd. ("Manufacturing Company"), an associate of the Company as capital surplus, which will not affect the ratio of investment in Manufacturing Company from the Company and Suntory Company. The Company recognised 50% of the abovementioned amount as other non-current assets, which will convert to investment to Manufacturing Company after completion of the fund injection by Suntory Company.

4. Accounts payable

The aging of accounts payable based on their recording dates is analysed below:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	**3,504,701,476**	2,670,930,780
1 to 2 years	**14,349,286**	14,474,250
2 to 3 years	**5,460,354**	3,017,998
Over 3 years	**18,039,577**	18,647,742
	3,542,550,693	2,707,070,770

5. Other non-current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Early retirement benefits	**277,316,554**	305,421,292
Supplemental retirement benefits *(a)*	**181,579,615**	181,880,000
	458,896,169	487,301,292

(a) Supplemental retirement benefits

Supplementary retirement benefits are provided to employees qualified for certain requirement and already retired. The benefits that they can receive after their retirement depend on their position and seniority. Such defined benefit obligations were calculated using the projected unit credit method.

6. Capital surplus & Minority interests

(1) Capital surplus

	31 December 2013	Increase in current period (Unaudited)	Decrease in current period (Unaudited)	**30 June 2014 (Unaudited)**
Share premium	3,992,428,160	—	—	3,992,428,160
Other capital surplus-	83,205,526	—	—	83,205,526
Share of changes in equity other than profits of investees	(9,120,012)	—	—	(9,120,012)
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	91,701,228
Others	624,310	—	—	624,310
	4,075,633,686	—	—	4,075,633,686

(2) Subsidiaries with significant minority interests

	As at 30 June 2014 Minority interests (Unaudited)	**Six months ended 30 June 2014 Minority interests (Unaudited)**	**Total proposed dividend in the six months ended 30 June 2014 attributable to the minority shareholders of subsidiaries (Unaudited)**
Shenzhen Tsingtao Brewery Asahi Co., Ltd.	200,071,830	28,069,728	(42,140,000)
Tsingtao Brewery Suntory (Shanghai) Sales Co., Ltd.	(543,305,348)	(57,171,683)	—
	(343,233,518)	(29,101,955)	(42,140,000)

7. Undistributed profits

	Six months ended 30 June 2014 (Unaudited)	Six months ended 30 June 2013 (Unaudited)
Undistributed profits at the beginning of the period	**7,505,514,981**	6,204,347,562
Add: Net profit attributable to the Company for the current period	**1,404,661,148**	1,394,881,161
Less: Ordinary shares dividend payable	**(607,942,258)**	(540,393,118)
Undistributed profits at the end of the period	**8,302,233,871**	7,058,835,605

In accordance with the resolution at the Annual General Meeting on 16 June 2014, the Company proposed a cash dividend RMB0.45 per share (pre-tax) to the shareholders of the Company of RMB607,942,258, based on a total number of 1,350,982,795 shares (2013: cash dividend for 2012 RMB0.40 per share (pre-tax) at RMB540,393,118). As at 30 June 2014, the dividend has not been paid yet.

8. Revenue and cost of sales

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Revenue from main operation	**16,730,266,832**	14,756,576,957
Revenue from other operations	**227,801,220**	214,761,305
	16,958,068,052	14,971,338,262

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Cost of main operation	**(9,998,223,382)**	(8,570,690,749)
Cost of other operations	**(146,824,873)**	(182,744,063)
	(10,145,048,255)	(8,753,434,812)

9. Taxes and surcharges

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Consumption tax	**998,529,165**	954,947,022
City maintenance and construction tax	**153,278,842**	142,845,998
Education surcharge and local education surcharge	**115,135,439**	107,834,225
Business tax	**5,258,892**	4,259,433
Others	**15,695**	23,788
	1,272,218,033	1,209,910,466

10. Income tax expenses

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Current income tax calculated according to tax law and related regulations in mainland China	**569,714,716**	544,449,366
Current profits tax calculated according to tax law and related regulations in Hong Kong	**1,231,799**	2,150,274
Current profits supplemental tax calculated according to tax law and related regulations in Macau	**693,982**	530,086
Deferred income tax	**(129,169,874)**	(222,107,911)
	442,470,623	325,021,815

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Total profit	**1,880,227,429**	1,762,411,527
Income tax expenses calculated at applicable tax rates	**468,522,194**	439,292,070
Deemed sales, expenses and losses not deductible	**6,501,040**	14,100,781
Income not subject to tax	**(30,320,883)**	(107,535,836)
Utilisation of previously unrecognised deferred tax assets	**(39,887,467)**	(36,094,569)
Tax impact for which no deferred tax asset was recognised	**37,655,739**	15,259,369
Income tax expenses	**442,470,623**	325,021,815

(1) Enterprise income tax

The applicable enterprise income tax rate of the Company and its subsidiaries incorporated and operated in mainland China for the current period is 25%.

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

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

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	**1,404,661,148**	1,394,881,161
Weighted average number of ordinary shares outstanding	**1,350,982,795**	1,350,982,795
Basic earnings per share	**1.040**	1.032
Including:		
— Basic earnings per share relating to continuing operations	**1.040**	1.032

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2014 (Six months ended 30 June 2013: nil), diluted earnings per share equal to basic earnings per share.

12. Segment information

As the Group is mainly engaged in the production and distribution of beer, the reportable segments of the Group are business units operating in different regions. Each region requires different marketing 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 about resources to be allocated to these segments and to assess their performance.

Tsingtao Brewery Finance Co., Ltd ("Finance Company"), the Group's wholly-owned subsidiary, is principally engaged in the financial businesses of wealth management, agency collection and payment and providing entrusted loans for its members. Due to the unique business characteristics of Finance Company, the Group manages its operation independently and evaluates its operating results separately, to determine its resource allocation and assess its performance.

The Group identified 7 reportable segments as follows:

— Shandong region, responsible for the production and distribution of beer in Shandong region and surrounding regions

— Huanan region, responsible for the production and distribution of beer in South China region

— Huabei region, responsible for the production and distribution of beer in North China region

12. Segment information *(continued)*

— Huadong region, responsible for the production and distribution of beer in East China region

— Dongnan region, responsible for the production and distribution of beer in Southeast China region

— Hong Kong, Macau and other overseas, responsible for the distribution of beer in Hong Kong, Macau and other overseas

— Finance Company, engaged in the financial businesses of wealth management, agency collection and payment and providing entrusted loans 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 segment. Expenses indirectly attributable to each segment are allocated among segments based on the proportion of each segment's revenue.

(a) Segment information as at and for six months ended 30 June 2014 is as follow (unaudited):

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	8,424,757,429	2,481,441,230	2,410,282,035	1,866,470,857	1,528,801,969	245,333,343	981,189	–	–	16,958,068,052
Inter-segment revenue	1,341,462,083	200,875,069	931,369,002	118,280,470	16,467,105	101,086,397	13,437,457	–	(2,722,977,583)	–
Selling and distribution expenses	(1,961,010,055)	(463,587,455)	(268,558,021)	(365,064,762)	(353,076,825)	(59,659,383)	–	–	–	(3,470,956,501)
Interest income	18,456,758	9,336,945	25,677,404	1,223,082	5,115,789	312,552	210,005,097	30,577,641	(88,727,954)	211,977,314
Interest expenses	(1,650,000)	(3,713,824)	(15,804,466)	(6,597,481)	(4,169,900)	(4,610,389)	(92,179,700)	(19,692,246)	123,682,603	(24,735,403)
Share of profit of associates and joint ventures	–	–	–	–	–	–	–	35,087,117	–	35,087,117
Asset impairment losses	441,808	100,000	86,449	121,933	120,521	(94,983)	(1,048,875)	923,971	380,000	1,030,824
Depreciation and amortisation	(202,331,972)	(96,416,256)	(80,587,608)	(11,317,322)	(43,585,800)	(1,103,680)	(512,974)	(21,454,424)	–	(457,310,036)
Total profit	1,015,841,879	288,183,149	457,873,308	(132,173,227)	87,761,264	31,519,329	131,133,558	4,516,494	(4,428,325)	1,880,227,429
Income tax expenses	(220,564,796)	(64,917,162)	(108,918,775)	9,561,494	(13,253,323)	(5,240,652)	(32,783,440)	–	(6,353,969)	(442,470,623)
Net profit	795,277,083	223,265,987	348,954,533	(122,611,733)	74,507,941	26,278,677	98,350,118	4,516,494	(10,782,294)	1,437,756,806
Total assets	10,798,566,784	5,117,191,550	5,700,314,917	828,575,178	2,138,394,472	131,000,930	9,547,863,105	5,317,665,707	(10,320,131,629)	29,259,441,014
Total liabilities	6,059,815,791	2,099,020,250	3,822,295,925	1,803,881,288	1,193,906,336	291,702,667	8,656,833,579	919,456,332	(10,240,800,969)	14,606,111,199
Long-term equity investments in associates and joint ventures	–	–	–	–	–	–	–	1,515,726,046	–	1,515,726,046
Additions to non-current assets other than long-term equity investments	420,994,002	85,016,828	281,404,038	19,209,213	30,860,048	2,395,935	558	83,557,521	–	923,438,143

12. Segment information *(continued)*

(b) Segment information as at and for six months ended 30 June 2013 is as follow (unaudited):

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	7,589,254,937	2,668,158,767	2,148,284,778	1,340,774,793	1,009,122,482	215,715,984	26,521	—	—	14,971,338,262
Inter-segment revenue	1,112,127,258	137,511,922	768,270,615	108,109,058	4,767,582	3,904,313	15,057,531	—	(2,149,748,279)	—
Selling and distribution expenses	(1,804,676,750)	(516,837,456)	(223,785,812)	(256,029,895)	(246,582,468)	(46,419,777)	(21,480)	—	—	(3,094,353,638)
Interest income	11,181,478	5,202,040	23,330,984	502,885	2,183,884	1,753,421	141,330,120	32,212,926	(70,344,752)	147,352,986
Interest expenses	214,079	(5,536,580)	(21,481,110)	(5,688,325)	—	(6,471,184)	(74,361,436)	(37,905,490)	108,473,739	(42,756,307)
Share of profit of associates and joint ventures	—	—	—	—	—	—	—	21,430,790	—	21,430,790
Asset impairment losses	7,399,813	30,939	59,481	(1,004,251)	(540,461)	469,723	(907,600)	—	907,600	6,415,244
Depreciation and amortisation	(180,848,265)	(131,667,630)	(66,142,883)	(32,457,784)	(21,012,860)	(1,154,709)	(453,891)	(19,371,961)	—	(453,109,983)
Total profit	807,771,468	301,919,707	261,960,727	(98,495,158)	78,929,775	25,227,313	84,204,364	331,455,692	(30,562,361)	1,762,411,527
Income tax expenses	(177,209,294)	(76,509,250)	(47,674,097)	5,835,040	(10,371,100)	(4,353,629)	(21,441,945)	—	6,702,460	(325,021,815)
Net profit	630,562,174	225,410,457	214,286,630	(92,660,118)	68,558,675	20,873,684	62,762,419	331,455,692	(23,859,901)	1,437,389,712
Total assets	9,855,587,936	5,017,103,374	4,925,845,239	1,022,414,479	1,477,765,530	253,774,819	9,200,717,055	5,865,771,789	(10,040,081,616)	27,578,898,605
Total liabilities	5,110,349,379	2,398,643,932	3,319,897,655	1,678,458,434	746,563,383	322,850,622	8,491,456,662	2,320,754,383	(10,156,306,624)	14,232,667,826
Long-term equity investments in associates and joint ventures	—	—	—	—	—	—	—	1,321,484,608	—	1,321,484,608
Additions to non-current assets other than long-term equity investments	236,658,869	116,961,802	240,849,293	189,679,656	120,437,687	685,220	876,900	31,050,794	—	937,200,221

The Group's revenue from external customers in domestic and overseas, and the total non-current assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are summarised as follows:

Revenue from external customers	**Six months ended 30 June**	
	2014	2013
	(Unaudited)	(Unaudited)
Domestic	**16,703,408,438**	14,676,860,432
Hong Kong and Macau	**126,701,716**	122,179,779
Other overseas	**127,957,898**	172,298,051
	16,958,068,052	14,971,338,262

Total non-current assets	**30 June 2014**	30 June 2013
	(Unaudited)	(Unaudited)
Domestic	**15,850,526,330**	14,582,979,583
Hong Kong and Macau	**11,993,127**	11,378,514
	15,862,519,457	14,594,358,097

13. Net current assets

	30 June 2014 (Unaudited)	31 December 2013
Current assets	**13,396,879,944**	12,274,390,550
Less: Current liabilities	**(12,186,994,476)**	(11,113,753,508)
Net current assets	**1,209,885,468**	1,160,637,042

14. Total assets less current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Total assets	**29,259,441,014**	27,364,866,537
Less: Current liability	**(12,186,994,476)**	(11,113,753,508)
Total assets less current liabilities	**17,072,446,538**	16,251,113,029

15. Contingencies

The Group's potential risk of income tax liabilities related to prior years has not been settled. The directors of the Company are of the view that the potential income tax liabilities could not be reliably estimated and therefore, no provision for the potential difference in income tax of previous years was made in these financial statements. For detailed information, please refer to information on income tax expense stated in the annual results announcement in previous years.

16. Capital commitments

(a) Capital expenditures contracted for but not yet necessary to be recognised on the balance sheet

	30 June 2014 (Unaudited)	31 December 2013
Buildings, machinery and equipment	**540,232,152**	447,368,640

16. Capital commitments *(continued)*

(b) Capital commitments authorised by the management but not yet contracted for

	30 June 2014 (Unaudited)	31 December 2013
Buildings, machinery and equipment and intangible assets	**2,163,965,545**	2,603,744,863

As at the balance sheet date, joint ventures of the Group have no significant capital expenditures contracted for but not yet necessary to be recognised on the balance sheet, or capital commitments authorised by the management but not yet contracted for.

II DIVIDENDS

The Company shall not distribute interim dividends for the 6 months ended 30 June 2014 pursuant to the provisions in the articles of association of the Company.

III MANAGEMENT DISCUSSIONS AND ANALYSIS

(I) Review of operational results for the first half-year

In the first half of 2014, the Company realized 53.1 million hl of sales volume of beer by continuing to focus on the active expansion of domestic market, increased by 15.75% comparing with that of the corresponding period in previous year, which was far higher than the 5.66% of the growth rate of the domestic beer industry (according to the National Bureau of Statistics, the production volume of domestic beer industry reached 258 million hl in the first half of 2014). By now, the Company's domestic market share has reached 20.57%. In the first half-year, the Company realized RMB16.958 billion of revenue, increased by 13.27% comparing with that of the corresponding period in previous year. The net profit attributable to the shareholders of the Company reached RMB1.405 billion, increased by 0.70% comparing with that of the corresponding period in previous year. The net profit attributable to the shareholders of the Company after deducting non-recurring profits and losses reached RMB1.247 billion, increased by 19.17% comparing with that of the corresponding period in previous year.

In the first half-year, the Company insisted on the development strategy of "Double Drives". It continued to consolidate and strengthen the base markets including Shandong, and at the same time, it also made efforts to explore other markets, which helped to maintain a continuous growth of sales volume and market share. With the opportunity of FIFA World Cup, the Company actively carried out the sports marketing and market promotion activities by developing the new products like tin and aluminum bottle package of Tsingtao beer in the theme of football, which improved the brand power and received satisfactory market results.

The Company also strengthened the market promotion, actively adjusted the product mix and explored the high-end markets through different channels, to maintain its leading position in the products of the domestic mid-and-high-end market. In the first half-year, the sales volume of Tsingtao beer, the principal brand, reached 25.7 million hl, increased by 7.19% comparing with that of the corresponding period in previous year, in which the sales volume of high-end products including Augerta, canned beer, small-bottled beer and draft beer reached 9.4 million hl, increased by 14.13% comparing with that of the corresponding period in previous year.

In the first half-year, the Company successfully completed the election of a new session of board of directors and board of supervisors, which built a solid basis for the continuous promotion and realization of the Company's future strategic development targets. Facing the slow-down of the growth in the domestic beer market and the intensified international competition, to continue to maintain the Company's leading position in the domestic market and achieve more successes, the 8th Board of Directors brought out that the Company's target of future volume growth should continue to be 2 percentage points higher than that of domestic beer industry, and at the same time, the Company would adjust its development strategy that in the future it would focus on the optimization and upgrade of product mix, fully play its advantages in brand and quality of Tsingtao beer, and realize further growth in the domestic mid-and-high-end market with differentiation competitive strategy; the Company adjusted its brand strategy to 1+1+N, that is, Tsingtao beer, the principal brand + Laoshan, the national secondary brand + Hans, Shanshui and Immense, the regional brands; the Company established Innovative Marketing Business Head-Office in its Marketing Center to devote to the development and sales of new products, and actively explore the new business forms including e-commerce, to obtain new economic growth points.

(II) Analysis of principal financials during the Reporting Period (calculated in accordance with CAS)

1. *Analysis of principal business*

Analysis of changes to items in Income Statement

Unit: '000 Yuan, Currency: RMB

Item	Amount during this period	Amount during the corresponding period in previous year	Increase/ (Decrease) *(%)*
Revenue	16,958,068	14,971,338	13.27
Cost of sales	10,145,048	8,753,435	15.90
Selling and distribution expenses	3,470,957	3,094,354	12.17
General and administrative expenses	600,349	602,814	(0.41)
Financial expenses	(173,923)	(95,694)	(81.75)
Investment income	34,787	232,470	(85.04)
Non-operating expenses	21,422	182,940	(88.29)
Income tax expenses	442,471	325,022	36.14

(1) Revenue

In the first half of 2014, the revenue increased by 13.27% comparing with that of the corresponding period in previous year, which was mainly due to the increase in revenue caused by the growth of sales volume of principal products during the Reporting Period.

(2) Cost of sales

In the first half of 2014, the cost of sales increased by 15.90% comparing with that of the corresponding period in previous year, which was mainly due to the increase in costs of sales caused by the growth of sales volume of principal products during the Reporting Period.

(3) Selling and distribution expenses

In the first half of 2014, the selling and distribution expenses increased by 12.17% comparing with that of the corresponding period in previous year, which was mainly due to the increase in employee benefit expenses, brand promotion expenses and transportation expenses caused by the growth of sales volume and market expansion during the Reporting Period.

(4) Financial expenses

In the first half of 2014, the financial expenses decreased by 81.75% comparing with that of the corresponding period in previous year, which was mainly due to the increase in interests received from the deposits during the Reporting Period.

(5) Investment income

In the first half of 2014, the investment income decreased by 85.04% comparing with that of the corresponding period in previous year, which was mainly due to the earnings as a result of the fair value being higher than the book value of Tsingtao Brewery Shanghai Songjiang Company Limited (lately renamed as "Suntory-Tsingtao (Shanghai) Company Limited"), a former wholly-owned subsidiary of the Company, was transformed into an associate company of the Company in the joint investment project with Suntory Company last year.

(6) Non-operating expenses

In the first half of 2014, the non-operating expenses decreased by 88.29% comparing with that of the corresponding period in previous year, which was mainly due to that the staff settlement expenses were borne by a subsidiary and the losses from disposing the non-current assets of some subsidiaries decreased during the corresponding period in previous year.

(7) Income tax expenses

In the first half of 2014, income tax expenses increased by 36.14% comparing with that of the corresponding period in previous year, which was mainly due to that the earnings of the subsidiaries increased during the Reporting Period.

Analysis of changes to items in balance sheet

Unit:'000 Yuan, Currency: RMB

Item	30 June 2014	31 December 2013	Increase/ Decrease (%)
Accounts receivable	395,617	152,293	159.77
Other receivables	265,612	183,395	44.83
Other current assets	273,839	466,863	(41.34)
Long-term prepaid expenses	30,103	21,525	39.85
Short-term borrowings	317,977	101,080	214.58
Accounts payable	3,542,551	2,707,071	30.86
Advances from customers	615,870	980,498	(37.19)
Taxes payable	752,112	332,033	126.52
Dividends payable	616,542	1,020	60,345.32
Interest payable	841	1,203	(30.13)
Current portion of non-current liabilities	1,736	1,797,167	(99.90)
Long-term borrowings	4,688	4,881	(3.96)

(1) Accounts receivable

At the end of the Reporting Period, the accounts receivable increased by 159.77% from the beginning of the Reporting Period, which was mainly due to the increase in balance of accounts receivable in the peak seasons of sales during the Reporting Period.

(2) Other receivables

At the end of the Reporting Period, the other receivables increased by 44.83% from the beginning of the Reporting Period, which was mainly due to the increase in short-term entrusted loans receivable during the Reporting Period.

(3) Other current assets

At the end of the Reporting Period, the other current assets decreased by 41.34% from the beginning of the Reporting Period, which was mainly due to that the outstanding input value-added tax of some subsidiaries at the end of previous year had been set-off during the Reporting Period and the prepaid income tax decreased.

(4) Long-term prepaid expenses

At the end of the Reporting Period, the long-term prepaid expenses increased by 39.85% from the beginning of the Reporting Period, which was mainly due to, during the Reporting Period, the increase in some subsidiaries' expenses of decoration and renovation expenses for the buildings of which the benefit period was over 1 year.

(5) Accounts payable

At the end of the Reporting Period, the accounts payable increased by 30.86% from the beginning of the Reporting Period, which was mainly due to the increase in accounts payable caused by the increase in purchase of materials in the peak seasons of production during the Reporting Period.

(6) Advances from customers

At the end of the Reporting Period, the advances from customers decreased by 37.19% from the beginning of the Reporting Period, which was mainly due to the decrease in advances of beer amounts of some subsidiaries during the Reporting Period.

(7) Taxes payable

At the end of the Reporting Period, the taxes payable increased by 126.52% from the beginning of the Reporting Period, which was mainly due to the increase in payable value-added tax, payable consumption tax and payable income tax caused by the increase in volume and amount of sales during the Reporting Period.

(8) Dividends payable

At the end of the Reporting Period, the dividends payable increased by 60,345.32% from the end of the Reporting Period, which was mainly due to that the cash dividends to be distributed according to the resolution approved at the general meeting hadn't been paid at the end of the Reporting Period.

(9) Interest payable

At the end of the Reporting Period, the interest payable decreased by 30.13% from the beginning of the Reporting Period, which was mainly due to the decrease in unpaid interests of the borrowings at the end of the Reporting Period.

(10) Bank borrowings

At the end of the Reporting Period, the short-term borrowings increased by 214.58% from the beginning of the Reporting Period, which was mainly due to the increase in short-term borrowings of some subsidiaries during the Reporting Period.

At the end of the Reporting Period, the current portion of long-term borrowings decreased by 99.90% from the beginning of the Reporting Period, which was mainly due to, during the Reporting Period, the repayment of the expired convertible bonds of the separately traded bonds with warrants issued by the Company.

At the end of the Reporting Period, the long-term borrowings decreased by 3.96% from the beginning of the Reporting Period.

At the end of the Reporting Period, the total amount of bank borrowings of the Group was RMB324,401,628, including RMB317,977,343 of short-term borrowings and RMB6,424,285 of long-term borrowings. Among the long-term borrowings, the current portion was amounted to RMB1,736,302, the other was amounted to RMB3,778,303, and those would mature over 5 years were amounted to RMB909,680.

At the end of the Reporting Period, the borrowings in Renminbi were amounted to RMB30,122,880, borrowings in Hong Kong dollar were amounted to RMB287,854,463, borrowings in Euro were amounted to RMB3,247,214, and borrowings in Danish krone were amounted to RMB3,177,071.

All borrowings of the Group were affected by the fluctuation of the interest rate in the market. As at the settlement date, the effective annual interest rate of Renminbi and Hong Kong dollar were 3.30% and 3.06% respectively.

Analysis of changes to items in cash flow

Unit:'000 Yuan, Currency: RMB

Item	**Amount during this period**	**Amount during the corresponding period in previous year**	**Increase/ (Decrease)** *(%)*
Cash flow from operating activities-net	3,868,634	3,823,970	1.17
Cash flow from investing activities-net	(875,273)	(1,083,573)	19.22
Cash flow from financing activities-net	(1,943,205)	(198,864)	(877.15)

(1) The net cash flow from operating activities increased by 1.17% comparing with that of the corresponding period in previous year, which was mainly due to that the cash received from selling the goods during the Reporting Period increased comparing with that of the corresponding period in previous year.

(2) The net cash flow from investing activities increased by 19.22% comparing with that of the corresponding period in previous year, which was mainly due to that the deposits in central bank by Finance Company, a subsidiary of the Company, during the Reporting Period decreased comparing with that of the corresponding period in previous year.

(3) The net cash flow from financing activities decreased by 877.15% comparing with that of the corresponding period in previous year, which was mainly due to that the cash paid for repaying the RMB1.5 billion of the convertible bonds of the separately traded bonds with warrants and the liabilities of some subsidiaries during the Reporting Period increased comparing with that of the corresponding period in previous year.

2. *Analysis of industries, products and regional operations*

(1) Analysis of main operation by industries and products

Unit:'000 Yuan, Currency: RMB

Main operation by industries

By industries	Revenue	Cost of sales	Gross margin (%)	Increase/(Decrease) in revenue from the corresponding period in previous year (%)	Increase/(Decrease) in cost of sales from the corresponding period in previous year (%)	Increase/(Decrease) in gross margin from the corresponding period in previous year (%)
Beer	16,730,267	9,998,223	40.24	13.37	16.66	Decrease by 1.68 percentage points

Main operation by products

By products	Revenue	Cost of sales	Gross margin (%)	Increase/(Decrease) in revenue from the corresponding period in previous year (%)	Increase/(Decrease) in cost of sales from the corresponding period in previous year (%)	Increase/(Decrease) in gross margin from the corresponding period in previous year (%)
Beer	16,730,267	9,998,223	40.24	13.37	16.66	Decrease by 1.68 percentage points

The Group is mainly engaged in the production and sales of beer.

(ii) Analysis of main operation by location

Unit:'000 Yuan, Currency: RMB

Region	**Revenue**	**Increase/ Decrease in revenue from the corresponding period in previous year**
		(%)
Shandong Province	9,227,406	13.06
North China	3,332,480	15.49
South China	2,615,310	(5.40)
East China	1,971,127	18.58
South-East China	1,541,758	52.87
Hong Kong, Macau and other overseas	243,030	13.50
Sub-total	18,931,111	13.38
Less: Elimination	(2,200,844)	13.45
Total	16,730,267	13.37

3. Interpretation for other operational situations

(1) Debt/Capital ratio

On 30 June 2014, the Group's debt/capital ratio was 0.03% (0.03% on 31 December 2013). The calculation of debt/capital ratio is: total amount of long-term borrowings/(total amount of long-term borrowings + equity attributable to the shareholders of the Company).

(2) Assets mortgage

As at 30 June 2014, no assets of the Group were pledged (Nil as at 31 December 2013).

(3) Risk of fluctuation of exchange rate

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

(4) Capital expenses

In the first half of 2014, the Company totally invested in approximately RMB1.014 billion in the new constructions, relocations, and re-constructions and expansions to further improve the Company's production capacity and upgrade the layout of production capacity. According to the Company's current situation in funds and profitability, it has sufficient funds and continuous net operational cash in-flow to satisfy its needs for funds for the Company's capital projects.

(5) Investments

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

(6) Contingent liabilities

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

(III) Analysis of core competitiveness

During the Reporting Period, there were no changes to the Company's core competitiveness.

IV SIGNIFICANT EVENTS

(I) Acquisition of equity interests after the Reporting Period

As considered and approved by the Board, on 12 July 2014, the Company entered into *Equity Transfer Agreement* with Debier Brewery Co., Ltd. ("Debier Brewery"), whereby Debier Brewery agreed to transfer 55% equity interests in Shandong Lulansa Brewery Co., Ltd. ("Lulansa Brewery") to the Company for a consideration of RMB380 million, and the remaining 45% equity interests would continue to be held by Debier Brewery. The registration procedures at the industrial and commercial administration for the Company's acquiring 55% equity interests in Lulansa Brewery held by Debier Brewery had been completed on 15 July 2014. The Board is of the view that, this acquisition will further improve the Company's leading position in the base market in Shandong with an obvious synergy effects.

(II) Other Issues

1. During the Reporting Period, the Company was not involved in any new significant litigations and arbitration.

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

3. On 16 June 2014, the Company held the 2013 Annual General Meeting, at which it considered and approved the resolution of amending the articles of association including the number of persons in the board of directors and the name of the specific committees under the board of directors, and elected the members of the 8th Board of Directors and the 8th Board of Supervisors. At the first meeting of the 8th Board of Directors, it elected the Chairman of the Company, appointed a new session of senior management team. The latest session of board of supervisors elected the Chairman of the board of supervisors. The registration procedures at the industrial and commercial administration for the amendments to the articles of association and the changes of directors and supervisors had been completed by the Company in July 2014.

V REVIEW OF THE UNAUDITED INTERIM RESULTS

The Audit & Internal Control Committee under the Board has reviewed the Group's unaudited 2014 interim results.

VI IN COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had been committing to the corporate governance and improving its transparency. Under the requirements on corporate governance raised by the regulatory authority, the Company had been improving its internal control to realize a standard and highly efficient operations and to ensure that its shareholders can obtain returns from sound corporate governance.

During the Reporting Period, the Company had been in compliance with the provisions in *Corporate Governance Code* set out in Appendix 14 of *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

By order of the Board
Tsingtao Brewery Company Limited
Chairman
SUN Ming Bo

Qingdao, the People's Republic of China
28 August 2014

Directors of the Company as at the date of this announcement are:

Executive Directors:	*Mr. SUN Ming Bo (Chairman), Mr. HUANG Ke Xing, Ms. JIANG Hong and Mr. YU Zhu Ming*
Non-executive Directors:	*Mr. Yasutaka SUGIURA*
Independent Non-executive Directors:	*Mr. WANG Xue Zheng, Mr. MA Hai Tao, Mr. Ben Sheng Lin and Mr. JIANG Min*