TSINGTAO BREWERY COMPANY LIMITED

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

(Stock Code: 168)

2014 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Tsingtao Brewery Company Limited (the "Company") hereby presents the preliminary consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 (the "Reporting Period") prepared pursuant to China Accounting Standard for Business Enterprises as follows:

1. FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

Consolidated Balance Sheet

	Note	**31 December 2014**	31 December 2013
ASSETS			
Current assets			
Cash at bank and on hand		**6,388,650,779**	8,531,720,086
Notes receivable		**41,600,000**	84,760,000
Accounts receivable	*2*	**125,421,629**	152,292,736
Advances to suppliers		**191,672,927**	132,345,527
Interests receivable		**171,660,445**	188,461,377
Other receivables		**163,583,950**	183,395,467
Inventories		**2,486,827,106**	2,534,551,935
Other current assets		**782,631,150**	466,863,422
Total current assets		**10,352,047,986**	12,274,390,550
Non-current assets			
Available-for-sale financial assets		**308,642**	1,308,642
Long-term equity investments		**1,536,262,375**	1,270,638,738
Investment properties		**10,960,292**	7,924,988
Fixed assets		**9,118,776,190**	8,740,310,277
Construction in progress		**1,051,916,065**	506,624,256
Fixed assets pending for disposal		**17,965,978**	5,368,759
Intangible assets		**2,780,584,276**	2,533,027,393
Goodwill		**1,307,103,982**	1,079,925,496
Long-term prepaid expenses		**32,574,517**	21,525,082
Deferred tax assets		**718,786,072**	700,162,187
Other non-current assets		**76,626,751**	223,660,169
Total non-current assets		**16,651,865,140**	15,090,475,987
TOTAL ASSETS		**27,003,913,126**	27,364,866,537

Consolidated Balance Sheet *(continued)*

	Note	**31 December 2014**	31 December 2013
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings		**432,952,595**	101,080,110
Notes payable		**91,748,125**	138,382,882
Accounts payable	*3*	**2,494,168,939**	2,707,070,770
Advances from customers		**787,924,958**	980,497,616
Employee benefits payable	*4*	**866,668,648**	823,317,140
Taxes payable		**249,195,538**	332,033,368
Interests payable		**4,739,860**	1,202,929
Dividends payable		**—**	1,020,000
Other payables		**4,299,312,050**	4,231,981,495
Current portion of non-current liabilities		**1,561,421**	1,797,167,198
Total current liabilities		**9,228,272,134**	11,113,753,508
Non-current liabilities			
Long-term borrowings		**2,784,731**	4,881,294
Payables for specific projects		**324,837,574**	450,935,656
Deferred income		**1,511,117,533**	1,260,778,419
Long-term employee benefits payable	*4*	**491,150,976**	487,301,292
Deferred tax liabilities		**158,467,740**	173,745,333
Total non-current liabilities		**2,488,358,554**	2,377,641,994
Total liabilities		**11,716,630,688**	13,491,395,502
Equity			
Share capital		**1,350,982,795**	1,350,982,795
Capital surplus	*5*	**4,079,399,151**	4,079,399,151
Other comprehensive income	*6*	**10,040,344**	25,192,989
Surplus reserve		**1,216,339,469**	1,059,469,127
General reserve	*7*	**66,981,927**	80,642,253
Undistributed profits	*8*	**8,663,818,498**	7,424,872,728
Total equity attributable to shareholders of the Company		**15,387,562,184**	14,020,559,043
Non-controlling interests		**(100,279,746)**	(147,088,008)
Total equity		**15,287,282,438**	13,873,471,035
TOTAL LIABILITIES AND EQUITY		**27,003,913,126**	27,364,866,537

Consolidated Income Statement

	Note	Year ended 31 December 2014	2013
Revenue	*9*	**29,049,321,166**	28,290,978,428
Less: Cost of sales	*9*	**(17,899,291,275)**	(17,007,893,969)
Taxes and surcharges	*10*	**(2,182,624,248)**	(2,227,776,340)
Selling and distribution expenses		**(5,682,981,368)**	(5,610,693,817)
General and administrative expenses		**(1,362,297,511)**	(1,572,544,494)
Finance expenses — net		**334,652,990**	251,391,313
Asset impairment reversal/(losses)		**3,513,780**	(1,744,922)
Add: Investment income	*11*	**23,959,509**	229,225,467
Including: Share of profit of associates and a joint venture		**23,840,743**	9,465,953
Operating profit		**2,284,253,043**	2,350,941,666
Add: Non-operating income		**469,416,868**	563,993,284
Including: Gains on disposal of non-current assets		**3,216,362**	3,277,089
Less: Non-operating expenses		**(70,671,089)**	(248,401,282)
Including: Losses on disposal of non-current assets		**(62,932,536)**	(104,922,138)
Total profit		**2,682,998,822**	2,666,533,668
Less: Income tax expense	*12*	**(663,466,755)**	(691,609,875)
Net profit		**2,019,532,067**	1,974,923,793
Attributable to shareholders of the Company		**1,990,098,044**	1,973,372,097
Attributable to non-controlling interests		**29,434,023**	1,551,696
Other comprehensive income, net of tax		**(15,152,645)**	6,167,439
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 liabilities		**(14,767,000)**	—
Items that will be subsequently reclassified to profit or loss			
Currency translation differences		**(226,482)**	6,772,955
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss		**(159,163)**	(605,516)
Total comprehensive income		**2,004,379,422**	1,981,091,232
Attributable to shareholders of the Company		**1,974,945,399**	1,979,539,536
Attributable to non-controlling interests		**29,434,023**	1,551,696
Earnings per share	*13*		
Basic earnings per share		**1.473**	1.461
Diluted earnings per share		**1.473**	1.461

Note:

1. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard 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 Standard 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 in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The financial statements are prepared on a going concern basis.

Changes in significant accounting policies

In 2014, the Ministry of Finance issued CAS 39 "Fair Value Measurement", CAS 40 "Joint arrangement", CAS 41 "Disclosure of Interests in Other Entities" and CAS 2 "Long-Term Equity Investments (revised)", CAS 9 "Employee Benefits (revised)", CAS 30 "Presentation of Financial Statements (revised)", CAS 33 "Consolidated Financial Statements (revised)" and CAS 37 "Presentation of Financial Instrument (revised)". Other than CAS 37 "Presentation of Financial Instrument (revised)" being required to be implemented for financial statements of year 2014, these standards should be applied from 1 July 2014. Overseas listed companies are encouraged to early adopt. As the Company issued both A shares and H shares, the Group has early adopted part of these new and revised standards in preparation of financial statements for the year ended 31 December 2013 and adopted all above new and revised standards for the year ended 31 December 2014. The impact of applying these standards on the financial statements for the year ended 31 December 2014 is set out below:

Details and reasons for changes	**Procedures for approval**	**Financial statement items impacted**
Certain of financial statement items have been presented according to these standards for the year ended 31 December 2014 and the comparative period.	Approved by the Board	See as below
Disclosure of fair value has been prepared according to CAS 39 "Fair Value Measurement" for the year ended 31 December 2014, according to the standards, the relevant information of the comparative period is not required.	Approved by the Board	Not applicable
Disclosure of interests of the Group in other entities has been prepared according to CAS 41 "Disclosure of Interests in Other Entities" for the year ended 31 December 2014 and the comparative period.	Approved by the Board	Not applicable

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

Changes in significant accounting policies *(continued)*

For the change of accounting policy for the first item aforementioned, the related impact of financial statement account and amount is set out below:

Items	**31 December 2013**	**1 January 2013**
Available-for-sale financial assets	Increase by 1,308,642	Increase by 1,308,642
Long-term equity investments	Decrease by 1,308,642	Decrease by 1,308,642
Deferred income	Increase by 1,260,778,419	Increase by 1,381,212,241
Other non-current liabilities	Decrease by 1,260,778,419	Decrease by 1,381,212,241
Long-term employee benefits payable	Increase by 487,301,292	—
Other non-current liabilities	Decrease by 487,301,292	—
Other comprehensive income	Increase by 25,192,989	Increase by 19,025,550
Capital surplus	Increase by 605,516	—
Currency translation differences	Decrease by 25,798,505	Decrease by 19,025,550
General reserve	Increase by 80,642,253	Increase by 51,424,191
Undistributed profits	Decrease by 80,642,253	Decrease by 51,424,191

2. **Accounts receivable**

	31 December 2014	31 December 2013
Accounts receivable	**324,504,493**	354,377,376
Less: Provision for bad debts	**(199,082,864)**	(202,084,640)
	125,421,629	152,292,736

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

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

	31 December 2014	31 December 2013
Within 6 months	**124,721,721**	150,525,869
6 months to 1 year	**669,040**	1,859,860
1 to 2 years	**128,640**	—
2 to 3 years	—	565,506
Over 3 years	**198,985,092**	201,426,141
	324,504,493	354,377,376

3. Accounts payable

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

	31 December 2014	31 December 2013
Within 1 year	**2,455,391,766**	2,670,930,780
1 to 2 years	**13,592,341**	14,474,250
2 to 3 years	**8,486,995**	3,017,998
Over 3 years	**16,697,837**	18,647,742
	2,494,168,939	2,707,070,770

4. Long-term employee benefits payable

	31 December 2014	31 December 2013
Early retirement benefits *(a)*	**374,294,592**	393,248,087
Supplemental retirement benefits *(b)*	**228,356,138**	195,710,000
	602,650,730	588,958,087
Less: Payable within one year	**(111,499,754)**	(101,656,795)
	491,150,976	487,301,292

(a) Early retirement benefits

The Group offers early retirement benefits to those employees who accept voluntary retirement before their normal retirement date as approved by the management. The early retirement benefits include the salaries and social security contributions paid to the early retired employees from the off-duty date to the normal retirement date.

(b) Supplemental retirement benefits

Supplemental retirement benefits are provided to those retired employees who met certain criteria and the benefit plan was approved by Board's meeting. The benefits they can receive depend on their position and seniority at the time of retirement. Such defined benefit obligations were calculated by the external independent actuary Towers Watson & Co., using the projected unit credit method.

5. Capital surplus

	31 December 2013	Increase in the current year	Decrease in the current year	**31 December 2014**
Share premium	3,992,428,160	—	—	**3,992,428,160**
Other capital surplus-	86,970,991	—	—	**86,970,991**
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(9,120,011)	—	—	**(9,120,011)**
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	**91,701,228**
Others	4,389,774	—	—	**4,389,774**
	4,079,399,151	—	—	**4,079,399,151**

6. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement of 2014				
	31 December 2013	Attributable to the shareholders of the Company, net of tax	**31 December 2014**	The pre-tax amount in the current year	*Less:* Reclassification to profit or loss that were recognised in other comprehensive income in the previous periods	*Less:* income tax expense	Attributable to the 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 remeasurement of defined benefit plan liabilities	—	(14,767,000)	**(14,767,000)**	**(14,767,000)**	—	—	**(14,767,000)**	—
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	(605,516)	(159,163)	**(764,679)**	**(159,163)**	—	—	**(159,163)**	—
Currency translation differences	25,798,505	(226,482)	**25,572,023**	**(226,482)**	—	—	**(226,482)**	—
	25,192,989	(15,152,645)	**10,040,344**	**(15,152,645)**	—	—	**(15,152,645)**	—

7. General reserve

	31 December 2013	Increase in the current year	Decrease in the current year	**31 December 2014**
General reserve	80,642,253	—	(13,660,326)	**66,981,927**

Pursuant to Caijin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” issued by the Ministry of Finance, Tsingtao Brewery financial Co., Ltd. (“Finance Company”), a subsidiary of the Company, appropriates general reserve by 1.2% of the ending balance of the risk assets based on its risk consideration. For the year ended 31 December 2014, reversal amount was 13,660,326 (2013: appropriation of 29,218,062).

8. Undistributed profits

	2014	2013
Undistributed profits at the beginning of the year	**7,424,872,728**	6,152,923,371
Add: Net profit attributable to shareholders of the Company in the current year	**1,990,098,044**	1,973,372,097
Less: Appropriation of statutory surplus reserve	**(156,870,342)**	(131,811,560)
Reversal/(appropriation) of general reserve	**13,660,326**	(29,218,062)
Ordinary shares dividend payable	**(607,942,258)**	(540,393,118)
Undistributed profits at the end of the year	**8,663,818,498**	7,424,872,728

Dividend proposed but not declared	**607,942,258**	607,942,258
Total proposed dividend in the current year	**607,942,258**	607,942,258

In accordance with the resolution at the Annual General Meeting dated 16 June 2014, the Company approved 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.

In accordance with the resolution at the meeting of the Board dated 30 March 2015, the Board proposed a cash dividend to the shareholders of the Company of RMB607,942,258 (RMB0.45 per share (pre-tax)) based on a total number of 1,350,982,795 shares. Such dividend distribution is still subject to the approval at the Annual General Meeting.

9. Revenue and cost of sales

	2014	2013
Revenue from main operation	**28,599,262,109**	27,766,755,010
Revenue from other operations	**450,059,057**	524,223,418
	29,049,321,166	28,290,978,428

	2014	2013
Cost of main operation	**(17,629,562,829)**	(16,622,997,268)
Cost of other operations	**(269,728,446)**	(384,896,701)
	(17,899,291,275)	(17,007,893,969)

10. Taxes and surcharges

	2014	2013
Consumption tax	**1,740,571,213**	1,754,868,396
City maintenance and construction tax	**250,143,051**	262,670,848
Education surcharges and local education surcharges	**187,824,159**	198,054,156
Business tax	**4,057,217**	12,146,451
Others	**28,608**	36,489
	2,182,624,248	2,227,776,340

11. Investment income

	2014	2013
Income from long-term equity investment under equity method	**23,840,743**	9,465,953
Income from disposal of long-term equity investment *(a)*	**—**	219,356,731
Income from available-for-sale financial assets	**65,522**	47,283
Losses from disposal of available-for-sale financial assets *(b)*	**(999,999)**	—
Income from government bonds reverse repo agreements of Finance Company	**126,807**	—
Others	**926,436**	355,500
	23,959,509	229,225,467

There is no significant restriction on recovery of investment income.

11. Investment income *(continued)*

In 2014 and 2013, investment income of the Group was from unlisted investments.

(a) The investment income from disposal of long-term equity investments for the year ended 31 December 2013 was due to the difference between the fair value of the Company's Manufacturing Business and the book value of the net asset, which was recognised as investment income when the Manufacturing Business invested by the Company in the transaction between the Company and Suntory (China) Investment Company Limited. Manufacturing Business invested by the Company is Tsingtao Brewery Shanghai Songjiang Co., Ltd., a former subsidiary of the Company, which holds 100% equity interests in Tsingtao Brewery (Yangzhou) Co., Ltd., Tsingtao Brewery (Suqian) Co., Ltd., Tsingtao Brewery (Xuzhou) Pengcheng Co., Ltd. and 66% equity interests in Tsingtao Brewery (Xuzhou) Co., Ltd.

(b) The investment losses from disposal of available-for-sale financial assets in the current year comprise: loss of 299,999 on disposal of equity interest in Baoji Redwolf Brewery Co., Ltd. and loss of 700,000 on disposal of investment in China Securities Co., Ltd.

12. Income tax expense

	2014	2013
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	**697,182,794**	922,205,257
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	**3,206,612**	9,583,322
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	**1,244,888**	938,872
Deferred income tax	**(38,167,539)**	(241,117,576)
	663,466,755	691,609,875

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 as below:

	2014	2013
Total profit	**2,682,998,822**	2,666,533,668
Income tax expense calculated at applicable tax rates	**669,132,514**	663,581,558
Tax impact of equivalent sales and cost, expenses and losses not deductible for tax purpose	**38,116,009**	55,678,659
Income not subject to tax	**(25,049,146)**	(121,705,331)
Utilisation of previously unrecognised deferred tax assets	**(157,257,260)**	(29,886,114)
Tax impact for which no deferred tax assets were recognised	**140,662,594**	125,817,321
Others	**(2,137,956)**	(1,876,218)
Income tax expense	**663,466,755**	691,609,875

12. Income tax expense *(continued)*

(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 year 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 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%.

13. 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:

	2014	2013
Consolidated net profit attributable to ordinary shareholders of the Company	**1,990,098,044**	1,973,372,097
Weighted average numbers of ordinary shares outstanding	**1,350,982,795**	1,350,982,795
Basic earnings per share	**1.473**	1.461
Including:		
— Basic earnings per share relating to continuing operations	**1.473**	1.461

(b) Diluted earnings per share

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

14. 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 on resource allocation to these segments and to assess their performance.

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

14. Segment information *(continued)*

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
— Huadong region, responsible for the production and distribution of beer in East China region
— Dongnan region, responsible for the production and distribution of beer in Southeast China region
— Hong Kong, Macau and other overseas, responsible for the distribution of beer in Hong Kong, Macau and other overseas
— Finance Company, engaged in the financial businesses of wealth management and agency collection and payment for its members

Inter-segment transfer pricing 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. 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 the year ended 31 December 2014 is as follows:*

	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	14,138,767,510	4,401,431,421	4,185,880,314	3,029,370,253	2,797,425,636	493,720,960	2,725,072	–	–	29,049,321,166
Inter-segment revenue	2,798,039,532	346,157,226	1,469,467,695	388,238,839	4,325,080	228,880,851	26,666,023	–	(5,261,775,246)	–
Cost of sales	(10,750,854,373)	(2,942,466,510)	(3,912,087,588)	(3,018,058,330)	(1,925,743,800)	(528,508,316)	(911,223)	(597,709)	5,179,936,574	(17,899,291,275)
Selling and distribution expenses	(2,894,923,865)	(905,931,345)	(469,597,147)	(570,217,054)	(699,628,996)	(142,682,961)	–	–	–	(5,682,981,368)
Interest income	37,018,242	22,158,073	51,423,783	3,171,357	11,511,957	890,255	401,750,175	47,261,197	(167,430,906)	407,754,133
Interest expenses	(4,976,486)	(6,232,135)	(30,867,874)	(19,205,756)	(2,178,400)	(8,260,598)	(175,679,618)	(19,692,246)	236,180,649	(30,912,464)
Share of profit of associates and a joint venture	–	–	–	–	–	–	–	23,840,743	–	23,840,743
Asset impairment reversal/(losses)	12,772,286	101,000	(1,260,777)	281,916	(717,993)	(4,228)	(1,995,000)	(7,626,424)	1,963,000	3,513,780
Depreciation and amortisation	(390,907,541)	(204,615,169)	(172,267,958)	(46,165,693)	(64,696,196)	(4,794,584)	(1,078,611)	(48,599,285)	–	(933,125,037)
Total profit	1,866,539,608	354,953,325	636,576,464	(286,923,471)	82,486,126	33,934,525	246,643,056	(241,864,023)	(9,346,788)	2,682,998,822
Income tax expense	(386,122,714)	(77,547,757)	(142,432,990)	19,472,475	(6,199,284)	(7,140,209)	(61,841,810)	–	(1,654,466)	(663,466,755)
Net profit	1,480,416,894	277,405,568	494,143,474	(267,450,996)	76,286,842	26,794,316	184,801,246	(241,864,023)	(11,001,254)	2,019,532,067
Total assets	10,963,131,068	4,753,828,553	5,541,467,121	820,073,692	1,472,517,809	365,899,300	6,374,018,178	3,798,985,214	(7,086,007,809)	27,003,913,126
Total liabilities	4,904,496,575	1,734,712,629	3,486,761,551	1,655,514,340	685,815,470	524,545,790	5,396,985,107	468,097,597	(7,140,298,371)	11,716,630,688
Long-term equity investments in associates and a joint venture	–	–	–	–	–	–	–	1,536,262,375	–	1,536,262,375
Additions to non-current assets other than long-term equity investments	1,027,654,229	233,796,032	852,412,229	35,453,319	80,269,661	2,825,284	907,188	60,067,187	(38,170,841)	2,255,214,288

14. Segment information *(continued)*

(b) Segment information as at and for the year ended 31 December 2013 is as follows:

	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	14,094,827,756	4,837,542,164	4,000,871,852	2,836,675,203	2,064,249,615	456,773,334	38,504	–	–	28,290,978,428
Inter-segment revenue	2,234,418,232	248,611,459	1,309,771,908	224,674,037	6,847,900	111,871,488	29,012,601	–	(4,165,207,625)	–
Cost of sales	(10,007,600,118)	(3,069,880,129)	(3,709,536,248)	(2,562,049,395)	(1,312,166,972)	(361,895,649)	–	–	4,015,234,542	(17,007,893,969)
Selling and distribution expenses	(2,879,546,898)	(1,061,492,176)	(442,018,415)	(545,893,460)	(576,505,010)	(105,178,678)	(59,180)	–	–	(5,610,693,817)
Interest income	27,450,286	15,180,983	49,737,465	1,665,220	6,011,594	2,089,774	344,384,553	71,687,006	(163,173,164)	355,033,717
Interest expenses	–	(1,209,563)	–	(1,615,483)	–	(11,413,342)	(170,966,921)	(68,629,773)	170,383,826	(83,451,256)
Share of profit of associates and a joint venture	–	–	–	–	–	–	–	9,465,953	–	9,465,953
Asset impairment reversal/ (losses)	2,261,872	479,421	834,191	(1,195,053)	(697,998)	(3,427,355)	17,000	–	(17,000)	(1,744,922)
Depreciation and amortisation	(376,484,695)	(224,719,497)	(137,078,710)	(58,686,944)	(45,328,695)	(2,240,959)	(948,201)	(39,561,205)	–	(885,048,906)
Total profit	1,977,575,212	329,589,110	414,329,235	(216,347,296)	67,383,789	69,381,435	197,175,937	(93,751,783)	(78,801,971)	2,666,533,668
Income tax expense	(465,611,713)	(88,557,235)	(90,025,249)	16,249,794	(6,927,710)	(16,331,153)	(49,148,033)	–	8,741,424	(691,609,875)
Net profit	1,511,963,499	241,031,875	324,303,986	(200,097,502)	60,456,079	53,050,282	148,027,904	(93,751,783)	(70,060,547)	1,974,923,793
Total assets	9,484,349,394	4,738,553,943	5,109,285,307	890,279,960	1,436,711,644	256,846,893	8,424,683,384	5,490,921,972	(8,466,765,960)	27,364,866,537
Total liabilities	5,099,455,441	2,009,662,466	3,691,027,461	1,587,337,654	727,543,370	308,455,631	7,630,992,693	1,824,831,664	(9,387,910,878)	13,491,395,502
Long-term equity investments in associates and joint ventures	–	–	–	–	–	–	–	1,270,638,738	–	1,270,638,738
Additions to non-current assets other than long-term equity investments	976,677,744	137,675,238	591,469,503	244,054,713	230,967,301	4,125,132	1,044,800	60,103,364	–	2,246,117,795

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

Revenue from external customers	**2014**	2013
Domestic	**28,529,135,920**	27,808,934,342
Hong Kong and Macau	**264,175,591**	257,086,415
Other overseas	**256,009,655**	224,957,671
	29,049,321,166	28,290,978,428

Total non-current assets	**31 December 2014**	31 December 2013
Domestic	**15,920,989,555**	14,377,944,213
Hong Kong and Macau	**11,780,871**	11,060,945
	15,932,770,426	14,389,005,158

15. Net current assets

	31 December 2014	31 December 2013
Current assets	**10,352,047,986**	12,274,390,550
Less: Current liabilities	**(9,228,272,134)**	(11,113,753,508)
Net current assets	**1,123,775,852**	1,160,637,042

16. Total assets less current liabilities

	31 December 2014	31 December 2013
Total assets	**27,003,913,126**	27,364,866,537
Less: Current liabilities	**(9,228,272,134)**	(11,113,753,508)
Total assets less current liabilities	**17,775,640,992**	16,251,113,029

17. 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 impact of the potential income tax liabilities could not be reliably estimated and therefore, no provision for the potential difference in income tax of previous years has been made in these financial statements. For detailed information, please refer to the information on income tax expense stated in the annual results announcements in previous years.

18. Capital commitments

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

	31 December 2014	31 December 2013
Buildings, machinery and equipment	**421,350,610**	447,368,640

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

	31 December 2014	31 December 2013
Buildings, machinery and equipment and intangible assets	**2,100,066,328**	2,603,744,863

As at the balance sheet date, the joint venture of the Group has 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. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Review of operating results during the Reporting Period and analysis to the Company's core competitiveness

In 2014, China's beer market had a negative growth for the first time after having maintained positive growth for years. For the full year, the beer industry realized 492.2 million hl of output (Source: National Bureau of Statistics), decreased by 0.96% from prior year. Especially in the second half of the year, due to multiple reasons including deceleration of economic growth rate, change of market environment and unusual climate, the beer market declined greatly, which brought more intense market competition and unprecedented pressure to the breweries.

1. Explanation of development strategy and process of operating plan

During the Reporting Period, facing the unfavorable situation of the decline of domestic beer market and the more and more intense international competition, the Company, as led by the Board, made timely strategic adjustment, innovated the operating measures, and actively devoted to the expansion of domestic and overseas markets, which helped to obtain the satisfactory results of continuing growth of sales volume, income, profit and market share. In the year, the Company realized 91.54 million hl of sales volume of beer, increased by 5.2% from prior year; RMB29.05 billion of revenue, increased by 2.68% from prior year; and RMB1.99 billion of profits attributable to the shareholders of the Company, increased by 0.85% from prior year, which continued to maintain the Company's leading position in the domestic beer industry.

During the Reporting Period, the Company adjusted its development strategies in response to the changes in the market to try to improve its product mix while increasing its market share. The Company, by various channels and ways, strengthened its market promotion, played its core advantages of Tsingtao Beer brand in brand and quality, and accelerated the upgrade of brand and product mix. In August, the Company announced that it would adjust its brand strategy to "1+1+N", that is, principal brand, Tsingtao Beer + national secondary brand, Laoshan + regional brands including Hans, Shanshui and Yinmai, to better satisfy the needs for market competition, which helped the Company maintain continuous growth of sales volume, income, profit and market share while the whole industry was experiencing deceleration. Within the year, the Company's share in the domestic market had reached 18.6%, increased by 1 percentage point from prior year. At the same time, the Company also actively expanded the mid-and-high-end product market to maintain its leading position in the domestic mid-and-high-end market. The Company's full year sales volume of principal brand, Tsingtao Beer, reached 45 million hl, among which the domestic sales volume of high value-added products including canned beer, small-bottled beer, draft beer and Augerta reached 16.6 million hl in aggregate, increased by 5.3% from prior year.

During the Reporting Period, the Company strengthened the establishment and improvement of its sales system by continuously deepening and promoting the sales mode of “Big Customer + Micro Operation”, which further improved the Company’s sales management ability and control over the market. On one hand, the Company continued to consolidate and strengthen the construction of base markets including Shandong in intensive manner so that the base markets could maintain a sound development trend and drive the growth of sales volume in neighboring regional markets. In July 2014, the Company acquired 55% equity interests in Shandong Lulansa Brewery Co., Ltd. (“Lulansa Brewery”) to further increase the Company’s share and competition advantage in the base market in Shandong. On the other hand, the Company focused on its resources to strengthen its expansion and integration in growing market by continuing to improve the construction of provincial base markets and base markets in which its plants are located and playing regional synergistic effect to effectively improve the capacity utilization and promote the upgrade of product mix. Within the year, the Company had completed some projects of relocation and construction, reconstruction and expansion of No. 3 Factory, Heze Company and Gansu Company, which further improved the Company’s production capacity, technological and equipment level, and built a solid basis for the Company to continue to expand these local markets in future.

During the Reporting Period, the Company actively carried out sports marketing and market promotion activities to effectively improve the influence of its products and market competitiveness. By integrating and focusing on its existing resources, and through a series of promotion activities, the Company deepened and penetrated into the sports marketing to realize the maximum utilization and spread of its resources. In 2014 when FIFA World Cup was held, the Company researched and launched Tsingtao canned beer and aluminum-bottled beer in theme of football, which received satisfactory market response by building up all-around consumption experience of World Cup through national thematic promotion activities and interactive communication with new media. Laoshan Beer, the Company’s secondary brand, had also formally become the official cooperative partner of CBA (China Basketball Association). At the same time, based on the production bases throughout the country, the Company had been presenting traditional beer festival activities in cities and regions to improve consumers’ sense of recognition and involvement, and improving the recognition and popularity of Tsingtao Beer among the young consumers through innovative media propagation mode and exploring multiple broadcasting methods of video and mobile terminal.

Within the year, the Company established Innovative Marketing Department of Marketing Center to develop and sell new products, and actively explored new channels like e-commerce to obtain new economic growth. The Company kept on developing strategic new products that, within the year, the Company launched series of new products including “aluminum-bottled beer and canned beer in theme of FIFA World Cup, peach beer, aluminum-bottled beer in theme of beer festival, and Classic 1903”, among which “Tsingtao Beer Classic 1903”, being presented together with the improvement of VI (visual identity), provided the product with a quality concept of “craft beer” that started Tsingtao Beer’s “Great Craft Beer Age” and led new consumption trend in the domestic market.

The Company actively arranged its online sales channels that it had opened brand flagship stores based on the mature third-party e-commerce platforms, becoming a leader in e-commerce development in the industry. After having established and launched Tsingtao Beer Tianmao Official Flagship Store within the year, it had also established official flagship stores on the large e-commerce platforms including Jingdong, YHD, and Amazon; "Tsingtao Beer Official Store" was officially opened in WeChat Store, becoming the first Chinese brewery to step into the mobile shopping area.

While striving to create higher values for the shareholders, during the Company's development, the Company also actively rewarded the mass shareholders by distributing cash dividends to the shareholders for 15 years in consecution and kept raising the dividend amount. The Company's spirit of aggressiveness and integrity received recognition from domestic and overseas investors.

2. Analysis to core competitiveness

The "Tsingtao Beer" brand owned by the Company is one of China's first top 10 well-known brands, which has strong brand influence and high popularity in domestic and overseas market. In 2014, Tsingtao Beer's brand value reached RMB95.016 billion (announced by World Brand Lab), having been far ahead of other competitors in domestic beer industry for many years. The regional popularity and competitiveness of the Company's other beer brands including "Laoshan Beer", "Shanshui Beer", "Hans Beer" and "Yinmai Beer" have been improving for years, which satisfied the consumption needs at different levels.

As a beer producer that has the longest history in China, the Company takes product quality seriously. Tsingtao Beer products won championship for many times in domestic and overseas quality contests, and obtained good feedback from domestic and overseas consumers. In recent years, the Company's main production equipment has reached internationally advanced level through continuous reconstructions and improvements, and has secured food safety and high quality of products through the strengthened management and control over raw materials, techniques, technologies and operations, and maintained the consistency in taste as well.

The Company has the only State-level key laboratory in the beer industry, first-level R&D platform in China, high-level R&D team, leading basic research ability in China, and has obtained many core technologies with proprietary intellectual property rights, which helps to maintain the Company's leading technological level in domestic beer market. In recent years, the Company has launched a series of new products including "Tsingtao Beer Augerta", "Tsingtao Beer Good Fortune", and "Tsingtao Beer Classic 1903", leading the consumption trend and further improving the Company's brand image.

Through the sales mode of "Big Customer + Micro Operation", the Company kept strengthening market promotion and penetrating market sales network, kept improving its control over the final customers, which consolidated and improved its dominant position in base markets and market share in emerging markets.

(II) Prospects

1. Industrial competition layout and development trend

Although China's beer market has experienced the negative growth since 2014 that has not happened for many years, we believe that China's beer market is still the most potential market in the world and has considerable room for improvement in sales volume and average sales price in the future. We are confident of the future development of beer industry and the Company.

China's top 5 breweries have obtained 80% market share by now. With further optimization of industry layout, structure improvement will become the main theme in the development of the industry. China's current average beer consumption volume per capita has reached 36 litres, but is still far below the average consumption per capita level in European and American countries, and in the future there will be more growth potential in middle and western China and rural markets where average consumption volume per capita is low.

The continuous and steady growth of China's economy, new urbanization mode and income doubling program will further encourage the improvement of China's beer consumption structure and diversification of products, the improvement of product mix and rise of product price in domestic beer industry, and provide broad room for the development of breweries having advantages in brand, quality and scale.

At the same time, we are also well aware of the new features appearing from the development of China's beer market and the challenges to face. The development of beer market will transit from the period of high growth rate in the past to the "new normality" of low growth rate. The market competition will change from the expansion of production capacity and scale during the early period to that focusing on quality and differentiation. The growth and development must rely on the improvement of own operating capacity. At the same time, imported beers and surrogate products will take some market shares in traditional beer market. In terms of sales channel, besides the main channels including caterings and KA, e-commerce will also bring new choices for the growth of family beer consumption.

As a traditional industry involving in full competition, China's beer market has become an important place where the international players are competing for, and in the future the market competition will still be in an intense situation. While the industry integration is being further improved, the competition with international players in the domestic market will be more intense.

2. The Company's development strategy

In 2014, the Company successfully completed the election for a new round of board of directors and board of supervisors, and worked out new strategic target for the future development. With the situation of low growth rate of domestic beer market and more and more intense international competition, to maintain its leading position in domestic market, the Company's 8th Board brought out the future sales volume growth target which would be 2 percentage points higher than that of domestic beer industry.

At the same time, the Company will adjust its development strategy that, while consolidating core base markets, breaking through emerging markets and continuously increasing shares in domestic market, it will realize the double drives focusing on "brand growth and capacity improvement", devote to the optimization and improvement of product mix and management improvement, fully play the advantages of Tsingtao Beer in brand and quality, and therefore obtain continuous growth in the domestic mid-and-high-end market with differentiation competition strategy.

3. Annual operation plan

The Company's operation target for 2015 is to strive to realize that the growth rate of sales volume of beer will be 2 percentage points higher than that of the industry, thus to continue to maintain its leading position in the market competition.

The Company will continue to actively expand domestic and overseas market, promote the construction of provincial base markets and base markets in which its plants are located; deepen the operation of sports marketing and the optimal configuration of internal resources, and build up the best competitive channel network and sales operation mode, to realize the continuous growth of market sales volume; the Company will continue to optimize the brand mix through the development of new products and adjustment of product mix, promote the development of secondary brands as led by Tsingtao Beer brand, and continuously improve the Company's capacity for sustainable development.

In the aspect of management improvement, the Company will realize material growth through innovation initiatives and strengthening the practice of operating strategy; the Company will strengthen the management of raw materials, and management of and control over production and technologies through delicacy management and process optimization to avoid risks, control the costs, continuously improve operating ability and efficiency, and realize the Company's continuous growth and healthy development.

The Company's present fund situation can satisfy the needs for current operation and business development.

4. Potential operating risks

The beer industry is a traditional industry with full competition. As the competition with international players becomes more and more intense in domestic market, the competition among the leading breweries will be escalated in terms of scope and degree. The Company may face the following operating risks in the future:

(1) The slow-down or even decline of growth rate of beer market during certain periods may be caused by the deceleration of national economic growth rate and depression of mid-and-high-end catering consumption;

(2) Competition among the leading breweries will cause the more intense competition in the industry;

(3) The breweries will increase market investment due to the pressure of market competition, causing the expenditures on commercials and promotions to remain high and thereby affecting their profit growth;

(4) Pressure from continuing rising costs of raw materials needed in beer production and labor will bring certain impacts to the Company's profit;

(5) The rapid development of surrogate products (imported beer, RTD) will take some shares in domestic beer market;

(6) Rapid development of mobile internet will bring challenges to the traditional sales mode in beer industry.

III. SHARE CAPITAL

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

2. During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company or any of its subsidiaries.

IV. PROPOSED DISTRIBUTION OF FINAL DIVIDENDS

The Board proposed a final dividend of RMB0.45 (with tax) per share in cash for the year ended 31 December 2014. The proposed distribution of dividends is subject to the consideration and approval at the Company's 2014 annual general meeting. The period for closure of register of members for H-share would be set out in the notice of annual general meeting to be published by the Company separately.

V. CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. For the year ended 31 December 2014, the Company had been in compliance with the code provisions in *Corporate Governance Code* as set out in Appendix 14 of Rules Governing the Listing of *Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").* Details of the Company's corporate governance will be set out in the Company's 2014 Annual Report.

VI. AUDIT COMMITTEE

The Audit & Internal Control Committee, being set up under the Board in compliance with the requirements pursuant to Rule 3.21 of the *Listing Rules,* has reviewed the audited 2014 annual results of the Company.

VII. SIGNIFICANT EVENTS

1. Acquisition of equity interests during and after the Reporting Period

(1) As considered and approved at the fifteenth meeting of the 7th Board, the Company entered into an *Assets Restructuring and Equity Interests Transaction Framework Agreement* with shareholders of Jiahe Brewery Co., Ltd. ("Jiahe Brewery"), namely, Shijiazhuang Jiahe Brewery LLC. ("Shijiazhuang Jiahe"), Labor Union of Jiahe Brewery ("Jiahe Brewery Labor Union") and a joint investment limited company, whereby Jiahe Brewery separately established a new company, that is, Hebei Jiahe Brewery Co., Ltd. ("Hebei Jiahe Company'), to take its beer-related business, and the Company acquired 50% equity interests held by Jiahe Brewery Labor Union in Hebei Jiahe Company and the sales network of Jiahe Brewery for a consideration of RMB300 million. The procedures for the transfer of the equity interests were completed in February 2014, and the Company took Hebei Jiahe Company into its accounting scope as its joint venture.

(2) As considered and approved at an interim meeting of the 7th Board, on 12 July 2014, the Company entered into an *Equity Interests Transfer Agreement* with Debier Brewery Co., Ltd. ("Debier Brewery"), whereby Debier Brewery agreed to transfer the sales network and 55% equity interests held in 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 procedures for the change of registration at the industrial and commercial administration for the Company's acquiring 55% equity interests held by Debier Brewery in Lulansa Brewery were 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.

(3) As considered and approved at the fourth meeting of the 8th Board, on 19 January 2015, the Company entered into an *Equity Interests Transfer Agreement* with Shaanxi Lixiang Chemical Industrial LLC. ("Lixiang Chem"), whereby the Company agreed to acquire 34% equity interests held by Lixiang Chem in Tsingtao Brewery Hanzhong LLC. ("Hanzhong Company"), a controlling subsidiary of the Company, for a consideration of RMB27.25 million. The procedures for the change of registration at the industrial and commercial administration for the Company's acquiring 34% equity interests held by Lixiang Chem in Hanzhong Company were completed on 11 February 2015, and therefore Hanzhong Company became a wholly-owned subsidiary of the Company.

2. **Guarantees and entrusted loans provided by the Company to the subsidiaries during the Reporting Period**

(1) As considered and approved at the seventeenth meeting of the 7th Board, in May 2014, the Company entered into a *Contract of Opening Letter of Guarantee by Bank of Communications Co., Ltd.* with Bank of Communications Co., Ltd., whereby Qingdao Branch of Bank of Communications Bank Co., Ltd agreed to open a Letter of Guarantee to provide guarantee for a borrowing of principal capital of RMB266,648,200 (HKD338 million in original currency) made by Tsingtao Brewery Hong Kong Trade Company Limited to Hong Kong Branch of Bank of Communications Bank Co., Ltd while the Company agreed to provide a counter-guarantee of RMB291 million of deposit for the period from 21 May 2014 to 21 May 2015. As at 31 December 2014, the balance of the guarantee provided by the Company is RMB291 million.

(2) During the Reporting Period, there was no event relating to the entrusted wealth management. To secure the production and operation of its subsidiaries, and upon the approval by the Board, the Company provided entrusted loans to some controlling subsidiaries, and as at the end of the Reporting Period, the balance was RMB566.30 million.

(3) On 2 April 2014, the 6-year of duration of "08 Tsingtao Debt" split from the convertible corporate bonds of the separately traded bonds with warrants issued by the Company expired. The Company successfully reimbursed the principal capital and interests on 2 April 2014, and the Debt was delisted from Shanghai Stock Exchanges on the same day. For details, please refer to the overseas regulatory announcement for the reimbursement of principal capital and interests of "08 Tsingtao Debt" and the delisting published on the website of Hong Kong Exchange and the Company on 24 March 2014 by the Company.

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

Tsingtao Brewery Company Limited
Chairman
SUN Ming Bo

Qingdao, the People's Republic of China
30 March 2015

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*