



# 青島啤酒股份有限公司 TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號 : 168)



**2019**  
年度報告  
ANNUAL REPORT

# 目錄

# Contents

公司簡介	Company Profile	3
會計數據摘要	Financial Highlights	4
董事長報告書	Chairman's Statement	9
董事會報告	Report of the Directors	13
監事會報告	Report of the Supervisors	28
企業管治報告	Corporate Governance Report	32
管理層討論與分析	Management Discussion and Analysis	49
董事、監事和高級管理人員簡介	Profiles of Directors, Supervisors and Senior Management Officers	70
重要事項	Significant Events	78
財務報告	Financial Report	80
釋義	Definitions	363
公司資料	Company Information	364





**TSINGTAO**

青島啤酒



## 公司簡介 Company Profile

本公司前身為國有青島啤酒廠，始建於一九零三年，是中國歷史最為悠久的啤酒生產廠。公司一九九三年六月十六日註冊成立，隨後在香港發行了H種股票並於七月十五日在香港聯交所上市，成為首家海外上市的國內企業，同年七月在國內發行了A種股票並於八月二十七日上交所上市。

公司的經營範圍是生產啤酒、飲料、威士忌、蒸餾酒。目前公司在國內擁有60家全資和控股的啤酒生產企業，及2家聯營及合營啤酒生產企業，分佈於全國20個省、直轄市、自治區，規模和市場份額居國內啤酒行業領先地位。其生產的青島啤酒為國際市場上最具知名度的中國品牌，已行銷世界一百餘個國家和地區。

The Company, the earliest brewery in China, can trace its root back to 1903 when its predecessor, the State-owned Tsingtao Brewery Factory, was established. The Company was registered and established on 16 June 1993, and then issued H-shares in Hong Kong which were listed on the Stock Exchange on 15 July 1993, being the first domestic enterprise listed on an overseas stock exchange. In July 1993, the Company issued A-shares in Mainland China, which were listed on SSE on 27 August 1993.

The Company's business scope is production of beer, beverages, whiskey and distilled spirits. At present, the Company occupies leading position in the domestic beer industry in terms of size and market share with 60 wholly-owned and controlling breweries, and 2 associated and joint-investment breweries in 20 provinces, municipalities and autonomous regions in China. The Company produces Tsingtao Beer, which is the most well-known Chinese brand on the international market. Products from Tsingtao Brewery has been sold in more than 100 countries and regions around the world.



## 會計數據摘要 Financial Highlights

### 按中國企業會計準則編制

### Prepared in accordance with the China Accounting Standards for Business Enterprises (“CAS”)

#### 1、本集團二零一九年財務資料

(單位：人民幣千元)

#### 1. The Group's financial information for the year ended 31 December 2019

(Unit: RMB'000)

營業利潤	Operating profit	2,697,890
利潤總額	Total profit	2,726,911
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	1,852,103
歸屬於母公司股東的扣除非經常性損益後的淨利潤	Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,346,981
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,016,553
註：非經常性損益項目包括：	Note: Non-recurring profit or loss items include:	
計入當期損益的政府補助	Government grants recognised in profits	602,898
非流動資產處置淨收益	Gains on disposal of non-current assets	59,170
單獨進行減值測試的應收款項減值準備轉回	Reversal of bad debt provision for accounts receivables which provision is provided on the individual basis	500
徵地相關的職工安置支出	Employee arrangement expenses arising from land acquisition	(46,556)
除上述各項之外的其他營業外收入和支出	Other non-operating income and expenses other than aforesaid items	29,021
小計	Subtotal	645,033
所得稅影響額	Impact of income tax expense	(112,893)
少數股東權益影響額(稅後)	Impact on the non-controlling interest, net of tax	(27,018)
合計	Total	505,122

## 會計數據摘要 Financial Highlights

### 2. 主要會計數據及財務指標

(單位：人民幣千元)

主要會計資料	Summarised accounting information	2019	2018	2017	2016	2015
營業收入	Revenue	27,983,760	26,575,255	26,277,052	26,106,344	27,634,686
利潤總額	Total profit	2,726,911	2,379,767	2,104,819	2,123,442	2,274,822
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	1,852,103	1,422,200	1,263,017	1,043,486	1,713,129
歸屬於母公司股東的扣除非經常性損益的淨利潤	Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,346,981	1,053,743	975,266	819,399	1,052,707
基本每股收益	Basic earnings per share	1.371	1.053	0.935	0.772	1.268
稀釋每股收益	Diluted earnings per share	1.371	1.053	0.935	0.772	1.268
扣除非經常性損益後的基本每股收益	Basic earnings per share after deduction of non-recurring profit or loss	0.997	0.780	0.722	0.607	0.779
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	9.66	7.91	7.37	6.40	10.41
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	9.97	8.10	7.55	6.43	10.76
扣除非經常性損益後全面攤薄淨資產收益率(%)	Fully diluted return on net assets after deduction of non-recurring profit or loss (%)	7.03	5.86	5.69	5.02	6.40
扣除非經常性損益後的加權平均淨資產收益率(%)	Weighted average return on net assets after deduction of non-recurring profit or loss (%)	7.25	6.00	5.83	5.05	6.61
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,016,553	3,992,008	2,312,191	2,970,891	2,574,566
每股經營活動產生的現金流量淨額	Net cash flows from operating activities per share	2.97	2.95	1.71	2.20	1.91
總資產	Total assets	37,312,384	34,075,265	30,974,712	30,077,158	28,500,590
總負債	Total liabilities	17,399,013	15,385,314	13,200,207	13,198,019	12,334,579
歸屬於母公司股東權益	Total equity attributable to shareholders of the Company	19,171,583	17,970,471	17,145,228	16,313,953	16,458,062
歸屬於母公司股東的每股淨資產	Net assets per share attributable to shareholders of the Company	14.19	13.30	12.69	12.08	12.18

### 2. Summarised accounting data and financial indicators

(Unit: RMB'000)

# 海藻蘇打水隆重上市



# 青島啤酒

## 會計數據摘要 Financial Highlights

### 3. 報告期內股東權益變動情況

(單位：人民幣千元)

項目	Item	歸屬於母公司股東權益					未分配利潤	少數股東權益	股東權益合計
		Attributable to shareholders of the Company							
		股本	資本公積	其他綜合收益	盈餘公積	一般風險準備			
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
期初數	Opening balance	1,350,983	3,444,187	(44,697)	1,400,704	199,512	11,619,782	719,480	18,689,951
本期增加	Increase in the current year	-	131	(2,651)	-	35,204	1,852,103	77,013	1,926,596
本期減少	Decrease in the current year	-	-	-	-	-	(683,675)	(54,705)	(703,176)
期末數	Ending balance	1,350,983	3,444,318	(47,348)	1,400,704	234,716	12,788,210	741,788	19,913,371

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

(2) 一般風險準備：增加為本年度提取的一般風險準備；

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

(4) 少數股東權益：增加主要原因是本年度部分擁有少數股東的子公司盈利，減少為本年對少數股東分配股利。

### 3. Changes in shareholders' equity in reporting period

(Unit: RMB'000)

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

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

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

(4) Non-controlling interests: Increase is mainly due to profit of certain subsidiaries with non-controlling interests in the current year. Decrease represents distribution of dividends in the current year.

## 會計數據摘要 Financial Highlights

### 4. 利潤分配

本公司董事會(「董事會」)建議就截至二零一九年十二月三十一日止年度派發末期股息每股人民幣0.55元(含稅)，其餘未分配利潤結轉下一年度。上述分配預案須經本公司二零一九年度股東年會審議批准。有關公司H股股東暫停辦理股份過戶登記手續的期間，請參見本公司2020年4月21日刊載於香港交易及結算所有限公司網站(<http://www.hkexnews.hk>)的《二零一九年度股東年會通告》附註二的相關內容。

### 4. Dividend Distribution

The Board of Directors (the “Board”) proposed a final dividend of RMB0.55 (pre-tax) per share for the year ended 31 December 2019, and the remaining distributable profits will carry forward to the next year. The aforesaid dividend proposal shall be subject to the approval at the 2019 Annual General Meeting to be held by the Company. In relation to the period for the closure of register of members for H-share, please refer to the relevant contents of note 2 of the Notice of 2019 Annual General Meeting published on the website of Hong Kong Exchanges and Clearings Limited (<http://www.hkexnews.hk>) on 21 April 2020.







TSINGTAO

青島啤酒

# 此刻正当鸿

青島啤酒



TSINGTAO

鸿运当头



## 董事長報告書 Chairman's Statement

致各位股東：

2019年，中國啤酒市場持續平穩發展，消費升級及消費者需求多元化帶動了行業產能及產品結構進一步優化，啤酒行業全年共完成啤酒產量3,765萬千升，同比增長1%。（資料來源：國家統計局；統計口徑：年主營業務收入2,000萬元以上的全部工業法人企業。）

順應行業發展新形勢，本公司秉承董事會制定的「能力支撐品牌帶動下的發展戰略」，堅守戰略自信、品牌自信、產品自信和團隊自信，圍繞消費者的多元化需求，提出了「品牌引領、創新驅動、質量第一、效益優先、結構優化、協調發展」六大戰略指引，積極開拓國內外市場，大力推進新舊動能轉換和產品結構升級，通過開拓基地市場戰略帶，打造規模化、智能化生產基地，建設高效智慧供應鏈等舉措，增強新舊動能轉換驅動力；充分發揮青島啤酒的品牌和品質優勢，持續優化提升產品組合，不斷增強區域市場競爭力，多措並舉推動公司經營業務的持續穩健增長，實現高質量發展。公司全年共實現產品銷量805萬千升；實現營業收入人民幣279.8億元，同比增長5.3%；實現歸屬於上市公司股東的淨利潤人民幣18.5億元，同比增長30.2%。

Dear shareholders,

In 2019, China's beer market experienced stable development. Consumption upgrade and diversified consumer demands drove further improvement in industrial capacity and product structure. The total beer production in the year reached 37.65 million kl, a year-on-year increase of 1% (Data source: National Bureau of Statistics; statistical population: all industrial corporate entities with annual revenue of more than RMB20 million).

To keep up with the new industrial development trend, the Company continued to follow the strategy of "Development Strategies based on Capability and Driven by Brand" developed by the Board of Directors, kept steadfast confidence in its strategy, brand, products, and team. By focusing on consumers' diversified demands, the Company has proposed six strategic guidelines, including "Led by Brand, Driven by Innovation, Quality First, Prioritizing Efficiency, Optimizing Structure and Coordinated Development.", proactively expanding its domestic and foreign markets and vigorously promoting its conversion from old to new growth drivers and the upgrade of its product structure. The Company has strengthened its new driver of growth through a series of measures, including developing the strategic belt of market base, building large scale and highly automated production facilities and establishing highly efficient and smart supply chains. The Company has given full play to the brand equity of Tsingtao Beer, continued to optimize and enhance its product mix, kept improving its regional market competitiveness, and propelled the continuous and robust growth of its business. In 2019, the Company's total product sales volume reached 8.05 million kl; annual operating revenue reached RMB27.98 billion, a year-on-year increase of 5.3%; net profits attributable to the shareholders of the Company was RMB1.85 billion, a year-on-year increase of 30.2%.



黃克興先生  
Mr. HUANG Ke Xing

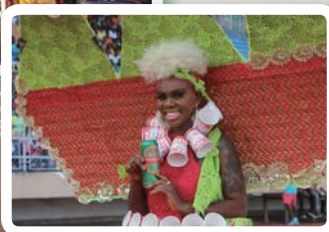
## 董事長報告書 Chairman's Statement

報告期內，公司發揮覆蓋全國主要市場的網絡佈局優勢，繼續大力推進產銷協同，通過廠商協作運營不斷加大市場推廣力度和渠道開發力度，以體育營銷、音樂營銷、體驗營銷為主線，通過「四位一體」品牌推廣模式持續提升品牌影響力和市場競爭力。公司積極強化終端運營，提高費用的有效性管理，推動市場銷量和營銷效率的提升。公司加快了營銷創新和渠道創新，加大數字化營銷工作力度，不斷完善「網上超市+官方旗艦店+授權分銷專營店+微信商城」的立體式電商渠道體系，多渠道滿足互聯網時代消費者的購買需求和消費體驗。

在國際市場，公司以「青島啤酒」高品質、高價格、高可見度的定位，加強國際品牌傳播與推廣，通過重點市場推廣、贊助體育、音樂、美食文化營銷等舉措，強化品牌觸達，提高品牌活躍度，持續強化青島啤酒高端品牌識別，樹立「中國質造」高端形象，繼續擴大青啤海外市場覆蓋範圍。公司在繼續深耕歐美等傳統市場的同時，積極開拓「一帶一路」沿線國家新市場，通過舉辦「同一個世界(one world)同一個節日(one festival)同一杯啤酒(one beer)」啤酒節等活動，提升在新開發市場的品牌影

During the Reporting Period, the Company took full advantage of its sales network that covers major domestic market and continued to deepen the mutual promotion of production and sales. It has further beefed up market promotion and sales channel development through collaborative operations with manufacturers. By focusing on sports marketing, music marketing and experience marketing, it has continued to enhance brand influence and market competitiveness through the promotion model of “Four in One”. The Company has made active steps to reinforce primary level operations, improved cost effectiveness, promoted sales volume and increased marketing efficiency. It has accelerated marketing and channel innovations, intensified digital marketing and continuously refined its multi-dimensional e-commerce channel system called “Online Supermarket + Official Flagship Store + Authorized Franchised Store + WeChat Mall” to satisfy consumer demands and their experience in the era of Internet.

In the global market, by virtue of “Tsingtao Beer’s” positioning of high quality, high price and high visibility, the Company strengthened international brand communication and promotion. Through promotion in key markets and sponsorship in sports, music, food and cultural events, it expanded brand reach, enhanced brand activity, further beefed up the high-end brand identification of Tsingtao Beer, built the high-end image of “Quality Products Made in China”, and continued to broaden the overseas market coverage of Tsingtao Beer. While continuing to strengthen conventional markets such as Europe and America, the Company has made efforts in developing new markets along “Belt and Road”. By hosting such activities as “One World, One Festival, One Beer”, the Company aims to raise its brand influence in newly developed markets, promote local sales of



## 董事長報告書 Chairman's Statement

響力，促進產品當地銷售，增強市場後勁。目前青島啤酒產品已行銷全球一百餘個國家和地區，產品銷量和國際影響力不斷提升。

報告期內，公司以啤酒市場的高端化、多元化、特色化消費升級需求為導向，積極推進「青島啤酒主品牌+嶗山啤酒第二品牌」的品牌戰略，持續優化產品結構升級，釀造具有「基礎質量+特色質量+魅力質量」的差異化產品，加快向聽裝酒和精釀產品為代表的高附加值產品轉型升級，積極引領中國啤酒行業高質量發展。2019年公司主品牌青島啤酒共實現銷量405.1萬千升，同比增長3.49%，其中「奧古特、鴻運當頭、經典1903、純生啤酒」等高端產品共實現銷量185.6萬千升，同比增長7.08%，保持了在國內啤酒中高端產品市場的競爭優勢。

在繼續堅定不移做強做優啤酒主業的同時，公司發揮創新性思維，整合平臺資源積極開拓「啤酒+」新業務領域，開發生產了以王子海藻蘇打水為代表的海洋健康飲品等新產品，打造與主業互補的多業態共贏共利生態圈，為長期可持續高質量發展奠定了基礎。

董事長

黃克興

中華人民共和國·青島  
二零二零年三月二十七日

its products and gain more momentum for market expansion. As of now, Tsingtao Beer has sold its products to more than 100 countries and regions around the world, with ever-growing product sales volume and international influence.

During the Reporting Period, oriented by more and more high-end, diversified and differentiated demand in the beer market, the Company has proactively promoted its brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”. It has continued to optimize its product structure, brew differentiated products with “Basic Quality + Featured Quality + Charming Quality”, accelerate the transformation and upgrade of high value-added products represented by canned beer and craft beer, and lead the high-quality development of China’s beer industry. In fiscal year 2019, the Company’s total sales volume of its core brand, Tsingtao Beer, reached 4.051 million kl, achieving a year-on-year increase of 3.49%. Core brand sales include a total of 1.856 million kl in high-end products such as “Augerta, Hong Yun Dang Tou, Classic 1903 and draft beer” etc., a year-on-year increase of 7.08%. The Company managed to maintain its competitive advantage in domestic mid- and high-end beer market.

While making unwavering efforts to make its core business stronger, the Company has been innovative in integrating platform resources and proactively developed new business frontier of “Beer+”. A new list of marine health products were developed, such as Prince Algae Soda. By doing so, the Company has successfully created an environment of mutual promotion among core business and sideline businesses, laying a foundation for long-term and sustainable high-quality development.

Chairman

HUANG Ke Xing

Qingdao, the People’s Republic of China  
27 March 2020





王子 Prince

# 王子海藻苏打水 活出年轻态



来自深海的神秘能量，海藻活性物质，助你找回年轻的感觉。

王子海藻苏打水  
全球品牌大使：

 郎朗

## 董事會報告 Report of the Directors

### 一. 公司經營情況

本公司的主要業務為生產及銷售啤酒。附屬公司及聯營公司主要從事啤酒生產、銷售及國內貿易。本集團營業額及盈利幾乎完全由生產及銷售啤酒而產生。

2019年公司共實現產品銷售量805萬千升，實現營業收入人民幣279.8億元，實現歸屬於上市公司股東的淨利潤人民幣18.5億元。

#### 1. 主要附屬公司的經營情況(按中國企業會計準則計算)

### I. Operations of the Company

The Company is mainly engaged in the production and sales of beer, while its subsidiaries and associated companies are mainly engaged in the production, sales and domestic trade of beer. The turnover and profits of the Group are mainly generated from the production and sales of beer.

In 2019, the Company realized 80.5 million hl of sales volume of beer in total, realized RMB27.98 billion of revenue; and realized RMB1.85 billion of net profits attributable to shareholders of the Company.

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

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

單位名稱 Name of Subsidiary	主要產品或服務 Principal products or service	註冊資本 Registered capital	總資產 Total asset	淨資產 Net asset	淨利潤 Net profit	營業收入 Revenue	營業利潤 Operating profit
青島啤酒(平度)銷售有限公司 Tsingtao Brewery (Pingdu) Sales Company Limited	批發和零售業 Wholesale and retail business	5,000	954,207	497,542	403,392	1,875,827	537,857
青島啤酒西安漢斯集團有限公司 Tsingtao Brewery Xi'an Hans Group Company Limited	製造、批發和零售業 Manufacturing, wholesale and retail business	287,903	2,279,501	879,055	250,121	2,629,976	324,881
青島啤酒(城陽)銷售有限公司 Tsingtao Brewery (Chengyang) Sales Company Limited	批發和零售業 Wholesale and retail business	8,000	302,681	252,065	234,449	833,173	312,599
青島啤酒財務有限責任公司 Tsingtao Brewery Finance LLC	金融業 Financial business	1,000,000	16,233,789	2,642,712	234,075	33,465	311,604

## 董事會報告 Report of the Directors

### 2. 報告期內主要供貨商和客戶情況

- (1) 2019年度前五名供應商採購額約人民幣1,390.65百萬元(2018年度：人民幣1,252.62百萬元)，佔年度採購總額10.27%(2018年度：9.86%)。
- (2) 2019年度前五名客戶銷售額約人民幣1,243.25百萬元(2018年度：人民幣1,341.06百萬元)，佔年度銷售總額4.50%(2018年度：5.11%)。

報告期內，本公司各董事、監事及其連絡人或任何持有本公司股份多於5%之股東並無擁有上述之供貨商及銷售商的任何權益。

## 二. 利潤分配和派息政策

董事會建議就截至2019年12月31日止年度派發末期股息每股人民幣0.55元(含稅)，其餘未分配利潤結轉下一年度。上述分配預案須經本公司2019年度股東年會審議批准。末期股息預期於2020年7月17日派發予股東。有關公司H股股東暫停辦理股份過戶登記手續的期間，請參見本公司2020年4月21日刊載於香港交易及結算有限公司網站(<http://www.hkexnews.hk>)的《二零一九年度股東年會通告》附註二的相關內容。

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

## 三. 業務回顧

本公司年內之業務回顧及有關公司未來發展的討論與分析，以及本公司面對的主要風險及不確定因素之討論載於本年報第49至69頁「管理層討論與分析」。採用財務表現關鍵指標對本集團年內表現之分析載於本年報第4頁「會計數據摘要」。有關報告期內公司重大事項載於本年報第78至79頁「重要事項」。

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

- (1) The total amount of the Company's purchase from its top 5 suppliers in 2019 was approximately RMB1,390.65 million (2018: RMB1,252.62 million), which accounted for 10.27% of its annual purchase amount in aggregate (2018: 9.86%).
- (2) The total amount of the Company's sales of its top 5 clients in 2019 was approximately RMB1,243.25 million (2018: RMB1,341.06 million), which accounted for 4.50% of its annual sales amount in aggregate (2018: 5.11%).

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

## II. Profit Distribution and Dividend Policy

The Board proposed a final dividend of RMB0.55 (pre-tax) per share for the year ended 31 December 2019, and carried forward the remaining distributable profits to the next year. The proposed preliminary distribution scheme of final dividend, which is expected to be payable to the shareholders on 17 July 2020, will be subject to the consideration and approval at the Company's 2019 Annual General Meeting. In relation to the period for closure of register of members for H-share, please refer to the relevant contents of note 2 of the Notice of 2019 Annual General Meeting published on the website of Hong Kong Exchanges and Clearings Limited (<http://www.hkexnews.hk>) on 21 April 2020.

According to the provisions of the Articles of Association, the Company implements a continuous and stable profit distribution policy. Under the premise that the Company's profit for the year and the accumulated undistributed profit are positive, cash dividends should be made, and the annual profit distribution plan formulated by the Company's Board of Directors should not be less than 30% of the distributive profit in cash. The Company's cash dividend plan is reviewed by the Company's Board of Directors according to law and approved by the shareholders meeting. Independent non-executive directors and major and minor shareholders are able to fully express their opinions, and the procedures are legally completed.

## III. Business Review

Business review of the Company within the year and a discussion and analysis of the Company's future development, and the discussion of principal risks and uncertainties faced by the Company are set out in "Management Discussion and Analysis" on pages 49 to 69 of this Annual Report. An analysis of the Group's performance during the year by using the key financial indicators is set out in "Financial Highlights" on page 4 of this Annual Report. Significant events occurred during the Reporting Period are set out in "Significant Events" on pages 78 to 79 of this Annual Report.

## 董事會報告 Report of the Directors

本公司一貫高度重視環境保護和污染防治工作，秉承「好心有好報」的環境觀，以「做啤酒行業綠色發展的楷模」為環保願景；「通過實施環境保護低碳管理和循環經濟，促進公司永續發展，實現與大自然的和諧共處」為環保使命，將環境保護、循環經濟、低碳經濟作為本公司發展戰略和實現可持續發展的重要組成部分。公司設置了獨立的安全環保管理部門，實行環保工作專職管理，工廠環保人員內部持證上崗。公司修訂完善了各項環保管理制度，發佈了相關環保技術標準，圍繞公司年度目標和工作方針，在全公司範圍內系統排查管理風險，迅速落地環保管理要求，推進落實環保目標責任制和考核機制。報告期內，公司嚴格遵守環保相關法律法規，持續加大對環保方面的投入，全年環保投資人民幣3,200餘萬元，主要用於污水設施改造、燃氣鍋爐低氮改造、異味治理、噪聲治理等，不斷改造和完善污染治理設施和控制系統並穩定運行。公司嚴格監控生產過程中環保設施運行情況及污染物排放情況，確保污染物穩定達標排放，環保績效持續提升。

於2019年內，本集團已遵守對本集團營運有重大影響的相關法律及法規。

本公司確認我們的僱員、客戶及合作伙伴是我們可持續發展的關鍵。本集團致力與僱員建立密切及關顧之關係、為客戶提供優質產品，並加強與我們的業務合作伙伴之間的合作。有關本公司環境及社會責任方面的表現情況請參閱公司於香港交易所網站上載之《青島啤酒2019環境、社會及管治報告》。

The Company has addressed great importance of environmental protection and pollution control. It insists the concept of “good returns are from kindness” and aims to become “an model of green development in beer industry”. Through the environmental practice of low-carbon management and circular economy, the Company promotes sustainable development and makes harmonious coexistence with nature possible. It makes environmental protection, circular economy and low-carbon economy as important components of its development strategy and sustainable development. The Company has set up an independent Safety and Environmental Management Department to carry out environmental management with licensed environmental professionals carrying out their duties. The Company has improved various environmental management policies and issued related technical standards for environmental protection. By focusing on its annual target and operation policies, the Company has identified management risks within the Company and implemented environmental management requirements rapidly, promoted the accountability system and appraisal mechanism for environmental goals for its employees. During the Reporting Period, the Company strictly followed environmental laws and regulations and continued to increase spending on environmental protection. In 2019, the Company spent more than RMB32 million on environmental protection, mainly for improvement of sewage facilities, building of low-nitrogen gas boilers and odor and noise control. It continued to improve pollution regulation and control facilities to stabilize their operations. The Company strictly monitored the operation of environmental facilities and pollutant emissions during production to ensure up-to-standard pollutant disposal and continuous enhancement of efficacy of environmental protection.

In 2019, the Group had complied with the relevant laws and regulations that had significant impacts on the operations of the Group.

The Company confirms that the employees, customers and cooperation partners are the key to our sustainable development. The Group is committed to establishing a close and caring relationship with our employees, providing quality products to the customers and strengthening the cooperation with our business partners. For details of the environmental and social responsibilities performed by the Company, please refer to *Tsingtao Brewery 2019 Environment, Society and Governance Report* published by the Company on the website of the Hong Kong Stock Exchange.



## 董事會報告 Report of the Directors

### 四. 儲備

報告期內本公司及集團的儲備變動詳列於合併財務報表(按中國企業會計準則編制)附註四(36)及(37)。

### 五. 股本變動及股東情況

1. 報告期內，本公司股份總數及股本結構未發生變化。

本公司以在年報刊發前的最後實際可行日期可以得悉、公司董事也知悉的公開資料作為基礎，本公司的公眾持股量已經滿足《上市規則》的要求。截止報告期末，股本結構如下：

			單位：股 Unit: Share
			報告期末 End of Reporting Period
一、 人民幣普通股 (A 股)	I.	RMB-denominated ordinary shares (A-share)	695,913,617
二、 境外上市的外資股 (H 股)	II.	Overseas listed foreign shares (H-share)	655,069,178
股份總數		Total shares	1,350,982,795

#### 2. 股東情況

- (1) 報告期末公司股東總數為 32,401 戶。其中：A 股 32,129 戶，H 股股東 272 名。

報告期內，本公司股東未有放棄或同意放棄任何股息的安排的情況。

### IV. Reserve

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

### V. Changes of Share Capital and Information of Shareholders

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

Based on the public information which could be known on the latest practical date before the annual report was published, which was also known by the directors of the Company, the number of the Company's shares held by the public had satisfied the requirements in *Listing Rules*. The structure of share capital as at the end of the Reporting Period is as follows:

#### 2. Shareholders

- (1) As at the end of the Reporting Period, the total number of shareholders of the Company was 32,401 including 32,129 holders of A-share, and 272 holders of H-share.

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

## 董事會報告 Report of the Directors

(2) 報告期末本公司前十名股東(暨無限售條件的流通股股東)持股情況

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

單位：股  
Unit: Share

股東名稱 Shareholder's name	報告期內增減 Increase/Decrease during the Reporting Period	報告期末持股 Shares held at the end of the Reporting Period	持股比例(%) Shareholding percentage (%)	股份質押或 凍結情況 Guaranteed or frozen shares	股份類別 Class of share
香港中央結算(代理人)有限公司(附註1) HKSCC Nominees Limited (Note 1)	34,199	613,849,847	45.44	未知 Unknown	H股 H-share
青島啤酒集團有限公司(附註2) Tsingtao Brewery Group Company Limited (Note 2)	0	443,467,655	32.83	無 Nil	A股和H股 A-share and H-share
中國證券金融股份有限公司 China Securities Finance Corporation Company	0	32,708,915	2.42	無 Nil	A股 A-share
香港中央結算有限公司 Hong Kong Securities Clearing Company Limited	10,524,426	21,529,770	1.59	無 Nil	A股 A-share
中國建銀投資有限責任公司 China Jianyin Investment Company Ltd.	0	17,574,505	1.30	無 Nil	A股 A-share
中央匯金資產管理有限責任公司 Central Huijin Asset Management LLC.	0	10,517,500	0.78	無 Nil	A股 A-share
澳門金融管理局—自有資金 Macao Monetary Authority—Internal Funds	-233,739	6,445,694	0.48	無 Nil	A股 A-share
香港金融管理局—自有資金 Hong Kong Monetary Authority—Internal Funds	183,235	5,678,048	0.42	無 Nil	A股 A-share
招商銀行股份有限公司—東方紅睿澤三年定期開放靈活配置混 合型證券投資基金 China Merchants Bank Co., Ltd.,—Dongfanghong Ruize Three- year Regular Open Flexible Configuration Hybrid Securities Investment Fund	-831,380	5,318,593	0.39	無 Nil	A股 A-share
全國社保基金一零六組合 National Social Insurance Fund One Zero Six Portfolio	-	4,278,046	0.32	無 Nil	A股 A-share

附註：

- 香港中央結算(代理人)有限公司及香港中央結算有限公司均為香港交易及結算所有有限公司的全資子公司，香港中央結算(代理人)有限公司持有的H股股份乃代表多個客戶所持有，並已扣除青啤集團及鑫海盛持有的H股股份數量。而香港中央結算有限公司持有的A股股份亦為代表其多個客戶持有。
- 青啤集團持股數量包括了通過其自身以及全資附屬公司鑫海盛持有的本公司H股股份合計38,335,600股，其本身持有本公司A股股份405,132,055股。
- 根據復星國際有限公司的說明，復星國際有限公司下屬五家實體合計持有本公司H股股份211,708,236股，佔本公司總股本約15.67%。於報告期末，復星五家實體所持股份是由香港中央結算(代理人)有限公司代為持有。

Notes:

- Both HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. The H-shares are held by HKSCC Nominees Limited on behalf of different clients excluding the H-shares held by Tsingtao Group and Xinhaisheng, while the A-shares are held by Hong Kong Securities Clearing Company Limited also on behalf of different clients.
- Tsingtao Group holds 38,335,600 shares of H-share in the Company by itself and through the wholly-owned subsidiary Xinhaisheng, and 405,132,055 shares of A-share in the Company by itself.
- According to the instructions of Fosun International Co., Ltd., five entities under Fosun International Co., Ltd. hold a total of 211,708,236 stock shares of the Company, accounting for approximately 15.67% of the total share capital of the Company. At the end of the reporting period, the shares held by the five entities of Fosun were held by HKSCC Nominees Limited.

除上所述，本公司並不知曉前十名股東之間是否存在關聯關係或屬於一致行動人。

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

## 董事會報告 Report of the Directors

### (3) H股主要股東

於2019年12月31日，除下述人士外，本公司的董事並不知悉有任何本公司的董事、監事、最高行政人員或他們的連絡人以外的人士，在本公司的股份或相關股份中擁有權益或淡倉，而該等權益或淡倉是根據《證券及期貨條例》(香港法例第571章)(「《證券及期貨條例》」)第336條而備存的登記冊所載錄者：

### (3) Substantial Shareholders of H-share

Save as disclosed below, the directors of the Company are not aware of any persons other than a director or supervisor or chief executive of the Company or his/her respective associate(s) who, as at 31 December 2019, had an interest or short position in the shares or underlying shares of the Company which was recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”):

名稱 Name	性質 Nature	股份類別 Class of Share	持股身份 Shareholder Identity	註釋 Note	股份/相關 股份的數目 Number of Share/ Related Shares	佔全部已發行 股本之百分比 As a percentage of the entire issued capital	佔全部H股 之百分比 As a percentage of all H Shares
青島市國資委 SASACQ	好倉 Long position	A股 A-Share	法團權益 Corporate Interests		405,132,055 A股	29.99%	不適用 N/A
	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	1	38,335,600 H股	2.84%	5.85%
香港鑫海盛投資發展有限公司 Hong Kong Xinhaisheng Investment Limited	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		38,335,600 H股	2.84%	5.85%
JPMorgan Chase & Co.	好倉 Long position	H股 H-Share	受控制法團權益/ 持有保證權益的人/ 投資經理/保管人 Interest of controlled corporation/ person having security interest in shares/Investment Manager/ Custodian	2	39,260,013 H股	2.91%	5.99%
	可供借出股份中權益 Interest in a lending pool	H股 H-Share			30,952,185 H股	2.29%	4.72%
	淡倉 Short position	H股 H-Share	實益擁有人 Beneficial Owner		3,779,937 H股	0.28%	0.57%
Baillie Gifford & Co.	好倉 Long position	H股 H-Share	受控制法團權益/投資經理 Interest of controlled/Investment manager	3	59,129,003 H股	4.38%	9.03%
郭廣昌 Guo Guangchang	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	4	212,728,236 H股	15.75%	32.47%
Fosun International Holdings Ltd.	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	4	212,728,236 H股	15.75%	32.47%
復星國際有限公司 Fosun International Limited	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	4	212,728,236 H股	15.75%	32.47%
復星產業控股有限公司 Fosun Industrial Holdings Limited	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		153,255,626 H股	11.34%	23.40%
China Momentum Fund, L.P.	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	5	28,954,299 H股	2.14%	4.42%
China Momentum Investment (BVI) Limited	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		28,954,299 H股	2.14%	4.42%
Fidelidade — Companhia de Seguros, S.A.	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		22,888,733 H股	1.69%	3.49%

## 董事會報告 Report of the Directors

### 註釋：

- (1) 被視為由青島市國資委享有權益的38,335,600股H股是透過青島啤酒集團有限公司的全資附屬公司香港鑫海盛投資發展有限公司持有。根據最新的披露權益申報，青島市國資委享有38,335,600股H股權益。
- (2) JPMorgan Chase & Co.的持股資料是根據最新的披露權益申報而作出，其被視為享有權益的股份是分別透過多家中間控股公司持有。
- (3) Baillie Gifford & Co.被視為享有權益的股份是分別透過多家由Baillie Gifford & Co.控制的全資附屬公司持有。
- (4) 郭廣昌先生，Fosun International Holdings Ltd.及復星國際有限公司被視為享有權益的股份是分別透過多家由彼等控制的公司及控股公司管理的基金持有。
- (5) China Momentum Fund, L.P.被視為享有權益的股份是透過China Momentum Investment (BVI) Limited持有。
- (6) 公司主要股東新近的披露權益申報，請參閱香港交易及結算所有限公司網站(www.hkex.com.hk)有關「披露權益」的部分。

### 3. 優先認股權

《公司章程》或中國法律並無有關優先認股權的規定，致令本公司必須首先按比例向現有股東發售新股份，然而，本公司須遵守上市規則關於優先認股權的規定。

### Notes:

- (1) The 38,335,600 H-Shares which were deemed to be interested by SASACQ were held by Hong Kong Xinhaisheng Investment Limited, a wholly-owned subsidiary of Tsingtao Brewery Group Company Limited, which is controlled by SASACQ. According to the latest disclosure of interests filings, SASACQ was interested in 38,335,600 H-Shares.
- (2) The shareholding information of JPMorgan Chase & Co. is made based on the latest disclosure of interests filings. The shares in which it was deemed to be interested were held through various intermediate holding companies.
- (3) The shares in which Baillie Gifford & Co. was deemed to be interested were held through various controlled wholly-owned subsidiaries of Baillie Gifford & Co.
- (4) The shares in which Mr. GUO Guangchang, Fosun International Holdings Ltd. and Fosun International Limited were deemed to be interested were held through various controlled corporations and a fund managed by the controlled corporation held by Mr. GUO Guangchang, Fosun International Holdings Ltd. and Fosun International Limited.
- (5) The shares in which China Momentum Fund, L.P. was deemed to be interested were held by China Momentum Investment (BVI) Limited.
- (6) For the latest disclosure of interests filings for the Company's substantial shareholders, please refer to the "Disclosure of Interests" section on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

### 3. Pre-emptive Right

There are no provisions concerning pre-emptive rights in the Company's *Articles of Association* or any of the laws in China, which require the Company to firstly offer new shares on pro-rata basis to its existing shareholders. However, the Company has to abide by the rules concerning pre-emptive right in Listing Rules.

## 董事會報告 Report of the Directors

### 六. 董事、監事、高級管理人員和員工情況

#### 1. 董事和監事持股情況

姓名 Name	職務 Position	年初持股數 Shares held at the beginning of the year	期末持股數 Shares held at the end of the Reporting Period	股份種類 Class of share
黃克興 HUANG Ke Xing	董事長、黨委書記 Chairman and Secretary of the Party Committee	1,300 (註) (Note)	1,300	A 股 A-share
樊偉 FAN Wei	執行董事、總裁兼製造總裁、總釀酒師 Executive Director, President of the Company and President of Manufacturing Center, Chief Brewer	122,876	122,876	A 股 A-share
于增彪 YU Zeng Biao	獨立非執行董事 Independent non-executive director	10,000	20,000	A 股 A-share

註：黃克興先生被視為持有26,502股，其中25,202股為黃克興先生的配偶持有。

截至2019年12月31日止，據董事所知，除上述人員持股外，本公司的董事和監事並無在本公司或其相聯法團(定義見《證券及期貨條例》第XV部所指的相聯法團)的股份、相關股份及債券證中擁有任何權益及淡倉，而該等權益及淡倉是指根據《證券及期貨條例》第352條須予備存的登記冊所記錄的或依據《標準守則》通知本公司及香港聯交所。

本公司已以《標準守則》以及本公司制訂的《公司董事、監事及高級管理人員所持本公司股份及其變動的管理規則》作為董事進行證券交易的行為守則和規範。本公司已向所有董事及監事作出特定查詢，彼等亦確認於報告期內之所有適用時期，均遵守《標準守則》及其行為守則和規範所規定有關董事的證券交易的標準。

### VI. Directors, Supervisors, Senior Management Officers and Employees

#### 1. The shareholding of directors and supervisors

單位：股  
Unit: Share

Note: Mr. HUANG Ke Xing was deemed to be interested in 26,502 shares, of which 25,202 shares were held by his spouse.

As at 31 December 2019, so far as the directors aware, save as disclosed above, none of the directors and supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (as defined in Part XV of SFO), and such interests or short positions were recorded in the register required to be kept under section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the *Model Code*.

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

## 董事會報告 Report of the Directors

### 2. 董事變更資料

根據上市規則第13.51B(1)條之董事資料更改列述如下：

#### 2.1 公司董事的資料更改情況如下：

- (1) 公司獨立非執行董事于增彪，自2019年9月起新任中國電影股份有限公司獨立董事。
- (2) 公司獨立非執行董事蔣敏，自2019年5月起新任青島港國際股份有限公司獨立非執行董事。
- (3) 公司獨立非執行董事姜省路，自2019年5月起新任利群商業集團股份有限公司獨立董事。

### 3. 董事、監事、高級管理人員年度報酬情況

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

### 2. Changes of information of directors

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

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

- (1) Mr. YU Zeng Biao, independent non-executive director of the Company, has taken on the new role of Independent Director of China Film Co., Ltd. since September 2019.
- (2) Mr. JIANG Min, independent non-executive director of the Company, has taken on the new role of independent non-executive director of Qingdao Port International Co., Ltd. since May 2019.
- (3) Mr. JIANG Xing Lu, independent non-executive director of the Company, has taken on the new role of Independent Director of Liqun Group Co., Ltd. since May 2019.

### 3. Annual remuneration of directors, supervisors and senior management officers

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

## 董事會報告 Report of the Directors

對公司獨立非執行董事和獨立監事按股東大會決議支付年度酬金。

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

姓名 Name	職務 Position	備註 Note	報告期內的薪酬合計 (稅前，含企業繳納社保 及公積金)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) during the Reporting Period (RMB0'000)
黃克興 HUANG Ke Xing	董事長、黨委書記 Chairman and Secretary of the Party Committee	現任 Current	78.21
樊偉 FAN Wei	執行董事、總裁 Executive Director, President of the Company	自2020年2月28日起辭任 Resigned on February 28, 2020	69.25
于竹明 YU Zhu Ming	執行董事、財務總監 Executive Director, CFO	現任 Current	62.65
王瑞永 WANG Rui Yong	執行董事、副總裁 Executive Director, Vice President	現任 Current	59.42
于增彪 YU Zeng Biao	獨立非執行董事 Independent Non-executive Director	現任 Current	12
賈聖林 BEN Sheng Lin	獨立非執行董事 Independent Non-executive Director	現任 Current	12
蔣敏 JIANG Min	獨立非執行董事 Independent Non-executive Director	現任 Current	12
姜省路 JIANG Xing Lu	獨立非執行董事 Independent Non-executive Director	現任 Current	12
李綱 LI Gang	監事會主席 Chairman of Board of Supervisors	現任 Current	12
姚宇 YAO Yu	股東監事 Independent Supervisor	現任 Current	0
李燕 LI Yan	獨立監事 Independent Supervisor	現任 Current	8
王亞平 WANG Ya Ping	獨立監事 Independent Supervisor	現任 Current	8
于嘉平 YU Jia Ping	職工監事 Supervisor as Employees' Representative	自2020年1月8日起辭任職工監事， 繼續在公司任職 Resigned from the position of Supervisor as Employees' Representative on January 8, 2020, but continues to work in the Company	63.78
孫麗紅 SUN Li Hong	職工監事 Supervisor as Employees' Representative	現任 Current	50.92

## 董事會報告 Report of the Directors

姓名 Name	職務 Position	備註 Note	報告期內的薪酬合計 (稅前，含企業繳納社保 及公積金)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) during the Reporting Period (RMB0'000)
蔡志偉 CAI Zhi Wei	營銷總裁 President of Marketing Center	現任 Current	339.63
姜宗祥 JIANG Zong Xiang	副總裁兼供應鏈總裁 Vice President and President of Supply Chain	現任 Current	28.74
徐楠 XU Nan	副總裁、製造總裁、 總釀酒師 Vice President, President of Manufacturing and Chief Brewer	現任 Current	30.47
王少波 WANG Shao Bo	副總裁 Vice President	現任 Current	32.31
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	現任 Current	61.76
唐斌	非執行董事	於2019年7月16日辭任公司非執行 董事	0
TANG Bin	Non-executive Director	Resigned from the position of Non- executive Director of the Company on July 16, 2019	
邢軍	職工監事	於2019年8月28日辭任職工監事， 並不在公司任職	31.04
XING Jun	Supervisor as Employees' Representative	Resigned from the position of Supervisor as Employees' Representative on August 28, 2019, and left the Company	
合計 Total			<u>984.18</u>

說明：

Notes:

- 姜宗祥、徐楠和王少波是公司董事會於2019年8月1日新聘任的高管人員，上表列載報酬是統計報告期內任職高管職務期間五個月的報酬。
- 邢軍於2019年8月28日辭去職工監事一職，並不在公司擔任其他職務，上表列載報酬是統計報告期內在職期間八個月的報酬。

- Mr. JIANG Zong Xiang, Mr. XU Nan and Mr. WANG Shao Bo are senior management members appointed by the Board on August 1, 2019. The remuneration shown in the above table is the remuneration for the period of five months when they served their senior management positions.
- Mr. XING Jun resigned from the position of Supervisor as Employees' Representative on August 28, 2019 and is no longer working at the Company. The remuneration shown in the above table is the remuneration for the period of eight months while he served in the Company.



## 董事會報告 Report of the Directors

### 4. 員工情況

4.1 截至報告期末，本公司(包括下屬子公司)在崗員工共計38,169人。員工專業構成及教育程度如下：

專業構成 Profession	專業構成類別 Class of Profession	專業構成人數 Number (person)
生產服務人員	Production and service personnel	16,669
銷售人員	Sales personnel	11,583
工程技術人員	Technical and engineering personnel	2,536
財務人員	Financial personnel	1,238
行政管理人員	Administrative personnel	6,143
合計	Total	38,169

教育程度 Educational Background	教育程度類別 Class of education	數量(人) Number (person)
碩士及以上	Master's degree and above	396
本科生	Undergraduate	6,758
專科生	2-year college	11,394
中專生	Secondary specialized school	8,028
中專以下	Under secondary specialized school	11,593
合計	Total	38,169

### 4.2 薪酬政策

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

2019年圍繞崗位考核激勵、增長分享激勵、產品專項激勵、降本增效激勵、新業務拓展激勵、戰狼榮譽激勵、金牌技能專家、崗位明星表彰等一系列舉措，人均效率顯著提升、員工收入穩定增長，企業投入產出效率呈良性發展趨勢。

### 4. Employees

4.1 As at the end of the Reporting Period, the Company (including the subsidiaries) totally had 38,169 persons of full-time employees. The composition of employees in terms of profession and educational background is as follows:

### 4.2 Remuneration policy

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

In 2019, the Company took a suite of measures, including position appraisal incentive, growth sharing incentive, product incentive, cost reduction and efficiency enhancement incentive, new business expansion incentive, wolf warrior honor incentive and the awards of Gold Skilled Expert and Position Star. These incentive programs have led to substantial increase in per capita efficiency, stable growth in staff income and a positive trend with regards to input-output efficiency.

## 董事會報告 Report of the Directors

### 4.3 培訓計劃

2019年，在培訓資源全員覆蓋的基礎上，青島啤酒管理學院完成了由員工學習「供應商」到「服務商」的轉變，通過多平臺鏈接，打通內外部優質學習資源，給員工提供更多的選擇；同時，通過資源整合運營，為不同的學習群體提供個性化服務，更精準地賦能各級學員。

借國家技能人才評價機制改革政策的東風，公司積極申報並成功獲批山東省首批企業技能人才自主評價試點單位，將企業評價與社會認定有機結合，為企業技能人才成長拓寬了通道，首批49名高級技師通過認定。

### 4.3 Training plan

In 2019, based on the full coverage of training resources on all employees, the Management School of Tsingtao Brewery has changed students' perception of their role from "suppliers" to "service providers". Through connection of multiple platforms, it allows access to high-quality internal and external learning resources and provided staff with more options to study. At the same time, through operations of resource integration, it provided different learning groups with individualized services to empower trainees from different levels with more fitting knowledge.

Through the opportunity of government-led reform of skilled talent evaluation mechanism, the Company proactively applied and was successfully recognized as one of Shandong's first group of pilot units for corporate skilled talent self-evaluation. By organically combining corporate evaluation and social recognition, the Company has expanded channels for the growth of corporate skilled talents, with the first group of 49 senior technicians recognized.

## 七. 董事及監事收購股份之權利

除上文所披露者外，本公司或其任何附屬公司概無於年內任何時間參與任何安排，以致本公司之董事及監事可藉購入本公司或任何其它團體之股份或債券而獲益。

## VII. Directors' and Supervisors' Right of Purchasing Shares

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

## 八. 董事或監事合約權益及董事服務合約

本公司獲委任董事及監事均已與本公司訂立服務合約，各董事及監事概無與本公司簽定任何一年內若由本公司及其附屬公司終止合約時須作出賠償的服務合約(法定賠償除外)。除此之外，本年度內董事及監事均無在本公司及其附屬公司訂立的任何合約中擁有重大權益。

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

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

## 董事會報告 Report of the Directors

### 九. 獨立非執行董事之獨立性的確認

本公司已經根據上市規則第3.13條收到每名現任獨立非執行董事就其獨立性而作出的年度確認函，本公司仍然認為有關獨立非執行董事屬獨立人士。

### 十. 購回、出售及贖回上市股份

報告期內，本公司或其任何附屬公司並無購入、出售及贖回本公司任何上市證券。

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

### 十一. 主要附屬公司及聯營公司

本公司各附屬公司及聯營公司之詳情載於隨附合併財務報表附註。

### 十二. 固定資產

有關報告期內固定資產之變動載於隨附合併財務報表附註。

### 十三. 銀行貸款

於二零一九年十二月三十一日之銀行貸款詳情載於隨附合併財務報表附註。

### 十四. 獲准許之彌償條文

經本公司2017年度股東年會批准，本公司已為全體董事購買適當之責任保險。

### 十五. 股票掛鉤協議

本公司於本年度終結日或年內任何時間概無訂立任何股票掛鉤協議。

### IX. Confirmation of Independence by Independent Non-executive Directors

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

### X. Buy-back, Sales and Redemption of Shares

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

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

### XI. Principal Subsidiaries and Associated Companies

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

### XII. Fixed Assets

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

### XIII. Bank Loans

Details of bank loans as at 31 December 2019 are set out in the attached Notes to Consolidated Financial Statements.

### XIV. Permitted Indemnity Provision

As approved at the 2017 Annual General Meeting of the Company, the Company has purchased appropriate liabilities insurance for all directors.

### XV. Equity-linked Agreements

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

## 董事會報告 Report of the Directors

### 十六. 董事及監事在重要交易、安排或合約中的權益

報告期內，本公司任何董事、監事或與其有關的實體均未直接或間接從本公司、本公司控股公司、附屬公司的重要交易、安排或合約中擁有重大權益。

### 十七. 捐款

本集團於年內作出的慈善及其他捐款之金額載於合併財務報表項目附註53。

除上述披露者外，本集團並無於年內作出慈善及其他捐款。

黃克興  
董事長  
中華人民共和國 青島  
二零二零年三月二十七日

### XVI. Directors' and Supervisors' Interests in Transactions, Arrangements and Contracts of Significance

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

### XVII. Donations

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

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

HUANG Ke Xing  
Chairman  
Qingdao, the People's Republic of China  
27 March 2020



## 監事會報告 Report of the Supervisors

本人謹此提呈青島啤酒股份有限公司2019年度之監事會報告，敬請各位股東審閱。

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

### 一、報告期內監事會的工作情況

#### (一) 監事會召開情況

報告期內，公司監事會共召開7次會議，其中定期會議5次，臨時會議2次，審議各類議案共計22項。主要議案如下：

##### 1、 審議定期報告：

- (1) 審議公司2018年度財務報告；
- (2) 審議公司2019年第一季度報告；
- (3) 審議公司2019年半年度報告；
- (4) 審議公司2019年第三季度報告。

I hereby present the 2019 Report of Supervisors of Tsingtao Brewery Company Limited for the kind review by all shareholders.

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

### I. Work of Board of Supervisors during the Reporting Period

#### (I) Meetings held by Board of Supervisors

During the Reporting Period, the Board of Supervisors held totally 7 meetings, including 5 regular meetings and 2 unscheduled meetings, with 22 different resolutions considered, mainly including the following:

##### 1. Regular reports:

- (1) considered the Company's 2018 Financial Report;
- (2) considered the Company's 2019 First Quarterly Report;
- (3) considered the Company's 2019 Interim Report;
- (4) considered the Company's 2019 Third Quarterly Report.



李鋼先生  
Mr. LI Gang

## 監事會報告 Report of the Supervisors

### 2、 審議其它事項：

通過召開會議，審議通過了公司2018年度利潤分配預案、2019年預算草案、子公司整合清算和新增產能項目及其他議案等，共計18項。

### (二) 監事會實地調研情況

報告期內，中國啤酒市場競爭仍然較為激烈，為進一步掌握青島啤酒在全國的生產、銷售等經營情況，同時為使公司監事(尤其是外部監事)加深對公司的瞭解，監事會深入公司所屬南部工廠和營銷分支機構等進行了實地調研。通過調研交流，掌握第一手資料，為監事會決策的科學性及履行監督職能的有效性提供了有力支持。

## 二、監事會對公司2019年度有關事項的獨立意見

### (一) 依法運作情況

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

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

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

### 2. Other issues:

A total of 18 proposals were considered and approved in the meetings held by Board of Supervisors, including the Company's 2018 profit distribution plan, 2019 draft budget plan, subsidiaries' integration, liquidation and new capacity projects and other proposals.

### (II) Site researches made by Board of Supervisors

China's beer market competition remained intense during the reporting period. To further grasp the production, sales and other operation statuses of Tsingtao Brewery across the country and enable Supervisors of the Company (in particular external Supervisors) to deepen understanding of the Company, Board of Supervisors conducted site survey in southern factories and marketing branches under the Company. Through the survey, communication and understanding of first-hand information, these have provided powerful support for Board of Supervisors to make factual-based decisions and performing monitoring functions effectively.

## II. Independent Comments made by Board of Supervisors to the issues in 2019

### (I) Compliance operation

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

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

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

## 監事會報告 Report of the Supervisors

### (二) 檢查公司財務情況

監事會對2019年度公司的財務狀況和財務成果進行了監督、審核，監事會認為，公司財務制度健全，財務運作規範，財務狀況良好。公司財務報告真實、客觀地反映了公司的財務狀況和經營情況。

### (三) 最近一次募集資金使用情況

報告期內，公司未有新增和存量募集資金，不存在募集資金管理及使用違規情形。

### (四) 內控工作報告情況

監事會認為，公司已根據自身的實際情況和法律法規的要求，形成了公司健全有效的內部控制體系，並能得到有效執行。董事會出具的《公司2019年度內部控制評價報告》及審計師出具的內部控制審計報告客觀、真實地反映了公司內部控制制度的建設及運行情況。

### (五) 建立和實施內幕信息知情人管理制度的情況

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

### (II) Review of the financial situations

After having supervised and audited the financial situation and results of the Company for the year 2019, the Board of Supervisors is of the view that, the Company's financial system is sound and complete, the financial operation is compliant, the financial situation is satisfactory, and the financial statements truly and objectively reflects the Company's financial situation and operation.

### (III) Latest use of proceeds received

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

### (IV) Internal control work report

The Board of Supervisors is of the view that, the Company has established a sound and effective internal control system in accordance with its own actual situation and the requirements of the laws and regulations, which is effectively implemented. The *2019 Internal Control Evaluation Report* presented by the Board and the internal control audit report presented by the auditor truly and objectively reflects the construction and operation of the Company's internal control system.

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

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

## 監事會報告 Report of the Supervisors

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

2020年，監事會將繼續嚴格按照法律法規、《公司章程》和監管規定的要求，對董事和其他高級管理人員的日常履職情況進行監督，積極參加股東大會，列席董事會會議，誠信勤勉地履行監事會的各项職責，充分發揮專業優勢，通過召開會議、實地調研等方式，進一步強化監督職能，提升履職能力，保障公司的持續、健康、穩定發展，維護公司和股東的合法權益。

監事會主席：李綱  
二零二零年三月二十七日

In summary, the Board of Supervisors has fulfilled their duties during the reporting period. In addition, the Board of Supervisors has fulfilled the duties assigned to them by the laws and regulations, and the *Articles of Association*, as well as played the role of the Board of Supervisors. I would like to take this opportunity to express my heartfelt thanks to all the supervisors for their contributions to the work of the Supervisory Committee of the Company during the reporting period!

In 2020, the Board of Supervisors shall continue to supervise the daily performance of the directors and other senior management personnel in strict accordance with the requirements of the laws and regulations, the *Articles of Association* and the regulatory requirements. The Board of Supervisors shall actively participate in the general meeting of shareholders, attend the board meeting, and perform the various duties of the Board of Supervisors in good faith and diligence. The Board of Supervisors shall harness their professional advantages, further strengthen their supervisory functions, enhance their abilities to perform duties, ensure the Company's sustained, healthy and stable development, and safeguard the legitimate rights and interests of the Company and shareholders through meetings and field research.

Chairman of Board of Supervisors: **LI Gang**  
27 March 2020



## 企業管治報告 Corporate Governance Report

本公司自1993年於香港聯交所及上交所上市以來，按照境內外上市規則和監管要求，不斷完善公司治理結構，規範公司運作。公司股東大會、董事會、監事會各司其職，決策獨立，相互制衡。公司董事會設立了審計與內控委員會、戰略與投資委員會和提名與薪酬委員會三個由外部董事(包括獨立非執行董事)為主構成的專業委員會，對提高董事會的決策效率起到積極作用，促進了公司治理結構的有效運作。

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

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

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

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

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

## 企業管治報告 Corporate Governance Report

報告期內，本公司已遵守《上市規則》附錄十四載列之《企業管治守則》的守則條文。本公司所採納的企業管治措施如下：

### 一. 董事會

#### 1. 職責與分工

董事會在董事長的領導下，在公司的發展戰略、管理架構、投資及融資、財務監控等方面行使管理決策權，並致力於實現股東價值最大化。在本公司的章程及其附件——董事會議事規則中，已詳細列明瞭董事會在公司發展戰略和管理方面的職權以及董事會對公司發展和經營的監督與檢查職權。同時，董事會履行企業管治職能，監督、評估及確保公司內部控制系統的效能及對法律法規的遵守情況。本公司董事會負責履行經修訂的《企業管治守則》第D.3.1條職權範圍所載的企業管治職責，董事會已於年內履行有關的職責。

公司董事長和總裁的職責分工已清晰界定，並載於本公司的章程及其附件中。董事長負責決定每次董事會會議的議程，其中每次會議前徵詢其他董事有無提案，並根據實際情況將其他董事的提議加入會議議程。此外，董事長亦負責引領和制定本公司的總體發展戰略，並檢查董事會決議的實施情況。

總裁負責組織實施董事會決議及公司年度預算和投資方案，並向董事會報告公司經營情況和重大合同的簽訂執行情況；總裁在董事會的授權範圍內行使對公司資金、資產的運用權及代表公司簽訂合同。同時，公司明確了管理層人員各自具體的職責及其分工，以保證其切實履行誠信義務和勤勉盡責。

During the Reporting Period, the Company had abided by the code provisions in the *Corporate Governance Code* set out in Appendix 14 of *Listing Rules*. Measures taken by the Company for corporate governance are as follows:

### I. The Board

#### 1. Duties and assignments

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

The division of duties between the Company's chairman and president has been clearly defined and stated in Articles of Association and its appendix. The chairman is responsible for deciding the agenda of each board meeting, contacting other directors before each meeting for any proposals to be considered at the meeting, and considering whether to include such proposals into the agenda according to the actual circumstance. Besides, the chairman should also be responsible for leading and working out the Company's overall development strategy, and supervising the implementation of resolutions approved by the Board.

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

## 企業管治報告 Corporate Governance Report

### 2、 組成

截至2019年12月31日，公司第九屆董事會成員由4名執行董事及4名獨立非執行董事組成：

#### 執行董事

黃克興先生(董事長)

樊偉先生(總裁)(已於2020年2月28日辭任)

于竹明先生

王瑞永先生

#### 獨立非執行董事

于增彪先生

賁聖林先生

蔣敏先生

姜省路先生

上述獲重選或獲選舉的董事的任期為三年，由股東年會通過對其作出的委任後立即開始至本公司第九屆董事會任期屆滿，惟賁聖林先生和蔣敏先生之任期將至2020年6月公司召開的股東年會結束後屆滿。於2020年2月28日，樊偉先生由於已屆法定退休年齡，因此辭任本公司執行董事以及總裁的職務。

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

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

### 2. Composition

As at 31 December 2019, the ninth session of the Board comprises 4 executive directors and 4 independent non-executive directors:

#### Executive Directors

Mr. HUANG Ke Xing (Chairman)

Mr. FAN Wei (President) (Resigned on February 28, 2020)

Mr. YU Zhu Ming

Mr. WANG Rui Yong

#### Independent Non-executive Directors

Mr. YU Zeng Biao

Mr. BEN Sheng Lin

Mr. JIANG Min

Mr. JIANG Xing Lu

The above-mentioned re-elected or elected directors shall serve for a term of three years, with immediate effect following their appointment during the shareholders' meeting, until the expiration of the term of the ninth session of the Company's Board of Directors. However, the terms of Mr. BEN Sheng Lin and Mr. JIANG Min shall be effective until the end of the annual general meeting of shareholders in June 2020. Mr. FAN Wei resigned from the positions of Executive Director and President of the Company on February 28, 2020, because he had reached the statutory retirement age.

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

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

## 企業管治報告 Corporate Governance Report

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

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

### 3、董事會會議

2019年度，本公司共舉行了5次現場會議和4次以通訊表決方式召開的會議，以討論本公司的營運及財務表現、管理架構、投資方案等，主要事項包括：

- 審議批准年度、半年度及季度業績報告；
- 審議批准召集股東年會事項及聘任高管人員事項；

### 3. Board meeting

In 2019, the Company totally held 5 site meetings and 4 meetings combining with voting through communications to consider the Company's operation and financial performance, management structure and investment plan mainly including:

- Considering and approving the reports of annual, interim and quarterly results;
- Considering and approving the convening of annual general meetings and the appointment of senior management personnel;



## 企業管治報告 Corporate Governance Report

- 審議批准子公司搬遷新建項目和新增產能項目的可行性報告；
- 審議批准子公司整合清算事項的可行性報告。

會議通知和議案資料在合理的時間內送達各董事，董事會會議能進行富有成效的討論及做出迅速而審慎的決策。在本年度內，各位董事出席董事會會議的詳情載列如下：

- Considering and approving the feasibility report for the relocation of new projects and new capacity projects of subsidiaries;
- Considering and approving the feasibility report for integration and liquidation of subsidiaries.

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

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

註 1：樊偉先生於 2020 年 2 月 28 日辭任執行董事職務。

Note 1: Mr. FAN Wei resigned from the position of Executive Director on February 28, 2020.

註 2：唐斌先生於 2019 年 7 月 16 日辭任非執行董事職務。

Note 2: Mr. TANG Bin resigned from the position of Non-Executive Director on July 16, 2019.

## 企業管治報告 Corporate Governance Report

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

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

### 二、董事

#### 1、董事之培訓和考察

根據企業管治守則，全體董事須參與持續專業發展，以更新其知識及技能。本公司已為董事提供培訓及發展課程，包括(1)為新委任之董事提供就職課程(董事手冊)；(2)為董事提供持續培訓及專業發展課程。

於2019年1月1日至12月31日期間，本公司全體董事定期接受有關本集團業務、營運及企業管治事宜的簡報及更新。董事並獲提供適用於本集團的新訂重點法律及條例或重要法律及條例的變動。公司每週編寫一期有關證券市場發展及監管政策的動態信息發送給董事、監事和高管人員。報告期內，公司秘書參加了上交所舉辦的不少於30學時的專題培訓。

2019年12月，公司組織獨立董事和股東監事到南部工廠進行了參觀調研，並與工廠和營銷管理團隊進行座談交流，瞭解市場銷售和工廠運行情況，並提出相關建議。

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

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

### II. Directors

#### 1. Directors' training and survey

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

During the period from 1 January 2019 to 31 December 2019, all of the Company's directors received regular briefings and updates for the matters relating to the Group's business, operation and corporate governance. They were also provided with the newly published important laws and rules, or changes in the important laws and rules which were applicable to the Group. The Company prepared and distributed to the directors, supervisors and senior management officers a weekly newsletter about the development in stock market and updated information of regulatory policies. During the Reporting Period, the Corporate Secretary attended at least 30-hour specialized training held by Shanghai Stock Exchange.

In December 2019, the Company organized independent directors, shareholders and supervisors to conduct survey in southern factories. The survey team had discussion and communication with the factories as well as marketing management teams, learned about market sales and factory operations and offered relevant suggestions.

## 企業管治報告 Corporate Governance Report

### 2、獨立非執行董事的獨立性

本公司已委任足夠數目的獨立非執行董事。根據《上市規則》第3.13條的規定，董事會已收到所有獨立非執行董事就其獨立性提交的書面確認函。

### 3、董事的證券交易

本公司採納《上市規則》附錄十所載的《上市公司董事進行證券交易的標準守則》，制定了本公司的《董事、監事及高級管理人員所持本公司股份及其變動管理制度》。在向所有董事作出特定查詢後，本公司確認，本公司所有董事於報告期內均已遵守《上市規則》所規定的有關董事進行證券交易的標準。

### 4、董事、監事及高級管理人員的責任保險

經股東大會批准，本公司已為全體董事、監事及高級管理人員購買適當之責任保險。

### 5、財務匯報和董事就財務報表所承擔的責任

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

### 2. Independence of independent non-executive directors

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

### 3. Securities transaction by directors

The Company works out *Regulations on Holding and Changes of Shares in the Company by Directors, Supervisors and Senior Management Officers* by applying *Model Code* set out in Appendix 10 of *Listing Rules*. The Company confirms that, after having made specific enquiries to all directors and supervisors, they have been in compliance with the required standards set out in *Listing Rules* regarding the securities transaction by directors and supervisors during the Reporting Period.

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

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

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

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

## 企業管治報告 Corporate Governance Report

### 三. 董事會專門委員會

董事會於2018年6月28日召開會議，根據董事會換屆人員的調整，批准成立新一屆董事會下屬3個專門委員會，明確其監察公司個別範疇業務的職權範圍，以下委員會成員組成之披露為截止2019年末的狀況。

#### 1、 審計與內控委員會(「審計委員會」)

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

第九屆董事會審計委員會的成員包括：獨立非執行董事于增彪先生(審計委員會主席)、賁聖林先生、蔣敏先生和姜省路先生。非執行董事唐斌先生於2019年7月16日辭任，其中于增彪先生具備財務和會計業務的經驗和能力，並擁有中國註冊會計師資格。2019年度審計委員會共舉行了5次會議，為保證匯報的獨立性，會議主席已安排外部審計師與審計委員會成員進行單獨的會議。於每次會議後，委員會均會就討論的重要事項向董事會提交建議。各委員出席會議的情況如下：

委員姓名	Name	出席會議(次) Number of meetings attended (time)	應出席會議(次) Number of meetings should be attended (time)	出席率(%) Attending Rate (%)
于增彪 (審計委員會主席)	YU Zeng Biao (Chairman of Audit Committee)	5	5	100
賁聖林	BEN Sheng Lin	5	5	100
蔣敏	JIANG Min	5	5	100
姜省路	JIANG Xing Lu	5	5	100
唐斌(註)	TANG Bin (Note)	3	3	100

註：唐斌先生於2019年7月16日辭任本公司審計委員會委員職務。

### III. Specific Committees under the Board

The Board held a meeting on 28 June 2018, at which it approved to set up 3 specific committees under it based on the adjustments of its members of the latest session of the Board, and clarified their duty scope of supervising the specific business fields in the Company. The composition of the committees as at the end of 2019 is disclosed below.

#### 1. Audit & Internal Control Committee (“Audit Committee”)

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

Members of the Audit Committee of the ninth session of the Board of Directors include: Independent Non-executive Director, Mr. YU Zeng Biao (Chairman of the Audit Committee), Mr. BEN Sheng Lin, Mr. JIANG Min and Mr. JIANG Xing Lu. The Non-Executive Director Mr. TANG Bin resigned on July 16, 2019. Mr. Yu Zengbiao is well-versed in finance and accounting, and he holds Chinese CPA qualifications. The 2019 Audit Committee held 5 meetings in total. To ensure the independence of the report, the Chairman of the meeting has arranged for the external auditor to conduct separate meetings with the members of the Audit Committee. After each meeting, the committee will submit recommendations to the Board of Directors on the important matters discussed. The attendance of each member is as follows:

Note: Mr. TANG Bin resigned as member of the Audit Committee of the Company on July 16, 2019.



## 企業管治報告 Corporate Governance Report

審計委員會在本年度主要工作包括：

- 審閱本公司的年度、半年度及季度業績報告和財務報告；
- 就續聘公司審計師事項向董事會提供建議；
- 檢討公司風險管理及內部控制體系及制度的有效性，包括考慮公司在財務匯報職能方面的資源以及從業人員的資歷、經驗是否充足，相關人員的培訓及有關預算是否充足。

### 2、 戰略與投資委員會(「戰略委員會」)

戰略委員會的主要職責是審查和檢討公司的戰略發展方向，制訂公司戰略規劃，以及適時調整公司戰略和管治架構。

第九屆董事會戰略委員會的成員包括：董事長黃克興先生(戰略委員會主席)及執行董事于竹明先生和獨立非執行董事于增彪先生、蔣敏先生(於2018年6月28日獲委任)。唐斌先生於2019年7月16日起辭任戰略委員會委員職務。2019年度戰略委員會共舉行了4次會議，各委員出席會議的情況如下：

委員姓名	Name	應出席會議(次)		出席率(%)
		出席會議(次) Number of meetings attended (time)	Number of meetings should be attended (time)	
黃克興 (戰略委員會主席)	HUANG Ke Xing (Chairman of Strategy Committee)	4	4	100
于竹明	YU Zhu Ming	4	4	100
于增彪	YU Zeng Biao	4	4	100
蔣敏	JIANG Min	4	4	100
唐斌(註)	TANG Bin (Note)	1	1	100

註：唐斌先生自2019年7月16日辭任本公司戰略委員會委員。

戰略委員會在本年度的主要工作包括：審議子公司搬遷新建和新增產能和整合清算項目的可行性報告，以及財務公司增資事項。

Major work of Audit Committee in the year includes:

- Reviewing the Company's annual, interim and quarterly results reports, and financial statements;
- Making proposals to the Board on the re-appointment of auditor;
- Reviewing the effectiveness of the Company's risk management internal control systems and regulations, including whether the resource of the financial reporting, and the qualification and experience of the jobholders were sufficient or not, whether the training to the related personnel and the related budgets were sufficient or not.

### 2. Strategy & Investment Committee ("Strategy Committee")

The main duties and responsibilities of Strategy Committee are: to supervise and review the Company's orientation of strategic development, to work out the Company's strategic plan, and to make timely adjustment towards the Company's strategic and governance structure.

Members of the Strategy Committee of the ninth session of the Board of Directors include: Mr. HUANG Ke Xing (Chairman of the Strategy Committee), Executive Director, Mr. YU Zhu Ming and Independent Non-executive Directors, Mr. YU Zeng Biao and Mr. JIANG Min (appointed on June 28, 2018). Mr. TANG Bin resigned from the position of Member of the Strategy Committee on July 16, 2019. 4 meetings were held by the Annual Strategy Committee in 2019. The attendance of each member was as follows:

Note: Mr. TANG Bin resigned as members of the Strategy Committee of the Company on July 16, 2019.

The work completed by the Strategy Committee in the year mainly includes considering the feasibility report on relocation, new construction, capacity expansion, integration and liquidation projects of subsidiaries, and the capital increase of the Finance Company.

## 企業管治報告 Corporate Governance Report

### 3、提名與薪酬委員會

提名與薪酬委員會的主要職責包括：研究和審議公司董事與高管人員的薪酬政策和激勵機制，制訂考核標準；研究改善公司治理結構的方案及評核獨立非執行董事的獨立性及就董事委任向董事會提出建議。

第九屆董事會提名與薪酬委員會的成員包括：獨立非執行董事姜省路先生(提名委員會主席)、于增彪先生、賈聖林先生和蔣敏先生。唐斌先生於2019年7月16日辭任提名與薪酬委員會委員一職。

2019年度提名與薪酬委員會舉行了2次會議，對年報披露的董事、監事和高管人員薪酬資料進行了審核，以及對於公司擬聘任高管人員的任職資格進行了審核，建議董事會予以聘任。

### 3. Nomination & Remuneration Committee

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

Members of the Nomination and Remuneration Committee of the ninth session of the Board of Directors include Independent Non-Executive directors Mr. JIANG Xing Lu (Chairman of the Nomination Committee), Mr. YU Zeng Biao, Mr. BEN Sheng Lin and Mr. JIANG Min. Mr. TANG Bin resigned from the position of Member of the Nomination and Remuneration Committee on July 16, 2019.

In 2019, the Nomination and Remuneration Committee held two meetings to review the remuneration information of directors, supervisors and senior management personnel disclosed in the annual report and the qualifications of senior management personnel to be hired by the Company. It suggested the Board of Directors to appoint the personnel.

委員姓名	Name	應出席會議(次)		出席率(%)
		出席會議(次) Number of meetings attended (time)	Number of meetings should be attended (time)	
姜省路(提名委員會現任主席)	JIANG Xing Lu (Current Chairman of the Nomination Committee)	2	2	100
于增彪	YU Zeng Biao	2	2	100
賈聖林	BEN Sheng Lin	2	2	100
蔣敏	JIANG Min	2	2	100
唐斌(註)	TANG Bin (Note)	1	1	100

註：唐斌先生於2019年7月16日辭任本公司提名與薪酬委員會委員職務。

Note 1: Mr. TANG Bin resigned as member of the Nomination & Remuneration Committee of the Company on 16 July 2019.

## 企業管治報告 Corporate Governance Report

### 四. 監控機制

#### 1、 監事會

截至2019年12月31日，公司第九屆監事會由4名股東代表監事和2名職工代表監事組成，現任監事的個人簡介資料，載列於本年度報告「董事、監事、高級管理人員情況」。

監事會依法獨立行使公司監督權，保障股東、公司和員工的合法權益不受侵犯。2019年度，監事會共舉行7次會議，代表股東對公司財務以及董事和高管人員履行職責的合法合規性進行監督，並列席了所有的董事會現場會議和股東大會。有關監事會的工作情況載列於本年度報告的「監事會工作報告」中。

#### 2、 內部控制及風險管理

2.1 本公司按照上海證券交易所發佈的《上海證券交易所上市公司內部控制指引》，《上市規則》，以及內部控制具體規範的要求，制定了一系列內部控制制度，並在公司生產經營活動中發揮了應有的作用，促進了本公司規範化運行。按照企業內部控制規範體系的規定，建立健全和有效實施內部控制，評價其有效性，並如實披露內部控制評價報告是公司董事會的責任。監事會對董事會建立和實施內部控制進行監督。經理層負責組織領導企業內部控制的日常運行。

### IV. Supervisory Mechanism

#### 1. Board of Supervisors

As at 31 December 2019, the ninth session of Board of Supervisors is comprised of 4 supervisors as shareholders' representative and 2 supervisors as employees' representative. The profile of the current supervisors is set out in "Profiles of Directors, Supervisors and Senior Management Officers" in this Annual Report.

The Board of Supervisors legally exercises the supervision power to prevent the legal rights and interests of shareholders, the Company and its employees from being offended. In 2019, the Board of Supervisors totally held 7 meetings to supervise on behalf of shareholders over the Company's finance, legality and compliance of directors and senior management officers on performing their duties and responsibilities, and sat in all site board meetings and general meetings. Details of the work of Board of Supervisors are set out in "Report of the Supervisors" in this Annual Report.

#### 2. Internal control and risk management

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

## 企業管治報告 Corporate Governance Report

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

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

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

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

### 2.2 內部控制運行有效性評估

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

### 2.2 Evaluation of the effectiveness of internal control operation

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

## 企業管治報告 Corporate Governance Report

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

(1) 公司董事會對內控體系自我評估情況

公司第九屆董事會第十次會議審議通過公司2019年度內部控制評價報告，按照公司制定的內部控制缺陷認定標準，報告期內公司不存在財務報告內部控制重大缺陷、重要缺陷。亦未發現公司非財務報告內部控制重大缺陷、重要缺陷。

(2) 公司境內註冊會計師對財務報告內控體系評估情況

公司聘請普華永道中天對財務報告內部控制有效性進行了審計，認為公司於2019年12月31日按照《企業內部控制基本規範》和相關規定在所有重大方面保持了有效的財務報告內部控制。

公司2019年度內部控制評價報告及普華永道中天出具的財務報告內部控制審計報告全文載於上交所網站、香港聯交所網站和公司網站。

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

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

The Company's 2019 internal control evaluation report was considered and approved at the tenth meeting of the ninth session of the Board. According to the affirmation standards of internal control defects worked out by the Company, during the Reporting Period, the Company did not have any material weakness or significant weakness of internal control in the financial reporting, nor in the non-financial reporting.

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

PwC Zhong Tian was appointed by the Company to audit and appraise the effectiveness of the internal control in financial reporting, who was of the view that, as at 31 December 2019, the Company had maintained effective internal control in financial reporting in all material aspects according to *Basic Standards of Corporate Internal Control* and related regulations.

The full text of the evaluation report to the Company's 2019 internal control and the auditing report of the internal control in financial reporting presented by PwC Zhong Tian are published on the websites of SSE, the Stock Exchange and the Company.

## 企業管治報告 Corporate Governance Report

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

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

### 3、外聘審計師及酬金

本年度報告所收錄之財務報表根據中國企業會計準則編制，並經普華永道中天審計。普華永道中天已為本公司連續提供審計服務18年。2019年度，本公司應向普華永道中天支付其年度財務報告審計工作的酬金為人民幣660萬元，支付其內控審計工作的酬金為人民幣198萬元，公司不承擔稅費、差旅費及其它費用。審計師對財務報表審計的責任載於審計報告中「註冊會計師對財務報表審計的責任」之披露內容。

### 3. External auditor and its remuneration

The financial statements included in this Annual Report are prepared in accordance with CAS and have been audited by PwC Zhong Tian who has provided auditing service to the Company for 18 consecutive years. In 2019, the Company should pay RMB6.6 million to PwC Zhong Tian for its full-year work of auditing the financial statements, and RMB1.98 million for its work of auditing the internal control, which is inclusive of tax, traveling expenses and miscellaneous expenses. The auditor's responsibilities on the account are set out in the disclosed content in "Auditor's Responsibilities for the Audit of the Financial Statements" of this Annual Report.

## 五. 股東及其他利益相關者

### 1、股東大會

本公司一直致力於維護全體股東的合法權益，股東大會的召集召開嚴格按照《公司章程》、《股東大會議事規則》的規定。公司股東大會由董事會召集，由董事長主持召開。股東大會由公司執行董事作提案報告，對提案表決的監票和計票由股東代表、監事代表及見證律師、香港執業會計師(點票監察人)共同進行，並由會議主席(董事長)宣佈表決結果，正式形成大會決議。公司聘請的律師對大會作見證並發表法律意見書。

## V. Shareholders and other Interest-related Parties

### 1. General meeting

The Company has been devoting to protecting the legal rights and interests of all shareholders. The convening and holding of general meetings are strictly pursuant to the provisions in *Articles of Association* and *Rules of Order for General Meeting*. The Company's general meetings are convened by the Board and hosted by the Chairman of the Board. The executive directors make reports over proposals at the general meetings, while the representatives of shareholders, representatives of supervisors, witness lawyers, profession accountant from Hong Kong (scrutineers for the vote-taking) jointly inspect and count the votes to the proposals, and have the chairperson of the meeting (Chairman of the Board) announce the voting results and work out the formal resolution of the meetings. The lawyer appointed by the Company would witness the meetings and present legal comments.

## 企業管治報告 Corporate Governance Report

股東大會是公司的最高權力機構，依法行使職權，決定公司重大事項。每年的股東年會為董事會與公司股東提供直接溝通的渠道。因此，本公司高度重視股東大會，於會議召開45日前發出會議通知，在股東年會上，公司董事長及其他與會執行董事就股東關注的事項進行了廣泛深入的溝通及說明。2019年6月28日公司在青島以現場會議與網絡投票相結合的方式召開了2018年度股東年會，會議審議通過了公司2018年度董事會報告、監事會報告、經審計的財務報告、利潤分配預案和續聘財務報告及內部控制審計師等六項議案，以及聽取了公司2018年度獨立非執行董事述職報告。

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

### 2、股東權利

作為保障股東權益及權利的一項措施，本公司就各重大事項在股東大會上均單獨決議，以供股東考慮及投票。所有向股東大會提呈的決議案以投票方式表決。投票表決的結果將於相關股東大會後在香港聯交所網站、上交所網站及本公司網站公佈。

單獨或合併持有本公司發行在外的有表決權的股份百分之十以上(含百分之十)的股東可根據《公司章程》第八十六條第(一)項以書面形式請求召開臨時股東大會。有關請求必須向股東大會明確說明需要審議的內容，且必須由請求人簽署，並以書面的形式通知本公司董事會。股東應遵循《公司章程》所載有關召開臨時股東大會的規定及程序。

General meeting is the highest authority of the Company, which legally exercises its authorities to determine the significant events for the Company. The annual general meeting is a channel of direct communication between the Board and the shareholders of the Company. Therefore, the Company pays high regards to the general meetings by dispatching the meeting notice 45 days prior to the meeting date, and the chairperson and other attending executive directors make extensive and intensive communications and interpretation over the issues concerned by the shareholders at the annual general meetings. 2018 Annual General Meeting was held in Qingdao on June 28, 2019 in the combined form of on-site meeting and online voting. The meeting considered and approved six proposals, including the report from the Board of Directors, report from the Board of Supervisors, audited financial report, profit distribution plan and extended appointment of the auditor for financial reports and internal control for 2018, and listened to the work reports of independent non-executive directors for 2018.

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

### 2. Shareholders' rights

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

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

## 企業管治報告 Corporate Governance Report

股東有權要求查詢《公司章程》第五十二條第(五)項所載信息，股東可就該等權利致函本公司董事會秘書室或電郵至公司「投資者關係」郵箱(secretary@tsingtao.com.cn)發出查詢或提出請求。股東提出查詢有關信息的，應提供相關書面證明文件，經公司核實其股東身份後予以提供。

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

### 3、投資者關係與溝通

本公司高度重視投資者關係管理工作，並努力通過各種渠道和形式加強與投資者的溝通與交流，對投資者關注的熱點問題給與及時的解答。同時，公司不斷致力於提升公司的透明度，幫助投資者加深對公司業務情況及發展前景的瞭解，並悉心聽取投資者的意見和建議，不斷提升公司治理和經營管理水平。

2019年4月，由公司董事長帶隊，組成了專門推介團組，赴香港組織召開了公司2018年年度業績發佈會。推介會後，公司管理層又在香港進行了單對單的業績路演，與廣大投資者廣泛交流，加深了對公司經營情況的瞭解。另外，公司還安排了有事先預約的投資者來電、現場會議溝通及生產基地參觀等交流活動35場，參加了境內外證券金融機構舉辦的投資論壇、策略會等大型投資者溝通會議四次。

### 3. Investor relations and communications

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

In April 2019, the Company formed a dedicated promotion team, led by Chairman of the Board, to hold 2018 Annual Performance Release Conference in Hong Kong. After the conference, the Company's management conducted one-on-one performance roadshows in Hong Kong and communicated with investors to further show them the Company's business performance. Additionally, the Company arranged 35 communication activities, including appointment-based investor calls, on-site meetings, and production site visits. The Company also attended four large conferences for investor communication, including investment forums and strategy conferences organized by domestic and foreign financial institutions.





## 企業管治報告 Corporate Governance Report

### 4、 其他利益相關者

本公司認為：企業要保持基業常青、永續經營，應堅持誠信經營，認真履行社會責任，建立與公司利益相關者和諧共贏的長期合作關係。多年來，公司在經營業績穩步增長的同時，堅持依法納稅、誠信經營、回饋社會，積極參與社會公益性活動和環境保護。

良好的企業管治有助於公司的健康發展及提高投資者的信心，而董事會的有效性是良好企業管治的核心。因此，公司董事會將致力於不斷提升決策的效率和水平，促進公司的穩健發展及增加股東價值。

### 4. Other stakeholders

The Company is of the view that, it should insist on the operation with integrity and serious fulfillment of social responsibilities, and establishing a harmonic, win-win and long-term cooperation relationship with stakeholders of the Company to ensure its long-lasting existence and continuous operation. For years, the Company has been insisting on making full payment of taxes, operating with integrity, rewarding the society and actively participating in the social charity activities and environmental protection with the steady growth of its operating results.

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



## 管理層討論與分析 Management Discussion and Analysis

### 一、報告期內主要財務分析(按中國企業會計準則計算)

Analysis of Principal Financial Data during the Reporting Period (calculated in accordance with CAS)

#### (一) 公司主營業務及經營情況分析

Analysis of main business and operating situation of the Company

##### 1、利潤表及現金流量表相關科目變動分析表

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

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

科目	Item	本期數 Amount of this Reporting Period	上年同期數 Amount of corresponding period in prior year	變動比例(%) Increase/ (Decrease) (%)
營業收入	Revenue	27,983,760	26,575,255	5.30
營業成本	Cost of sales	17,080,443	16,555,775	3.17
銷售費用	Selling and distribution expenses	5,103,506	4,868,835	4.82
管理費用	General and administrative expenses	1,881,053	1,386,380	35.68
研發費用	Research and development expenses	21,089	19,756	6.75
財務費用	Finance expenses	(484,172)	(497,116)	2.60
信用減值損失	Credit impairment losses	7,091	1,312	440.65
資產處置收益	Gains on disposals of assets	59,171	10,339	472.30
營業外收入	Non-operating income	34,665	15,921	117.72
營業外支出	Non-operating expenses	5,644	13,719	(58.86)
少數股東損益	Minority interest	77,013	138,812	(44.52)
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,016,553	3,992,008	0.61
投資活動產生的現金流量淨額	Net cash flows from investing activities	(347,766)	(816,744)	57.42
籌資活動產生的現金流量淨額	Net cash flows from financing activities	(768,717)	(640,733)	(19.97)

## 管理層討論與分析 Management Discussion and Analysis

### 2、(1) 收入

#### Revenue

2019年營業收入同比增加5.30%，主要原因是本年度公司產品結構優化以及部分產品提價使得營業收入同比增加所致。

In 2019, operating revenue increased by 5.30% from prior year, mainly due to the optimization of the Company's product structure and the price increase of some products.

### (2) 產銷量情況分析表

#### Output and sales volume analysis statement

單位：萬千升

Unit: ten million litre

主要產品 Main product	生產量 Output	銷售量 Sales volume	庫存量 Inventory volume	生產量比 上年增減(%) Increase/ (Decrease) in output volume from prior year (%)	銷售量比 上年增減(%) Increase/ (Decrease) in sales volume from prior year (%)	庫存量比 上年增減(%) Increase/ (Decrease) in inventory volume from prior year (%)
啤酒 Beer	777	805	49	1.28	0.26	41.56

#### 產銷量情況說明

報告期內，本公司產量不包含本公司自聯營及合營啤酒生產企業外購產品的產量。

#### Explanation of the information of output and sales volume

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

### 3、成本

#### Costs

#### 成本分析表

#### Cost analysis statement

單位：千元 幣種：人民幣

Unit: RMB'000 Currency: RMB

分行業 By industries	成本構成項目 Items in the costs	分行業情況 Information by industries				
		本期金額 Amount During this Reporting Period	本期佔總成本 比例(%) Percentage of the total cost (%)	上年同期金額 Amount of corresponding period in prior year	上年同期佔 總成本比例 (%) Percentage of the total cost (%)	本期金額 較上年同期 變動比例(%) Increase/ (Decrease) (%)
啤酒銷售 Sales of beer	直接材料 Direct materials	11,727,706	68.66	11,223,453	67.79	4.49
	直接人工 Direct labor	966,372	5.66	937,898	5.67	3.04
	製造費用 Overhead	2,990,747	17.51	2,985,636	18.03	0.17
	外購成本 Outsourcing cost	1,178,041	6.90	1,196,435	7.23	(1.54)
	其他非主營銷售業務 Other non-principle sales business	217,577	1.27	212,353	1.28	2.46
合計 Total		17,080,443	100.00	16,555,775	100.00	3.17

## 管理層討論與分析 Management Discussion and Analysis

		分產品情況 Information by products				
分產品 By products	成本構成項目 Items in the costs	本期金額 Amount During this Reporting Period	本期佔總成本 比例 (%) Percentage of the total cost (%)	上年同期金額 Amount of corresponding period in prior year	上年同期 佔總成本 比例 (%) Percentage of the total cost (%)	本期金額 較上年同期 變動比例 (%) Increase/ (Decrease) (%)
啤酒銷售 Sales of beer	直接材料 Direct materials	11,727,706	68.66	11,223,453	67.79	4.49
	直接人工 Direct labor	966,372	5.66	937,898	5.67	3.04
	製造費用 Overhead	2,990,747	17.51	2,985,636	18.03	0.17
	外購成本 Outsourcing cost	1,178,041	6.90	1,196,435	7.23	-1.54
	其他非主營銷售業務 Other non-principle sales business	217,577	1.27	212,353	1.28	2.46
合計 Total		17,080,443	100.00	16,555,775	100.00	3.17

### 備註：

啤酒銷售成本構成項目金額參照本年度生產成本構成比例計算。

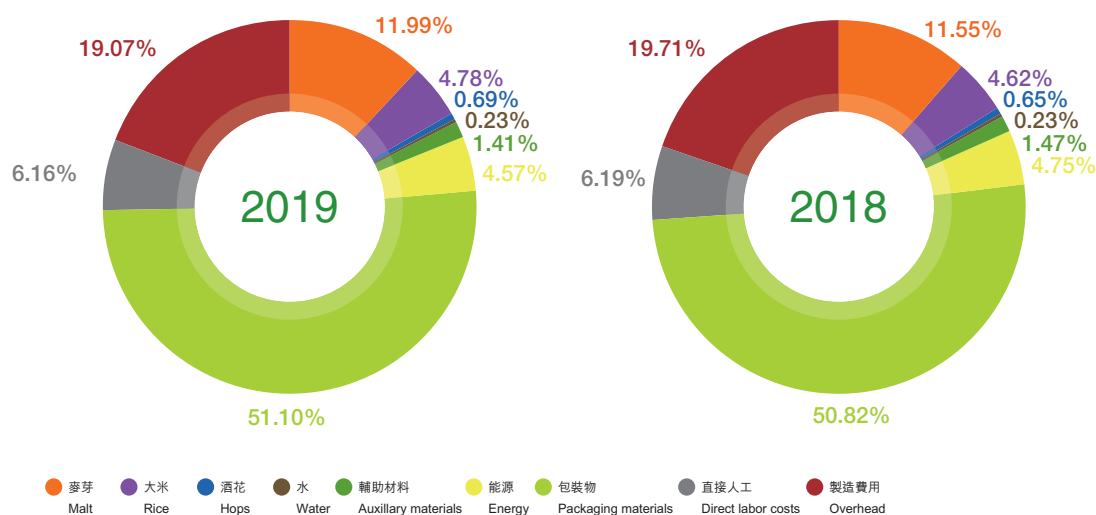
2019年營業成本同比增加3.17%，主要原因是本年度公司主要原材料及包裝材料價格上漲、產品結構變化，使得營業成本同比增加所致。

### Notes:

The amounts of items in the costs for sales of beer was calculated by referring to the proportion of production costs' composition.

In 2019, cost of sales increased by 3.17% from prior year, mainly due to the price increase of main raw materials and packaging materials as well as the change of product structure.

### 製造成本構成 Composition of production costs



## 管理層討論與分析 Management Discussion and Analysis

### 4、費用 Expenses

#### (1) 銷售費用 Selling and distribution expenses

2019年銷售費用同比增加4.82%，主要原因是本年度職工薪酬同比增加所致。

In 2019, selling and distribution expenses increased by 4.82% from prior year, mainly due to the year-on-year increase in employee compensation during the year.

#### (2) 管理費用 General and administrative expenses

2019年管理費用同比增加35.68%，主要原因是本年度公司產能整合優化等相關員工費用同比增加所致。

In 2019, general and administrative expenses increased by 35.68% from prior year, mainly due to the increase in wage and salary related to capacity integration and optimization during the year.

#### (3) 研發費用 Research and development expenses

2019年研發費用同比增加6.75%，主要原因是本年度研發支出投入同比增加所致。

In 2019, research and development expenses increased by 6.75% from prior year, mainly due to the year-on-year increase in research and development expenditures.

#### (4) 財務費用 Finance expenses

2019年財務費用同比增加2.60%，主要原因是本年度利息收入同比減少所致。

In 2019, financial expenses increased by 2.60% from prior year, mainly due to the year-on-year decrease in interests received during the year.

### 5、其他利潤構成項目 Other compositions of profits

#### (1) 信用減值損失 Credit impairment losses

2019年信用減值損失同比增加440.65%，主要原因是個別單位收回已計提信用減值損失的應收款項所致。

In 2019, credit impairment losses increased by 440.65% from prior year, mainly due to the collection of receivables that were previously recorded as impairment losses from certain counterparties.

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

2019年資產處置收益同比增加472.30%，主要原因是本年度個別子公司處置土地使用權等收益同比增加所致。

In 2019, gains on disposals of assets increased by 472.30% from prior year, mainly due to the year-on-year increase in gains on disposals of land use rights by individual subsidiaries during the year.



## 管理層討論與分析 Management Discussion and Analysis

### (3) 營業外收入

#### Non-operating income

2019年營業外收入同比增加117.72%，主要原因是本年度個別子公司確認的與日常經營無關的收入同比增加所致。

In 2019, non-operating income increased by 117.72% from prior year, mainly due to the year-on-year increase in revenue recognized by individual subsidiaries that were not related to daily operations.

### (4) 營業外支出

#### Non-operating expenses

2019年營業外支出同比減少58.86%，主要原因是本年度個別子公司確認的與日常經營無關的支出同比減少所致。

In 2019, non-operating expenses decreased by 58.86% from prior year, mainly due to the year-on-year decrease in the expenditure not related to daily operations recognized by individual subsidiaries during the year.

### (5) 少數股東損益

#### Minority interest

2019年少數股東損益同比減少44.52%，主要原因是本年度擁有少數股東的子公司淨利潤減少所致。

In 2019, minority interest decreased by 44.52% from prior year, mainly due to the decrease in the net profits of subsidiaries with minority shareholders.



## 管理層討論與分析 Management Discussion and Analysis

### 6、研發投入

#### Research and development expenditures

##### 研發投入情況表

##### Information of research and development expenditures

單位：千元 幣種：人民幣  
Unit: RMB'000

本期費用化研發投入	Research and development expenditures of the Reporting Period	21,089
本期資本化研發投入	Research and development expenditures of the Reporting Period capitalised	0
研發投入合計	Total research and development expenditures	21,089
研發投入總額佔營業收入比例(%)	Percentage of total research and development expenditures in revenue (%)	0.08
公司研發人員的數量	Number of research and development personnel	53
研發人員數量佔公司總人數的比例(%)	Percentage of number of research and development personnel in total number of employees of the Company (%)	0.14
研發投入資本化的比重(%)	Percentage of research and development expenditures capitalized (%)	0

### 7、現金流

#### Cash flow

#### (1) 經營活動產生的現金流量淨額

##### Net cash flows from operating activities

經營活動產生的現金流量淨額同比增加0.61%，主要原因是本年度銷售商品、提供勞務收到的現金同比增加所致。

Net cash flow from operating activities increased by 0.61% from prior year, mainly due to the year-on-year increase in cash received from sales of goods and services.

#### (2) 投資活動產生的現金流量淨額

##### Net cash flows from investing activities

投資活動產生的現金流量淨額同比增加57.42%，主要原因是本年度本公司之全資子公司財務公司收回央行準備金同比增加所致。

Net cash flow from investing activities increased by 57.42% from prior year, mainly due to the year-on-year increase in the recovery of Central Bank reserves by Finance Company, a wholly-owned subsidiary of the Company, during the year.

#### (3) 籌資活動產生的現金流量淨額

##### Net cash flows from financing activities

籌資活動產生的現金流量淨額同比減少19.97%，主要原因是本年度分配股利支付的現金同比增加所致。

Net cash flow from financing activities decreased by 19.97% from prior year, mainly due to the year-on-year increase in cash paid for dividend distribution during the year.



## 管理層討論與分析 Management Discussion and Analysis

### (二) 資產、負債情況分析

#### Analysis of assets and liabilities

#### 1、資產負債情況分析表

#### Analysis of assets and liabilities

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

項目名稱	Item	本期期末數 Amount at the end of this Reporting Period	本期期末數 佔總資產的 比例(%) Percentage of total assets (%)	上期期末數	上期期末數	本期期末金額 較上期期末變動 比例(%) Increase/ (Decrease) (%)
				Amount at the end of the corresponding reporting period in prior year	佔總資產的 比例(%) Percentage of total assets (%)	
貨幣資金	Cash at bank and on hand	15,301,983	41.01	12,535,737	36.79	22.07
應收票據	Notes receivable	75,100	0.20	53,802	0.16	39.59
應收賬款	Accounts receivable	151,069	0.40	110,706	0.32	36.46
預付款項	Advances to suppliers	117,156	0.31	173,565	0.51	(32.50)
其他應收款	Other receivables	86,269	0.23	297,785	0.87	(71.03)
投資性房地產	Investment properties	36,505	0.10	27,933	0.08	30.69
在建工程	Construction in progress	178,994	0.48	379,891	1.11	(52.88)
使用權資產	Right-of-use assets	66,970	0.18	—	—	—
應付票據	Notes payable	220,825	0.59	326,076	0.96	(32.28)
一年內到期的非流動負債	Current portion of non-current liabilities	22,208	0.06	420	0.001	5,183.60
租賃負債	Lease liabilities	37,472	0.10	—	—	—
長期應付款	Long-term payables	372,580	1.00	222,324	0.65	67.58
長期應付職工薪酬	Long-term employee benefits payable	931,009	2.50	526,561	1.55	76.81





## 管理層討論與分析 Management Discussion and Analysis

### (1) 貨幣資金

#### Cash at bank and on hand

貨幣資金本年度期末比期初增加22.07%，主要原因是本年度經營活動產生現金淨流入所致。

Cash at bank and on hand increased by 22.07% compared with the beginning of the year, mainly due to the net cash inflow from operating activities during the year.

### (2) 應收票據

#### Notes receivable

應收票據本年度期末比期初增加39.59%，主要原因是本年度部分子公司收取銀行承兌匯票增加所致。

Notes receivable increased by 39.59% compared with the beginning of the year, mainly due to the increase in the collection of bank acceptance notes by some subsidiaries during the year.

### (3) 應收賬款

#### Accounts receivable

應收賬款本年度期末比期初增加36.46%，主要原因是本年度部分子公司應收貨款增加所致。

Accounts receivable increased by 36.46% compared with the beginning of the year, mainly due to the increase in the purchase receivables of some subsidiaries during the year.

### (4) 預付款項

#### Advances to suppliers

預付款項本年度期末比期初減少32.50%，主要原因是本年度採用預付貨款方式採購原材物料減少所致。

Advances to suppliers at the end of the year decreased by 32.50% from the beginning of the year, which was mainly due to that the prepayments for the purchase of raw materials decreased in the year.

### (5) 其他應收款

#### Other receivables

其他應收款本年度期末比期初減少71.03%，主要原因是本年度執行《關於修訂印發2019年度一般企業財務報表格式的通知》，將基於實際利率法計提的金融工具的利息由「其他應收款」調整至「貨幣資金」等所致。

Other receivables decreased by 71.03% compared with the beginning of the year, mainly due to the execution of *Circular on Revising and Issuing the Formats of Corporate Financial Statements for 2019* during the year to reclassify the interests of financial instruments withdrawn in effective interest method from “other receivables” to “cash at bank and on hand”.

### (6) 投資性房地產

#### Investment properties

投資性房地產本年度期末比期初增加30.69%，主要原因是本年度個別子公司自用房產轉為出租房產所致。

Investment properties increased by 30.69% compared with the beginning of the year, mainly due to the transfer of self-use properties to leasing properties by some subsidiaries during the year.

### (7) 在建工程

#### Construction in progress

在建工程本年度期末比期初減少52.88%，主要原因是本年度部分子公司在建項目完工轉入固定資產所致。

Construction in progress decreased by 52.88% compared with the beginning of the year, mainly due to the transfer of completed projects into fixed assets by some subsidiaries during the year.

## 管理層討論與分析 Management Discussion and Analysis

### (8) 使用權資產

#### Right-of-use assets

使用權資產本年度期末比期初增加66,970千元，主要原因是本年度執行《企業會計準則第21號 — 租賃》，將可在租賃期內使用租賃資產的權利確認為使用權資產所致。

Right-of-use assets increased by RMB67 million compared with the beginning of the year, mainly due to the adoption of *Accounting Standard for Business Enterprises No. 21 — Leases* during the year to recognize the right to use leasing assets in leasing periods as the right-of-use assets.

### (9) 應付票據

#### Notes payable

應付票據本年度期末比期初減少32.28%，主要原因是本年度採用票據結算應付原材料款比重減少所致。

Notes payable decreased by 32.28% compared with the beginning of the year, mainly due to the decrease in the settlement of raw material payables using notes during the year.

### (10) 一年內到期的非流動負債

#### Current portion of non-current liabilities

一年內到期的非流動負債本年度期末比期初增加21,788千元，主要原因是本年度執行《企業會計準則第21號 — 租賃》，將尚未支付的租賃付款額中賬期在一年以內的付款額現值確認為一年內到期的非流動負債所致。

Current portion of non-current liabilities increased by RMB22 million compared with the beginning of the year, mainly due to the adoption of *Accounting Standard for Business Enterprises No. 21 — Leases* during the year to recognize the present value of payment due within a year as current portion of non-current liabilities.

### (11) 租賃負債

#### Lease liabilities

租賃負債報告期末比期初增加37,472千元，主要原因是本年度執行《企業會計準則第21號 — 租賃》，將尚未支付的租賃付款額中賬期在一年以上的付款額現值確認為租賃負債所致。

Lease liabilities increased by RMB37 million compared with the beginning of the year, mainly due to the execution of *Accounting Standard for Business Enterprises No. 21 — Leases* during the year to recognize the present value of non-current portion of the outstanding lease payments as lease liabilities.

### (12) 長期應付款

#### Long-term payables

長期應付款本年度期末比期初增加67.58%，主要原因是本年度個別子公司收到政府搬遷補償款所致。

Long-term payables increased by 67.58% compared with the beginning of the year, mainly due to the receipt of compensation for government relocation by individual subsidiaries during the year.

### (13) 長期應付職工薪酬

#### Long-term employee benefits payable

長期應付職工薪酬本年度期末比期初增加76.81%，主要原因是本年度應付內退福利等增加所致。

Long-term employee benefits payable increased by 76.81% compared with the beginning of the year, mainly due to the increase in early retirement benefits payable during the year.

## 管理層討論與分析 Management Discussion and Analysis

### (三) 其他經營情況說明

#### Interpretation of other operating situations

#### 1. 債務資本率

##### Debt/Capital Ratio

本公司2019年12月31日的債務資本率為0.001%(2018年12月31日:0.004%)。債務資本率的計算方法為:長期借款總額/(長期借款總額+歸屬於母公司股東權益)

As at 31 December 2019, the Group's debt/capital ratio was 0.001% (31 December 2018: 0.004%). The calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + interests attributable to the Shareholders of the Company).

#### 2. 資產抵押

##### Assets mortgage

於2019年12月31日,本公司無資產抵押。(2018年12月31日:無)

As at 31 December 2019, the Group did not have any mortgages (31 December 2018: Nil).

#### 3. 匯率波動風險

##### Risk of fluctuate exchange rate

由於本公司目前原材料大麥主要依賴進口,因此匯率的變動將會影響本公司的原材料採購成本;另外,本公司部分啤酒產品出口外銷,匯率的變動會直接影響本公司的產品出口收入;以上事項對本公司的盈利能力會產生一定影響。

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

#### 4. 資本性開支

##### Capital expenses

2019全年本公司資本性新建、搬遷及改擴建項目共投入約11.55億元。依據公司目前的資金狀況及盈利能力,有充足的自有資金及持續的經營現金淨流入滿足公司資本項目的資金需求。

In 2019, the Company invested in approximately RMB1,155 million in aggregate for the capital projects of new construction, relocation, reconstruction and expansion. Based on the Company's present fund situation and profitability, there are sufficient self-owned funds and continuous net operating cash in-flow to satisfy the Group's needs for funds for its capital projects.

#### 5. 投資

##### Investments

詳見年報財務報表附註。

Refer to Notes to the Financial Statement in the Annual Report for details.

#### 6. 或有負債

##### Contingent liabilities

無。

Nil.



## 管理層討論與分析 Management Discussion and Analysis

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

#### 1. 公司現有產能狀況

##### The existing production capacity of the Company

公司現有工廠設計產能1,356萬千升，實際產能953萬千升。公司實際產能是綜合平衡各地市場銷售淡旺季係數及節假日、大修、日常維修、設備刷洗等因素後，生產企業所能達到的全年實際生產能力。

The designed production capacity of the existing plants of the Company is 135.6 million hl, of which the actual production capacity is 95.3 million hl. The Company's actual production capacity is the actual annual production capacity that the brewing plants can reach after combining and leveraging the factors including the indicators of peak season and low season in different markets, holidays and festivals, overhaul, routine maintenance and cleaning of equipment.



#### 2. 產品期末庫存量

##### Inventory quantity at the end of the Reporting Period

單位：百萬升  
Unit: million litre

成品酒 Finished beer product	半成品酒(含基礎酒) Semi-finished beer product (including base beer)
488	470

#### 3. 產品情況

##### Product information

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

產品檔次 Product class	產量 (萬千升) Output (ten million litre)	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	銷量 (萬千升) Sales volume (ten million litre)	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	產銷率 (%) Sales-output Percentage (%)	銷售 收入 Sales income	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	主要 代表品牌 Main representative brand
青島品牌 Tsingtao Brand	407	3.67	405	3.49	99.47	17,380,861	7.83	青島 Tsingtao
其他品牌 Other brands	369	(1.22)	400	(2.82)	108.28	10,237,618	1.21	崂山 Laoshan

## 管理層討論與分析 Management Discussion and Analysis

產品檔次劃分標準：

Classification criteria of products:

- (1) 「青島啤酒」品牌是我國首批十大馳名商標之一，在國內外市場具有強大的品牌影響力和較高的知名度，青島啤酒產品主要面對中高端啤酒消費市場進行推廣和銷售，並保持了在國內中高端市場的領先地位；以崂山啤酒為代表的其他品牌產品主推大眾消費市場銷售，與主品牌產品共同構成了覆蓋全國市場的完善的品牌和產品結構體系。

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

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

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

#### 4. 原料採購情況

##### Information of purchase of raw materials

###### (1) 採購模式

###### Purchasing mode

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

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



## 管理層討論與分析 Management Discussion and Analysis

### (2) 採購金額 Purchasing amount

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

原料類別	Class of raw materials	當期採購金額 Purchasing amount of the Reporting Period	上期採購金額 Purchasing amount of the corresponding period in prior year	佔當期總採購額 的比重 (%) Percentage of total purchasing amount of the Reporting Period (%)
釀酒原材料	Raw materials for brewing	4,300,899	3,860,324	32.83
包裝材料	Packaging materials	8,693,678	8,237,073	66.37
能源	Energy	104,747	117,692	0.80

### 5. 銷售情況 Information of sales

#### (1) 銷售模式 Sales mode

本公司設立青島啤酒營銷中心，負責市場推廣和管理、產品銷售及售後服務等業務職能，下設有品牌管理、銷售管理、現代渠道、創新事業、健康飲品等專業職能部門，根據公司發展規劃制訂營銷戰略、年度營銷計劃並實施執行。The Company has established Tsingtao Brewery Marketing Center to perform such business functions including the marketing and management, product sales and after-sales services. It consists of a number of specialized functional departments, including Brand Management, Sales Management, Modern Channels, Innovation Business and Health Beverages, to formulate and implement marketing strategies and annual marketing plans according to the Company's development planning.

本公司在國內市場在分區域深度分銷模式的基礎上，不斷創新實踐線上線下立體化多鏈路業務拓展。按市場區域和渠道細分進行產品銷售和市場管理，通過包括各銷售分公司、省區、省辦等業務分支機構組織開發及維護區域市場銷售渠道。公司積極培育多渠道專業經銷商，通過網絡分工協作、專業市場策劃及促銷支持等措施，不斷提高區域市場的分銷能力、對終端客戶的掌控能力和對消費者品牌影響力，助力公司產品銷售。公司創新營銷模式，構建並

不斷拓展「互聯網+」渠道體系，通過搭建電商渠道專業組織，不斷放大「官方旗艦店+官方商城+網上零售商+分銷專營店」的立體化電子商務渠道領先優勢，並積極與第三方平臺展開合作，多渠道滿足互聯網時代消費者的購買需求和消費體驗。

In domestic market, the Company continues to achieve business expansion through multiple channels, online and offline. It conducts product sales and market management based on regions and segments, then develops and maintains the sales channels of regional markets through different level of branches, such as local sales branches, provincial regions and provincial offices. The Company makes active steps to develop multiple-channel sales and professional distributors. Through network-based division of label and collaboration, professional market planning and promotion support, the Company continues to enhance the distribution capacity of regional markets, the ability to keep the loyalty of end customers and the brand influence among consumers, as an effort to boost its product sales. The Company creates new marketing models and continuously improves the "Internet+" channel system. By establishing professional organizations on e-commerce channels, it continues to amplify its leading advantage in the multi-dimensional e-commerce channels comprising "Official Flagship Store + Official Mall + Online Retailer + Distribution Franchise". Furthermore, it proactively cooperates with third-party platforms to satisfy the shopping needs and experience of consumers in the era of Internet.

## 管理層討論與分析 Management Discussion and Analysis

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

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

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

### (2) 區域情況 Regional information

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

區域名稱	Region	本期銷售 收入 Sales income of the Reporting Period	上期銷售 收入 Sales Income of the corresponding period in prior year	本期佔比 (%) Percentage of the Reporting Period (%)	本期銷售量 (萬千升) Sales volume of the Reporting Period (ten million litres)	上期銷售量 (萬千升) Sales volume of the corresponding period in prior year (ten million litres)	本期佔比 (%) Percentage of the Reporting Period (%)
山東地區	Shandong Region	18,298,983	16,926,134	66.26	527	510	65.40
華北地區	North China	6,268,693	5,926,554	22.70	183	180	22.74
華南地區	South China	3,431,341	3,164,343	12.42	100	95	12.41
華東地區	East China	2,759,270	2,910,638	9.99	100	107	12.42
東南地區	South-east China	823,204	776,078	2.98	22	23	2.74
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	672,434	661,138	2.43	11	12	1.44
分部間抵銷	Elimination between regions	(4,635,446)	(4,130,737)	(16.78)	(138)	(124)	(17.15)
合計	Total	27,618,479	26,234,148	100.00	805	803	100.00

區域劃分標準：

本公司根據不同區域市場的經營戰略和發展需要對全國市場的業務架構進行劃分。

Standard for dividing the regions:

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

### (3) 經銷商情況 Information of distributors

單位：個  
Unit: PCS

區域名稱	Region	報告期末經銷商數量 Number of distributor as at the end of the Reporting Period	報告期內增加數量 Increased number during the Reporting Period	報告期內減少數量 Decreased number during the Reporting Period
國內市場	Domestic market	15,580	3,516	3,486

## 管理層討論與分析 Management Discussion and Analysis

經銷商管理情況：

Information on the management of distributors:

本著「共創、共享、共贏」原則，公司向價值鏈上的所有合作伙伴傳遞青島啤酒戰略方針與經營理念，調動價值鏈上所有的合作伙伴與資源，與經銷商伙伴共同發展。

Based on the principle of “creating, sharing and win-win”, the Company delivers the strategic principles and business philosophy of Tsingtao Brewery to all partners in the value chain, mobilizes all partners and resources in the value chain, and develops with its dealer partners.

結合行業形勢、消費升級與業態變化，公司持續加強經銷商網絡的培育與發展，持續開發引進專業經銷商，積極培育戰略經銷商，通過落地經銷商培訓管理機制、完善經銷商溝通機制和推進廠商協作項目，有效提高了經銷商的內部運營管理能力和市場拓展能力，促進區域銷售網絡質量提升。

By taking the industrial circumstances, consumption upgrade and business changes into account, the Company continued to strengthen the cultivation and development of dealer networks, develop and introduce quality distributors, actively cultivate strategic dealers, and improve the dealer communication mechanism and promotion through the dealer management training mechanism. The vendor collaboration project has effectively improved the dealer's internal operation management capabilities and market expansion capabilities, as well as promoted the quality of the regional sales network.





## 管理層討論與分析 Management Discussion and Analysis

### 6. 公司收入分析

#### Analysis of the Company's income

##### (1) 按不同類型披露公司主營業務構成

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

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

劃分類型	Class	營業收入 Revenue	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	營業成本 Cost of sales	同比 (%) Increase/ (Decrease) from the corresponding period in prior year (%)	毛利率 (%) Gross margin (%)	同比 (%) Increase/(Decrease) from the corresponding period in prior year (%)
按產品檔次	By levels of products						
青島品牌	Tsingtao brand	17,380,861	7.83	9,239,617	6.13	46.84	增加 0.85 個百分點 Increased by 0.85 percentage points
其他品牌	Other brands	10,237,618	1.21	7,623,249	(0.19)	25.54	增加 1.04 個百分點 Increased by 1.04 percentage points
小計	Total	27,618,479	—	16,862,866	—	—	—
按地區分部	By regions						
山東地區	Shandong Region	18,298,983	8.11	11,967,959	8.11	34.60	增加 0.01 個百分點 Increased by 0.01 percentage points
華北地區	North China	6,268,693	5.77	4,166,397	6.48	33.54	減少 0.43 個百分點 Decreased by 0.43 percentage points
華南地區	South China	3,431,341	8.44	2,286,431	5.29	33.37	增加 2.00 個百分點 Increased by 2.00 percentage points
華東地區	East China	2,759,270	-5.20	2,058,658	(8.51)	25.39	增加 2.70 個百分點 Increased by 2.70 percentage points
東南地區	South-east China	823,204	6.07	624,238	(4.65)	24.17	增加 8.52 個百分點 Increased by 8.52 percentage points
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	672,434	1.71	426,198	2.72	36.62	減少 0.62 個百分點 Decreased by 0.62 percentage points
分部間抵銷	Elimination between regions	(4,635,446)		(4,667,015)			
小計	Total	27,618,479	—	16,862,866	—	—	—

## 管理層討論與分析 Management Discussion and Analysis

情況說明：

Explanation:

東南地區毛利率同比增加8.52個百分點，主要原因為本年度東南地區產品及價格鏈優化所致。

The gross margin of South-east China increased by 8.52% from prior year, mainly due to the optimization of the product and price chains in South-east China during the year.

### 7. 銷售費用情況

#### Information of selling and distribution expenses

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

構成項目	Composition items	本期金額 Amount of the Reporting Period	上期金額 Amount of the corresponding period in prior year	本期佔營業 收入比例 (%) Percentage of the Reporting Period (%)	同比 (%) Increase/ (Decrease) (%)
廣告宣傳費	Adverting related expenses	957,915	864,376	3.42	10.82
裝卸運輸費	Handling and transportation expenses	1,452,647	1,429,193	5.19	1.64
職工薪酬	Employee benefits expenses	2,150,363	1,988,570	7.68	8.14
行政費用	Administrative expenses	146,424	159,048	0.52	(7.94)
折舊及攤銷費用	Depreciation and amortization charges	109,299	118,927	0.39	(8.10)
租賃費	Operation lease payments	81,205	99,984	0.29	(18.78)
勞務費	Labour expenses	76,469	74,916	0.27	2.07
物料消耗	Material consumptions	62,967	69,333	0.23	(9.18)
其他	Others	66,217	64,488	0.24	2.68
合計	Total	5,103,506	4,868,835	18.24	—

## 管理層討論與分析 Management Discussion and Analysis

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

#### (一) 行業競爭格局和發展趨勢

##### Industrial competition layout and development trend

作為全球最大和最具發展潛力的啤酒生產及消費市場，中國啤酒市場經過幾十年的持續發展和近幾年的調整復蘇，行業發展已逐漸進入成熟期，市場集中度不斷上升，目前中國前五大啤酒企業已佔市場近80%的份額，形成了相對穩定的市場競爭格局。未來隨著中國經濟的持續穩定增長，通過進一步的產能優化、產品結構提升以及價格調整，中國啤酒市場在整體消費和利潤水平上仍具相當的提升空間。目前國內啤酒市場仍以餐飲等即飲市場為主導，商超等非即飲市場也在快速發展中，成熟的電子商務應用也為廣大消費者帶來了更加方便、快捷的選擇方式。

As the world's largest and most high-potential market of beer production and consumption, China's beer market is gradually entering a stage of maturity through years of continuous development and market recovery in recent years. Market concentration has been increasing over decades of development and the top 5 beer enterprises in China now dominates nearly 80% of market shares, which forms a relatively stable market in terms of competition. With continuous growth of China's economy in the next few years, increasing consumption and profitability in the Chinese beer industry can be achieved through further optimization of capacity, upgrade of product structure and price adjustment. Currently, domestic beer market remains dominated by sales from restaurants and bars. Retail market represented by supermarkets is also undergoing rapid development. In addition, the mature e-commerce application has brought more convenient and faster options to consumers.

中國啤酒市場消費升級以及消費需求的多元化正使整個啤酒行業的結構發生轉變，市場競爭由產能、規模的擴張轉向以質量型、差異化為主的競爭，中高端市場持續增長，以聽裝啤酒、精釀啤酒為代表的高端產品佔比不斷提升。同時，行業發展仍面臨產能過剩、市場總體需求不旺、成本上漲壓力較大等影響，市場競爭仍較為激烈。

The upgrade of consumption and diversification of consumer demand in the Chinese beer market are changing the structure of the entire beer industry. Market competition is shifting from the economics of scale towards product quality and differentiation. The mid- and high-end beer market is growing continuously. High end products such as canned beer and craft beer are experiencing increasingly bigger market shares. At the same time, the industrial is challenged by many factors, including excess capacity, weak demand and the pressure of rising costs, leading to fierce market competition.

為實現企業的高質量發展，本公司引領啤酒行業加快了產品高端化、系列化的發展步伐，以產品優化升級擴大中高端市場份額，同時充分利用現有資源向其他酒類、飲料行業延伸發展，實現品牌、設備、產品等優勢互補和渠道價值的最大化，不斷創造新的增長點。

To achieve high-quality development, the Company is leading the beer industry to accelerate high-end and series-oriented product development. It is making efforts to increase its mid- and high-end market share through product development and upgrade. Meanwhile, it is making full use of existing resources to expand to other alcohol and beverage industries, in order to achieve the complementary benefits of brands, facilities and products, maximizing sales channel value and creating new growth drivers.

## 管理層討論與分析 Management Discussion and Analysis

### (二) 公司發展戰略

#### The Company's development strategy

公司秉承董事會制定的「能力支撐品牌帶動下的發展戰略」，繼續堅定不移的做強做優啤酒主業，著力推進發展方式轉型。根據「品牌引領、創新驅動、質量第一、效益優先、結構優化、協調發展」六大戰略指引，通過實施進一步打造基地市場戰略帶、加快產品結構升級、提升品牌影響力、加快拓展國際市場、打造規模化、智能化生產基地、建設高效智慧供應鏈等戰略舉措做強做優啤酒業務，增強企業市場競爭力。同時，公司整合平臺資源積極開拓「啤酒+」新業務領域，實現啤酒業務與新增業務的優勢互補、渠道共享，形成多業態互補、共利、共贏的生態圈，實現高質量可持續跨越式發展，打造一流的國際化品牌企業。

The Company will continue to follow “Development Strategies based on Capability and Driven by Brand” formulated by its Board of Directors, keep its unwavering efforts to build stronger core business and focus on promoting the transformation of development models. Under the six strategic guidelines of “Led by Brand, Driven by Innovation, Quality First, Prioritizing Efficiency, Optimizing Structure and Coordinated Development”, the Company will strengthen its core business by implementing a number of strategic measures, including building the strategic belt of market base, speeding up product structure upgrade, enhance brand equity, accelerating the expansion of global market, developing large and automatized production facilities and building highly efficient and smart supply chains, in order to enhance its market competitiveness. Meanwhile, the Company will integrate platform resources to develop new business frontier “Beer+”. It will create synergy among its beer business and new business on product complementarity and sales channel sharing, form an environment of mutual promotion amongst multiple businesses, achieve high-quality, sustainable and higher-level development and build a first-class international brand.

### (三) 經營計劃

#### Operating plan

國內啤酒市場的調整復蘇和消費升級給具有品牌和規模優勢的啤酒企業帶來了新的機遇，公司將繼續立足啤酒主業，充分發揮青島啤酒品牌和品質的優勢，加大市場宣傳推廣力度，積極開拓國內外市場，通過加快轉型升級、提升產品結構和降本增效，實現高質量可持續發展。

The recovery of domestic beer industry and the upgrade of consumption have brought new opportunities to beer enterprises with brand and scale advantages. The Company will continue to base on its core beer business, give full play to the brand and quality of Tsingtao Beer, strengthen market promotion, and actively develop domestic and foreign markets. Through accelerating transformation and upgrading, refining product structure, cost reduction and efficiency enhancement, the Company will deliver high-quality and sustainable development.

公司將繼續堅定不移的打造基地市場戰略帶，發揮覆蓋全國主要市場的生產和銷售網絡佈局優勢，聚焦資源加大市場推廣和渠道開發力度，深耕細分市場，下沉消費終端，不斷完善推進廠商協作運營，適應市場變化形勢，向消費者提供最方便快捷的服務和最好的產品。

The Company will continue to firmly build the strategic belt of market base, make full use of its production and sales network that cover major markets in China, focus resources on market promotion, sales channel development, enforce market segmentation, expand retail markets to rural areas, further improve collaborative operations with manufacturers, adapt to market changes and trends, and provide consumers with the most convenient services and the best products.

## 管理層討論與分析 Management Discussion and Analysis

公司將繼續加快產品結構優化升級，繼續推進「青島啤酒主品牌+崂山啤酒第二品牌」的品牌戰略，開發特色差異化產品，加快向聽裝酒和精釀產品為代表的高附加值產品轉型升級，保持公司在國內中高端市場的領先地位。在品牌升級上，繼續以體育營銷、音樂營銷、體驗營銷為主線，通過「四位一體」品牌推廣模式持續提升品牌國際化、年輕化、時尚化內涵，增強品牌影響力。

The Company will continue to expedite the optimization and upgrade of its product structure, further promote the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”, develop differentiated products, speed up the transformation and upgrade towards high value-added products such as canned beer and craft beer, and maintain its leading role in domestic mid- and high-end market. In terms of brand development, the Company will continue to focus on sports marketing, music marketing and experience marketing, further improve the brand’s image of international, young and fashionable through the model of “Four in One” and enhance its brand influence.

今年以來新冠肺炎疫情對餐飲等消費市場形成了嚴重影響和衝擊，2020年1至2月，中國規模以上啤酒企業實現產量315.9萬千升，同比下降40.0%（資料來源：國家統計局；統計口徑：年主營業務收入2,000萬元以上的全部工業法人企業）。本公司產品銷售也受到了較嚴重的影響，在疫情影響較嚴重時期，餐飲、夜場等消費渠道基本停滯，2020年1至2月公司收入同比下降約20%，利潤同比下降約40%（未經審計）；2020年3至4月份本公司海外訂單和出口量受全球疫情影響也出現大幅下滑。面對困難的市場環境，本公司群策群力、積極應對，推進實施了「社區營銷推廣和無接觸配送」等新的營銷舉措，加強線上銷售體系的建設，不斷完善「網上超市+官方旗艦店+授權分銷專營店+微信商城」的立體式電商渠道體系，多渠道滿足消費者多品種、便捷高效的購買需求，實現線上、線下資源共享和優勢互補，力爭早日實現公司市場銷售的恢復及增長。

Since the beginning of this year, the COVID-19 pandemic has caused severe impact to the consumption market, such as catering market. During the period from January to February 2020, China’s beer companies surveyed have produced 3.159 million kl, a year-on-year decrease of 40.0% (Data source: National Bureau of Statistics; statistical population: all industrial corporate entities with annual revenue of more than RMB20 million). The Company has also been affected in terms of product sales. In the severe epidemic period, the consumption channels such as catering and night clubs were basically closed. During the period from January



to February 2020, the Company suffered a year-on-year decrease of about 20% in revenue, and a year-on-year decrease of about 40% in profits (unaudited); orders from overseas and exports for March and April 2020 are also declining substantially due to the global COVID-19 outbreak. Facing the tough market environment, the Company has taken group efforts and active steps, implemented a series of new marketing strategies, including “Community Marketing and Promotion and Virus-Free Delivery Services”. It has strengthened online sales system and refined its multi-dimensional e-commerce channel system of “Online Supermarket + Official Flagship Store + Authorized Franchised Store + WeChat Mall” to satisfy consumers’ shopping demand for diversity, convenience and high efficiency, and it has enabled complementing the advantage of online and offline resources and helped the recovery and growth of the Company’s sales.

## 管理層討論與分析 Management Discussion and Analysis

2020年，公司董事會和管理層將率領廣大員工，借助公司A股股權激勵計劃提出及推進實施的有利時機，完善公司激勵和約束機制，積極推進深化企業改革，調動廣大員工的積極性和創造性，加快新舊動能轉換，充分發揮品質、品牌及技術等優勢，不斷提高本公司的核心競爭力和可持續發展能力，推進公司實現高質量跨越性發展，為廣大股東創造更高的價值。

In 2020, by taking advantage of the favorable opportunity of proposing and implementing the A-share stock equity incentive plan, the Board and the Management of the Company will lead all staff and improve its reward and restraint mechanism, deepen corporate reforms, promote staff motivation and creativity, switch to new growth drivers, fully take the advantage of the quality, brand equity and technology, continue to raise its core competitiveness and sustainable development capacity, and drive the Company towards to high-quality, next-level development, creating higher values for its shareholders.

#### (四) 可能面對的風險

##### Potential risks

中國啤酒市場經過前幾年的下滑後已進入平穩復蘇期，但仍面臨人口老齡化帶來的消費人群數量下降、消費行為發生變化，以及行業產能過剩、成本上漲壓力較大、替代品(白酒、葡萄酒等)快速發展等多重因素影響的嚴峻挑戰。

China's beer market has entered a stage of stable recovery following the decline of previous years. However, it is still being challenged by multiple factors, including lower consumption as result of aging population, changes in consumer behavior, excess industrial capacity, rising costs, and the rapid development of substitutes (white wine, red wine, etc.).

伴隨國內市場集中度的不斷提升和產品消費結構升級趨勢，外資啤酒和進口啤酒在國內市場加快佈局，通過持續產能優化和加大促銷力度，國內中高端產品市場的競爭態勢將進一步加劇，使廣告、促銷等市場費用持續增長；此外，啤酒原料及包裝材料價格和人工成本持續上漲帶來的經營壓力，以及由新冠肺炎疫情影響導致的餐飲等即飲市場消費不暢，均會對公司未來銷量、收入和盈利的增長形成影響。

With the continuous rising market concentration, the upgrade of product and consumption structures, faster expansion of foreign-invested beers and imported beers in China, continuous capacity optimization and more intense sales promotion, competition in domestic mid- and high-end product market will become much stiffer, resulting in ever-growing marketing expenses such as advertising and promotion costs. In addition, future growth of the Company's sales volume, revenue and profits will be affected by a number of other factors, including continuous increases in the prices of raw materials, packaging materials and in labor costs as well as the gloomy outlook of instant beverages market caused by the COVID-19 pandemic.



## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management

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



黃克興先生，現年57歲，北京大學光華管理學院高級管理人員工商管理碩士畢業，經濟管理研究生學歷，高級工程師。現任本公司黨委書記、董事長、青啤集團董事長。曾任青島啤酒工程有限公司總經理、本公司總裁助理兼戰略投資管理總部部長、本公司副總裁、青啤集團副總裁、本公司總裁兼營銷總裁。具有豐富的啤酒行業戰略規劃、投資管理、經營管理及市場營銷經驗。黃先生獲得的榮譽包括：青島市拔尖人才、青島市優秀企業家；山東省優秀企業家，記一等功獎勵；全國輕工行業「勞動模範」、全國五一勞動獎章。黃先生的社會職務包括：山東省政協第十一屆委員會委員，山東省第十三屆人大代表。

**Mr. HUANG Ke Xing**, aged 57, graduated from the Guanghua School of Management of Peking University with a Master's degree in business administration. He is a senior engineer with a postgraduate degree in economic management. He is currently the secretary of the Party Committee of the Company, the chairman of the Board, and the chairman of Tsingtao Group. He was the general manager of Tsingtao Brewery Engineering Company Limited, the assistant to the president of the Company and head of strategic investment management department, the vice president of the Company, the vice president of Tsingtao Group, and the president and marketing president of the Company. He has rich experience in strategic planning, investment management, operation management and marketing experience of beer industry. Mr. Huang's honors include: Top Talents of Qingdao, Outstanding Entrepreneurs of Qingdao; Excellent Entrepreneurs in Shandong Province, First Class Merit Award; "Model Worker" of the National Light Industry, National 5.1 Labor Medal. Mr. Huang's social duties include: Member of the 11th Committee of the Shandong Provincial Committee of the Chinese People's Political Consultative Conference; Delegate of the 13th Shandong Provincial People's Congress.



樊偉先生，現年60歲，江南大學碩士研究生畢業，工程系列應用研究員，首屆中國釀酒大師。曾任本公司執行董事、總裁、黨委副書記，青啤集團董事，青島啤酒二廠副廠長，總工程師，本公司副總裁，總釀酒師。具有豐富的質量管理、生產運營及產品研發經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。於2020年2月28日辭任公司執行董事和總裁職務。

**Mr. FAN Wei**, aged 60, graduated from Jiangnan University with a Master's degree, is an applied research fellow in engineering, and among the first batch of Chinese winemakers. He was the executive director, president and deputy secretary of the party committee of the Company, the director of Tsingtao Group, vice director and chief engineer of Tsingtao Brewery No. 2 Factory, the vice president of the Company and the chief brewer. He has rich experience in quality assurance, production operation and product research and development, and he is the top-notch professional and technical talent in Qingdao, and an expert on special allowances of the State Council. He resigned as the executive director and president of the Company on February 28, 2020.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



于竹明先生，現年58歲，東北財經大學高級管理人員工商管理碩士畢業，碩士研究生學位，正高級會計師。現任本公司執行董事、財務總監。曾任本公司財務管理總部部長、總裁助理、總會計師。于先生在公司創新財務管理，業財融合、助力運營，及建立和完善與公司發展模式和戰略定位相匹配的財務管理體系等方面作出重要貢獻，具有豐富的會計信息化、稅收籌劃、財務管理、金融管理、內控審計、風險管理和資本運作經驗。獲得2019年全國先進會計工作者榮譽稱號。

**Mr. YU Zhu Ming**, aged 58, graduated from Dongbei University of Finance and Economics with a Master's degree in business administration and is a senior accountant. He is currently the executive director and chief financial officer of the Company. He was the head of the financial management department, assistant to the president and chief accountant of the Company. Mr. Yu has made important contributions to the Company's innovative financial management, integration of business and finance, operation support, and the establishment and improvement of the financial management system that is in line with the Company's development model and strategic positioning. He has extensive experience in accounting informatization, tax planning, financial management, finance management, internal control audit, risk management and capital operation. He was awarded the honorary title of National Advanced Accountant in 2019.



王瑞永先生，現年54歲，北京大學高級管理人員工商管理碩士研究生學位，高級工程師，現任本公司執行董事、副總裁。青島市第十六屆人大代表。曾任北京五星青島啤酒有限公司總經理，青島啤酒(徐州)淮海營銷有限公司總經理，上海青島啤酒華東營銷有限公司總經理，青島啤酒營銷中心山東省區總經理，本公司總裁助理，本公司營銷總裁。具有豐富的市場營銷、生產運營和企業管理經驗。

**Mr. WANG Rui Yong**, aged 54, holds a Master's degree in business administration from Peking University and is a senior engineer. He is the executive director and vice president of the Company and is a representative of the 16th National People's Congress of Qingdao. He was the general manager of Beijing Five Star Tsingtao Brewery Co., Ltd, the general manager of Tsingtao Brewery (Xuzhou) Huaihai Marketing Co., Ltd, the general manager of Shanghai Tsingtao Brewery Huadong Marketing Co., Ltd, the general manager of Tsingtao Brewery Marketing Center in Shandong Province, the assistant to the President of the Company and the president of Marketing of the Company. He has rich experience in marketing, production operation and enterprise management.



## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



于增彪先生，現年64歲，廈門大學經濟(會計)學博士、中國註冊會計師，現任本公司獨立非執行董事，清華大學經管學院會計學教授，博士生導師。于先生現為美國會計學會會員、美國管理會計師協會榮譽教授、中國成本研究會副會長、中國總會計師學會副會長、財政部管理會計諮詢專家；並擔任第一拖拉機股份有限公司、中國電影股份有限公司、弘毅遠方基金管理有限公司、蘇州綠的諧波傳動科技股份有限公司獨立董事。

**Mr. YU Zeng Biao**, aged 64, holds a Doctorate degree in economics (accounting) from Xiamen University and is a certified public accountant in China. He is currently the independent non-executive director of the Company, the professor of accounting and a doctoral supervisor of the School of Economics and Management of Tsinghua University. Mr. Yu is currently a member of the American Accounting Institute, an Honorary Professor of the American Institute of Management Accountants, Vice Chairman of China Cost Research Society, Vice Chairman of China Association of Chief Financial Officers, and a consulting expert in management accounting in the Ministry of Finance; He also serves as an independent director of the First Tractor Co., Ltd, China Film Co., Ltd, Hongyi Yuanyuan Fund Management Co., Ltd and Suzhou Leaderdrive Harmonious Drive System Co., Ltd.



賁聖林先生，現年53歲，先後獲得清華大學工程學士學位，中國人民大學企業管理碩士學位和美國普渡大學經濟學博士學位。現任本公司獨立非執行董事，浙江大學教授，博士生導師，互聯網金融研究院院長和國際聯合商學院院長，兼任中國人民大學國際貨幣研究所聯席所長，全國工商聯國際委員會委員，中央統戰部黨外知識分子建言獻策專家組成員，浙江省政協常委、經濟委員會副主任，浙江省人民政府參事，浙江省歐美同學會副會長，浙江互聯網金融聯合會聯合主席，廣東金融專家顧問委員會顧問委員和《中國金融學》執行主編；並兼任寧波銀行股份有限公司、物產中大集團股份有限公司獨立董事和中國國際金融股份有限公司獨立非執行董事，以及興業銀行股份有限公司外部監事。曾擔任摩根大通銀行(中國)有限公司行長及環球企業銀行全球領導小組成員等職位。

**Mr. BEN Sheng Lin**, aged 53, received a Bachelor's degree in engineering from Tsinghua University, a Master's degree in business administration from Renmin University of China and a doctorate degree in economics from Purdue University. He is currently the independent non-executive director of the Company, the professor and the doctoral supervisor of Zhejiang University, the dean of Internet Finance Research Institute and the dean of International United Business School, the co-director of International Monetary Research Institute of Renmin University of China, the member of the International Committee of All-China Federation of Industry and Commerce, the member of the Expert Group on Advice and Suggestions of Non-Party Intellectuals of the United Front Work Department of the Central Committee, the deputy director of the Standing Committee of Zhejiang CPPCC and the Economic Committee, the counselor of Zhejiang Provincial People's Government, the vice chairman of Zhejiang European and American Students Association, co-chairman of Zhejiang Internet Finance Federation, advisory member of Guangdong Financial Expert Advisory Committee and executive editor of *China Finance*; He also served as the independent director of Bank of Ningbo Co., Ltd and Zhongda Group Co., Ltd and the independent non-executive director of China International Capital Corporation, as well as external supervisor of Industrial Bank Co., Ltd. He was the president of JP Morgan Chase Bank (China) Co., Ltd and the member of Global Corporate Banking Global Leadership Team and etc..

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



蔣敏先生，現年54歲，法學碩士。現任本公司獨立非執行董事，安徽天禾律師事務所創始合夥人，中華全國律師協會副會長，中華全國律師協會新聞發言人，中國國際經濟貿易仲裁委員會仲裁員，上海國際經濟貿易仲裁委員會(上海國際仲裁中心)仲裁員。曾任中國證監會第四、第五屆上市公司並購重組審核委員會委員，曾獲「中華律師業特殊貢獻獎」等榮譽稱號。現兼任青島港國際股份有限公司、山東省藥用玻璃股份有限公司、陽光電源股份有限公司、科大智能科技股份有限公司獨立董事。

**Mr. JIANG Min**, aged 54, holds a master's degree of Laws. He is currently the independent non-executive director of the Company, the founding partner of Anhui Tianhe Law Firm, the vice president of the All-China Lawyers Association, the spokesman of the All-China Lawyers Association, the arbitrator of China International Economic and Trade Arbitration Commission and the arbitrator of Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center). He was the member of the Fourth and Fifth Mergers and Acquisitions Audit Committees of Listed Companies of China Securities Regulatory Commission and won the honorary title of "Special Contribution Award of Chinese Lawyer Industry". He is currently the independent director of Qingdao Port International Co., Ltd, Shandong Pharmaceutical Glass Co., Ltd, Sungrow Power Co., Ltd and CSG Smart Science & Technology Co., Ltd.



姜省路先生，現年48歲，山東大學法學院學士。現任本公司獨立非執行董事，山東藍色經濟產業基金管理有限公司總經理、青島藍色滌金投資管理企業(有限合夥)執行事務合夥人、藍色經濟區(青島)產業投資基金管理有限公司董事長兼總經理。現兼任青島東軟載波科技股份有限公司、海利爾藥業集團股份有限公司、青島康普頓科技股份有限公司及利群商業集團股份有限公司獨立董事。姜先生自1994年起歷任山東琴島律師事務所副主任、高級合夥人，國浩律師事務所合夥人，北京市金杜律師事務所合夥人，2017年被評為「山東省金融高端人才」。

**Mr. JIANG Xing Lu**, aged 48, holds a Bachelor's degree from the Law School of Shandong University. He is currently the independent non-executive director of the Company, the general manager of Shandong Blue Economy Industry Fund Management Co., Ltd, the executive partner of Qingdao Blue Sheet Metal Investment Management Enterprise (Limited Partnership), and the chairman and general manager of Blue Economic Zone (Qingdao) Industrial Investment Fund Management Co., Ltd. He is also an independent director of Qingdao Neusoft Carrier Technology Co., Ltd, Hailier Pharmaceutical Group Co., Ltd, Qingdao Compton Technology Co., Ltd and Liqun Commercial Group Co., Ltd. Since 1994, Mr. Jiang has successively served as deputy director and senior partner of Shandong Qindao Law Firm, partner of Guohao Law Firm and partner of Beijing Jindu Law Firm. In 2017, he was awarded as "Financial High-end Talents of Shandong Province".

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management

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



李綱先生，現年59歲，畢業於西安交通大學管理科學與工程專業，管理學博士。現任本公司及青啤集團監事會主席，並擔任青島市市直企業監事會主席。曾任青島市地稅局市北分局副局長、地稅局局長助理兼嶗山局局長、青島市地稅局稽查局局長及青島市地稅局副局長等職。

**Mr. LI Gang**, aged 59, Doctor of Administration of Major of Administration Science and Engineering at Xi'an Jiaotong University. He is currently Chairman of Board of Supervisors of the Company and Tsingtao Group, and Chairman of Board of Supervisors in Enterprises directly under Qingdao Government. He served as Deputy Chief of Shibe Branch of Qingdao Local Taxation Bureau, Assistant to Chief of Qingdao Local Taxation Bureau & Chief of Laoshan Branch of Qingdao Local Taxation Bureau, Chief of Inspection Bureau of Qingdao Local Taxation Bureau, and Deputy Chief of Qingdao Local Taxation Bureau.



姚宇先生，現年39歲，先後獲得工學本科學歷和經濟學碩士學歷，現任本公司股東監事，上海復星創富投資管理股份有限公司執行總經理，曾任北京清科投資管理有限公司投資經理。

**Mr. YAO Yu**, aged 39, holds a Bachelor's degree in engineering and a Master's degree in economics. He is currently serving as a shareholder supervisor of the Company and Executive General Manager of Shanghai Fosun Chuangfu Investment Management Co., Ltd. He was a former investment manager of Beijing Qingke Investment Management Co., Ltd.



李燕女士，現年62歲，畢業於中央財政金融學院。現任本公司獨立監事，中央財經大學財稅學院教授，博士生導師，政府預算研究所所長，中國註冊會計師協會非執業會員，中國財政學會理事，中國法學會財稅法學研究會理事，兼任青島港國際股份有限公司以及北京東華軟件股份有限公司獨立董事。

**Ms. LI Yan**, aged 62, graduated from the Central Finance and Economics Institute. She is currently the independent supervisor of the Company, the professor and the doctoral supervisor of the School of Finance and Taxation of Central University of Finance and Economics, the director of the Institute of Government Budget, the non-practicing member of the Chinese Institute of Certified Public Accountants, the director of China Finance Commission, the director of the Finance and Taxation Law Research Society of China Law Society, and an independent director of Qingdao Port International Co., Ltd. and Beijing Donghua Software Co., Ltd.



王亞平先生，現年55歲，華東政法學院(現為華東政法大學)法學學士，國家高級律師。現任本公司獨立監事，山東琴島律師事務所執行主任、高級合夥人。山東省律師協會副會長，青島仲裁委員會仲裁員。兼任青島天能重工股份有限公司獨立董事和瑞港建設控股有限公司獨立非執行董事，以及青島港國際股份有限公司獨立監事。

**Mr. WANG Ya Ping**, aged 55, holds a Bachelor's degree in law from East China University of Political Science and Law (now East China University of Political Science and Law) and is a senior state attorney. He is currently the independent supervisor of the Company and the executive director and senior partner of Shandong Qindao Law Firm, the vice president of Shandong state attorney, the arbitrator of Qingdao Arbitration Commission. He is also the independent director of Qingdao Tianneng Heavy Industry Co., Ltd, the independent non-executive director of Ruigang Construction Holdings Co., Ltd and the independent supervisor of Qingdao Port International Co., Ltd.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



于嘉平先生，現年57歲，中歐國際工商學院工商管理專業畢業，碩士研究生學歷。現任本公司及青島啤酒集團有限公司黨委副書記，並兼任青島啤酒集團有限公司職工董事。曾任本公司職工監事、工會主席、青島啤酒二廠廠長、青島啤酒廠廠長、製造副總裁兼採購管理總部部長。具有豐富的生產運營及商務管理經驗。於2020年1月8日起辭任職工監事一職。

**Mr. YU Jia Ping**, aged 57, graduated from the China Europe International Business School with a Master's degree in business administration. He is currently serving as the Deputy Secretary of the Party Committee of the Company and Tsingtao Brewery Group Co., Ltd., and is concurrently the Employee Director of Tsingtao Brewery Group Co., Ltd. His former responsibilities include being the Supervisor as Employees' Representative of the Company, Chairman of the labour union of the Company, the Head of Tsingtao Brewery No. 2 Factory, Head of Tsingtao Brewery Factory, Vice President of manufacturing and Head of procurement management headquarters. He brings along extensive experience in production operations and business management. He resigned as the Supervisor as Employees' Representative from January 8, 2020.



孫麗紅女士，現年44歲，青島大學經濟法系國際經濟法專業畢業，本科學歷，現任本公司職工監事、法律事務總部部長。曾任本公司董事會秘書室副主任、法律事務部副部長。具有豐富的法律工作經驗。

**Ms. SUN Li Hong**, aged 44, undergraduate of Major of International Economic Law in Department of Economic Law at Qingdao University. She is currently Supervisor as Employees' Representative and Head of Law Affairs Department of the Company. She also served as Deputy Head of Secretarial Office of the Board, and Deputy Head of Law Affairs Department of the Company with substantial experience in law affairs.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management

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



蔡志偉先生，現年 52 歲，廈門大學工商管理碩士研究生學歷，高級工程師，現任本公司營銷總裁。蔡先生歷任青島啤酒二廠車間主任、副廠長，青島啤酒(廈門)有限公司總經理、廈門青島啤酒東南營銷有限公司總經理，上海青島啤酒華東營銷有限公司總經理，營銷中心山東省區總經理，公司營銷副總裁兼營銷中心銷售管理總部總經理，公司營銷中心常務副總裁等職，具有豐富的營銷管理經驗。

**Mr. CAI Zhi Wei**, aged 52, MBA at Xiamen University, Senior Engineer. He is currently President of Marketing Center of the Company. Mr. CAI also served as Workshop Supervisor and Deputy Factory Manager of Tsingtao Brewery No. 2 Factory, General Manager of Tsingtao Brewery (Xiamen) Co., Ltd., General Manager of Xiamen Tsingtao Brewery South-East Sales Company Limited, General Manager of Shanghai Tsingtao Brewery East-China Sales Company Limited, General Manager of Shandong Area of Marketing Center of the Company, Vice President of Marketing Center of the Company and General Manager of Sales Management Head Department of Marketing Center, and Executive Vice President of Marketing Center of the Company with substantial management experience in marketing.



姜宗祥先生，現年 47 歲，山東工業大學本科畢業，南開大學經濟學碩士研究生，現任本公司副總裁、供應鏈總裁。曾任青島啤酒(蕪湖)有限公司副總經理，本公司戰略投資管理總部副部長、信息管理總部部長及製造中心採購管理總部部長、製造總裁助理兼採購管理總部部長。具有豐富的生產運營及商務管理經驗。

**Mr. JIANG Zong Xiang**, aged 47, graduated from Shandong University of Technology with a Bachelor's degree and obtained a Master's degree in economics from Nankai University. He is currently the vice president and supply chain president of the Company. He served as deputy general manager of Tsingtao Brewery (Wuhu) Co., Ltd, deputy head of the company's strategic investment management headquarters, head of information management headquarters, head of procurement management headquarters of manufacturing center, assistant to manufacturing president and head of procurement management headquarters of the Company. He has rich experience in production operation and business management.



徐楠女士，現年 52 歲，山東輕工業學院本科畢業，工學學士，高級工程師。現任本公司副總裁、製造總裁、總釀酒師。曾任青島啤酒(壽光)有限公司總釀酒師、總經理，本公司製造總裁助理兼青島啤酒二廠廠長，本公司製造總裁助理兼青島啤酒三廠廠長，本公司製造總裁助理兼生產技術管理總部部長。具有豐富的生產運營及質量管理經驗。

**Ms. XU Nan**, aged 52, graduated from Shandong Institute of Light Industry with a Bachelor's degree in engineering and is a senior engineer. She is currently the vice president, manufacturing president and chief winemaker of the Company. She served as chief brewer and general manager of Tsingtao Brewery (Shouguang) Co., Ltd, assistant to the manufacturing president of the Company and the director of Tsingtao Brewery No.2 Factory, assistant to the manufacturing president of the Company and director of Tsingtao Brewery No.3 Factory, and assistant to the manufacturing president and head of production technology management headquarters of the Company. She has rich experience in production operation and quality assurance.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



王少波先生，現年 52 歲，上海交通大學本科畢業，上海交通大學安泰管理學院工商管理碩士研究生，高級工程師，現任本公司副總裁。曾任本公司青島啤酒廠廠長助理，深圳青島啤酒朝日有限公司副總經理，本公司運營管理部生產運營總監，本公司總裁助理兼戰略投資管理總部部長，具有豐富的啤酒行業戰略規劃、並購投資管理及生產運營經驗。

**Mr. WANG Shao Bo**, aged 52, graduated from Shanghai Jiaotong University with a Bachelor's degree, obtained a Master's degree in business administration from Antai School of Management of Shanghai Jiaotong University and is a senior engineer. He is currently the vice president of the Company. He served as the assistant to the director of Tsingtao Brewery of the Company, the deputy general manager of Shenzhen Tsingtao Brewery Asahi Co., Ltd, the production and operation director of the operation management department of the Company, and the assistant to the president and head of strategic investment management headquarters of the Company. He has extensive experience in strategic planning, M&A investment management and production and operation in the beer industry.



張瑞祥先生，現年 55 歲，山東師範大學大學本科畢業，經濟師，現任本公司董事會秘書兼董事會秘書室主任、公司秘書、授權代表。曾任本公司董事會秘書室主任助理、副主任、主任兼證券事務代表。具有長期的上市公司運作、信息披露及資本市場融資經驗。

**Mr. ZHANG Rui Xiang**, aged 55, Bachelor's Degree at Shandong Normal University, an economist. He is currently Board Secretary and Head of Secretarial Office of the Board, Company Secretary and Authorized Representative of the Company. He also served as Assistant to Director, Deputy Director, and Director of Secretarial Office of the Board and Representative to Securities Affairs of the Company with long-term experience in the operation of listing company, information disclosure and financing in capital market.

## 重要事項 Significant Events

一、公司於2019年3月28日召開第九屆董事會第五次會議，同意對台州公司進行關閉清算，報告期內已完成全部職工的勞動合同解除及安置工作。台州公司的全部債務已獲清償，主要資產處置完畢。

二、公司於2019年10月28日召開第九屆董事會第八次會議，審議通過收購綠蘭莎啤酒35%股權項目可行性報告和財務公司增資事項，其進展情況如下：

- 1、2019年11月22日，本公司與華獅啤酒簽署股權轉讓協議，由本公司出資人民幣241,818,181元收購其持有的綠蘭莎啤酒35%股權，並於2020年1月10日完成工商變更手續。股權變更後，本公司持有綠蘭莎啤酒90%股權，華獅啤酒繼續持有10%股權。
- 2、為增加財務公司的投資、融資規模、增強抗風險能力，更好地服務主業，公司董事會同意對財務公司進行增資，財務公司註冊資本金由5億元增加至10億元，並報送中國銀保監會批准。2019年12月16日，公司完成自有資金5億元人民幣注資，2020年1月20日，財務公司完成增資變更手續。

I. At the 5th meeting of the ninth session of the Board held on March 28, 2019, the Board approved the liquidation of Tsingtao Brewery (Taizhou) Co., Ltd.. During the Reporting Period, labor contract termination and re-employment of its staff had been completed. All debts had been paid off and the disposal of its major assets had been completed.

II. At the 8th meeting of the ninth session of the Board held on October 28, 2019, the Board considered and approved the feasibility report of acquiring 35% equity of Lulansa Company and the capital increase of the Finance Company. The progress is summarized as follows:

1. On November 22, 2019, the Company entered into an equity transfer agreement with Huashi Beer. According to the agreement, the Company shall pay RMB241,818,181 to acquire 35% equity of Lulansa Company. Administrative procedures for the change in business registration were completed on January 10, 2020. Upon the equity change, the Company will hold 90% equity of Lulansa Beer and Huashi Beer will continue to hold 10% equity.
2. To increase the Finance Company's investment and capitalization, strengthen its risk tolerance, and provide stronger support for the main business, the Board of the Company approved a capital increase for the Finance Company to raise its registered capital from RMB500 million to RMB1 billion, which was submitted to CBIRC for approval. On December 16, 2019, the Company completed a capital injection of RMB500 million through self-funding. On January 20, 2020, the Finance Company completed administrative procedures for the capital increase.

## 重要事項 Significant Events

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

### 四、報告期後事項

2020年3月23日，公司第九屆董事會2020年第三次臨時會議和第九屆監事會2020年第一次臨時會議分別審議通過關於《青島啤酒股份有限公司A股限制性股票激勵計劃(草案)》及其摘要的議案，以及關於《青島啤酒股份有限公司A股限制性股票激勵計劃實施考核管理辦法》的議案。旨在進一步健全公司中長期激勵約束機制，實現對公司董事、高級管理人員、其他公司核心管理人員、中層管理人員及核心骨幹人員的激勵與約束，使其利益與企業的長遠發展更緊密地結合，實現公司和股東價值最大化。該議案已獲得青島市國資委的審批同意，尚待提交股東年會、A股類別股東會議和H股類別股東會議審議批准。具體內容詳見公司於2020年3月24日在上海證券交易所(www.sse.com.cn)網站發佈的相關公告。

III. During the Reporting Period, the Company did not involve in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Company so far as the Company is aware of.

### IV. Events after the Reporting Period

On March 23, 2020, at the 3rd unscheduled meeting of the ninth session of the Board of Directors in 2020 and the 1st unscheduled meeting of the ninth session of the Board of Supervisors in 2020, the proposal on *The Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited (Proposal)* and the abstract, as well as the proposal on *The Management Measures for the Implementation and Appraisal of the Restricted A-Share Incentive Plan of Tsingtao Brewery Company Limited* was considered and approved. It aims to further improve the Company's mid- and long-term reward and restraint mechanism, and extend incentive and restraint to its directors, senior management personnel, other core management personnel, middle management personnel and key staff, in order to further align their interests to the long-term development of the Company and maximize value to the Company and its shareholders. The proposals have been reviewed and approved by the State-Owned Assets Supervision and Administration Commission Of Qingdao Municipal Government and has yet to be submitted to the shareholders meeting, A-share shareholders meeting and H-share shareholders meeting for consideration and approval. The detail can be found in the related announcement published on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 24, 2020.



## 財務報告 Financial Report

### 按照中國企業會計準則編制的財務報表

### Financial Statements Prepared in Accordance with the China Accounting Standards for Business Enterprises

81	審計報告	215	Auditor's Report
	2019 年度財務報表		Financial Statements for the year ended 31 December 2019
85	合併及公司資產負債表	220	Consolidated and Company balance sheets
87	合併及公司利潤表	222	Consolidated and Company income statements
89	合併及公司現金流量表	224	Consolidated and Company cash flow statements
91	合併股東權益變動表	226	Consolidated statement of changes in shareholders' equity
92	公司股東權益變動表	227	Company statement of changes in shareholders' equity
93	財務報表附註	228	Notes to the financial statements
214	補充資料	362	Supplementary information

## Auditor's Report



普華永道

PwC ZT Shen Zi (2020) No. 10023  
(Page 1 of 5)

**TO THE SHAREHOLDERS OF TSINGTAO BREWERY COMPANY LIMITED,**

### Opinion

#### What we have audited

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

- the consolidated and company balance sheets as at 31 December 2019;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders’ equity for the year then ended; and
- notes to the financial statements.

#### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of Tsingtao Brewery as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

### Basis for Opinion

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

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

普華永道中天會計師事務所(特殊普通合夥)

PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center

Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC

T: +86 (21) 2323 8888, F: +86 (21) 2323 8800, [www.pwccn.com](http://www.pwccn.com)

## Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>(1) Immense Brewery Company — Impairment assessment on goodwill (Refer to Note 4(15) to the financial statements)</b></p> <p>Tsingtao Brewery has acquired 100% equity interest in Immense Brewery Company in prior years. The carrying amount of the goodwill arising from the acquisition of Immense Brewery Company amounted to approximately RMB958.87 million as at 31 December 2019.</p> <p>Due to the intensified beer market competition in the region where Immense Brewery Company operates and also the fluctuation in its sales volume and profits in recent years, the risk of impairment on the related goodwill has been increased.</p> <p>Management conducted an impairment assessment of the goodwill formed by the acquisition of Immense Brewery Company by comparing its recoverable amount with its carrying amount. The recoverable amount shall be determined based on the higher of the net amount of the fair value of the asset less cost of disposal and the present value of the estimated future cash flow of the asset. Management involved an independent valuer to evaluate the recoverable amount of the assets.</p> <p>We considered this area as a key audit matter because the carrying amounts of the goodwill of Immense Brewery Company are significant to the financial statements and the reasonableness of the aforesaid judgements and assumptions would have a significant impact on the result of the impairment assessment.</p>	<p>In connection with the impairment assessment on goodwill of Immense Brewery Company, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood and validated the managements’ internal controls over the assessment of impairment of the goodwill;</li> <li>• Evaluated the competency, professionalism and objectivity of the independent valuer;</li> <li>• Evaluated the rationality of cash generation unit (“CGU”) judged by the management.</li> <li>• Combining interviews with the management and the information obtained, we involved valuation experts to assist us in assessing the rationality of the valuation methodology adopted by the management and the independent valuers employed by them; By comparing historical financial data, approved budgets, industry experience and market forecast, we evaluated the reasonableness of the key judgments and assumptions used by the management and the independent valuers employed by them, including sales growth rate, gross profit margin, discount rate and etc.</li> <li>• Review key assumptions used by the management in impairment assessment, such as sensitivity analysis of gross profit margin and discount rate, and consider its potential impact on the results of the impairment assessment if these assumptions are to be changed within a reasonable range.</li> </ul> <p>According to the procedures performed, the recognition of recoverable amount, valuation model, basic data, key assumptions and estimates adopted by the management and the employed independent valuers, and the results of impairment assessments made by the management are acceptable.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>(2) Impairment test on fixed assets (Refer to Note 4(11) to the financial statements)</b></p> <p>As at 31 December 2019, the carrying amounts of fixed assets as recognized in the consolidated financial statements of Tsingtao Brewery amounted to approximately RMB10.22 billion. Given the intensified competition in the beer market in China, some of the subsidiaries as operated in different regions had suffered from the decline in sales volume and profits, and some subsidiaries may even suffer from losses persistently.</p> <p>Management had identified the related independent CGUs, analysed and identified the indication of impairment, conducted impairment assessment by comparing the recoverable amount with carrying amount of those fixed assets with indication of impairment. The recoverable amount shall be determined based on the higher of the net amount of the fair value of the asset less cost of disposal and the present value of the estimated future cash flow of the asset.</p> <p>The impairment test involved the determination of valuation parameters (e.g. discount rate), and also the assumptions in operating and financial performance in the coming years, including sales growth rate and gross profit margin in the coming years.</p> <p>We considered this area as a key audit matter because the carrying amounts of the fixed assets with indication of impairment are significant to the financial statements and the reasonableness of the aforesaid judgements and assumptions would have a significant impact on the results of the impairment test.</p>	<p>In connection with the impairment test on fixed assets, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood and validated the management’s internal controls over the test of impairment of fixed assets;</li> <li>• Validated the management’s processes in identifying the indications of impairment;</li> <li>• Assessed the reasonableness of the CGU as judged by the management;</li> <li>• For those fixed assets with indication of impairment, examined the management’s impairment test model as follows: <ul style="list-style-type: none"> <li>— Combining interviews with the management and the information obtained, we involved valuation experts to assist us in assessing the rationality of the valuation methodology adopted by the management in impairment assessment.</li> <li>— Evaluated the rationality of key judgments and assumptions adopted by the management by comparing historical financial data, approved budget, industry experience and market forecast, including sales growth rate, gross profit margin and discount rate and etc.</li> <li>— Review key assumptions used by the management in impairment assessment, such as sensitivity analysis of gross profit margin and discount rate, and consider its potential impact on the results of the impairment assessment if these assumptions are to be changed within a reasonable range.</li> </ul> </li> </ul> <p>According to the procedures performed, the recognition method of recoverable amount, valuation model, basic data, key assumptions and estimates adopted, and the results of impairment assessments made by the management are acceptable.</p>

## Other Information

Management of Tsingtao Brewery is responsible for the other information. The other information comprises all of the information included in 2019 annual report of Tsingtao Brewery other than the financial statements and our auditor's report thereon.

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

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

## Responsibilities of Management and Audit Committee for the Financial Statements

Management of Tsingtao Brewery is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

PwC ZT Shen Zi (2020) No. 10023  
(Page 5 of 5)

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

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

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

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

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

**PricewaterhouseCoopers Zhong Tian LLP**

Signing CPA  
**Song Shuang** (Engagement Partner)

Shanghai, the People's Republic of China  
27 March 2020

Signing CPA  
**Zhang Dong**

## Consolidated and Company Balance Sheets

As at 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2019 Consolidated	31 December 2018 Consolidated	31 December 2019 Company	31 December 2018 Company
<b>ASSETS</b>					
<b>Current assets</b>					
Cash at bank and on hand	(1)	15,301,983,408	12,535,737,018	6,073,903,675	5,114,874,023
Financial assets held for trading	(2)	1,523,793,019	1,202,544,491	-	-
Notes receivable	(3)	75,100,000	53,801,550	75,100,000	53,801,550
Accounts receivable	(4),15(1)	151,069,427	110,705,784	1,191,236,318	1,111,186,119
Advances to suppliers	(5)	117,156,091	173,564,933	81,193,236	141,333,150
Other receivables	(6),15(2)	86,269,436	297,784,761	661,842,853	568,746,003
Inventories	(7),15(3)	3,181,769,333	2,651,224,726	1,440,374,542	1,047,023,276
Other current assets	(8)	564,677,336	734,941,934	337,621,348	411,447,441
<b>Total current assets</b>		<b>21,001,818,050</b>	<b>17,760,305,197</b>	<b>9,861,271,972</b>	<b>8,448,411,562</b>
<b>Non-current assets</b>					
Debt investment	15(4)	-	-	163,325,489	103,300,000
Long-term equity investments	(9),15(5)	376,641,802	370,486,200	10,452,229,369	10,098,869,195
Other non-current financial assets		600,000	600,000	300,000	300,000
Investment properties	(10)	36,504,682	27,932,768	28,074,694	29,398,611
Fixed assets	(11),15(6)	10,222,034,465	10,326,694,147	2,075,232,310	2,082,331,715
Construction in progress	(12)	178,993,842	379,891,294	29,888,393	33,024,290
Right-of-use assets	(13)	66,970,435	—	29,566,778	—
Intangible assets	(14),15(7)	2,558,572,455	2,599,685,515	507,006,725	528,583,144
Goodwill	(15)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(16)	35,255,388	33,107,419	3,897,707	1,096,220
Deferred tax assets	(17)	1,455,035,532	1,207,020,387	885,429,696	825,985,377
Other non-current assets	(19)	72,852,914	62,438,096	31,543,686	14,738,527
<b>Total non-current assets</b>		<b>16,310,565,497</b>	<b>16,314,959,808</b>	<b>14,206,494,847</b>	<b>13,717,627,079</b>
<b>TOTAL ASSETS</b>		<b>37,312,383,547</b>	<b>34,075,265,005</b>	<b>24,067,766,819</b>	<b>22,166,038,641</b>

## Consolidated and Company Balance Sheets (Continued)

As at 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2019 Consolidated	31 December 2018 Consolidated	31 December 2019 Company	31 December 2018 Company
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	(20)	270,906,631	296,155,600	-	-
Notes payable	(21)	220,825,323	326,075,937	119,897,333	137,954,505
Accounts payable	(22)	2,167,178,181	2,246,348,607	2,454,746,492	1,808,755,123
Contract liabilities	(23)	6,275,719,703	5,237,538,511	4,472,664,628	3,735,161,617
Employee benefits payable	(24)	1,458,665,786	1,175,461,292	531,653,920	485,320,980
Taxes payable	(25)	513,058,160	691,133,999	99,681,934	132,203,110
Other payables	(26)	2,424,857,501	2,113,507,358	1,011,094,365	777,996,862
Current portion of non-current liabilities	(27)	22,208,025	420,320	9,183,992	-
Other current liabilities		361,684	228,510	-	-
<b>Total current liabilities</b>		<b>13,353,780,994</b>	<b>12,086,870,134</b>	<b>8,698,922,664</b>	<b>7,077,392,197</b>
<b>Non-current liabilities</b>					
Long-term borrowings	(28)	209,180	630,480	-	-
Lease liabilities	(29)	37,471,885	-	17,127,751	-
Long-term payables	(30)	372,579,660	222,324,164	-	-
Deferred income	(31)	2,519,926,935	2,343,747,145	425,786,239	442,625,999
Long-term employee benefits payable	(32)	931,008,557	526,560,514	425,765,776	315,818,409
Deferred tax liabilities	(17)	184,035,480	205,181,181	-	-
<b>Total non-current liabilities</b>		<b>4,045,231,697</b>	<b>3,298,443,484</b>	<b>868,679,766</b>	<b>758,444,408</b>
<b>Total liabilities</b>		<b>17,399,012,691</b>	<b>15,385,313,618</b>	<b>9,567,602,430</b>	<b>7,835,836,605</b>
<b>Equity</b>					
Share capital	(33)	1,350,982,795	1,350,982,795	1,350,982,795	1,350,982,795
Capital surplus	(34), 15(9)	3,444,317,455	3,444,186,312	4,306,633,811	4,306,625,628
Other comprehensive income	(35), 15(10)	(47,347,633)	(44,696,804)	(47,445,000)	(48,482,000)
Surplus reserve	(36)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(37)	234,715,680	199,512,331	-	-
Undistributed profits	(38), 15(11)	12,788,210,357	11,619,782,072	7,489,288,403	7,320,371,233
Total equity attributable to shareholders of the Company		19,171,583,034	17,970,471,086	14,500,164,389	14,330,202,036
Non-controlling interests		741,787,822	719,480,301	-	-
<b>Total equity</b>		<b>19,913,370,856</b>	<b>18,689,951,387</b>	<b>14,500,164,389</b>	<b>14,330,202,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>37,312,383,547</b>	<b>34,075,265,005</b>	<b>24,067,766,819</b>	<b>22,166,038,641</b>

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

Legal representative:  
HUANG Kexing

Principal in charge of accounting:  
YU Zhuming

Head of accounting department:  
HOU Qiuyan



## Consolidated and Company Income Statements

For the year ended 31 December 2019

(All amounts in Rmb Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2019	2018	2019	2018
		Consolidated	Consolidated	Company	Company
<b>Revenue</b>	(39), 15(2)	<b>27,983,760,363</b>	26,575,255,205	<b>20,169,631,508</b>	18,685,157,144
<i>Less:</i> Cost of sales	(39), (44), 15(12), (13)	<b>(17,080,443,282)</b>	(16,555,774,979)	<b>(16,042,976,582)</b>	(14,948,724,970)
Taxes and surcharges	(40)	<b>(2,313,322,793)</b>	(2,326,543,366)	<b>(558,846,365)</b>	(529,204,067)
Selling and distribution expenses	(41), (44), 15(13)	<b>(5,103,505,734)</b>	(4,868,834,502)	<b>(3,307,273,882)</b>	(3,064,674,675)
General and administrative expenses	(42), (44), 15(13)	<b>(1,881,053,486)</b>	(1,386,380,042)	<b>(450,304,837)</b>	(421,980,054)
Research and development expenses	(43), (44), 15(13)	<b>(21,088,710)</b>	(19,755,502)	<b>(21,088,710)</b>	(19,755,502)
Finance expenses	(45), 15(14)	<b>484,172,216</b>	497,115,822	<b>159,701,910</b>	57,208,893
Including: Interest expenses		<b>(13,621,266)</b>	(13,707,476)	-	-
Interest income		<b>514,830,422</b>	536,675,628	<b>166,807,682</b>	75,798,516
<i>Add:</i> Other income	(48)	<b>602,897,696</b>	523,174,569	<b>103,473,086</b>	63,915,723
Investment income	(49), 15(17)	<b>24,508,766</b>	20,518,603	<b>1,112,100,794</b>	1,160,686,985
Including: Share of profit of associates and a joint venture		<b>21,182,903</b>	16,615,487	<b>19,996,888</b>	16,323,543
Profits arising from changes in fair value (Losses are listed with “-”)	(50)	<b>56,754,451</b>	54,170,936	-	-
Credit impairment losses (Losses are listed with “-”)	(46), 15(15)	<b>7,091,211</b>	1,311,608	<b>(30,106,734)</b>	32,321,925
Asset impairment losses (Losses are listed with “-”)	(47), 15(16)	<b>(121,051,420)</b>	(147,032,754)	<b>(264,289,789)</b>	(275,159,527)
Gains on disposals of assets (Losses are listed with “-”)	(51)	<b>59,170,551</b>	10,339,068	<b>(7,154,072)</b>	(14,415,726)
<b>Operating profit</b>		<b>2,697,889,829</b>	2,377,564,666	<b>862,866,327</b>	725,376,149
<i>Add:</i> Non-operating income	(52)	<b>34,664,591</b>	15,921,391	<b>7,638,286</b>	436,795
<i>Less:</i> Non-operating expenses	(53)	<b>(5,643,591)</b>	(13,719,191)	<b>(3,993,988)</b>	(6,998,583)
<b>Total profit</b>		<b>2,726,910,829</b>	2,379,766,866	<b>866,510,625</b>	718,814,361
<i>Less:</i> Income tax expense	(54), 15(18)	<b>(797,794,436)</b>	(818,755,412)	<b>(49,121,713)</b>	19,147,151
<b>Net profit</b>		<b>1,929,116,393</b>	1,561,011,454	<b>817,388,912</b>	737,961,512
<b>Classified by continuity of operations</b>					
Net profit from continuing operations		<b>1,929,116,393</b>	1,561,011,454	<b>817,388,912</b>	737,961,512
Net profit from discontinued operations		-	-	-	-
<b>Classified by ownership of the equity</b>					
Attributable to non-controlling interests		<b>77,013,017</b>	138,811,749	-	-
Attributable to shareholders of the Company		<b>1,852,103,376</b>	1,422,199,705	<b>817,388,912</b>	737,961,512

## Consolidated and Company Income Statements (Continued)

For the year ended 31 December 2019

(All amounts in Rmb Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2019	2018	2019	2018
		Consolidated	Consolidated	Company	Company
<b>Other comprehensive income, net of tax</b>	(35)	<b>(2,650,829)</b>	<b>(29,549,068)</b>	<b>1,037,000</b>	<b>(21,613,000)</b>
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		<b>907,000</b>	(22,516,000)	<b>1,037,000</b>	(21,613,000)
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		<b>9,413</b>	(12,848)	-	-
Currency translation differences		<b>(3,567,242)</b>	(7,020,220)	-	-
<b>Total comprehensive income</b>		<b>1,926,465,564</b>	<b>1,531,462,386</b>	<b>818,425,912</b>	<b>716,348,512</b>
Attributable to shareholders of the Company		<b>1,849,452,547</b>	1,392,650,637	<b>818,425,912</b>	716,348,512
Attributable to non-controlling interests		<b>77,013,017</b>	138,811,749	—	—
<b>Earnings per share</b>					
Basic earnings per share	(55)	<b>1.371</b>	1.053	—	—
Diluted earnings per share	(55)	<b>1.371</b>	1.053	—	—

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

Legal representative:  
**HUANG Kexing**

Principal in charge of accounting:  
**YU Zhuming**

Head of accounting department:  
**HOU Qiuyan**

## Consolidated and Company Cash Flow Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
<b>Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		33,048,233,130	31,880,597,870	23,823,793,769	22,475,719,264
Refund of taxes and surcharges		18,516,847	29,757,183	8,071,138	23,222,894
Cash received relating to other operating activities	(56)(a)	1,807,961,603	1,665,022,035	525,159,748	668,646,918
<b>Sub-total of cash inflows</b>		<b>34,874,711,580</b>	<b>33,575,377,088</b>	<b>24,357,024,655</b>	<b>23,167,589,076</b>
Cash paid for goods and services		(16,451,021,182)	(15,769,795,593)	(17,071,424,198)	(16,220,902,085)
Cash paid to and on behalf of employees		(4,830,268,740)	(4,616,507,830)	(1,701,438,298)	(1,631,966,357)
Payments of taxes and surcharges		(5,210,668,233)	(5,016,131,660)	(1,138,905,880)	(1,201,671,019)
Cash paid relating to other operating activities	(56)(b)	(4,366,200,846)	(4,180,933,604)	(2,789,719,269)	(2,554,544,547)
<b>Sub-total of cash outflows</b>		<b>(30,858,159,001)</b>	<b>(29,583,368,687)</b>	<b>(22,701,487,645)</b>	<b>(21,609,084,008)</b>
<b>Net cash flows from operating activities</b>	(57)(a)	<b>4,016,552,579</b>	<b>3,992,008,401</b>	<b>1,655,537,010</b>	<b>1,558,505,068</b>
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments		1,669,900,000	1,549,800,000	642,760,000	664,360,000
Cash received from returns on investments		76,740,009	54,813,885	922,428,055	1,033,252,865
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		248,098,952	58,558,466	1,007,829	614,134
Cash received relating to other investing activities	(56)(c)	701,467,374	444,912,006	3,902,150	1,758,500
<b>Sub-total of cash inflows</b>		<b>2,696,206,335</b>	<b>2,108,084,357</b>	<b>1,570,098,034</b>	<b>1,699,985,499</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,155,246,070)	(761,796,099)	(264,803,287)	(171,317,572)
Cash paid to acquire investments		(1,867,622,367)	(1,974,800,000)	(1,341,860,000)	(1,047,160,000)
Cash paid relating to other investing activities	(56)(d)	(21,103,503)	(188,232,081)	(3,873,350)	(1,388,754)
<b>Sub-total of cash outflows</b>		<b>(3,043,971,940)</b>	<b>(2,924,828,180)</b>	<b>(1,610,536,637)</b>	<b>(1,219,866,326)</b>
<b>Net cash flows from investing activities</b>		<b>(347,765,605)</b>	<b>(816,743,823)</b>	<b>(40,438,603)</b>	<b>480,119,173</b>
<b>Cash flows from financing activities</b>					
Cash received from borrowings		256,620,000	274,591,200	-	-
<b>Sub-total of cash inflows</b>		<b>256,620,000</b>	<b>274,591,200</b>	<b>-</b>	<b>-</b>

## Consolidated and Company Cash Flow Statements (Continued)

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
Cash repayments of borrowings		(289,545,200)	(275,011,200)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(710,882,300)	(639,178,482)	(645,739,858)	(581,095,288)
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		(54,705,496)	(48,607,726)	—	—
Cash payments relating to other financing activities	(56)(e)	(24,909,652)	(1,134,743)	(14,316,229)	(1,134,743)
<b>Sub-total of cash outflows</b>		<b>(1,025,337,152)</b>	<b>(915,324,425)</b>	<b>(660,056,087)</b>	<b>(582,230,031)</b>
<b>Net cash flows from financing activities</b>		<b>(768,717,152)</b>	<b>(640,733,225)</b>	<b>(660,056,087)</b>	<b>(582,230,031)</b>
<b>Exchange effect on cash and cash equivalents</b>		<b>4,035,205</b>	16,848,088	<b>2,079,794</b>	7,579,618
<b>Net increase in cash and cash equivalents</b>	(57)(a)	<b>2,904,105,027</b>	2,551,379,441	<b>957,122,114</b>	1,463,973,828
Add: Cash and cash equivalents at beginning of year		<b>11,653,288,328</b>	9,101,908,887	<b>5,086,721,740</b>	3,622,747,912
<b>Cash and cash equivalents at end of year</b>	(57)(b)	<b>14,557,393,355</b>	11,653,288,328	<b>6,043,843,854</b>	5,086,721,740

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

Legal representative:  
**HUANG Kexing**

Principal in charge of accounting:  
**YU Zhuming**

Head of accounting department:  
**HOU Qiuyan**

## Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Attributable to shareholders of the Company						Non-controlling interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
<b>Balance at 1 January 2018</b>		1,350,982,795	3,444,181,512	(15,147,736)	1,400,704,380	155,497,737	10,809,009,735	629,276,278	17,774,504,701
<b>Movements for the year ended 31 December 2018</b>									
Total comprehensive income									
Net profit		-	-	-	-	-	1,422,199,705	138,811,749	1,561,011,454
Other comprehensive income	(35)	-	-	(29,549,068)	-	-	-	-	(29,549,068)
Total comprehensive income for the year		-	-	(29,549,068)	-	-	1,422,199,705	138,811,749	1,531,462,386
Profit distribution	(38)								
Appropriation to general reserve		-	-	-	-	44,014,594	(44,014,594)	-	-
Profit distribution to shareholders		-	-	-	-	-	(567,412,774)	(48,607,726)	(616,020,500)
Others	(34)	-	4,800	-	-	-	-	-	4,800
<b>Balance at 31 December 2018</b>		1,350,982,795	3,444,186,312	(44,696,804)	1,400,704,380	199,512,331	11,619,782,072	719,480,301	18,689,951,387
<b>Balance at 1 January 2019</b>		1,350,982,795	3,444,186,312	(44,696,804)	1,400,704,380	199,512,331	11,619,782,072	719,480,301	18,689,951,387
<b>Movements for the year ended 31 December 2019</b>									
Total comprehensive income									
Net profit		-	-	-	-	-	1,852,103,376	77,013,017	1,929,116,393
Other comprehensive income	(35)	-	-	(2,650,829)	-	-	-	-	(2,650,829)
Total comprehensive income for the year		-	-	(2,650,829)	-	-	1,852,103,376	77,013,017	1,926,465,564
Profit distribution	(38)								
Appropriation to general reserve		-	-	-	-	35,203,349	(35,203,349)	-	-
Profit distribution to shareholders		-	-	-	-	-	(648,471,742)	(54,705,496)	(703,177,238)
Others	(34)	-	131,143	-	-	-	-	-	131,143
<b>Balance at 31 December 2019</b>		1,350,982,795	3,444,317,455	(47,347,633)	1,400,704,380	234,715,680	12,788,210,357	741,787,822	19,913,370,856

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

Legal representative:  
**HUANG Kexing**

Principal in charge of accounting:  
**YU Zhuming**

Head of accounting department:  
**HOU Qiuyan**

## Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 15	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>Balance at 1 January 2018</b>		1,350,982,795	4,306,620,828	(26,869,000)	1,400,704,380	7,149,822,495	14,181,261,498
<b>Movements for the year ended 31 December 2018</b>							
Total comprehensive income							
Net profit		-	-	-	-	737,961,512	737,961,512
Other comprehensive income	(10)	-	-	(21,613,000)	-	-	(21,613,000)
Total comprehensive income for the year		-	-	(21,613,000)	-	737,961,512	716,348,512
Profit distribution							
Profit distribution to shareholders	(11)	-	-	-	-	(567,412,774)	(567,412,774)
Others	(9)	-	4,800	-	-	-	4,800
<b>Balance at 31 December 2018</b>		1,350,982,795	4,306,625,628	(48,482,000)	1,400,704,380	7,320,371,233	14,330,202,036
<b>Balance at 1 January 2019</b>		1,350,982,795	4,306,625,628	(48,482,000)	1,400,704,380	7,320,371,233	14,330,202,036
<b>Movements for the year ended 31 December 2019</b>							
Total comprehensive income							
Net profit		-	-	-	-	817,388,912	817,388,912
Other comprehensive income	(10)	-	-	1,037,000	-	-	1,037,000
Total comprehensive income for the year		-	-	1,037,000	-	817,388,912	818,425,912
Profit distribution							
Profit distribution to shareholders	(11)	-	-	-	-	(648,471,742)	(648,471,742)
Others	(9)	-	8,183	-	-	-	8,183
<b>Balance at 31 December 2019</b>		1,350,982,795	4,306,633,811	(47,445,000)	1,400,704,380	7,489,288,403	14,500,164,389

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

Legal representative:  
**HUANG Kexing**

Principal in charge of accounting:  
**YU Zhuming**

Head of accounting department:  
**HOU Qiuyan**

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 1 General information

Tsingtao Brewery Company Limited (the “Company”) was established in the People’s Republic of China on 16 June 1993. The Company obtained business license as a Sino-foreign joint stock limited company on 27 December 1995. The registered address and head office address of the Company is Qingdao, Shandong province, the PRC, with a total share capital of RMB482,400,000 at establishment.

The Company’s H shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 15 July 1993, and its A shares have been listed on the Shanghai Stock Exchange since 27 August 1993. The total share capital upon issue amounted to RMB900,000,000. Subsequently, the Company increased its total share capital to RMB1,308,219,178 after issuing new RMB ordinary shares and corporate convertible bonds which were converted into H shares.

Approved by the Circular [2008] No.445 issued by the China Securities Regulatory Commission, the Company issued convertible bonds with detachable warrants subscription rights on 2 April 2008 at a total size of RMB1.5 billion with the term of 6 years. Upon the exercise period ended on 19 October 2009, 42,763,617 A shares of the Company were issued and the total number of the Company’s shares was increased from 1,308,219,178 to 1,350,982,795.

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

Subsidiaries which are included in the scope of consolidation and subsidiaries which are excluded from the scope of consolidation in this year are disclosed in Note 5 and Note 6.

These financial statements have been approved for issue by the Company’s Board of Directors on 27 March 2020.

### 2 Summary of significant accounting policies and accounting estimates

The Group applied the accounting policies and accounting estimates based on its business operations characteristics, including provision of expected credit loss (“ECL”) of receivables and contract assets (Note 2(9)), cost formulas (Note 2(10)), depreciation of fixed assets and amortization of intangible assets (Note 2(13)and(16)), duration of operating lease (Note 2(24)), revenue recognition (Note 2(21)),etc.

The areas including significant judgments to determine the critical accounting policies of the Group are disclosed in Note 2(27).

#### (1) Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

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

The financial statements of the Company for the year ended 31 December 2019 are in compliance with CAS, and truly and completely present the Consolidated and the Company's financial position as at 31 December 2019 and their financial performance, cash flows and other information for the year then ended.

#### (3) Accounting year

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

#### (4) Recording currency

The Company's recording currency is Renminbi (RMB). The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The recording currency of subsidiaries in Hong Kong and Macau is Hong Kong Dollar (HKD) and Macau Pataca (MOP) respectively. The financial statements are presented in RMB.

#### (5) Business combinations

##### (a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. If the merged party was acquired by the final control party from a third party in the previous year, then the consideration was measured based on carrying amount of assets and liabilities of the merged party (including the goodwill arising from acquisition by the final control party) in the final control party's consolidated financial statements. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

##### (b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interests in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interests in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

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

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

#### (7) Cash and cash equivalents

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

#### (8) Foreign currency translation

##### (a) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (8) Foreign currency translation *(continued)*

##### *(b) Translation of foreign currency financial statements*

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented separately in the shareholders' equity. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (9) Financial instruments

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

##### *(a) Financial assets*

##### *(i) Classification and measurement*

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

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

##### Debt instruments

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

##### Measured at amortized cost:

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (9) Financial instruments *(continued)*

##### (a) Financial assets *(continued)*

###### (i) Classification and measurement *(continued)*

Measured at fair value through other comprehensive income (“FVOCI”)

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

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

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

Equity instruments

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

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

###### (ii) Impairment

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

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (9) Financial instruments (continued)

##### (a) Financial assets (continued)

##### (ii) Impairment (continued)

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

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

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

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

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

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

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

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (9) Financial instruments (continued)

##### (a) Financial assets (continued)

##### (iii) De-recognition of financial assets

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset terminate; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

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

##### (b) Financial liabilities

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

Financial liabilities of the Group are mainly financial liabilities at amortised cost, including notes payable and accounts payable, other payables, borrowings and etc. These financial liabilities are recognized initially at fair value minus transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Those with maturities no more than one year are classified as current liabilities; those with maturities over one year but due within one year at the balance sheet date are classified as the current portion of non-current liabilities; others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss.

##### (c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique when it is applicable under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and should maximize the use of relevant observable inputs. When related observable inputs can't be acquired or are not feasible to be acquired, then use unobservable inputs.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (10) Inventories

##### (a) Classification

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

##### (b) Cost formulas

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

##### (c) Basis for determining net realizable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

##### (d) The Group adopts the perpetual inventory system.

##### (e) Amortization methods of low value consumables and packaging materials

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

#### (11) Long-term equity investments

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

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

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (11) Long-term equity investments (continued)

##### (a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of shareholder's equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

##### (b) Subsequent measurement and recognition of related profit and loss

Long-term equity investments accounted for using the cost method are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards in the contingencies are satisfied, the Group continues recognizing the expected losses and the provisions. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus other comprehensive income, and profit distribution. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profit or loss arising from the intra-group transactions amongst the Group and its investees is eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment income is recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (11) Long-term equity investments (continued)

##### (c) Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities and can influence the amount.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

##### (d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

#### (12) Investment properties

Investment properties are buildings and land use rights that are held for the purpose of leasing, and are measured at the initial cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are occurred.

The Group adopts cost model for subsequent measurement of investment properties. Land use rights are amortised on the straight-line basis over their approved useful period of 50 years. Buildings are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	20 - 40 years	3% to 5%	2.4% to 4.9%
Land use rights	50 years	-	2.0%

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

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year end.

An investment property is derecognized when it is disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

The carrying amount of investment properties shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(18)).



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (13) Fixed assets

##### (a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles and other equipment.

Fixed assets are recognized when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganization of the Company into a corporation entity are recognized based on the revaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

##### (b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	20 - 40 years	3% to 5%	2.4% to 4.9%
Machinery and equipment	5 - 14 years	3% to 5%	6.8% to 19.4%
Motor vehicles	5 - 12 years	3% to 5%	7.9% to 19.4%
Other equipment	5 - 10 years	3% to 5%	9.5% to 19.4%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year end.

(c) The carrying amount of fixed assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(18)).

##### (d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses are recognized in profit or loss for the current period.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

#### (15) Borrowing costs

The borrowing costs incurred in the Group that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interests income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

#### (16) Intangible assets

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

##### (a) Land use rights

Land use rights are amortised on the straight-line basis over their approved useful period from 30 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (16) Intangible assets *(continued)*

##### *(b) Trademarks*

Trademarks mainly include the “TSINGTAO BEER” trademark which was injected by the founding shareholders into the Company on 16 June 1993 as their capital contributions. The recorded value of the trademark was assessed based on the results of the valuation approved by state-owned assets administration department. Based on the forecast of beer industry and the business position of the Company, the directors are of the view that the “TSINGTAO BEER” trademark has an indefinite useful life, accordingly, it is not subject to amortisation but annual impairment assessments.

Other trademarks were acquired as a result of acquisitions of certain subsidiaries. They are amortised over their estimated useful lives ranging from 5 to 10 years.

##### *(c) Marketing networks*

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

##### *(d) Computer software*

Computer software are amortised over their estimated useful lives ranging from 5 to 10 years.

##### *(e) Technology known-how*

Technology known-how is amortised on the straight-line basis over their estimated useful lives of 10 years.

##### *(f) Periodical review of useful life and amortisation method*

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

##### *(g) Research and development*

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

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

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (16) Intangible assets (continued)

##### (g) Research and development (continued)

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

##### (h) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

#### (17) Long-term prepaid expenses

Long-term prepaid expenses comprise the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

#### (18) Impairment of long-term assets

Fixed assets, constructions in progress, right-of-use assets, intangible assets with finite useful lives, investing properties measured at cost method and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. The intangible assets not ready for intended use yet, are treated at least annually for impairment, irrespective of whether there are any indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related group of assets or group of asset combinations which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of a group of assets or group of assets combinations, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the group of assets or group of asset combinations, and then deducted from the carrying amounts of other assets within the group of assets or groups of asset combinations in proportion to the carrying amounts of assets other than goodwill.

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (19) Employee benefits

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

##### (a) *Short-term employee benefits*

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

##### (b) *Post-employment benefits*

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

##### *Basic pension insurance*

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

##### *Supplemental retirement benefits*

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (19) Employee benefits *(continued)*

##### *(c) Termination benefits*

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

##### *Early retirement benefits*

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

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

#### (20) Dividends distribution

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

#### (21) Revenue recognition

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

##### *(a) Sale of goods*

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

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (21) Revenue recognition *(continued)*

##### *(b) Rendering of services*

The Group provides construction service to clients. Based upon the progresses of completed services, the Group recognizes revenue over a period of time. The progresses of completed services are confirmed with the stage of completion being determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimate the progresses of completed services so that it can reflect the changes of the compliance with the contract. The contract consideration amount received from the dealer is recognized as a contract liability before the Group signs the contract with the dealer and receives the order but does not deliver the product to the dealer.

When the Group recognizes revenue according to the progress of completed services, the part that the Group has obtained the unconditional collection rights is recognized as accounts receivable, the rest is recognized as contract assets. And the accounts receivable and contract assets shall recognize loss provision based on the ECL(Note 2(9)). If the contract price received or receivable by the Group exceeds the completed services, the excess shall be recognized as contract liabilities. The Group's contract assets and contract liabilities under the same contract are stated on a net basis.

Contract cost includes contract performance cost and contract acquisition cost. The cost incurred by the Group in providing labor services is recognized as contract performance cost, and shall be carried forward to main operation cost according to the progress of services completed when revenue is recognized. If the carrying amount of the contract cost is higher than the residual consideration expected to be obtained from the provision of the service minus the estimated cost, the Group shall make impairment provision for the excess and recognize it as an asset impairment loss.

#### (22) Government Grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including relocation compensation, refund of taxes and financial subsidies, etc.

A government grant is recognized when the conditions attached to it can be satisfied and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or to be received. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

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

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

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (22) Government Grants (continued)

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

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

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

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

#### (23) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and
- tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (24) Leases

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

##### *The Group as the lessee*

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

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

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

##### *The Group as the lessor*

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

##### *(a) Operating leases*

When the Group operatingly lease out self-owned buildings, machinery equipments and land use rights, the rental income from the operating lease shall be recognized in accordance with the straight-line basis over the lease period.

##### *(b) Finance leases*

As at the starting date of the lease period, the Group recognizes the finance lease receivables and derecognize relevant assets.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (25) Held for sale and discontinued operations

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

Non-current assets (except for financial assets and deferred tax assets) that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less the costs to sell is recognized as asset impairment losses.

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

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

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

#### (26) Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (27) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

##### (a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

###### (i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of group of assets and groups of asset combinations is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 4(15)).

If management revises the gross profit margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of assets and group of asset combinations, and the revised gross profit margin is lower than the one currently used or the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill. If the actual gross profit margin is higher or pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

###### (ii) Accounting estimates on impairment of fixed assets

According to the accounting policies stated in Note 2(18), the Group tests whether fixed assets have suffered any impairment on the balance sheet date. The recoverable amounts of the fixed assets have been determined based on the higher of an asset's present value of the expected future cash flow and fair value less costs to sell. These calculations require the use of accounting estimates.

For the year ended 31 December 2019, the Group recognized impairment losses of 121,339,530 (2018: 143,968,023) for fixed assets based on such evaluation. As at 31 December 2019, the Group recognized the cumulative provision for fixed assets impairment amounting to 469,369,758 (31 December 2018: 434,501,719) (Note 4(11)).

If management revises the gross profit margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of assets and group of assets combinations, and the revised gross profit margin is lower than the one currently used or the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against fixed assets. If the actual gross profit margin is higher or pre-tax discount rate is lower than management's estimates, the impairment loss of fixed assets previously provided for is not allowed to be reversed by the Group.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (27) Critical accounting estimates and judgments (continued)

##### (a) Critical accounting estimates and key assumptions (continued)

##### (iii) Accounting estimates on recognition of deferred tax assets

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The realization of deferred tax assets depends on the realization of sufficient profitability (taxable profit) of the Group. The change in future income tax rates and timing of reversals of taxable temporary differences would affect income tax expense (benefits) and balances of deferred tax. Deviation of aforesaid estimates could result in material adjustment to the carrying amount of deferred income tax.

As at 31 December 2019, deferred tax assets of 1,455,035,532 have been recognized in the Group's balance sheet. As stated in Note 4(17), the Group has unrecognized deferred tax assets aggregated to approximately 944,149,000 as at 31 December 2019, which mainly attributable to accumulated tax losses and impairment losses of certain subsidiaries. The Group has unrecognized deferred tax assets for such deductible losses and deductible temporary differences due to the fact that there is no certainty of obtaining approval from local tax authorities or there is no certainty of their respective realization of these tax benefits through available future taxable profits of those subsidiaries concerned. In cases where the actual future assessable profits are more or less than expected or approval from local tax authorities are obtained, a recognition or reversal of deferred tax assets may arise accordingly.

##### (iv) Post-retirement benefits actuary

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

##### (v) Measurement of ECL

The Group calculates the ECL through the EAD and the ECL rate, and determines the ECL rate based on the probability of default and the default loss rate. When determining the ECL rate, the Group uses data such as internal historical credit loss experience and adjusts historical data in combination with current conditions and forward-looking information. In considering forward-looking information, the indicators used by the Group include the risk of economic downturn, changes in the external market environment, changes in customer conditions and etc. The Group regularly monitors and reviews assumptions related to the calculation of ECL. The above estimation techniques and key assumptions have not changed significantly in 2019.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (28) Changes in significant accounting policies

In 2018, the Ministry of Finance issued the revised CAS 21 “Leases” (hereinafter referred to as “the new lease standard”). In 2019, the Ministry of Finance issued “Circular on revising and issuing the formats of corporate financial statements for 2019” (Cai Kuai [2019] No.6), the revised CAS 7 “Exchange of non-monetary assets” (hereinafter referred to as “the exchange of non-monetary assets standard”) and CAS 12 “Debt Restructuring” (hereinafter referred to as “the debt restructuring standard”). The financial statements for the year ended 31 December 2019 are prepared in accordance with the above standards and circular. The revised exchange of non-monetary assets standard and the debt restructuring standard have no significant impacts on the Group and the Company. The impacts of other revisions to the Group and the Company are as follows:

##### (a) Modification on the format of general corporate financial statements

The impacts on consolidated and company balance sheets are listed as follows:

Contents and reasons of the modification of accounting policies	The line items affected	The amounts affected			
		31 December 2018		1 January 2018	
		Consolidated	Company	Consolidated	Company
The Group and the Company split ‘notes receivable and accounts receivable’ into ‘notes receivable’ and ‘accounts receivable’.	Accounts receivable	110,705,784	1,111,186,119	141,397,244	922,481,180
	Notes receivable	53,801,550	53,801,550	42,220,000	39,850,000
	Notes receivable and accounts receivable	(164,507,334)	(1,164,987,669)	(183,617,244)	(962,331,180)
The Group and the Company split ‘notes payable and accounts payable’ into ‘notes payable’ and ‘accounts payable’.	Accounts payable	2,246,348,607	1,808,755,123	2,083,733,787	1,426,450,890
	Notes payable	326,075,937	137,954,505	289,472,296	76,624,794
	Notes payable and accounts payable	(2,572,424,544)	(1,946,709,628)	(2,373,206,083)	(1,503,075,684)
Interest of financial instruments accrued based on the effective interest rate method is adjusted to the carrying amount of the corresponding financial instruments.	Cash at bank and on hand	183,703,320	30,940,753	86,365,872	21,365,083
	Other current assets	184,672	-	208,061	-
	Debt investment	-	191,900	-	134,578
	Other receivables	(183,887,992)	(31,132,653)	(86,573,933)	(21,499,661)
	Short-term loan	1,728,562	-	815,222	-
Other payables	(1,728,562)	-	(815,222)	-	

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (28) Changes in significant accounting policies (continued)

##### (b) Leases

The Group and the Company adopted the new lease standard for the first time on 1 January 2019. According to relevant regulations, the Group and the Company chose not to re-evaluate the contract options prior to the first adoption. The Group and the Company recognized the cumulative effect of the initial adoption of the standard as an adjustment of the amount of related items at the beginning of 2019. The comparative financial statements of 2018 are not restated.

(i)	Contents and reasons of the modification of accounting policies	The line items affected	The amounts affected 1 January 2019	
			Consolidated	Company
	For operating lease contracts that exist before the initial adoption of the new lease standard, the Group and the Company adopt different methods according to the remaining lease period:	Right-of-use assets	59,074,100	25,343,677
		Lease liabilities	39,998,101	16,964,799
		Current portion of non-current liabilities	18,309,553	7,847,999
		Advances to suppliers	(766,446)	(530,879)
	If the remaining lease period is longer than 12 months, the Group and the Company recognize lease liabilities based on the remaining lease payment and incremental borrowing rate on 1 January 2019. Right-of-use assets are recognized as the same amount as lease liabilities, and are adjusted according to prepaid rent.			
	If the remaining lease period is less than 12 months, the Group and the Company adopt a simplified method of not recognising the right-of-use assets and lease liabilities, with no significant impact on the financial statements.			
	As at 1 January 2019, the Group and the Company adopted same discount rate for lease contracts with similar characteristics when measuring lease liabilities, and the weighted average of the incremental borrowing interest rate is 4.82%.			

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (28) Changes in significant accounting policies (continued)

##### (b) Leases (continued)

- (ii) As at 1 January 2019, the Group and the Company reconciled the outstanding minimum operating lease payment disclosed under the original lease standard to lease liabilities recognized under the new lease standard as follows:

	Consolidated	Company
Disclosure of future minimum operating lease payment on 31 December 2018	46,892,617	21,939,251
Present value of the above-mentioned minimum operating lease payment discounted by incremental borrowing rate	45,155,066	21,461,424
Add: others (Note 1)	29,724,419	15,645,493
Less: Present value of lease contract with period less than 12 months	<u>(16,571,831)</u>	<u>(12,294,119)</u>
Lease liabilities recognized on 1 January 2019 (including the current portion of non-current liabilities) (Note 2(28)(b)(i))	<u>58,307,654</u>	<u>24,812,798</u>

Note 1: The disclosure by the Group and the Company on 31 December 2018 about the outstanding minimum operating lease payment does not include factors that leases are expected to renew. When determining lease liabilities on the first adoption date, the Group and the Company include the payment of leases in the calculation of lease liabilities for leases reasonably expected to be renewed.

### 3 Taxation

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

Category	Tax base	Tax rate
Enterprise income tax (a)	Taxable income	3%-12%, 16.5% and 25%
Value added tax ("VAT")(b)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	16%, 13%, 10%, 9% and 6%
Consumption tax (c)	Sales Price of Beer More than or equal to RMB3,000 per ton Less than RMB3,000 per ton	Consumption Tax per Unit RMB250 per ton RMB220 per ton
City maintenance and construction tax	Amount of VAT and consumption tax paid	5% and 7%
Education surcharge	Amount of VAT and consumption tax paid	5%

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 3 Taxation (continued)

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

**(a) Enterprise income tax**

*(i) Hong Kong profits tax and Macau profits supplemental tax*

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

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

*(ii) Pursuant to the Circular on the Deduction Policies of Relevant Enterprise Income Tax for Equipment and Apparatus (Cai Shui [2018] No. 54) and related regulations issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2020, the newly purchased equipment under 5 million can be recognized in cost and expense of the current period in the month after the assets are put into use, and can be deducted when calculating the taxable income.*

**(b) VAT**

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

According to the Circular on the adjustment of the VAT rate (Cai Shui [2019] No.32) issued by the Ministry of Finance and the State Administration of Taxation, the tax rates of the Group’s business which originally applied 16% and 10% were adjusted to 13% and 9% respectively from 1 April 2019. Since 1 November 2018, the tax refund rate of the export products of the Group has been changed to 16% and then changed to 13% since 1 April 2019.

**(c) Consumption tax**

Beer production activities undertaken by the Group are subject to consumption tax. For beer with an ex-factory price (including packaging materials and related deposits) of 3,000 or above per ton, the consumption tax is 250 per ton. Otherwise, the consumption tax is levied at 220 per ton.

Tsingtao Brewery (Yangzhou) Co., Ltd. (“Yangzhou Company”), Tsingtao Brewery (Xuzhou) Co., Ltd. (“Xuzhou Company”), Tsingtao Brewery (Langfang) Co., Ltd. (“Langfang Company”), which are subsidiaries of the Company, have accumulated outstanding consumption balances from previous years amounting to approximately 41,883,000, which are held over according to the preferential treatment provided by local governments.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 3 Taxation (continued)

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

(d) Withholding tax

According to Circular Guoshuihan [2008] No. 897 “Notice on the issue about withholding Enterprise Income Tax on the dividends paid by Chinese resident enterprises to overseas non-resident enterprises H-share holders” issued by State Administration of Taxation on 6 November 2008, a Chinese resident enterprise shall withhold the enterprise income tax on the basis of 10% of the dividends, when it pays dividends to its H-share holders who are overseas non-resident enterprises.

### 4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2019	31 December 2018
Cash on hand	203,723	238,749
Bank deposits	1,262,542,417	618,149,108
Interbank deposits (i)	13,408,414,018	11,034,213,907
Deposits in central bank (ii)	591,561,976	834,000,000
Other cash balances (iii)	39,261,274	49,135,254
	<u>15,301,983,408</u>	<u>12,535,737,018</u>
Including: cash at bank and on hand overseas (iv)	<u>94,112,833</u>	<u>111,474,640</u>

- (i) Interbank deposits represent bank deposits and its interest receivable deposited in domestic banks by Finance Company, a subsidiary of the Company.
- (ii) Deposits in central bank represent statutory deposit and its interest receivable deposited in the People’s Bank of China by Finance Company, a subsidiary of the Company. As at 31 December 2019, the statutory deposit reserves ratio of Finance Company is 6% (31 December 2018: 7%).
- (iii) As at 31 December 2019, other cash balances of 31,852,379 (31 December 2018: 31,763,816) represent housing maintenance fund in the bank; 6,630,000 (31 December 2018: 15,032,000) are pledged as collateral for issuance of bank acceptance (Note 4(21)); the remaining balances are other deposits of 778,895 (31 December 2018: 2,339,438).
- (iv) As at 31 December 2019, cash at bank and on hand overseas represents the cash, bank deposits and its interest receivable of Hong Kong Company and Macau Company held in Hong Kong and Macau respectively.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

##### Cash and cash equivalents presented in cash flow statements:

	31 December 2019	31 December 2018
Cash at bank and on hand	15,301,983,408	12,535,737,018
Other receivables – deposits in non-financial institutions	924,748	686,564
Less: Restricted deposits in central bank	(591,270,000)	(834,000,000)
Restricted other cash balances	(39,261,274)	(49,135,254)
Interest receivable on deposits	(114,983,527)	—
	<u>14,557,393,355</u>	<u>11,653,288,328</u>

#### (2) Financial assets held for trading

	31 December 2019	31 December 2018
Wealth management products (i)	1,396,589,764	1,046,306,137
Fund investment (ii)	127,203,255	156,238,354
	<u>1,523,793,019</u>	<u>1,202,544,491</u>

(i) It represents the wealth management products purchased by Finance Company, a subsidiary of the Company. As at 31 December 2019, the fair value is measured based on the estimation of the future cash flow.

(ii) It represents the fund purchased by Finance Company, a subsidiary of the Company. As at 31 December 2019, its fair value is determined based on the market value on the last trading day of December 2019 issued by relevant fund management company.

#### (3) Notes receivable

	31 December 2019	31 December 2018
Bank acceptance notes	<u>75,100,000</u>	<u>53,801,550</u>

(a) As at 31 December 2019, the Group has no pledged notes receivable(31 December 2018: nil).

(b) As at 31 December 2019, the Group's notes receivable which have been endorsed but not yet matured are derecognized amounting to 196,015,000 (31 December 2018: 211,648,915). There are no discounted bank acceptance notes that are not yet matured (31 December 2018: nil).

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (3) Notes receivable (continued)

##### (c) Provision for bad debts

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

As at 31 December 2019, the Group considers the bank acceptance notes held have no significant credit risk and will not cause major losses due to the bank default, thus no provision for bad debts is recognized.

#### (4) Accounts receivable

	31 December 2019	31 December 2018
Accounts receivable	337,040,440	301,766,973
Less: Provision for bad debts	<u>(185,971,013)</u>	<u>(191,061,189)</u>
	<u>151,069,427</u>	<u>110,705,784</u>

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

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

	31 December 2019	31 December 2018
Within 1 year	151,053,718	110,831,624
1 to 2 years	47,764	255,791
2 to 3 years	239,525	41,542
3 to 4 years	7,393	-
4 to 5 years	-	655,737
Over 5 years	<u>185,692,040</u>	<u>189,982,279</u>
	<u>337,040,440</u>	<u>301,766,973</u>

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (4) Accounts receivable (continued)

(b) As at 31 December 2019, the top five accounts receivable are analysed as follows:

	Amount	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	82,275,685	(26,242,020)	24%

(c) As at 31 December 2019, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2018: nil).

#### (d) Provision for bad debts

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

(i) As at 31 December 2019, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed as follows:

	Ending balance	Lifetime ECL ratio	Provision for bad debts
Gansu Nongken Brewery Co., Ltd.	14,996,236	100%	(14,996,236)
Beijing Tsingtao Brewery Sales Co., Ltd. ("Beijing Sales Company")	11,245,784	100%	(11,245,784)
Tsingtao Brewery (Guangzhou) General Agency Co., Ltd. ("Guangzhou General Agency")	9,690	100%	(9,690)
	<u>26,251,710</u>		<u>(26,251,710)</u>

As the Group has ceased all business transactions with the above companies, the Group is of the view that it is difficult to collect the receivable amount. Therefore full bad debt provision has been made accordingly. As at 31 December 2019, the carrying amount is the remaining unrecovered portion.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (4) Accounts receivable (continued)

##### (d) Provision for bad debts (continued)

- (ii) As at 31 December 2019, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group – Dealers

	31 December 2019			31 December 2018		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	150,520,204	-	-	109,639,392	-	-
Overdue within 1 year	567,465	5%	(28,373)	1,053,300	5%	(52,665)
Overdue within 1 - 2 years	20,263	50%	(10,132)	131,514	50%	(65,757)
Overdue 2 years or more	159,680,798	100%	(159,680,798)	164,191,057	100%	(164,191,057)
	<u>310,788,730</u>		<u>(159,719,303)</u>	<u>275,015,263</u>		<u>(164,309,479)</u>

- (iii) The provision for bad debts increased in the current year is 41,756. The collecting or reversal of provisions for bad debts is 5,116,804, the corresponding carrying amount is 6,173,031. The amount of bad debts due to currency translation differences increases by 1,136, and the provision for bad debts written off due to uncollectable beer sales is 16,264. Among them the significant collecting or reversal of provision for bad debts is as follows:

	Reason for collecting or reversal	Rationality of provision basis	Amount of collecting or reversal	Collecting way
Guangzhou General Agency	Partially collected	The collecting probability is low in the management's view	500,000	By cash
Dealer A	Fully collected	The collecting probability is low in the management's view	4,270,865	By cash
			<u>4,770,865</u>	

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (5) Advances to suppliers

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

	31 December 2019		31 December 2018	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	111,338,319	95.0%	163,426,092	94.2%
1 to 2 years	3,355,283	2.9%	9,558,373	5.5%
2 to 3 years	1,885,206	1.6%	264,156	0.1%
Over 3 years	577,283	0.5%	316,312	0.2%
	<b>117,156,091</b>	<b>100%</b>	<b>173,564,933</b>	<b>100%</b>

As at 31 December 2019, the carrying amount of advances to suppliers over 1 year is 5,817,772 (31 December 2018: 10,138,841), which have not been required to deliver yet due to production plan.

(b) As at 31 December 2019, the total amount of top five advances to suppliers are analysed as follows:

	Amount	% of total balance
Total amount of the top five advances to suppliers	105,751,288	90%

#### (6) Other receivables

	31 December 2019	31 December 2018
Guarantee deposits	21,877,494	26,370,094
Receivables on materials and waste materials	19,060,595	17,455,477
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Reservation fund	14,544,689	14,280,248
Payment on behalf for recycling bottles	8,988,995	39,305,857
Receivables on construction and equipment (i)	1,997,404	3,036,687
VAT refund	963,020	5,936,000
Interests receivable	-	183,887,992
Others	74,760,438	67,213,211
	<b>159,634,282</b>	<b>374,927,213</b>
Less: Provision for bad debts	<b>(73,364,846)</b>	<b>(77,142,452)</b>
	<b>86,269,436</b>	<b>297,784,761</b>

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (6) Other receivables (continued)

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

	31 December 2019	31 December 2018
Not overdue	83,701,082	295,013,273
Overdue within 1 year	2,319,520	2,514,379
Overdue 1 - 2 years	729,620	765,656
Overdue 2 years or more	72,884,060	76,633,905
	<u>159,634,282</u>	<u>374,927,213</u>

(b) Movement in provision for losses and carrying amount

	Stage one		Stage three		Total
	Next 12 months ECL (Group)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2018	3,280,035	(508,547)	76,633,905	(76,633,905)	(77,142,452)
Increase in the current year	1,939,985	(257,313)	-	(120,670)	(377,983)
Reversals in the current year	(1,929,540)	164,404	(2,302,501)	2,302,501	2,466,905
Written off in the current year	-	-	(1,688,684)	1,688,684	1,688,684
Transfer to stage three	(241,340)	120,670	241,340	(120,670)	-
<b>31 December 2019</b>	<u><b>3,049,140</b></u>	<u><b>(480,786)</b></u>	<u><b>72,884,060</b></u>	<u><b>(72,884,060)</b></u>	<u><b>(73,364,846)</b></u>

As at 31 December 2019, the Group has no other receivables in stage two. The analysis of other receivables in stage one and stage three is as follows:

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (6) Other receivables (continued)

##### (b) Movement in provision for losses and carrying amount (continued)

- (i) As at 31 December 2019, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follows:

Stage three	Ending balance	ECL ratio for the next 12 months	Provision for bad debts	Reason
Receivables of refundable cost of land use rights and building	17,441,647	100%	(17,441,647)	i)
Receivables from other entities	<u>55,442,413</u>	100%	<u>(55,442,413)</u>	ii)
	<u>72,884,060</u>		<u>(72,884,060)</u>	

- i) A land use right of the Company was expropriated by the government years ago. The government committed rendering another new land use right instead. The management considers that the possibility of obtaining new land use right is low, and therefore has transferred the cost of the expropriated land use right of 8,584,437 and cost of buildings on this land of 8,857,210 to other receivables, and full bad debt provision has been recorded accordingly.
- ii) As these other receivables that are overdue 2 years or more, the Group judged that credit impairment losses had already occurred and full amount provision for bad debts had been recognized.
- (ii) As at 31 December 2019 and 31 December 2018, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2019			31 December 2018		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Guarantee deposits	1,783,418	(295,918)	5% - 50%	1,496,306	(239,131)	5% - 50%
Receivables from other entities	<u>1,265,722</u>	<u>(184,868)</u>	5% - 50%	<u>1,783,729</u>	<u>(269,416)</u>	5% - 50%
	<u>3,049,140</u>	<u>(480,786)</u>		<u>3,280,035</u>	<u>(508,547)</u>	

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



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (6) Other receivables (continued)

(c) The provision for bad debts recognized in the current year is 377,983. The collecting or reversal of provision for bad debts is 2,466,905, and its corresponding carrying amount is 4,232,041.

(d) In the current year, carrying amount and bad debt of other receivables of 1,688,684 were written off.

(e) As at 31 December 2019, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1	Refundable cost of land	8,584,437	More than 5 years	5%	(8,584,437)
No.2	Payment on behalf for recycling bottles	6,206,670	Within 6 months	4%	-
No.3	Receivables on materials	5,000,000	More than 5 years	3%	(5,000,000)
No.4	Receivables on materials	4,616,730	More than 5 years	3%	(4,616,730)
No.5	Advanced payment	4,022,410	More than 5 years	3%	(4,022,410)
		<u>28,430,247</u>		<u>18%</u>	<u>(22,223,577)</u>

(f) As at 31 December 2019, the Group does not have government grants recognized as receivable amount.

#### (7) Inventories

(a) Classification of inventories is as follows:

	31 December 2019			31 December 2018		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	557,229,799	(1,021,240)	556,208,559	464,687,748	(2,503,854)	462,183,894
Packaging materials	878,527,021	(2,517,462)	876,009,559	806,153,659	(4,800,201)	801,353,458
Low-value consumables	61,236,850	-	61,236,850	62,685,451	-	62,685,451
Work in progress	407,440,587	-	407,440,587	396,253,676	-	396,253,676
Finished goods	1,280,873,778	-	1,280,873,778	928,748,247	-	928,748,247
	<u>3,185,308,035</u>	<u>(3,538,702)</u>	<u>3,181,769,333</u>	<u>2,658,528,781</u>	<u>(7,304,055)</u>	<u>2,651,224,726</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (7) Inventories (continued)

(b) The movement of inventories is as follows:

##### 2019

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

##### 2018

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Raw materials	453,076,729	3,978,016,301	(3,966,405,282)	464,687,748
Packaging materials	786,537,984	8,237,072,595	(8,217,456,920)	806,153,659
Low-value consumables	48,978,297	400,392,670	(386,685,516)	62,685,451
Consigned processing materials	7,845,750	87,383,173	(95,228,923)	-
Work in progress	390,788,388	4,824,806,024	(4,819,340,736)	396,253,676
Finished goods	710,944,401	16,794,520,719	(16,576,716,873)	928,748,247
	<u>2,398,171,549</u>			<u>2,658,528,781</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (7) Inventories (continued)

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

##### 2019

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

##### 2018

	31 December 2017	Increase in the current year	Decrease in the current year		31 December 2018
			Reversal	Write-off	
Raw materials	(1,605,275)	(976,264)	-	77,685	(2,503,854)
Packaging materials	(3,656,133)	(2,088,467)	-	944,399	(4,800,201)
	<u>(5,261,408)</u>	<u>(3,064,731)</u>	<u>-</u>	<u>1,022,084</u>	<u>(7,304,055)</u>

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

	Basis for net realisable value	Reason for reversal or writing-off
Raw materials and packaging materials	Estimated selling price less the estimated costs to completion and estimated expenses necessary to sale and related taxes	Reversal: impairment factors disappeared, net realisable value recovered Write-off: used or disposed during the current year

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (8) Other current assets

	31 December 2019	31 December 2018
VAT input to be deducted	272,740,541	186,252,522
Prepaid enterprise income tax	187,655,849	348,612,732
VAT input to be verified	89,535,948	64,528,920
Credit and factoring business	13,426,255	8,900,000
Treasury bonds reverse repo investment	-	124,900,000
Others	1,547,000	1,903,258
	<b>564,905,593</b>	735,097,432
Less: Provision for other current assets	<b>(228,257)</b>	(155,498)
	<b>564,677,336</b>	734,941,934

#### (9) Long-term equity investments

	31 December 2019	31 December 2018
Joint venture (a)	230,912,855	228,842,662
Associates (b)	146,948,947	142,863,538
	<b>377,861,802</b>	371,706,200
Less: Provision for impairment of long-term equity investments	<b>(1,220,000)</b>	(1,220,000)
	<b>376,641,802</b>	370,486,200

#### (a) Joint Venture

##### 2019

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (9) Long-term equity investments (continued)

##### (a) Joint Venture (continued)

2018

	31 December 2017	Movements in the current year			Cash dividends declared	31 December 2018	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			
Hebei Jiahe Company	233,097,635	3,015,027	-	-	(7,270,000)	228,842,662	-

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

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

##### (b) Associates

2019

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (9) Long-term equity investments (continued)

##### (b) Associates (continued)

2018

	31 December 2017	Movements in the current year			Cash dividends declared	31 December 2018	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			
Yantai Asahi	128,899,610	10,192,647	-	-	(10,533,170)	128,559,087	-
Zhaoshang Logistics	10,773,958	3,883,549	-	4,800	(2,989,364)	11,672,943	-
European Company	2,270,441	291,944	(12,848)	-	(1,228,144)	1,321,393	-
Liaoning Shengqing	857,795	(767,680)	-	-	-	90,115	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>144,021,804</u>	<u>13,600,460</u>	<u>(12,848)</u>	<u>4,800</u>	<u>(14,750,678)</u>	<u>142,863,538</u>	<u>(1,220,000)</u>

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (10) Investment properties

2019

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (10) Investment properties (continued)

2018

	<b>Buildings</b>
<b>Original cost</b>	
31 December 2017	68,353,205
Increase in the current year — Transfer from fixed assets	7,547,916
Decrease in the current year — Transfer to fixed assets	(218,165)
31 December 2018	75,682,956
<b>Accumulated depreciation</b>	
31 December 2017	(40,442,610)
Increase in the current year	
Accrual	(1,866,570)
Transfer from fixed assets	(3,964,555)
Decrease in the current year — Transfer to fixed assets	102,083
31 December 2018	(46,171,652)
<b>Provision for impairment</b>	
31 December 2017	(648,668)
Increase in the current year — Transfer from fixed assets	(929,868)
31 December 2018	(1,578,536)
<b>Carrying amount</b>	
31 December 2018	27,932,768
31 December 2017	27,261,927

- (i) For the year ended 31 December 2019, the self-use real estate with the carrying amount 5,441,063 (cost: 10,454,815) and self-use land with the carrying amount 6,232,222 (cost: 8,734,452) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 31 December 2019, there is no investment property without ownership certificates (31 December 2018: nil).



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

## 4 Notes to the consolidated financial statements (continued)

## (11) Fixed assets

	31 December 2019	31 December 2018
Fixed assets (a)	<b>10,221,482,397</b>	10,296,332,066
Fixed assets pending for disposal (b)	<b>552,068</b>	30,362,081
	<b>10,222,034,465</b>	10,326,694,147

## (a) Fixed assets

## 2019

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (a) Fixed assets (continued)

2018

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
31 December 2017	7,112,409,232	10,917,325,757	345,784,265	855,452,388	19,230,971,642
Increase in the current year					
Purchase	-	48,724,565	11,779,381	53,216,493	113,720,439
Transfer from construction in progress	155,470,369	261,810,756	-	-	417,281,125
Transfer from investment properties	218,165	-	-	-	218,165
Decrease in the current year					
Disposal	(104,213,487)	(258,697,748)	(28,727,695)	(23,442,791)	(415,081,721)
Transfer to construction in progress	(69,105,195)	(161,500,327)	-	(165,221)	(230,770,743)
Transfer to investment properties	(7,547,916)	-	-	-	(7,547,916)
31 December 2018	7,087,231,168	10,807,663,003	328,835,951	885,060,869	19,108,790,991
Accumulated depreciation					
31 December 2017	(1,631,766,590)	(5,455,371,000)	(207,648,975)	(585,261,141)	(7,880,047,706)
Increase in the current year					
Accrual	(190,198,959)	(603,400,622)	(24,187,212)	(86,969,116)	(904,755,909)
Transfer from investment properties	(102,083)	-	-	-	(102,083)
Decrease in the current year					
Disposal	52,088,204	172,727,611	25,299,484	22,506,068	272,621,367
Transfer to construction in progress	20,824,456	109,381,155	-	156,959	130,362,570
Transfer to investment properties	3,964,555	-	-	-	3,964,555
31 December 2018	(1,745,190,417)	(5,776,662,856)	(206,536,703)	(649,567,230)	(8,377,957,206)
Provision for impairment					
31 December 2017	(61,370,214)	(296,814,480)	(1,160,702)	(116,368)	(359,461,764)
Increase in the current year —					
Accrual	(66,681,678)	(73,493,844)	(1,194,290)	(2,598,211)	(143,968,023)
Decrease in the current year					
Disposal	9,927,348	57,352,720	548,860	169,272	67,998,200
Transfer to investment properties	929,868	-	-	-	929,868
31 December 2018	(117,194,676)	(312,955,604)	(1,806,132)	(2,545,307)	(434,501,719)
Carrying amount					
31 December 2018	5,224,846,075	4,718,044,543	120,493,116	232,948,332	10,296,332,066
31 December 2017	5,419,272,428	5,165,140,277	136,974,588	270,074,879	10,991,462,172

For the year ended 31 December 2019, fixed assets of the Group with carrying amount of 207,142,281 (cost of 356,237,959, accumulated depreciation of 145,658,982, impairment provision of 3,436,696) are transferred to construction in progress to be upgraded due to the requirements of technology renewal and the likes.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (a) Fixed assets (continued)

As at 31 December 2019, there are no fixed assets pledged as collateral for borrowings (31 December 2018: nil).

For the year ended 31 December 2019, accrued depreciation of fixed assets are 892,997,525 (2018: 904,755,909), of which 809,051,082, 7,324,240, 74,241,408 and 2,380,795 (2018: 817,418,848, 7,804,461, 76,885,417 and 2,647,183) have been charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses respectively.

The cost of fixed assets transferred from construction in progress amounts to 1,073,399,652 (2018: 417,281,125).

##### (i) Temporarily idle fixed assets

As at 31 December 2019, the buildings and the machinery and equipment with carrying amount of 73,945,969 (cost 229,171,949) are temporarily idle for the reason of products update (31 December 2018: carrying amount of 80,048,500 (cost: 192,641,414)). The management planned to reallocate these assets among the Group or upgrade. The detailed analysis of these assets is as follows:

#### 2019

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

#### 2018

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	183,515,686	(101,095,877)	(5,785,808)	76,634,001
Buildings	9,125,728	(5,694,143)	(17,086)	3,414,499
	<u>192,641,414</u>	<u>(106,790,020)</u>	<u>(5,802,894)</u>	<u>80,048,500</u>

##### (ii) Fixed assets held under finance leases

As at 31 December 2019, there are no fixed assets held under finance leases (31 December 2018: nil).

##### (iii) Provision for impairment

According to the accounting policies stated in Note 2(18), the Group performs impairment testing on buildings, machinery and equipment with impairment indicator at the balance sheet date, and impairment of 121,339,530 has been recognised during the year ended 31 December 2019.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (a) Fixed assets (continued)

##### (iv) Fixed assets without ownership certificates

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

Reason for not completing the ownership certificates	31 December 2019 Carrying amount	31 December 2018 Carrying amount
In the application process	536,747,000	394,309,000
Unable to obtain	89,578,000	42,618,000
	626,325,000	436,927,000

Per consultation with the Company's legal adviser, the Company's directors are of the view that this situation will not prevent the Group from legal possession of such facilities as there is no legal restriction for the Group to apply for and obtain the building ownership certificates, there are no significant adverse impact on the operations of the Group, therefore, no provision for fixed assets impairment is provided. In addition, certain buildings of the Group are still located on parcels of allocated land owned by certain local municipal governments (Note 4(14)).

	Reason for not completing the ownership certificates
Partial buildings of Shenzhen Asahi	In the application process
Partial buildings of Yangzhou Company	In the application process
Partial buildings of Yulin Company	In the application process
Partial buildings of Immense Brewery Company	In the application process
Partial buildings of Xiamen Company	In the application process
Partial buildings of Wuwei Company	In the application process
Partial buildings of Luzhou Company	In the application process
Partial buildings of Sanshui Company	In the application process
Partial buildings of Suizhou Company	In the application process
Partial buildings of Zhangjiakou Company	In the application process
Partial buildings of Langfang Company	In the application process
Partial buildings of Chenzhou Company	In the application process
Partial buildings of Shaoguan Company	Temporary buildings, unable to obtain
Partial buildings of Five Star Company	Temporary buildings, unable to obtain
Partial buildings of Wuhu Company	Temporary buildings, unable to obtain
Partial buildings of Three Ring Company	Temporary buildings, unable to obtain
Partial buildings of Xuecheng Company	Temporary buildings, unable to obtain
Partial buildings of Zhangjiakou Company	Temporary buildings, unable to obtain
Partial buildings of Chenzhou Company	Temporary buildings, unable to obtain
Partial buildings of No.1 Factory	Lack of document, unable to obtain
Partial buildings of Yangzhou Company	Lack of document, unable to obtain

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (b) Fixed assets pending for disposal

	31 December 2019	31 December 2018
Machinery, equipment and buildings	<u>552,068</u>	<u>30,362,081</u>

#### (12) Construction in progress

	31 December 2019			31 December 2018		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Relocation project of Dezhou Company	87,230,868	-	87,230,868	2,062,286	-	2,062,286
Building project of ShanXi Sales Company	32,388,057	-	32,388,057	29,465,111	-	29,465,111
Production line improvement of No. 1 Factory	15,310,982	-	15,310,982	17,771,040	-	17,771,040
Relocation project of Langfang Company	7,798,583	-	7,798,583	137,069,038	-	137,069,038
Production line improvement of No. 2 Factory	5,654,908	-	5,654,908	4,479,371	-	4,479,371
Production line improvement of No. 5 Factory	4,589,025	-	4,589,025	5,610,537	-	5,610,537
Relocation project of Xi'an Company	3,155,194	-	3,155,194	-	-	-
Production line improvement of Hangzhou Company	2,914,644	-	2,914,644	-	-	-
Production line improvement of Jieyang Company	2,669,455	-	2,669,455	338,462	-	338,462
Production line improvement of No. 3 Factory	2,593,102	-	2,593,102	1,749,999	-	1,749,999
Production line improvement of New Songjiang Company	1,385,841	-	1,385,841	-	-	-
Production line Improvement of Zhuhai Company	1,323,949	-	1,323,949	-	-	-
Production line improvement of Wuwei Company	1,197,361	-	1,197,361	2,350,068	-	2,350,068
New factory project of Zhangjiakou Company	84,467	-	84,467	151,363,810	-	151,363,810
Other projects	10,697,406	-	10,697,406	27,631,572	-	27,631,572
	<u>178,993,842</u>	<u>-</u>	<u>178,993,842</u>	<u>379,891,294</u>	<u>-</u>	<u>379,891,294</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress (continued)

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

##### 2019

Name	Budget	31 December 2018	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2019	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Dezhou Company	212,110,000	2,062,286	85,168,582	-	-	<b>87,230,868</b>	47%	41%	Self-funding
Building project of ShanXi Sales Company	36,367,720	29,465,111	2,922,946	-	-	<b>32,388,057</b>	89%	89%	Self-funding
Production line improvement of No. 1 Factory	230,143,534	17,771,040	44,968,867	13,573,396	(61,002,321)	<b>15,310,982</b>	60%	52%	Self-funding
Relocation project of Langfang Company	250,850,000	137,069,038	47,582,183	609,325	(177,461,963)	<b>7,798,583</b>	82%	78%	Self-funding
Production line improvement of No. 2 Factory	106,601,344	4,479,371	21,661,901	12,185,077	(32,671,441)	<b>5,654,908</b>	88%	88%	Self-funding
Production line improvement of No. 5 Factory	36,147,856	5,610,537	27,093,049	1,693,127	(29,807,688)	<b>4,589,025</b>	99%	99%	Self-funding
Relocation project of Xi'an Company	500,606,250	-	3,406,964	-	(251,770)	<b>3,155,194</b>	1%	1%	Self-funding
Production line improvement of Hangzhou Company	9,538,504	-	5,490,778	2,367,432	(4,943,566)	<b>2,914,644</b>	82%	82%	Self-funding
Production line improvement of Jieyang Company	8,416,750	338,462	2,831,604	-	(500,611)	<b>2,669,455</b>	53%	38%	Self-funding
Production line improvement of No. 3 Factory	68,194,747	1,749,999	57,820,586	6,314,666	(63,292,149)	<b>2,593,102</b>	97%	97%	Self-funding
Production line improvement of New Songjiang Company	15,667,898	-	3,310,871	2,669,425	(4,594,455)	<b>1,385,841</b>	38%	38%	Self-funding
Production line improvement Zhuhai Company	16,197,810	-	4,954,981	-	(3,631,032)	<b>1,323,949</b>	31%	31%	Self-funding
Production line improvement of Wuwei Company	33,163,105	2,350,068	24,289,042	3,096,682	(28,538,431)	<b>1,197,361</b>	90%	90%	Self-funding
New factory project of Zhangjiakou Company	235,610,000	151,363,810	67,185,114	-	(218,464,457)	<b>84,467</b>	93%	93%	Self-funding
Other projects		27,631,572	266,672,451	164,633,151	(448,239,768)	<b>10,697,406</b>			
		<u>379,891,294</u>	<u>665,359,919</u>	<u>207,142,281</u>	<u>(1,073,399,652)</u>	<u>178,993,842</u>			

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress (continued)

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

2018

Name	Budget	31 December 2017	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2018	Expenditures percentage of budget	Completion percentage	Source of funds
New factory project of Zhangjiakou Company	283,625,400	48,536,978	102,826,832	-	-	151,363,810	57%	53%	Self-funding
Relocation project of Langfang Company	250,850,000	41,722,196	98,509,206	-	(3,162,364)	137,069,038	63%	59%	Self-funding
Building project of Shanxi Sales	36,367,720	28,192,183	1,272,928	-	-	29,465,111	81%	81%	Self-funding
Production line improvement of No. 1 Factory	107,048,362	12,119,930	26,135,480	19,235,485	(39,719,855)	17,771,040	58%	58%	Self-funding
Production line improvement of No. 5 Factory	30,279,377	7,076,524	10,436,453	-	(11,902,440)	5,610,537	58%	58%	Self-funding
Production line improvement of No. 2 Factory	133,260,201	10,703,954	9,058,452	12,861,280	(28,144,315)	4,479,371	83%	83%	Self-funding
Production line improvement of Xuecheng Company	12,820,000	2,742,187	6,713,655	87,661	(6,506,895)	3,036,608	74%	74%	Self-funding
Relocation project of Weinan Company	282,430,000	4,400,975	2,216,516	-	(3,889,038)	2,728,453	86%	83%	Self-funding
Production line improvement of Wuwei Company	28,940,000	942,632	5,158,924	220,334	(3,971,822)	2,350,068	27%	22%	Self-funding
Production line improvement of Shenzhen Asahi	17,449,636	1,174,814	10,240,091	2,065,477	(11,362,107)	2,118,275	77%	77%	Self-funding
Relocation project of Dezhou Company	212,110,000	-	2,062,286	-	-	2,062,286	1%	1%	Self-funding
Production line improvement of No. 3 Factory	6,633,119	4,740,337	1,389,671	212,190	(4,592,199)	1,749,999	96%	96%	Self-funding
Production line improvement of Shijiazhuang Company	8,695,389	-	3,134,419	4,587,187	(6,260,930)	1,460,676	89%	89%	Self-funding
Production line improvement of No. 4 Factory	9,129,373	240,470	8,775,710	52,912	(7,839,005)	1,230,087	99%	99%	Self-funding
Production line improvement of Luoyang Company	11,242,231	-	3,093,972	6,562,025	(8,443,394)	1,212,603	86%	86%	Self-funding
Other projects		37,545,998	205,600,473	54,523,622	(281,486,761)	16,183,332			
		<u>200,139,178</u>	<u>496,625,068</u>	<u>100,408,173</u>	<u>(417,281,125)</u>	<u>379,891,294</u>			

For the year ended 31 December 2019, there are no new increased borrowing costs capitalised (2018: nil). The management has assessed that there is no impairment risk on construction in progress and did not recognize provision for impairment of construction in progress (2018: nil).

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (13) Right-of-use assets

	Buildings	Land use rights	Machinery and equipment	Others	Total
Original Cost					
31 December 2018	—	—	—	—	—
Changes in accounting policies	48,312,421	7,042,220	3,677,046	42,413	59,074,100
1 January 2019	48,312,421	7,042,220	3,677,046	42,413	59,074,100
Increase in the current year and renewal	27,479,846	2,055,534	-	1,216,757	30,752,137
<b>31 December 2019</b>	<b>75,792,267</b>	<b>9,097,754</b>	<b>3,677,046</b>	<b>1,259,170</b>	<b>89,826,237</b>
Accumulated depreciation					
31 December 2018	—	—	—	—	—
1 January 2019	-	-	-	-	-
Accrual	(20,913,741)	(1,115,220)	(720,447)	(106,394)	(22,855,802)
<b>31 December 2019</b>	<b>(20,913,741)</b>	<b>(1,115,220)</b>	<b>(720,447)</b>	<b>(106,394)</b>	<b>(22,855,802)</b>
Carrying amount					
<b>31 December 2019</b>	<b>54,878,526</b>	<b>7,982,534</b>	<b>2,956,599</b>	<b>1,152,776</b>	<b>66,970,435</b>
31 December 2018	—	—	—	—	—

#### (14) Intangible assets

##### 2019

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



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (14) Intangible assets (continued)

2018

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2017	2,515,008,135	449,743,612	18,629,100	974,935,670	402,040,205	4,360,356,722
Increase in the current year						
— Purchase	40,972,197	-	-	-	30,572,182	71,544,379
Decrease in the current year						
— Disposal	(27,460,597)	-	-	-	-	(27,460,597)
31 December 2018	2,528,519,735	449,743,612	18,629,100	974,935,670	432,612,387	4,404,440,504
Accumulated amortisation						
31 December 2017	(451,724,126)	(280,449,951)	(18,629,100)	(640,945,353)	(192,391,897)	(1,584,140,427)
Increase in the current year						
— Accrual	(59,511,951)	(37,481,878)	-	(98,144,804)	(36,658,186)	(231,796,819)
Decrease in the current year						
— Disposal	11,182,257	-	-	-	-	11,182,257
31 December 2018	(500,053,820)	(317,931,829)	(18,629,100)	(739,090,157)	(229,050,083)	(1,804,754,989)
Carrying amount						
31 December 2018	2,028,465,915	131,811,783	-	235,845,513	203,562,304	2,599,685,515
31 December 2017	2,063,284,009	169,293,661	-	333,990,317	209,648,308	2,776,216,295

For the year ended 31 December 2019, the amortisation amount of intangible assets is 206,805,092 (2018:231,796,819).

As at 31 December 2019, there are no intangible assets pledged as collateral for borrowings (31 December 2018: nil).

As at 31 December 2019, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately 2,011,000 (31 December 2018: 10,043,000) are still in process. In addition, as at 31 December 2019, buildings of certain subsidiaries of the Group were located on parcels of allocated land owned by certain local municipal governments. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying amount of the buildings constructed thereon are approximately 31,976,000 as at 31 December 2019 (31 December 2018: 31,038,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

Development expenditures are set out as follows:

	31 December 2018	Increase in the current year	Recognized in profit or loss	Decrease in the current year Recognized as intangible assets	31 December 2019
Beer technology improvement project	-	21,088,710	21,088,710	-	-

For the year ended 31 December 2019, research and development expenditures of 21,088,710 (2018:19,755,502 ) are recognized in profit or loss.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (15) Goodwill

##### 2019

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (15) Goodwill (continued)

2018

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Company	227,026,482	-	-	227,026,482
South China Region — Nanning Company	130,895,740	-	-	130,895,740
Southeast China Region — Fuzhou Company/ Xiamen Company/Zhangzhou Company/ Dongnan Sales Company	114,031,330	-	-	114,031,330
North China Region — Three Ring Company/ Beifang Sales Company	24,642,782	-	-	24,642,782
Other Regions	49,049,770	-	-	49,049,770
	<u>1,504,514,721</u>	<u>-</u>	<u>-</u>	<u>1,504,514,721</u>
Less: Provision for impairment —				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Company	-	-	-	-
South China Region — Nanning Company	(130,895,740)	-	-	(130,895,740)
Southeast China Region — Fuzhou Company/Xiamen Company / Zhangzhou Company/Dongnan Sales Company	-	-	-	-
North China Region — Three Ring Company/Beifang Sales Company	(24,642,782)	-	-	(24,642,782)
Other Regions	(41,872,217)	-	-	(41,872,217)
	<u>(197,410,739)</u>	<u>-</u>	<u>-</u>	<u>(197,410,739)</u>
	<u>1,307,103,982</u>	<u>-</u>	<u>-</u>	<u>1,307,103,982</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (15) Goodwill (continued)

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

	31 December 2019	31 December 2018
Shandong Region	1,185,895,099	1,185,895,099
South China Region	130,895,740	130,895,740
Southeast China Region	114,031,330	114,031,330
North China Region	24,642,782	24,642,782
Other Regions	49,049,770	49,049,770
	<u>1,504,514,721</u>	<u>1,504,514,721</u>

In the goodwill impairment test, the Group compares the carrying amount of relevant assets or group of assets combinations (including goodwill) with the recoverable amount. If the recoverable amount is lower than the carrying amount, relevant difference will be recorded in profit or loss in the current period. The allocation of goodwill of the Group has not changed in 2019.

The recoverable amounts of group of assets and group of assets combinations are calculated using the estimated cash flows determined according to the five-year financial budgets approved by management. Cash flows beyond the five-year period are estimated by using a fixed growth rate stated below.

The other assumptions applied in calculating discounted future cash flows are as follows:

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

The Group determines growth rate and gross profit margin based on historic experience and forecast on future market. The discount rate used by management is the pre-tax interest rate that is able to reflect the risks specific to relevant group of assets and group of assets combinations. The growth rate in forecast period is determined by the average growth rate of the five-year budget of the approved sales income of the relevant group of assets and group of assets combinations of 2%-4%. The growth rate in stable period is the weighted average growth rate used by the Group to forecast the cash flow after the five-year budget, which does not exceed Group's average sales revenue growth rate over the past few years.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (16) Long-term prepaid expenses

##### 2019

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

##### 2018

	31 December 2017	Increase in the current year	Amortisation in the current year	31 December 2018
Decoration and renovation expenses	18,584,841	11,017,881	(7,731,323)	21,871,399
Factory hardening expenses	6,893,150	847,372	(3,018,645)	4,721,877
Gardening expenses	3,497,643	85,399	(2,087,010)	1,496,032
Others	7,067,008	122,389	(2,171,286)	5,018,111
	<u>36,042,642</u>	<u>12,073,041</u>	<u>(15,008,264)</u>	<u>33,107,419</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

##### (a) Deferred tax assets without offsetting

	31 December 2019		31 December 2018	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible losses	13,396,668	3,349,167	122,069,184	30,517,296
Provision for asset impairment	56,044,968	14,011,242	55,873,680	13,968,420
Deferred income	1,072,795,800	268,198,950	649,551,258	162,387,815
Elimination of intra-group unrealised profit	249,124,220	62,281,055	153,105,416	38,276,354
Accruals of expenses	4,820,532,160	1,205,133,040	3,989,325,084	997,331,271
	<b>6,211,893,816</b>	<b>1,552,973,454</b>	<b>4,969,924,622</b>	<b>1,242,481,156</b>
Including:				
Expected to reverse within one year (inclusive)		1,171,074,254		1,009,878,853
Expected to reverse after one year		381,899,200		232,602,303
		<b>1,552,973,454</b>		<b>1,242,481,156</b>

##### (b) Deferred tax liabilities without offsetting

	31 December 2019		31 December 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	600,029,908	150,007,477	719,461,076	179,865,269
Depreciation of fixed assets	495,297,448	123,824,362	171,223,584	42,805,896
Changes in fair value of wealth management products	24,589,764	6,147,441	26,306,137	6,576,534
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	7,976,488	1,994,122	45,577,003	11,394,251
	<b>1,127,893,608</b>	<b>281,973,402</b>	<b>962,567,800</b>	<b>240,641,950</b>
Including:				
Expected to reverse within one year (inclusive)		39,386,009		50,519,395
Expected to reverse after one year		242,587,393		190,122,555
		<b>281,973,402</b>		<b>240,641,950</b>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

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

	31 December 2019	31 December 2018
Deductible temporary differences	1,226,124,839	896,906,934
Deductible losses	2,550,471,144	2,808,322,326
	<u>3,776,595,983</u>	<u>3,705,229,260</u>

Given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against such deductible losses is highly uncertain. Therefore, the Group has not recognized deferred tax assets of approximately 637,618,000 (31 December 2018: 702,081,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2020 to 2024. In addition, given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against temporary differences is highly uncertain or the possibility of obtaining approval on the losses from tax authorities is low. Therefore, the Group also has not recognized deferred tax assets of approximately 306,531,000 (31 December 2018: 224,227,000) arising from the deductible temporary differences resulting from the impact of provision for impairment losses.

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

	31 December 2019	31 December 2018
2019	—	315,641,910
2020	574,266,958	628,518,650
2021	529,147,107	615,459,818
2022	544,822,721	597,897,636
2023	609,128,474	650,804,312
2024	293,105,884	—
	<u>2,550,471,144</u>	<u>2,808,322,326</u>

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

	31 December 2019		31 December 2018	
	Offsetting amount	Net amount	Offsetting amount	Net amount
Deferred tax assets	97,937,922	1,455,035,532	35,460,769	1,207,020,387
Deferred tax liabilities	97,937,922	184,035,480	35,460,769	205,181,181

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

##### 2019

	31 December 2018	Increase in the current year	Decrease in the current year		Others	31 December 2019
			Reversal	Written-off		
Provision for bad debt of accounts receivable	191,061,189	41,756	(5,116,804)	(16,264)	1,136	<b>185,971,013</b>
Including: Provision for bad debt recognized individually	26,751,710	-	(500,000)	-	-	<b>26,251,710</b>
Provision for bad debt recognized on grouping basis	164,309,479	41,756	(4,616,804)	(16,264)	1,136	<b>159,719,303</b>
Provision for bad debt of other receivables	77,142,452	377,983	(2,466,905)	(1,688,684)	-	<b>73,364,846</b>
Provision for bad debt of other current assets	155,498	228,257	(155,498)	-	-	<b>228,257</b>
Subtotal	268,359,139	647,996	(7,739,207)	(1,704,948)	1,136	<b>259,564,116</b>
Provisions for impairment of inventory	7,304,055	-	(288,110)	(3,477,243)	-	<b>3,538,702</b>
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	<b>1,220,000</b>
Provisions for impairment of investment properties	1,578,536	-	-	-	770,813	<b>2,349,349</b>
Provisions for impairment of fixed assets	434,501,719	121,339,530	-	(82,263,982)	(4,207,509)	<b>469,369,758</b>
Provisions for impairment of goodwill	197,410,739	-	-	-	-	<b>197,410,739</b>
Subtotal	642,015,049	121,339,530	(288,110)	(85,741,225)	(3,436,696)	<b>673,888,548</b>
	910,374,188	121,987,526	(8,027,317)	(87,446,173)	(3,435,560)	<b>933,452,664</b>



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

2018

	31 December 2017	Changes in accounting policies	1 January 2018	Increase in the current year	Decrease in the current year		Others	31 December 2018
					Reversal	Written-off		
Provision for bad debt of notes receivable and accounts receivable	193,033,704	-	193,033,704	186,412	(2,296,104)	(66,023)	203,200	191,061,189
Including: Provision for bad debt recognized individually	28,751,710	-	28,751,710	-	(2,000,000)	-	-	26,751,710
Provision for bad debt recognized on groupings	164,281,994	-	164,281,994	186,412	(296,104)	(66,023)	203,200	164,309,479
Provision for bad debt of other receivables	76,650,477	(81,000)	76,569,477	2,011,531	(1,287,945)	(150,611)	-	77,142,452
Provision for bad debt of other current asset	-	81,000	81,000	195,498	(121,000)	-	-	155,498
Provision for bad debt of available-for-sale financial assets	8,653,179	(8,653,179)	-	-	-	-	-	-
Subtotal	278,337,360	(8,653,179)	269,684,181	2,393,441	(3,705,049)	(216,634)	203,200	268,359,139
Provisions for impairment of inventory	5,261,408	-	5,261,408	3,064,731	-	(1,022,084)	-	7,304,055
Provisions for impairment of long-term equity investment	1,220,000	-	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	648,668	-	648,668	-	-	-	929,868	1,578,536
Provisions for impairment of fixed assets	359,461,764	-	359,461,764	143,968,023	-	(67,998,200)	(929,868)	434,501,719
Provisions for impairment of goodwill	197,410,739	-	197,410,739	-	-	-	-	197,410,739
Subtotal	564,002,579	-	564,002,579	147,032,754	-	(69,020,284)	-	642,015,049
	842,339,939	(8,653,179)	833,686,760	149,426,195	(3,705,049)	(69,236,918)	203,200	910,374,188

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (19) Other non-current assets

	31 December 2019	31 December 2018
Prepayments for construction and equipment	<u>72,852,914</u>	<u>62,438,096</u>

#### (20) Short-term borrowings

	Currency	31 December 2019	31 December 2018
Unsecured loan	HKD	<u>268,740,000</u>	296,155,600
Interest payable	HKD	<u>2,166,631</u>	—
		<u>270,906,631</u>	<u>296,155,600</u>

As at 31 December 2019, short-term loan represents the borrowing from bank, with RMB268,740,000 (Original foreign currency: HKD300,000,000) to Hong Kong Company, a subsidiary of the Company (31 December 2018: RMB296,155,600 (Original foreign currency: HKD338,000,000)).

As at 31 December 2019, the interest rate of short-term borrowings is 3.50% (31 December 2018: 3.00%).

#### (21) Notes payable

	31 December 2019	31 December 2018
Trade acceptance notes	<u>100,758,461</u>	93,811,951
Bank acceptance notes	<u>120,066,862</u>	<u>232,263,986</u>
	<u>220,825,323</u>	<u>326,075,937</u>

Other cash balances of 6,630,000 (31 December 2018: 15,032,000 ) are pledged as collateral for the bank acceptance notes of the Group (Note 4(1)(iii)).

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (22) Accounts payable

	31 December 2019	31 December 2018
Payables for materials purchase	2,013,364,203	2,118,754,944
Payables for beer purchase due to related parties (Note 8(5))	102,848,774	82,999,958
Payables for promotional goods	42,206,864	35,184,352
Others	8,758,340	9,409,353
	<u>2,167,178,181</u>	<u>2,246,348,607</u>

- (i) As at 31 December 2019, accounts payable over 1 year with carrying amount of 14,011,253 (31 December 2018: 28,513,063) are mainly payables for materials purchase, for which has not yet been completed.
- (ii) Accounts payable are mainly recorded based on the dates of transactions and the ageing based on their recording dates is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	2,153,166,928	2,217,835,544
1 to 2 years	4,998,759	10,637,317
2 to 3 years	2,245,977	3,481,831
Over 3 years	6,766,517	14,393,915
	<u>2,167,178,181</u>	<u>2,246,348,607</u>

#### (23) Contract liabilities

	31 December 2019	31 December 2018
Dealer contract liabilities	<u>6,275,719,703</u>	<u>5,237,538,511</u>

A majority of opening balance of contract liabilities has been transferred to revenue in 2019.

#### (24) Employee benefits payable

	31 December 2019	31 December 2018
Short-term employee benefits (a)	1,160,930,670	1,033,681,265
Defined contribution plans (b)	23,671,162	25,490,427
Termination benefits (c)	250,713,615	94,282,557
Supplemental retirement benefits (Note 4(32))	22,959,425	22,007,043
Other retirement benefits (Note 4(32))	390,914	-
	<u>1,458,665,786</u>	<u>1,175,461,292</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (24) Employee benefits payable (continued)

##### (a) Short-term employee benefits

2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Wages and salaries, bonus, allowances and subsidies	703,999,357	3,447,969,313	(3,344,526,301)	<b>807,442,369</b>
Staff welfare	871,037	280,558,162	(280,392,306)	<b>1,036,893</b>
Social security contributions	12,725,361	255,081,357	(257,133,969)	<b>10,672,749</b>
Including: Medical insurance	9,160,085	218,244,711	(220,140,222)	<b>7,264,574</b>
Work injury insurance	1,765,883	11,491,750	(11,557,232)	<b>1,700,401</b>
Maternity insurance	1,799,393	25,344,896	(25,436,515)	<b>1,707,774</b>
Housing funds	16,948,486	266,156,357	(266,254,186)	<b>16,850,657</b>
Labour union funds and employee education funds	299,137,024	121,150,090	(95,359,112)	<b>324,928,002</b>
	<u>1,033,681,265</u>	<u>4,370,915,279</u>	<u>(4,243,665,874)</u>	<b><u>1,160,930,670</u></b>

2018

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Wages and salaries, bonus, allowances and subsidies	584,725,547	3,264,355,919	(3,145,082,109)	703,999,357
Staff welfare	1,138,013	253,445,446	(253,712,422)	871,037
Social security contributions	14,285,124	248,648,684	(250,208,447)	12,725,361
Including: Medical insurance	10,709,288	210,883,564	(212,432,767)	9,160,085
Work injury insurance	1,777,923	13,974,107	(13,986,147)	1,765,883
Maternity insurance	1,797,913	23,791,013	(23,789,533)	1,799,393
Housing funds	16,861,285	249,634,703	(249,547,502)	16,948,486
Labour union funds and employee education funds	278,369,821	115,498,248	(94,731,045)	299,137,024
	<u>895,379,790</u>	<u>4,131,583,000</u>	<u>(3,993,281,525)</u>	<u>1,033,681,265</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (24) Employee benefits payable (continued)

##### (b) Defined contribution plans

##### 2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Basic pension	21,020,996	448,615,915	(450,375,014)	<b>19,261,897</b>
Unemployment insurance	4,469,431	16,747,851	(16,808,017)	<b>4,409,265</b>
	<u>25,490,427</u>	<u>465,363,766</u>	<u>(467,183,031)</u>	<u><b>23,671,162</b></u>

##### 2018

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Basic pension	21,511,954	478,975,392	(479,466,350)	21,020,996
Unemployment insurance	4,379,479	16,375,147	(16,285,195)	4,469,431
	<u>25,891,433</u>	<u>495,350,539</u>	<u>(495,751,545)</u>	<u>25,490,427</u>

##### (c) Termination benefits

	31 December 2019	31 December 2018
Early retirement benefits (Note 4(32))	<b>123,371,385</b>	94,282,557
Other termination benefits (i)	<u><b>127,342,230</b></u>	<u>-</u>
	<u><b>250,713,615</b></u>	<u>94,282,557</u>

- (i) For the year ended 31 December 2019, the Group has paid other termination benefits of 59,682,140 (2018: 54,874,155) due to termination of labor relationship.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (25) Taxes payable

	31 December 2019	31 December 2018
Enterprise income tax payable	211,357,396	263,094,463
Consumption tax payable	148,495,951	258,665,295
Unpaid VAT	87,811,500	104,309,735
City maintenance and construction tax payable	10,016,179	8,870,492
Education surcharges payable	8,377,748	7,647,840
Others	46,999,386	48,546,174
	<u>513,058,160</u>	<u>691,133,999</u>

#### (26) Other payables

	31 December 2019	31 December 2018
Guarantee deposits	752,125,817	710,726,775
Payables for equipments and engineering construction	379,395,052	435,719,135
Accruals for transportation expenses	319,194,913	260,063,006
Accruals for advertising expenses	285,777,281	187,372,331
Compensation collected in advance for demolition project	106,216,173	-
Accruals for labour expenses	73,671,439	74,872,344
Accruals for water, electricity and steam expenses	52,268,924	45,326,286
Accruals for general and administrative expenses	43,722,276	42,679,007
Absorbed deposits from related parties and interests payables (i)	19,566,363	18,625,074
Withholding social expenses for staff	12,241,556	10,921,473
Others	380,677,707	327,201,927
	<u>2,424,857,501</u>	<u>2,113,507,358</u>

- (i) It represents the principal and interest of deposits absorbed from the Company's associates by Finance Company, a subsidiary of the Company.

As at 31 December 2019, other payables over 1 year with carrying amount of 433,135,935 (31 December 2018: 554,538,905) are mainly liabilities due to acquisition of subsidiaries and payables for equipments and engineering construction.

#### (27) Current portion of non-current liabilities

	31 December 2019	31 December 2018
Current portion of long-term borrowings (Note 4(28))	418,360	420,320
Current portion of lease liabilities (Note 4(29))	21,789,665	—
	<u>22,208,025</u>	<u>420,320</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (28) Long-term borrowings

	Currency	31 December 2019	31 December 2018
Guaranteed borrowings	DKK	<u>627,540</u>	<u>1,050,800</u>
Less: Current portion of guaranteed Borrowing (Note 4(27))		<u>(418,360)</u>	<u>(420,320)</u>
		<u>209,180</u>	<u>630,480</u>

As at 31 December 2019, Bank guaranteed borrowing of RMB627,540 (Original foreign currency: DKK600,000) (31 December 2018: RMB1,050,800 (Original foreign currency: DKK1,000,000)) is guaranteed by Beijing Development and Reform Commission. The principal amount shall be repaid twice annually based on the equal repayment of principal method, with the last repayment falling due on 1 April 2021. The amount due within one year amounted to 418,360 (31 December 2018: 420,320).

As at 31 December 2019 and 2018, the long-term borrowings are interest-free borrowings.

#### (29) Lease liabilities

	31 December 2019	31 December 2018
Lease liabilities	<u>59,261,550</u>	—
Less: Current portion of lease liabilities (Note 4(27))	<u>(21,789,665)</u>	—
	<u>37,471,885</u>	—

As at 31 December 2019, the Group has no liabilities that will lead to potential cash outflow.

#### (30) Long-term payables

	31 December 2019	31 December 2018
Payables for specific projects	<u>372,579,660</u>	<u>222,324,164</u>

Payables for specific projects mainly represent the relocation compensation received by subsidiaries from the government. As the relocation has not yet been completed, the amount was temporarily accounted for as “payables for specific projects” in accordance with the requirements under No. 3 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (31) Deferred income

##### 2019

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019	Reason	
Government grants	2,343,747,145	542,738,567	(366,558,777)	2,519,926,935	Grants for relocation and technology improvement projects	
Government grants items	31 December 2018	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2019	Related to assets/income
<b>Relocation projects</b>						
Malt Factory relocation project	414,242,128	10,228,702	(25,431,120)	-	399,039,710	Assets
Xi'an Company relocation project	-	178,577,533	(1,890,631)	-	176,686,902	Assets
Tengzhou Company relocation project	161,122,724	-	(10,656,013)	(25,500)	150,441,211	Assets
Suizhou Company relocation project	150,824,841	10,044,878	(11,769,727)	-	149,099,992	Assets
Wuwei Company relocation project	145,327,766	-	(10,899,795)	-	134,427,971	Assets
Weinan Company relocation project	80,843,472	73,300,721	(21,258,649)	-	132,885,544	Assets
Heze Company relocation project	96,418,152	43,440,000	(10,087,953)	-	129,770,199	Assets
Rizhao Company relocation project	137,399,968	-	(10,696,705)	-	126,703,263	Assets
Suqian Company relocation project	126,117,012	-	(9,936,638)	-	116,180,374	Assets
Gansu Nongken Company relocation project	121,126,737	-	(11,929,303)	-	109,197,434	Assets
Zhuhai Company relocation project	126,494,059	-	(12,145,399)	(8,750,541)	105,598,119	Assets
Xingkaihu Company relocation project	108,147,567	92,333	(6,518,124)	-	101,721,776	Assets/ Income
Dezhou Company relocation project	17,609,154	83,954,612	(2,864,166)	-	98,699,600	Assets/ Income
Yangzhou Company relocation project	107,379,254	-	(10,207,092)	-	97,172,162	Assets
Fuzhou Company relocation project	99,814,183	-	(12,792,086)	(981,553)	86,040,544	Assets
Baoji Company relocation project	56,374,777	-	(7,181,102)	-	49,193,675	Assets
Harbin Company relocation project	54,089,410	-	(6,451,760)	-	47,637,650	Assets
Langfang Company relocation project	42,621,044	29,470,430	(30,461,221)	-	41,630,253	Assets/ Income
No. 3 Factory relocation project	11,372,112	-	(3,411,633)	-	7,960,479	Assets
Pengcheng Company relocation project	10,059,872	-	(3,436,774)	-	6,623,098	Assets
<b>Technology improvement projects</b>						
Technology improvement projects of Immense Brewery Company	31,303,367	9,590,000	(250,079)	-	40,643,288	Assets
Technology improvement projects of Shouguang Company	6,171,429	1,573,200	(498,005)	-	7,246,624	Assets
Technology improvement projects of Five Star Company	10,720,000	-	(1,024,286)	(3,436,440)	6,259,274	Assets
Technology improvement projects of Luzhou Company	8,404,719	-	(1,172,432)	(397,642)	6,834,645	Assets
Technology improvement projects of Three Ring Company	6,160,000	-	(560,000)	-	5,600,000	Assets
<b>Other projects</b>	213,603,398	102,466,158	(128,985,461)	(450,947)	186,633,148	
	2,343,747,145	542,738,567	(352,516,154)	(14,042,623)	2,519,926,935	



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (31) Deferred income (continued)

2018

	31 December 2017	Increase in the current year	Decrease in the current year		31 December 2018	Reason
Government grants	1,904,109,828	708,288,659	(268,651,342)		2,343,747,145	Grants for relocation and technology improvement projects
Government grants items	31 December 2017	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2018	Related to assets/income
<b>Relocation projects</b>						
Malt Factory relocation project	19,051,435	419,821,360	(24,630,667)	-	414,242,128	Assets/Income
Tengzhou Company relocation project	171,785,920	-	(10,663,196)	-	161,122,724	Assets
Suizhou Company relocation project	162,595,842	13,048,123	(24,819,124)	-	150,824,841	Assets/Income
Wuwei Company relocation project	156,767,283	-	(11,439,517)	-	145,327,766	Assets
Rizhao Company relocation project	147,988,358	-	(10,588,390)	-	137,399,968	Assets
Zhuhai Company relocation project	138,642,199	-	(12,148,140)	-	126,494,059	Assets
Suqian Company relocation project	135,934,998	-	(9,817,986)	-	126,117,012	Assets
Gansu Nongken Company relocation project	135,438,058	-	(12,724,029)	(1,587,292)	121,126,737	Assets
Xingkaihu Company relocation project	114,967,628	986,526	(7,806,587)	-	108,147,567	Assets/Income
Yangzhou Company relocation project	118,391,341	-	(11,012,087)	-	107,379,254	Assets
Fuzhou Company relocation project	112,220,095	-	(11,786,835)	(619,077)	99,814,183	Assets
Heze Company relocation project	59,513,612	50,000,000	(13,095,460)	-	96,418,152	Assets/Income
Weinan Company relocation project	87,763,182	-	(6,919,710)	-	80,843,472	Assets
Baoji Company relocation project	14,732,065	45,900,000	(4,257,288)	-	56,374,777	Assets
Harbin Company relocation project	61,175,910	-	(7,086,500)	-	54,089,410	Assets
Langfang Company relocation project	43,644,804	17,975,368	(18,999,128)	-	42,621,044	Assets/Income
Dezhou Company relocation project	-	18,404,230	(795,076)	-	17,609,154	Assets/Income
No. 3 Factory relocation project	16,185,784	-	(3,437,958)	(1,375,714)	11,372,112	Assets
Pengcheng Company relocation project	13,728,065	-	(3,505,504)	(162,689)	10,059,872	Assets
<b>Technology improvement projects</b>						
Technology improvement projects of Immense Brewery Company	1,553,446	30,000,000	(250,079)	-	31,303,367	Assets
Technology improvement projects of Five Star Company	11,744,286	-	(1,024,286)	-	10,720,000	Assets
Technology improvement projects of Luzhou Company	9,593,056	-	(1,188,337)	-	8,404,719	Assets
Technology improvement projects of Shouguang Company	6,400,000	-	(228,571)	-	6,171,429	Assets
Technology improvement projects of Three Ring Company	6,720,000	-	(560,000)	-	6,160,000	Assets
<b>Other projects</b>	157,572,461	112,153,052	(56,024,093)	(98,022)	213,603,398	
	1,904,109,828	708,288,659	(264,808,548)	(3,842,794)	2,343,747,145	

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (32) Long-term employee benefits payable

	31 December 2019	31 December 2018
Early retirement benefits (a)	646,095,319	317,583,216
Supplemental retirement benefits (b)	340,479,962	325,266,898
Other retirement benefits (c)	91,155,000	-
	<u>1,077,730,281</u>	<u>642,850,114</u>
Less: Early retirement benefits within one year	(123,371,385)	(94,282,557)
Supplemental retirement benefits within one year	(22,959,425)	(22,007,043)
Other retirement benefits within one year	(390,914)	-
	<u>(146,721,724)</u>	<u>(116,289,600)</u>
	<u>931,008,557</u>	<u>526,560,514</u>

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

#### (a) Early retirement benefits

Some employees of the Group have retired before their statutory retirement age. As at the balance sheet date, the significant actuarial assumptions used in estimating the early retirement benefits payable by the Group are as follows:

	31 December 2019	31 December 2018
Discount rate (yield-to-maturity of the government bond with the same term)	2.36% - 3.11%	2.60% - 3.22%

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

	2019	2018
General and administrative expenses	416,684,296	80,612,338
Finance expenses	8,581,797	11,107,931

#### (b) Supplemental retirement benefits

Supplemental retirement benefits are provided to those retired employees who met certain criteria and the benefit plan was approved by the board of directors and the President's office. The benefits they can receive depend on their positions and seniorities at the time of retirement. Such defined benefit obligations were calculated by external independent actuary according to the projected unit credit method.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (32) Long-term employee benefits payable (continued)

##### (b) Supplemental retirement benefits (continued)

##### (i) Supplemental retirement benefits obligations of the Group:

	31 December 2019	31 December 2018
Defined benefit obligations	340,479,962	325,266,898
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<u>340,479,962</u>	<u>325,266,898</u>

##### (ii) The movements in supplemental retirement benefits of the Group are as follows:

	Present value of the defined benefit obligation
As at 1 January 2019	325,266,898
Amount charged to profit or loss in the current period	
— Service cost	25,694,999
— Interest expense on the net defined benefit obligations	10,255,000
Re-measurement amount	
— Actuarial gain (Note 4(35))	(907,000)
Payment	<u>(19,829,935)</u>
<b>As at 31 December 2019</b>	<b><u>340,479,962</u></b>
	Present value of the defined benefit obligation
As at 1 January 2018	279,555,205
Amount charged to profit or loss in the current period	
— Service cost	30,840,000
— Interest expense on the net defined benefit obligations	10,826,000
Re-measurement amount	
— Actuarial loss (Note 4(35))	22,516,000
Payment	<u>(18,470,307)</u>
As at 31 December 2018	<u>325,266,898</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (32) Long-term employee benefits payable (continued)

##### (b) Supplemental retirement benefits (continued)

- (iii) The significant actuarial assumptions for the present value of the defined benefit obligations of the Group are as follows:

	31 December 2019	31 December 2018
Discount rate	3.25%	3.25%

Mortality refers to China Life Insurance Mortality Table (2010-2013).

- (iv) The sensitivity of the significant actuarial assumptions for the present value of defined benefit obligations is analysed as follows:

	Change in assumption	Impact on defined benefit obligations	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.76%	Increase by 2.89%

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity analyses of present value of the defined benefit obligation, the same method, projected unit credit method, has been applied as well.

- (v) The Group has not invested in any plan assets, and no separate trustee-administered assets to reimburse the payment of the defined benefit obligation of the Group (31 December 2018: nil).
- (vi) The weighted average duration of the defined benefit obligations is 11.3 years (31 December 2018: 11.3 years).
- (vii) Supplemental retirement benefits caused many risks to the Group, and the primary risk is the fluctuation of the interest rates of government bonds. Decrease in interest rates of government bonds results in the increase in the defined benefit obligation.
- (viii) As at 31 December 2019, the expected maturity of undiscounted defined benefit obligations is analysed as below:

	Within 1 year	1 to 5 years	More than 5 years	Total
Supplemental retirement benefits	22,959,425	79,021,575	413,470,000	515,451,000

##### (c) Other retirement benefits

According to relevant guidance, other retirement benefits are the benefits that are accrued by the Group this year for the employees who will retire in future years that meet certain conditions.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (33) Share capital

	31 December 2018	Movements in the current year	31 December 2019
RMB-denominated ordinary shares	695,913,617	-	695,913,617
Foreign shares listed overseas	655,069,178	-	655,069,178
	<u>1,350,982,795</u>	<u>-</u>	<u>1,350,982,795</u>
	31 December 2017	Movements in the current year	31 December 2018
RMB-denominated ordinary shares	695,913,617	-	695,913,617
Foreign shares listed overseas	655,069,178	-	655,069,178
	<u>1,350,982,795</u>	<u>-</u>	<u>1,350,982,795</u>

#### (34) Capital surplus

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Share premium	3,356,662,970	-	-	3,356,662,970
Other capital surplus —	87,523,342	131,143	-	87,654,485
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,204,646)	8,183	-	(10,196,463)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,389,774	122,960	-	4,512,734
	<u>3,444,186,312</u>	<u>131,143</u>	<u>-</u>	<u>3,444,317,455</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (34) Capital surplus (continued)

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Share premium	3,356,662,970	-	-	3,356,662,970
Other capital surplus —	87,518,542	4,800	-	87,523,342
Share of changes of equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,209,446)	4,800	-	(10,204,646)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,389,774	-	-	4,389,774
	<u>3,444,181,512</u>	<u>4,800</u>	<u>-</u>	<u>3,444,186,312</u>

#### (35) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2019					
	31 December 2018	Attributable to shareholders of the Company, net of tax	31 December 2019	The pre-tax amount in the current year	Less: Transfer out from which were recognized in other comprehensive income in the previous periods	Less: Income tax expense	Attributable to shareholders of the Company, net of tax	Attributable to the non- controlling interests, net of tax
Items that will not be subsequently reclassified to profit or loss								
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(32)(b)(ii))	(50,268,000)	907,000	(49,361,000)	907,000	-	-	907,000	-
Items that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss	(667,191)	9,413	(657,778)	9,413	-	-	9,413	-
Currency translation differences	6,238,387	(3,567,242)	2,671,145	(3,567,242)	-	-	(3,567,242)	-
	<u>(44,696,804)</u>	<u>(2,650,829)</u>	<u>(47,347,633)</u>	<u>(2,650,829)</u>	<u>-</u>	<u>-</u>	<u>(2,650,829)</u>	<u>-</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (35) Other comprehensive income (continued)

	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement of 2018					
	31 December 2017	Changes in accounting policies	1 January 2018	Attributable to shareholders of the Company, net of tax	31 December 2018	The pre-tax amount in the current year	Less: Transfer out from which were recognized in other comprehensive income in the previous periods	Less: Income tax expense	Attributable to shareholders of the Company, net of tax	Attributable to the non-controlling interests, net of tax
Items that will not be subsequently reclassified to profit or loss										
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(32)(b)(iii))	(27,752,000)	-	(27,752,000)	(22,516,000)	(50,268,000)	(22,516,000)	-	-	(22,516,000)	-
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	(654,343)	-	(654,343)	(12,848)	(667,191)	(12,848)	-	-	(12,848)	-
Profit or loss from changes in fair value of wealth management products	6,108,986	(6,108,986)	-	-	-	-	-	-	-	-
Currency translation differences	13,258,607	-	13,258,607	(7,020,220)	6,238,387	(7,020,220)	-	-	(7,020,220)	-
	(9,038,750)	(6,108,986)	(15,147,736)	(29,549,068)	(44,696,804)	(29,549,068)	-	-	(29,549,068)	-

#### (36) Surplus reserve

	31 December 2018	Appropriation in the current year	Decrease in the current year	31 December 2019
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380
	31 December 2017	Appropriation in the current year	Decrease in the current year	31 December 2018
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to the resolution of the Board of Directors, the Company would not appropriate the statutory surplus reserve in 2019 (2018: nil).

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (37) General reserve

	31 December 2018	Appropriation in the current year	Decrease in the current year	31 December 2019
General reserve	199,512,331	35,203,349	-	234,715,680
	31 December 2017	Appropriation in the current year	Decrease in the current year	31 December 2018
General reserve	155,497,737	44,014,594	-	199,512,331

Pursuant to Caijin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” issued by the Ministry of Finance, Finance Company, a subsidiary of the Company, appropriated general reserve of 35,203,349 (2018: 44,014,594) according to 1.5% of the ending balance of the risk assets at 31 December 2019 based on its risk consideration.

#### (38) Undistributed profits

	2019	2018
Undistributed profits at the beginning of the year (before adjustment)	11,619,782,072	10,802,900,749
Adjustment (a)	-	6,108,986
Undistributed profits at the beginning of the year (after adjustment)	11,619,782,072	10,809,009,735
Add: Net profit attributable to shareholders of the Company for the current year	1,852,103,376	1,422,199,705
Less: appropriated general reserve	(35,203,349)	(44,014,594)
Ordinary shares dividends payable (b)	(648,471,742)	(567,412,774)
Undistributed profits at the end of the year	12,788,210,357	11,619,782,072

(a) As at 1 January 2018, undistributed profits of 6,108,986 were adjusted at the beginning of the current year due to first adoption of the new financial instruments standard.

(b) Pursuant to the resolution at the Annual General Meeting dated 28 June 2019, the Company approved a cash dividend of RMB0.48 per share (tax included) to the shareholders of the Company with RMB648,471,742, based on a total number of 1,350,982,795 shares (2018: cash dividend of RMB0.42 per share (tax included) to the shareholders of the Company with RMB567,412,774, based on a total number of 1,350,982,795 share).

Pursuant to the decision of the Board of Directors on 27 March 2020, the Board of Directors proposed that the Company should approve a cash dividend RMB0.55 per share (tax included) to the shareholders of the Company with RMB743,040,537, based on a total number of 1,350,982,795. The above proposal is subject to approval at the forthcoming Annual General Meeting (Note 10(1)).



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (39) Revenue and cost of sales

	2019	2018
Revenue from main operation (a)	27,618,479,426	26,234,148,017
Revenue from other operations (b)	365,280,937	341,107,188
	<u>27,983,760,363</u>	<u>26,575,255,205</u>
	2019	2018
Cost of main operation (a)	(16,862,865,858)	(16,343,422,417)
Cost of other operations (b)	(217,577,424)	(212,352,562)
	<u>(17,080,443,282)</u>	<u>(16,555,774,979)</u>

#### (a) Revenue and cost of main operation

	2019		2018	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	<u>27,618,479,426</u>	<u>(16,862,865,858)</u>	<u>26,234,148,017</u>	<u>(16,343,422,417)</u>

The Group delivers beer products to dealers and revenue shall be recognized after the dealers' acceptance and signing delivery lists of goods.

#### (b) Revenue and cost of other operations

	2019		2018	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of packaging materials	92,545,784	(69,325,655)	88,695,499	(65,970,709)
Transportation services	35,375,733	(43,167,191)	43,594,999	(49,261,368)
Sales of raw materials	24,825,563	(23,336,283)	23,784,953	(21,204,724)
Construction and equipment installations	2,320,124	(1,900,902)	4,906,426	(3,966,129)
Others	<u>210,213,733</u>	<u>(79,847,393)</u>	<u>180,125,311</u>	<u>(71,949,632)</u>
	<u>365,280,937</u>	<u>(217,577,424)</u>	<u>341,107,188</u>	<u>(212,352,562)</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (40) Taxes and surcharges

	2019	2018	Tax base
Consumption tax	1,741,751,782	1,734,393,300	Note 3
City maintenance and construction tax	234,094,099	245,735,035	Note 3
Education surcharges	176,064,841	185,736,833	Note 3
Real estate tax	61,093,344	60,517,007	
Land use tax	59,972,034	58,971,088	
Stamp duty	25,222,029	25,606,915	
Others	15,124,664	15,583,188	
	<u>2,313,322,793</u>	<u>2,326,543,366</u>	

#### (41) Selling and distribution Expenses

	2019	2018
Employee benefits expenses	2,150,363,056	1,988,569,927
Handling and transportation expenses	1,452,646,607	1,429,192,503
Advertising related expenses	957,914,513	864,375,674
Administrative expenses	146,423,688	159,048,494
Depreciation and amortisation charges	109,298,505	118,926,533
Operating lease payments	81,204,578	99,984,300
Labour expenses	76,468,523	74,915,505
Material consumptions	62,966,690	69,333,272
Others	66,219,574	64,488,294
	<u>5,103,505,734</u>	<u>4,868,834,502</u>

#### (42) General and administrative expenses

	2019	2018
Employee benefits expenses	1,315,762,340	822,896,979
Depreciation and amortisation charges	198,778,033	197,894,926
Administrative expenses	106,250,628	105,729,400
Agency fees	50,024,212	59,342,434
Repair expenses	39,513,959	33,779,759
Fire control expenses to guards	33,155,907	33,081,699
Insurance expenses	23,009,286	21,403,352
Disabled security fund	13,834,412	14,221,911
Material consumptions	11,662,706	11,087,842
Labour expenses	9,635,574	7,216,491
Handling and transportation expenses	8,277,059	10,320,540
Others	71,149,370	69,404,709
	<u>1,881,053,486</u>	<u>1,386,380,042</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (43) Research and development expenses

	2019	2018
Employee benefits expenses	13,573,205	12,224,544
Depreciation charges	2,380,795	2,647,183
Material consumptions	1,868,632	1,814,670
Administrative expenses	535,305	637,683
Others	2,730,773	2,431,422
	<u>21,088,710</u>	<u>19,755,502</u>

#### (44) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement classified by nature are as follows:

	2019	2018
Raw materials, packaging materials and consumables used	12,453,322,948	11,868,137,841
Employee benefits expenses	5,556,837,710	4,793,260,032
Handling and transportation expenses	1,625,262,209	1,609,949,334
Finished goods purchased from outside	1,178,041,212	1,196,435,415
Depreciation and amortisation charges	1,129,093,862	1,144,720,527
Advertising related expenses	957,914,513	864,375,674
Repair expenses	381,461,691	370,516,542
Administrative expenses	262,220,198	275,358,284
Labour expenses	238,905,806	165,699,428
Amortisation expenses of packaging materials	199,448,135	191,998,379
Operating lease payments	98,380,929	118,836,523
Auditors' remuneration — audit services	8,094,340	8,094,340
Changes in inventories of finished goods and work in progress	(363,312,442)	(223,269,134)
Others	360,420,101	446,631,840
	<u>24,086,091,212</u>	<u>22,830,745,025</u>

#### (45) Finance expenses

	2019	2018
Interest expense	13,621,266	13,707,476
Less: Interest income	(514,830,422)	(536,675,628)
Exchange (gains)/losses	(7,651,241)	122,609
Discounting impact of the long-term employee benefits payable	18,836,797	21,933,931
Interest expense of lease liabilities	2,377,391	—
Others	3,473,993	3,795,790
	<u>(484,172,216)</u>	<u>(497,115,822)</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (46) Credit impairment losses

	2019	2018
(Reversals)/Losses of bad debts of accounts receivable	(5,075,048)	(2,109,692)
(Reversals)/Losses of bad debts of other receivables	(2,088,922)	723,586
Losses of bad debts of other current assets	72,759	74,498
	<u>(7,091,211)</u>	<u>(1,311,608)</u>

#### (47) Asset impairment losses

	2019	2018
Impairment (reversals)/losses of inventories	(288,110)	3,064,731
Impairment losses of fixed assets	121,339,530	143,968,023
	<u>121,051,420</u>	<u>147,032,754</u>

#### (48) Other income

	2019	2018	Related to assets/ income
Grant for relocation projects	220,025,891	205,533,182	Assets/Income
Grant for company development	162,390,828	196,025,474	Income
Grant for technology improvement projects	3,504,802	3,251,273	Assets
Grant for other production and operation	216,976,175	118,364,640	Assets/Income
	<u>602,897,696</u>	<u>523,174,569</u>	

#### (49) Investment income

	2019	2018
Investment income from long-term equity investments accounted for using the equity method	21,182,903	16,615,487
Investment income from the disposal of wealth management products	2,659,221	2,517,091
Others	666,642	1,386,025
	<u>24,508,766</u>	<u>20,518,603</u>

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (50) Profits arising from changes in fair value

	2019	2018
Financial assets at fair value through profit or loss —		
Wealth management products	56,338,061	48,047,836
Fund investment	416,390	6,123,100
	<u>56,754,451</u>	<u>54,170,936</u>

#### (51) Gains on disposals of assets

	2019	2018
Gains on disposals of fixed assets	4,322,131	6,121,979
Gains on disposals of intangible assets	54,848,420	4,217,089
	<u>59,170,551</u>	<u>10,339,068</u>

For the year ended 31 December 2019, all gains on disposals of assets have been regarded as non-recurring profit or loss in the current year.

#### (52) Non-operating income

	2019	2018
Gains on unpaid debts	27,017,252	4,741,707
Penalty gains	2,835,648	3,783,073
Others	4,811,691	7,396,611
	<u>34,664,591</u>	<u>15,921,391</u>

For the year ended 31 December 2019, all non-operating income has been regarded as non-recurring profit or loss in the current year.

#### (53) Non-operating expenses

	2019	2018
Donations	3,116,338	6,022,269
Compensations, defaults and overdue fines	668,606	5,810,898
Penalty losses	659,527	347,100
Others	1,199,120	1,538,924
	<u>5,643,591</u>	<u>13,719,191</u>

For the year ended 31 December 2019, all non-operating expenses have been regarded as non-recurring profit or loss in the current year.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (54) Income tax expense

	2019	2018
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,064,649,714	900,036,176
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	1,589,540	3,439,870
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	716,028	1,891,706
Deferred income tax	<u>(269,160,846)</u>	<u>(86,612,340)</u>
	<u>797,794,436</u>	<u>818,755,412</u>

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

	2019	2018
Total profit	<u>2,726,910,829</u>	<u>2,379,766,866</u>
Income tax expense calculated at applicable tax rates	680,439,443	592,508,178
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	51,299,027	26,588,262
Impairment of deferred tax asset	-	62,331,772
Income not subject to tax	(20,264,893)	(18,913,592)
Impact of utilisation of deductible tax losses and temporary differences previously unrecognized deferred tax assets	(78,522,279)	(71,390,743)
Deductible temporary differences of currently unrecognized deferred tax assets	91,566,667	64,930,457
Deductible tax losses of currently unrecognized deferred tax assets	<u>73,276,471</u>	<u>162,701,078</u>
Income tax expense	<u>797,794,436</u>	<u>818,755,412</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (55) Earnings per share

##### (a) Basic earnings per share

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

	2019	2018
Consolidated net profit attributable to ordinary shareholders of the Company	1,852,103,376	1,422,199,705
Weighted average numbers of ordinary shares outstanding	1,350,982,795	1,350,982,795
Basic earnings per share	1.371	1.053
Including:		
— Basic earnings per share from continuing operations:	1.371	1.053

##### (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 numbers of ordinary shares outstanding. As there were no dilutive potential ordinary shares in 2019 (2018: nil), diluted earnings per share equals to basic earnings per share.

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

##### (a) Cash received relating to other operating activities

	2019	2018
Government grants	930,330,968	1,065,306,516
Guarantee deposits	578,691,077	446,523,209
Others	298,939,558	153,192,310
	1,807,961,603	1,665,022,035

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

##### (b) Cash paid relating to other operating activities

	2019	2018
Handling and transportation expenses	1,729,099,433	1,702,923,618
Marketing and promotion expenses	881,200,305	888,294,414
Advertising related expenses	864,209,880	823,643,011
Administrative expenses	330,837,510	314,252,495
Guarantee deposits	270,119,230	210,858,711
Others	290,734,488	240,961,355
	<u>4,366,200,846</u>	<u>4,180,933,604</u>

##### (c) Cash received relating to other investing activities

	2019	2018
Interest income of Finance Company's deposits	434,734,109	432,569,354
Deposit reserve withdrew by Finance Company	242,730,000	-
Bidding deposits and others received	24,003,265	12,342,652
	<u>701,467,374</u>	<u>444,912,006</u>

##### (d) Cash paid relating to other investing activities

	2019	2018
Bidding deposits and others paid	21,103,503	15,032,081
Deposit reserve paid by Finance Company	-	173,200,000
	<u>21,103,503</u>	<u>188,232,081</u>

##### (e) Cash paid relating to other financing activities

	2019	2018
Repayment of lease liabilities	24,909,652	—
Others	-	1,134,743
	<u>24,909,652</u>	<u>1,134,743</u>

For the year ended 31 December 2019, total cash outflows related to lease paid by the Group is 111,377,871. Other cash outflows are recognized into operating activities except repayment of lease liabilities recognized in financing activities mentioned above.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

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

##### (a) Supplementary information to consolidated cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	2019	2018
Net profit	1,929,116,393	1,561,011,454
Add: Provision for asset impairment	121,051,420	147,032,754
Reversal for credit impairment	(7,091,211)	(1,311,608)
Depreciation of fixed assets and investment properties	895,214,367	906,622,479
Depreciation of right-of-use assets	22,855,802	—
Amortisation of intangible assets	206,805,092	231,796,819
Amortisation of long-term prepaid expenses	12,757,690	15,008,264
Gains on disposals of fixed assets and intangible assets	(59,170,551)	(10,339,068)
Profits arising from changes in fair value	(56,754,451)	(54,170,936)
Finance expenses	(355,960,329)	(512,572,078)
Investment income	(24,508,766)	(20,518,603)
Increase in deferred tax assets	(248,015,145)	(71,126,252)
Amortisation of deferred income	(352,516,154)	(264,808,548)
Decrease in deferred tax liabilities	(21,145,701)	(15,486,088)
Increase in inventories	(527,207,115)	(256,989,110)
Decrease/(Increase) in operating receivables	73,952,901	(152,672,443)
Increase in operating payables	2,407,168,337	2,490,531,365
Net cash flows from operating activities	<u>4,016,552,579</u>	<u>3,992,008,401</u>

Net movement in cash and cash equivalents

	2019	2018
Cash and cash equivalents at end of the year	14,557,393,355	11,653,288,328
Less: Cash and cash equivalents at beginning of the year	<u>(11,653,288,328)</u>	<u>(9,101,908,887)</u>
Net increase in cash and cash equivalents	<u>2,904,105,027</u>	<u>2,551,379,441</u>

##### (b) Cash and cash equivalents

	31 December 2019	31 December 2018
Cash and cash equivalents (Note 4(1))	14,557,393,355	11,653,288,328
Including: Cash on hand	203,723	238,749
Cash at bank that can be readily drawn on demand	14,556,264,884	11,652,363,015
Cash at non-financial institutions that can be readily drawn on demand	924,748	686,564
Cash and cash equivalents at end of the year	<u>14,557,393,355</u>	<u>11,653,288,328</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 4 Notes to the consolidated financial statements (continued)

#### (58) Foreign currency items

	31 December 2019		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and cash on hand —			
USD	25,468,056	6.9762	177,670,252
HKD	61,464,084	0.8958	55,059,526
EUR	4,788,209	7.8155	37,422,247
MOP	43,348,547	0.8703	37,726,240
			<u>307,878,265</u>
Accounts receivable —			
USD	8,624,495	6.9762	60,166,202
HKD	30,924,013	0.8958	27,701,731
EUR	1,297,707	7.8155	10,142,229
GBP	897,149	9.1501	8,209,003
MOP	6,394,869	0.8703	5,565,454
CAD	259,210	5.3421	1,384,726
			<u>113,169,345</u>
Other receivables —			
HKD	1,229,737	0.8958	1,101,598
MOP	341,053	0.8703	296,818
			<u>1,398,416</u>
Short-term borrowings —			
HKD	300,000,000	0.8958	268,740,000
Other payables —			
USD	698,307	6.9762	4,871,529
HKD	3,288,040	0.8958	2,945,426
MOP	2,019,265	0.8703	1,757,366
			<u>9,574,321</u>
Current portion of non-current liabilities —			
DKK	400,000	1.0459	418,360
Long-term borrowings —			
DKK	200,000	1.0459	209,180

Foreign currency monetary item mentioned above refers to all currencies other than RMB (the scope is different from the foreign currency items in Note 12(1)(a)).

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 5 Changes in consolidation scope

#### (1) Changes in consolidation scope for other reasons

The Group completed the cancellation of its subsidiaries-Tsingtao Brewery Kai Fa Co., Ltd. (Kai Fa Company) and Tsingtao Brewery Harbin Sales Company (Harbin Sales) in 2019.

### 6 Interests in other entities

#### (1) Interests in subsidiaries

##### (a) The structure of the Group

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Shenzhen Tsingtao Brewery Huanan Holding Co., Ltd. ("Huanan Holding Company")	Shenzhen, the PRC	Shenzhen, the PRC	Financing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Zhuhai) Co., Ltd. ("Zhuhai Company")	Zhuhai, the PRC	Zhuhai, the PRC	Manufacturing	60,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Huangshi) Co., Ltd. ("Huangshi Company")	Huangshi, the PRC	Huangshi, the PRC	Manufacturing	168,630,000	97.18%	2.82%	Establishment or investment
Tsingtao Brewery (Yingcheng) Co., Ltd. ("Yingcheng Company")	Yingcheng, the PRC	Yingcheng, the PRC	Manufacturing	47,070,000	89.91%	10.09%	Establishment or investment
Shenzhen Huanan Tsingtao Brewery Sales Co., Ltd. ("Huanan Sales Company")	Guangdong, the PRC	Shenzhen, the PRC	Wholesale and retail sale	20,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Changsha) Co., Ltd. ("Changsha Company")	Changsha, the PRC	Changsha, the PRC	Manufacturing	68,000,000	70%	30%	Establishment or investment
Shanghai Tsingtao Brewery Huadong (Holding) Co., Ltd. ("Huadong Holding Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,000,000	100%	-	Establishment or investment
Tsingtao Brewery Huadong Shanghai Sales Co., Ltd. ("Shanghai Sales Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,300,000	97.01%	2.99%	Establishment or investment
Nanjing Tsingtao Brewery Huadong Sales Co., Ltd.	Jiangsu, the PRC	Nanjing, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Wuhu) Co., Ltd. ("Wuhu Company")	Wuhu, the PRC	Wuhu, the PRC	Manufacturing	314,290,000	94.27%	5.73%	Establishment or investment
Tsingtao Brewery (Maanshan) Co., Ltd. ("Maanshan Company")	Maanshan, the PRC	Maanshan, the PRC	Manufacturing	85,000,000	94.12%	5.58%	Establishment or investment
Tsingtao Brewery (Shouguang) Co., Ltd. ("Shouguang Company")	Shouguang, the PRC	Shouguang, the PRC	Manufacturing	60,606,060	99%	-	Establishment or investment
Tsingtao Brewery (Weifang) Co., Ltd. ("Weifang Company")	Weifang, the PRC	Weifang, the PRC	Manufacturing	75,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Xuzhou) Huaihai Sales Co., Ltd.	Jiangsu, the PRC	Xuzhou, the PRC	Wholesale and retail sale	131,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Xuecheng) Co., Ltd. ("Xuecheng Company")	Xuecheng, the PRC	Xuecheng, the PRC	Manufacturing	45,000,000	-	85%	Establishment or investment
Tsingtao Brewery (Tengzhou) Co., Ltd. ("Tengzhou Company")	Tengzhou, the PRC	Tengzhou, the PRC	Manufacturing	61,020,000	76.65%	23.35%	Establishment or investment
Tsingtao Brewery (Heze) Co., Ltd. ("Heze Company")	Heze, the PRC	Heze, the PRC	Manufacturing	130,000,000	93.08%	6.92%	Establishment or investment
Langfang Company	Langfang, the PRC	Langfang, the PRC	Manufacturing	99,000,000	80.80%	19.20%	Establishment or investment
Tsingtao Brewery Xi'an Hansi Group Co., Ltd. ("Xi'an Company")	Shaanxi, the PRC	Xi'an, the PRC	Manufacturing and Wholesale and retail sale	287,903,022	100%	-	Establishment or investment

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (1) Interests in subsidiaries (continued)

##### (a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery Baoji Co., Ltd.	Baoji, the PRC	Baoji, the PRC	Manufacturing	130,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Anshan) Co., Ltd. ("Anshan Company")	Anshan, the PRC	Anshan, the PRC	Manufacturing	50,000,000	60%	-	Establishment or investment
Tsingtao Brewery (Xingkaihu) Co., Ltd. ("Xingkaihu Company")	Jixi, the PRC	Jixi, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Mishan) Co., Ltd. ("Mishan Company")	Mishan, the PRC	Mishan, the PRC	Manufacturing	118,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Harbin) Co., Ltd. ("Harbin Company")	Harbin, the PRC	Harbin, the PRC	Manufacturing	155,600,000	100%	-	Establishment or investment
Tsingtao Brewery Import/Export Co., Ltd. ("Import/Export Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	11,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Dezhou) Co., Ltd. ("Dezhou Company")	Dezhou, the PRC	Dezhou, the PRC	Manufacturing	25,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Rizhao) Co., Ltd. ("Rizhao Company")	Rizhao, the PRC	Rizhao, the PRC	Manufacturing	290,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Luzhou) Co., Ltd. ("Luzhou Company")	Luzhou, the PRC	Luzhou, the PRC	Manufacturing	111,110,000	95%	-	Establishment or investment
Tsingtao Brewery (Taizhou) Co., Ltd. ("Taizhou Company")	Taizhou, the PRC	Taizhou, the PRC	Manufacturing	70,000,000	86.43%	13.57%	Establishment or investment
Hong Kong Company	Hong Kong, the PRC	Hong Kong, the PRC	Wholesale and retail sale	40,500,000HKD	100%	-	Establishment or investment
Tsingtao Brewery (Hanzhong) Co., Ltd. ("Hanzhong Company")	Hanzhong, the PRC	Hanzhong, the PRC	Manufacturing	29,410,000	34%	66%	Establishment or investment
Beijing Tsingtao Brewery Beifang Sales Co., Ltd. ("Beifang Sales Company")	Beijing, the PRC	Beijing, the PRC	Wholesale and retail sale	89,980,000	95%	5%	Establishment or investment
Qingdao Guangrunlong Logistics Co., Ltd. ("Guangrunlong Logistics")	Shandong, the PRC	Qingdao, the PRC	Logistics	6,184,000	100%	-	Establishment or investment
Tsingtao Brewery (Xiamen) Co., Ltd.	Xiamen, the PRC	Xiamen, the PRC	Manufacturing	90,000,000	-	100%	Establishment or investment
Xiamen Tsingtao Brewery Dongnan Sales Co., Ltd. ("Dongnan Sales Company")	Fujian, the PRC	Xiamen, the PRC	Wholesale and retail sale	215,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jinan) Co., Ltd. ("Jinan Company")	Jinan, the PRC	Jinan, the PRC	Manufacturing	560,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Chengdu) Co., Ltd. ("Chengdu Company")	Chengdu, the PRC	Chengdu, the PRC	Manufacturing	280,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Yulin) Co., Ltd.	Yulin, the PRC	Yulin, the PRC	Manufacturing	55,000,000	-	100%	Establishment or investment
Tsingtao Brewery Chengyang Sales Co., Ltd. ("Chengyang Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery Chenzhou Sales Co., Ltd.	Chenzhou, the PRC	Chenzhou, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Machinery and Equipment Company	Qingdao, the PRC	Qingdao, the PRC	Construction	2,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Shijiazhuang) Co., Ltd. ("Shijiazhuang Company")	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	321,010,000	100%	-	Establishment or investment
Tsingtao Brewery (Taiyuan) Co., Ltd. ("Taiyuan Company")	Taiyuan, the PRC	Taiyuan, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Finance Company	Qingdao, the PRC	Qingdao, the PRC	Financing	1,000,000,000	100%	-	Establishment or investment

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

## 6 Interests in other entities (continued)

## (1) Interests in subsidiaries (continued)

## (a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Jieyang) Co., Ltd. ("Jieyang Company")	Jieyang, the PRC	Jieyang, the PRC	Manufacturing	200,000,000	75%	-	Establishment or investment
Tsingtao Brewery (Shaoguan) Co., Ltd. ("Shaoguan Company")	Shaoguan, the PRC	Shaoguan, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Electronic Commerce) Co., Ltd. ("Electronic Commerce Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jiujiang) Co., Ltd. ("Jiujiang Company")	Jiujiang, the PRC	Jiujiang, the PRC	Manufacturing	200,000,000	90%	-	Establishment or investment
Tsingtao Brewery (Pingdu) Sales Co., Ltd. ("Pingdu Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	5,000,000	100%	-	Establishment or investment
Shanghai Tsingtao Brewery Sales Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	96,300,000	-	100%	Establishment or investment
Tsingtao Brewery (Xuzhou) Enterprise Management Service Co., Ltd. ("Xuzhou Enterprise Management")	Xuzhou, the PRC	Xuzhou, the PRC	Wholesale and retail sale	10,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Luoyang) Co., Ltd. ("Luoyang Company")	Luoyang, the PRC	Luoyang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Shanghai) Industrial Co., Ltd. ("Shanghai Industrial Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	416,800,000	100%	-	Establishment or investment
Tsingtao Brewery (Zhangjiakou) Co., Ltd. ("Zhangjiakou company")	Zhangjiakou, the PRC	Zhangjiakou, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Shanghai Tsingtao Catering Management Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Services	12,000,000	-	80%	Establishment or investment
Tsingtao Brewery (Sanshui) Co., Ltd. ("Sanshui Company")	Sanshui, the PRC	Sanshui, the PRC	Manufacturing	5,000,000USD	-	75%	Business combination not under common control
Tsingtao Brewery (Chenzhou) Co., Ltd. ("Chenzhou Company")	Chenzhou, the PRC	Chenzhou, the PRC	Manufacturing	70,000,000	88.80%	11.20%	Business combination not under common control
Shenzhen Tsingtao Brewery Asahi Co., Ltd. ("Shenzhen Asahi")	Shenzhen, the PRC	Shenzhen, the PRC	Manufacturing	30,000,000USD	51%	-	Business combination not under common control
Nanning Tsingtao Brewery Co., Ltd.	Nanning, the PRC	Nanning, the PRC	Manufacturing	730,000,000	-	75%	Business combination not under common control
Beijing Tsingtao Brewery Three Ring Co., Ltd. ("Three Ring Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	29,800,000USD	29%	25%	Business combination not under common control
Beijing Tsingtao Brewery Five Star Co., Ltd. ("Five Star Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	862,000,000	37.64%	25%	Business combination not under common control
Tsingtao Brewery (Weinan) Co., Ltd. ("Weinan Company")	Weinan, the PRC	Weinan, the PRC	Manufacturing	50,000,000	28%	72%	Business combination not under common control
Tsingtao Brewery (Gansu) Co., Ltd. ("Gansu Nongken Company")	Lanzhou, the PRC	Lanzhou, the PRC	Manufacturing	174,420,800	-	55.06%	Business combination not under common control

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (1) Interests in subsidiaries (continued)

##### (a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Wuwei) Co., Ltd.	Wuwei, the PRC	Wuwei, the PRC	Manufacturing	36,100,000	-	99.72%	Business combination not under common control
Tsingtao Brewery (Rongcheng) Co., Ltd. ("Rongcheng Company")	Rongcheng, the PRC	Rongcheng, the PRC	Manufacturing	20,000,000	70%	-	Business combination not under common control
Tsingtao Brewery (Suizhou) Co., Ltd.	Suizhou, the PRC	Suizhou, the PRC	Manufacturing	24,000,000	-	90%	Business combination not under common control
Tsingtao Brewery (Fuzhou) Co., Ltd.	Fuzhou, the PRC	Fuzhou, the PRC	Manufacturing	26,828,100USD	-	100%	Business combination not under common control
Tsingtao Brewery (Zhangzhou) Co., Ltd.	Zhangzhou, the PRC	Zhangzhou, the PRC	Manufacturing	100,000,000	-	90%	Business combination not under common control
Construction Company	Qingdao, the PRC	Qingdao, the PRC	Construction	13,142,176	100%	-	Business combination not under common control
Tsingtao Brewery (Penglai) Co., Ltd. ("Penglai Company")	Penglai, the PRC	Penglai, the PRC	Manufacturing	37,500,000	80%	-	Business combination not under common control
Tsingtao Brewery Cultural Communication Co., Ltd. ("Cultural Communication Company")	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	3,500,000	100%	-	Business combination not under common control
Tsingtao Brewery Beverage Co., Ltd. ("Beverage Company")	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	130,000,000	100%	-	Business combination not under common control
Immense Brewery Company	Shandong, the PRC	Mengyin, the PRC	Manufacturing Wholesale and retail sale	18,760,000USD	75%	25%	Business combination not under common control
Tsingtao Brewery (Hangzhou) Co., Ltd. ("Hangzhou Company")	Jiande, the PRC	Jiande, the PRC	Manufacturing	230,000,000	80%	-	Business combination not under common control
Macau Company	Macau, the PRC	Macau, the PRC	Wholesale and retail sale	200,000MOP	-	60%	Business combination not under common control
Tsingto Brewery (Shanghai) Market Service Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	334,578,898	-	100%	Business combination not under common control
Shandong Lulansa Brewery Co., Ltd. ("Lulansa Company")	Zibo, the PRC	Zibo, the PRC	Manufacturing	100,000,000	55%	-	Business combination not under common control
Equipment Manufacture Company	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	2,897,600	-	100%	Business combination not under common control
Tsingtao Brewery (Shanghai) Investing Co., Ltd. ("Shanghai Investing Company")	Shanghai, the PRC	Shanghai, the PRC	Financing	907,320,000	100%	-	Business combination not under common control
Tsingtao Brewery Shanghai Songjiang Manufacturing Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	50,000,000	-	100%	Business combination not under common control

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (1) Interests in subsidiaries (continued)

##### (a) The structure of the Group (continued)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingto Brewery (Suqian) Co., Ltd. ("Suqian Company")	Suqian, the PRC	Suqian, the PRC	Manufacturing	100,000,000	75%	25%	Business combination not under common control
Tsingto Brewery(Xuzhou) Pengcheng Co.,Ltd.	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	155,000,000	-	100%	Business combination not under common control
Xuzhou Company	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	39,336,899	-	100%	Business combination not under common control
Yangzhou Company	Yangzhou, the PRC	Yangzhou, the PRC	Manufacturing	200,000,000	50%	50%	Business combination not under common control
Tsingto Brewery (Kunshan) Co.,Ltd.	Kunshan, the PRC	Kunshan, the PRC	Manufacturing	731,535,952	-	100%	Business combination not under common control
Tsingto Brewery (Lianyungang) Co.,Ltd.	Lianyungang, the PRC	Lianyungang, the PRC	Manufacturing	166,093,523	-	100%	Business combination not under common control
Tsingto Brewery (Minhang) Co.,Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	377,251,025	-	96.50%	Business combination not under common control

Except Gansu Nongken, whose corporate category is incorporated company by shares, all of the above mentioned subsidiaries are limited liability companies.

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

##### (b) Subsidiaries with significant non-controlling interests

Name of subsidiaries	Share proportion of non-controlling interests	Non-controlling interests for the year ended 31 December 2019	Total dividends distributed to the minority shareholders in	Non-controlling interests as at 31 December 2019
			2019	
Shenzhen Asahi	49%	40,748,180	(37,235,100)	223,309,000

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

	31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	240,519,444	438,155,341	678,674,785	(215,850,329)	(6,603,887)	(222,454,216)

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (1) Interests in subsidiaries (continued)

##### (b) Subsidiaries with significant non-controlling interests (continued)

	31 December 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	178,710,312	468,463,751	647,174,063	(193,868,094)	(4,527,121)	(198,395,215)
	<b>2019</b>					
					<b>Total other comprehensive income</b>	<b>Cash flows from operating activities</b>
		<b>Revenue</b>	<b>Net profit</b>			
Shenzhen Asahi		<b>841,302,720</b>	<b>83,431,721</b>		<b>83,431,721</b>	<b>135,884,332</b>
					<b>2018</b>	
					<b>Total other comprehensive income</b>	<b>Cash flows from operating activities</b>
Shenzhen Asahi		774,430,900	75,990,112		75,990,112	153,017,195

Financial information above represents the amounts of subsidiaries excluding elimination in the Group.

#### (2) Interests in the joint venture and associates

##### (a) Fundamental information of the significant joint venture and associates

	Place of operation	Place of incorporation	Principal activities	Strategic impact on the Group	Share proportion	
					Directly	Indirectly
<b>Joint venture —</b>						
Hebei Jiaye Company	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	Yes	50%	-
<b>Associates —</b>						
Yantai Asahi	Yantai, the PRC	Yantai, the PRC	Manufacturing	Yes	39%	-
Zhaoshang Logistics	Qingdao, the PRC	Qingdao, the PRC	Logistics	Yes	30%	-
Liaoning Shenqing	Shenyang, the PRC	Shenyang, the PRC	Wholesale and retail sale	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

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



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (2) Interests in the joint venture and associates (continued)

##### (b) Summarised financial information of the joint venture

	Hebei Jiahe Company	
	31 December 2019	31 December 2018
Current assets	82,331,606	77,703,478
Including: cash and cash equivalents	40,726,999	33,568,846
Non-current assets	93,746,322	97,554,244
Total assets	176,077,928	175,257,722
Current liabilities	(22,829,436)	(34,005,614)
Total liabilities	(22,829,436)	(34,005,614)
Total equity attributable to shareholders of the Company	153,248,492	141,252,108
Adjusted fair value of the identifiable net assets when obtained	80,719,792	88,611,733
Adjusted total equity attributable to shareholders of the Company	233,968,284	229,863,841
The share of net assets calculated based on the shareholding proportion (i)	116,984,142	114,931,920
Adjusting item — goodwill	113,928,609	113,928,609
— unrealised profits of internal transaction	104	(17,867)
Carrying amount of investment on the joint venture	230,912,855	228,842,662

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

	Hebei Jiahe Company	
	2019	2018
Revenue	354,183,616	325,048,321
Finance expenses	(515,153)	(520,346)
Income tax expense	(7,244,161)	(4,643,834)
Net profit	23,996,384	15,210,218
Total comprehensive income	23,996,384	15,210,218
Adjusted fair value of the identifiable net assets when obtained	(7,891,941)	(9,144,305)
Adjusted total comprehensive income attributable to shareholders of the Company	16,104,443	6,065,913
Dividends received from the joint venture in the current year	6,000,000	7,270,000

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (2) Interests in the joint venture and associates (continued)

##### (b) Summarised financial information of the joint venture (continued)

- (i) The share of the net asset of the joint venture was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the Company in the consolidated financial statement of the joint venture, adjusted according to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group.

##### (c) Summarised financial information of associates

	31 December 2019				31 December 2018			
	Yantai Asahi	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Asahi	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	273,636,770	140,439,495	36,004,404	26,062,398	240,326,764	119,289,748	35,060,115	25,420,063
Including: cash and cash equivalents	63,087,129	1,182,619	2,893,942	12,920,569	43,913,837	1,051,871	212,085	3,496,239
Non-current assets	252,208,610	1,312,921	3,278,509	144,001	268,607,815	1,957,802	3,629,320	123,320
Total assets	525,845,380	141,752,416	39,282,913	26,206,399	508,934,579	121,247,550	38,689,435	25,543,383
Current liabilities	(230,020,875)	(91,149,079)	(39,101,240)	(19,914,347)	(220,329,830)	(82,337,741)	(38,389,052)	(22,239,900)
Non-current liabilities	(8,364,072)	-	-	-	(7,835,176)	-	-	-
Total liabilities	(238,384,947)	(91,149,079)	(39,101,240)	(19,914,347)	(228,165,006)	(82,337,741)	(38,389,052)	(22,239,900)
Total equity attributable to shareholders of the Company	287,460,433	50,603,337	181,673	6,292,052	280,769,573	38,909,809	300,383	3,303,483
Adjusted fair value of the identifiable net assets when obtained	26,168,506	-	-	-	30,028,505	-	-	-
Adjusted total equity attributable to shareholders of the Company	313,628,939	50,603,337	181,673	6,292,052	310,798,078	38,909,809	300,383	3,303,483
The share of net assets calculated based on the shareholding proportion (i)	122,315,286	15,181,001	54,502	2,516,821	121,211,250	11,672,943	90,115	1,321,393
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealised profits of internal transaction	(3,979,342)	-	-	-	(2,292,842)	-	-	-
Carrying amount of investments on Associates	127,976,623	15,181,001	54,502	2,516,821	128,559,087	11,672,943	90,115	1,321,393

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 6 Interests in other entities (continued)

#### (2) Interests in the joint venture and associates (continued)

##### (c) Summarised financial information of associates (continued)

	2019				2018			
	Yantai Asahi	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Asahi	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	812,468,714	243,815,586	65,115,270	84,534,887	721,276,164	259,385,673	64,255,985	72,498,809
Net profit/(loss)	29,882,904	11,666,251	(118,710)	2,965,037	25,768,937	12,945,164	(2,558,933)	729,859
Other comprehensive income	-	-	-	23,532	-	-	-	(32,120)
Total comprehensive income	29,882,904	11,666,251	(118,710)	2,988,569	25,768,937	12,945,164	(2,558,933)	697,739
Total comprehensive income attributable to shareholders of the Company	29,882,904	11,666,251	(118,710)	2,988,569	25,768,937	12,945,164	(2,558,933)	697,739
Adjusted fair value of the identifiable net assets when obtained	(3,859,999)	-	-	-	(3,859,993)	-	-	-
Adjusted total comprehensive income attributable to shareholders	26,022,905	11,666,251	(118,710)	2,988,569	21,908,944	12,961,164	(2,558,933)	697,739
Dividends received from the associates in the current year	9,044,897	-	-	-	10,533,170	2,989,364	-	1,228,144

(i) The share of the net asset of associates was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the Company in the consolidated financial statement of the associates, adjusted according to the fair value of the identifiable assets and liabilities of the associates at the acquisition date and conformed to accounting policies of the Group.

(d) As at 31 December 2019, the Group's joint venture and associates have no excess losses.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 7 Segment information

As the Group is mainly engaged in the production and distribution of beer, the reportable segments of the Group are business units operating in different regions. Different regions require different marketing strategies, and the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation and to assess their performance.

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

The Group identified seven reportable segments as follows:

- Shandong region segment, responsible for the production and distribution of beer in Shandong region and surrounding regions
- South China region segment, responsible for the production and distribution of beer in South China region
- North China region segment, responsible for the production and distribution of beer in North China region
- East China region segment, responsible for the production and distribution of beer in East China region
- Southeast China region segment, responsible for the production and distribution of beer in Southeast China region
- Hong Kong, Macau and other overseas region segment, responsible for the distribution of beer in Hong Kong SAR, Macau SAR and other overseas regions
- Finance Company segment, engaged in the financial businesses of wealth management and agency collection and payment for its members.

Inter-segment transfer pricing is based on mutually-agreed prices.

Assets are allocated based on the operation of the segments and the physical location of the assets. Liabilities are allocated based on the operation of the segments. Expenses indirectly attributable to each segment are allocated among segments based on the proportion of each segment's revenue.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 7 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2019 is as follows:

	Shandong Region	South China Region	North China Region	East China Region	Southeast China Region	Hong Kong, Macau and other overseas Regions	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	16,631,700,990	2,534,711,735	4,665,814,854	2,654,448,617	816,708,244	671,917,097	6,472,783	1,986,043	-	27,983,760,363
Inter-segment revenue	2,763,421,494	943,070,055	1,653,239,139	174,139,013	12,474,726	237,172,284	26,991,899	600,767	(5,811,109,377)	-
Cost of sales	(12,893,169,337)	(2,314,657,613)	(4,214,174,358)	(2,118,337,014)	(627,327,035)	(656,256,119)	(58,800)	(981,607)	5,744,518,601	(17,080,443,282)
Selling and distribution expenses	(3,043,366,720)	(524,125,972)	(746,733,745)	(526,392,926)	(143,435,769)	(119,450,602)	-	-	-	(5,103,505,734)
Interest income	51,627,885	14,101,490	44,072,780	6,515,846	1,015,665	4,817,818	366,027,699	162,558,066	(135,906,827)	514,830,422
Interest expenses	(4,067,263)	(5,078,081)	(13,810,375)	(11,211,095)	-	(8,929,720)	(137,806,625)	-	167,281,893	(13,621,266)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	21,182,903	-	21,182,903
Credit impairment reversals/(losses)	7,023,981	35,951	637,569	(5,324)	-	12,137	2,474,780	(3,087,883)	-	7,091,211
Asset impairment losses	(12,791,370)	(27,830,810)	(1,914,854)	(32,869,574)	(45,644,812)	-	-	(255,000,000)	255,000,000	(121,051,420)
Depreciation and amortisation	(498,305,855)	(172,014,866)	(203,289,572)	(161,878,920)	(40,024,936)	(3,791,509)	(1,065,410)	(57,261,883)	-	(1,137,632,951)
Total profit/(losses)	1,926,778,218	212,160,718	670,943,257	(315,920,386)	(85,899,383)	130,340,702	311,541,764	(341,721,990)	218,687,929	2,726,910,829
Income tax expense	(486,580,928)	(46,531,614)	(145,039,856)	(18,565,383)	(2,063,217)	(32,475,388)	(76,437,769)	-	9,899,719	(797,794,436)
Net profit/(losses)	1,440,197,290	165,629,104	525,903,401	(334,485,769)	(87,962,600)	97,865,314	235,103,995	(341,721,990)	228,587,648	1,929,116,393
Total assets	14,625,692,028	4,115,782,097	7,532,937,080	2,992,229,576	811,942,844	636,114,822	16,233,804,952	6,935,449,805	(16,571,569,657)	37,312,383,547
Total liabilities	9,183,653,284	1,915,298,061	4,995,947,761	2,624,277,944	584,174,944	649,424,720	13,591,139,975	341,089,744	(16,485,993,742)	17,399,012,691
Non-cash expenses other than depreciation and amortisation	13,587,052	550,944	5,842,619	799,128	132,765	148,370	-	153,310	-	21,214,188
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	376,641,802	-	376,641,802
Additions of non-current assets (i)	460,860,352	60,176,702	405,304,010	58,662,118	11,805,020	4,345,478	2,617,570	69,548,095	(34,445,011)	1,038,874,334

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 7 Segment information (continued)

(b) Segment information as at and for the year ended 31 December 2018 is as follows:

	Shandong Region	South China Region	North China Region	East China Region	Southeast China Region	Hong Kong, Macau and other overseas Regions	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	15,392,675,579	2,336,052,494	4,543,411,184	2,855,585,969	777,568,838	662,385,219	5,222,751	2,353,171	-	26,575,255,205
Inter-segment revenue	2,592,813,166	868,176,052	1,403,271,206	131,367,782	6,521,749	140,923,147	35,662,834	600,767	(5,179,336,703)	-
Cost of sales	(12,010,293,924)	(2,196,695,789)	(3,929,801,262)	(2,315,079,748)	(656,984,581)	(552,247,921)	(47,178)	(884,204)	5,106,259,628	(16,555,774,979)
Selling and distribution expenses	(2,840,201,184)	(489,854,239)	(697,956,495)	(575,848,356)	(146,570,735)	(118,403,493)	-	-	-	(4,868,834,502)
Interest income	45,849,724	12,373,953	39,018,141	6,265,791	1,511,571	4,635,120	529,875,446	71,651,640	(174,505,758)	536,675,628
Interest expenses	(8,484,139)	(5,485,241)	(13,263,541)	(14,372,342)	-	(7,007,431)	(177,927,522)	-	212,832,740	(13,707,476)
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	16,615,487	-	16,615,487
Credit impairment reversals/ (losses)	599,920	(11,751)	83,992	(35,309)	41,689	(121,635)	(1,314,203)	31,329,200	(29,260,295)	1,311,608
Asset impairment losses	(20,037,878)	(36,624,812)	(17,235,063)	(71,720,811)	(1,414,190)	-	-	(265,895,228)	265,895,228	(147,032,754)
Depreciation and amortisation	(501,197,452)	(175,975,595)	(203,899,533)	(176,651,183)	(38,375,206)	(2,167,699)	(789,594)	(54,371,300)	-	(1,153,427,562)
Total profit/(losses)	1,710,475,167	107,792,928	704,434,989	(411,273,768)	(93,378,218)	137,468,140	436,289,364	(415,139,857)	203,098,121	2,379,766,866
Income tax expense	(401,796,078)	(31,774,318)	(179,442,288)	(7,206,103)	(65,280,582)	(33,887,537)	(108,722,066)	-	9,353,560	(818,755,412)
Net profit/(losses)	1,308,679,089	76,018,610	524,992,701	(418,479,871)	(158,658,800)	103,580,603	327,567,298	(415,139,857)	212,451,681	1,561,011,454
Total assets	13,138,710,670	3,861,847,288	6,419,278,995	3,135,373,614	823,900,170	664,201,416	14,250,644,362	7,184,406,255	(15,403,097,765)	34,075,265,005
Total liabilities	8,203,497,988	1,844,903,684	4,246,256,703	2,507,581,724	510,101,122	767,959,169	12,343,083,381	283,948,367	(15,322,018,520)	15,385,313,618
Non-cash expenses other than depreciation and amortisation	14,246,903	388,238	7,151,885	129,248	17,657	-	-	-	-	21,933,931
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	370,486,200	-	370,486,200
Additions of non-current assets (i)	200,000,596	70,198,196	294,318,614	68,736,251	24,466,859	2,041,653	1,963,349	49,521,471	(3,644,021)	707,602,968

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 7 Segment information (continued)

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

Revenue from external customers	2019	2018
Mainland China	27,265,576,602	25,905,104,057
Hong Kong and Macau SAR	207,720,222	217,980,681
Other overseas regions	510,463,539	452,170,467
	27,983,760,363	26,575,255,205
	<b>31 December</b>	31 December
Total non-current assets	2019	2018
Mainland China	14,840,360,043	15,096,502,165
Hong Kong and Macau SAR	14,569,922	10,837,256
	14,854,929,965	15,107,339,421

### 8 Related parties and related party transactions

#### (1) Information of subsidiaries

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

#### (2) Information of the joint venture and associates

Except for the information of the joint venture and associates disclosed in Note 6(2), the other associates having related parties transactions with the Group are set out below:

Company name	Relationship with the Group
Beijing Sales Company	Associate
Guangzhou General Agency	Associate

#### (3) Information of other related parties

	Relationship with the Group
Tsingtao Brewery Group Co., Ltd. ("Tsingtao Group")	Majority shareholder of the Company
Fosun Group (i)	Majority shareholder of the Company
Asahi Group Holdings Co., Ltd ("Asahi Group") (i)	Previous majority shareholder of the Company
Asahi Breweries, Ltd. ("Asahi Breweries") (i)	Subsidiary of Asahi Group
Asahi Beer (China) Investment Co., Ltd. ("Asahi Investment") (i)	Subsidiary of Asahi Group

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (3) Information of other related parties (continued)

- (i) As at 20 December 2017, Asahi Group with 5 subsidiaries of Fosun International Co., Ltd. (“Fosun Group”) signed the share transfer agreement, and would transfer 243,108,236 H shares of the Company (approximately 17.99% of the Company’s share capital) to Fosun Group. On the same day, Asahi Group signed an equity transfer agreement with Tsingtao Group and its subsidiary Hong Kong Xinhaisheng Investment Development Co., Ltd. (“Xinhaisheng”), and would transfer 27,019,600 H shares of the Company (approximately 1.99% of the Company’s share capital) to Xinhaisheng. As at 19 March 2018, the share transfer agreement mentioned above has been completed. Fosun Group becomes major shareholder of the Company and Asahi Group holds no shares in the Company. The related transaction amount among Asahi Breweries, Asahi Investment and the Group for the Year ended 31 December 2018 stated in Note 8(4) is the amount incurred from 1 January 2018 to 19 March 2018. The transactions of Asahi Breweries, Asahi Investment, and Yantai Asahi with the Group during the period from 1 January 2018 to 19 March 2018 are continuing connected transactions disclosed in compliance with the requirements of Chapter 14A of Hong Kong Stock Exchange Securities Listing Rules.

#### (4) Related party transactions

##### (a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	2019	2018
Yantai Asahi	Purchase of beer	Mutually-agreed prices and approval by Board of Directors	807,111,315	717,560,149
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices	353,616,218	324,637,095
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices	233,887,370	237,263,366
			<u>1,394,614,903</u>	<u>1,279,460,610</u>

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

Name of related party	Nature of transaction	Pricing policies	2019	2018
European Company	Sale of beer and materials	Mutually-agreed prices	61,230,276	59,150,974
Liaoning Shenqing	Sale of beer and materials	Mutually-agreed prices	50,152,598	48,931,229
Asahi Breweries	Sales and commissioned processing of beer	Mutually-agreed prices and approval by Board of Directors	—	6,337,902
Asahi Investment	Sales and commissioned processing of beer	Mutually-agreed prices and approval by Board of Directors	—	1,428,027
			<u>111,382,874</u>	<u>115,848,132</u>



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (4) Related party transactions (continued)

##### (c) Absorbed deposits from related parties

	2019	2018
Yantai Asahi	<u>896,360,183</u>	<u>828,770,259</u>

##### (d) Interest expense paid to related parties

	2019	2018
Yantai Asahi	<u>58,792</u>	<u>47,171</u>

##### (e) Financial services fee received from related parties

	2019	2018
Yantai Asahi	<u>14,893</u>	<u>15,193</u>

##### (f) Key management compensation

	2019	2018
Key management compensation paid	<u>9,841,929</u>	<u>7,531,337</u>

(g) For the year ended 31 December 2019 and 2018, there is no loan provided to the key management from the Group.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (5) Receivable and payable balances with related parties

Receivables from related parties:

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
	European Company	10,142,225	-	9,201,895	-
	Guangzhou General Agency	9,690	(9,690)	509,690	(509,690)
		<u>21,397,699</u>	<u>(11,255,474)</u>	<u>20,957,369</u>	<u>(11,755,474)</u>

Payables to related parties:

		31 December 2019	31 December 2018
Accounts payable	Yantai Asahi	100,272,419	78,478,233
	Hebei Jiahe Company	2,576,355	4,521,725
		<u>102,848,774</u>	<u>82,999,958</u>
Other payables	Zhaoshang Logistics	47,745,380	47,400,051
	Yantai Asahi	19,566,363	18,625,074
		<u>67,311,743</u>	<u>66,025,125</u>
Contract liabilities	Liaoning Shenqing	26,666,144	28,071,401
	European Company	-	103,538
		<u>26,666,144</u>	<u>28,174,939</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Benefits and interests of directors

##### (a) Directors' and CEO's emoluments

The remuneration paid to every director, supervisor and CEO for the year ended 31 December 2019 are set out below:

Name	Emoluments in respect of a person's services as a director				Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary, bonus, and allowance	Social pension	Housing funds		
Executive directors:						
Huang Kexing	-	699,568	54,715	27,816	-	782,099
Fan Wei	-	610,002	54,715	27,816	-	692,533
Yu Zhuming	-	543,940	54,715	27,816	-	626,471
Wang Ruiyong	-	511,672	54,715	27,816	-	594,203
Non-executive director:						
Tang Bin (i)	-	-	-	-	-	-
Independent directors:						
Yu Zengbiao	120,000	-	-	-	-	120,000
Ben Shenglin	120,000	-	-	-	-	120,000
Jiang Min	120,000	-	-	-	-	120,000
Jiang Xinglu	120,000	-	-	-	-	120,000
Supervisors:						
Li Gang	120,000	-	-	-	-	120,000
Wang Yaping	80,000	-	-	-	-	80,000
Li Yan	80,000	-	-	-	-	80,000
Yu Jiaping	-	555,305	54,715	27,816	-	637,836
Sun Lihong	-	426,700	54,715	27,816	-	509,231
Xing Jun (ii)	-	256,533	36,944	16,916	-	310,393
Yao Yu	-	-	-	-	-	-
	<u>760,000</u>	<u>3,603,720</u>	<u>365,234</u>	<u>183,812</u>	-	<u>4,912,766</u>

(i) Resigned from non-executive director on July 16, 2019.

(ii) Resigned from employee supervisor on August 28, 2019.

In 2019, the executive directors (including Huang Kexing, Fan Wei, Yu Zhuming and Wang Ruiyong) and the supervisors (including Yu Jiaping, Sun Lihong and Xing Jun) have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Benefits and interests of directors (continued)

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

The remuneration paid to every director, supervisor and CEO for the year ended 31 December 2018 are set out below:

Name	Emoluments in respect of a person's services as a director				Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary, bonus, and allowance	Social pension	Housing funds		
Executive directors:						
Huang Kexing (i)	-	565,700	55,961	22,074	-	643,735
Fan Wei (ii)	-	509,057	55,961	22,074	-	587,092
Yu Zhuming	-	461,140	55,961	22,074	-	539,175
Wang Ruiyong (iii)	-	450,642	55,961	22,074	-	528,677
Sun Mingbo (iv)	-	403,435	27,981	10,608	-	442,024
Non-executive director:						
Yasutaka Sugiura (xi)	-	-	-	-	-	-
Tang Bin (v)	-	-	-	-	-	-
Independent directors:						
Yu Zengbiao	120,000	-	-	-	-	120,000
Ben Shenglin	120,000	-	-	-	-	120,000
Jiang Min	120,000	-	-	-	-	120,000
Wang Xuezheng (vi)	60,000	-	-	-	-	60,000
Jiang Xinglu (vii)	60,000	-	-	-	-	60,000
Supervisors:						
Li Gang	120,000	-	-	-	-	120,000
Wang Yaping	80,000	-	-	-	-	80,000
Li Yan	80,000	-	-	-	-	80,000
Yu Jiaping (viii)	-	450,642	55,961	22,074	-	528,677
Sun Lihong	-	393,839	55,961	22,074	-	471,874
Xing Jun	-	352,214	55,961	22,074	-	430,249
Xue Chaoshan (ix)	-	255,100	27,981	10,608	-	293,689
Yao Yu (x)	-	-	-	-	-	-
Ryoichi Kitagawa (xi)	-	-	-	-	-	-
	760,000	3,841,769	447,689	175,734	-	5,225,192

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Benefits and interests of directors *(continued)*

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

- (i) Appointed as chairman and resigned from president of the Company on 17 May 2018.
- (ii) Appointed as president of the Company on 17 May 2018.
- (iii) Appointed as executive director on 28 June 2018.
- (iv) Resigned from chairman on 17 May 2018.
- (v) Appointed as non-executive director on 28 June 2018 and did not receive emoluments from the Company.
- (vi) Resigned from independent director on 28 June 2018.
- (vii) Appointed as independent director on 28 June 2018.
- (viii) Appointed as the supervisor of employees on 28 June 2018.
- (ix) Resigned from the supervisor of employees on 28 June 2018.
- (x) Appointed as the supervisor of shareholders on 28 June 2018 and did not receive emoluments from the Company.
- (xi) In 2018, the non-executive director, Yasutaka Sugiura, and the supervisor of shareholders, Ryoichi Kitagawa, did not receive emoluments from the Company. As it stated in Note 8(3)(i), Asahi Group has no longer been a shareholder of the Company since 19 March 2018, and Yasutaka Sugiura and Ryoichi Kitagawa resigned on the same day.

In 2018, the executive directors (including Huang Kexing, Fan Wei, Yu Zhuming, Wang Ruiyong and Sun Mingbo) and the supervisors (including Yu Jiaping, Sun Lihong, Xing Jun and Xue Chaoshan) have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Benefits and interests of directors (continued)

- (b) For the year ended 31 December 2019, there are no termination benefits for the directors (2018: nil).
- (c) For the year ended 31 December 2019, there is no consideration provided to third parties for obtaining available directors' services (2018: nil).
- (d) For the year ended 31 December 2019, there are no loans and quasi-loans in favour of directors, controlled body corporate of directors and connected entities of directors, and no guarantee or security provided to directors, controlled body corporate of directors and connected entities of directors (2018: nil).
- (e) No significant transactions, arrangements or contracts in related to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2019 (2018:nil).

#### (7) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three directors and one supervisor (2018: three directors) whose emoluments are reflected in the analysis shown in the table above. The emoluments paid to the remaining one (2018: two) during the year is listed below:

	2019	2018
Salary, bonus and allowance	3,313,800	2,910,073
Social pension	54,715	111,923
Housing funds	27,816	44,148
	<u>3,396,331</u>	<u>3,066,144</u>
	<b>Number of individuals</b>	
	2019	2018

Emoluments bands:

HKD500,000 — 1,000,000 (equivalent to approximately RMB440,000 — 890,000)	-	1
HKD2,500,000 — 3,000,000 (equivalent to approximately RMB2,240,000 — 2,680,000)	-	1
HKD3,000,000 — 4,000,000 (equivalent to approximately RMB2,680,000 — 3,580,000)	1	-

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 9 Commitments

#### (1) Capital commitments

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

	31 December 2019	31 December 2018
Buildings, machinery and equipment	<u>200,519,703</u>	<u>208,567,730</u>

#### (2) Operating lease commitments

As at 22 November 2019, the Company entered into an equity transfer agreement with Shandong Huashi Beer Co., Ltd. (“Huashi Beer”). According to the agreement, the Company intended to accept Huashi Beer’s 35% minority stake in Lulansa Company at the price of RMB241,818,181. After the completion of the transaction, the Company’s shareholding in Lulansa Company will increase from 55% to 90%. As at 31 December 2019, the above transfer transaction has not been completed and the Company has not made any payment for the equity transfer.

### 10 Events after the balance sheet date

#### (1) Dividends distribution

As is stated in Note 4(38), in accordance with the resolution at the Board of Directors’ meeting dated on 27 March 2020, the Board of Directors proposed a dividend to the shareholders, which is not recorded as liability in the financial statements for the current year.

#### (2) The completion of Lulansa Company’s equity transaction

As at 1 January 2020, the business change procedures for the equity transaction stated in Note 9(2) were completed.

#### (3) The impact of the outbreak of COVID-19

The outbreak of COVID-19 occurred in late January 2020. Up to the date of the approval of this financial statement, the Group’s resumption of work and production is generally good, but the continuous prevention and control work has caused certain negative impact on the Group’s product sales. The Group will pay close attention on the development of the pandemic, continue to assess the extent of its impact and take active response measures.

#### (4) The Restricted A Share Incentive Plan (Proposal)

As at 23 March 2020, the Company’s Board of Directors reviewed and adopted the “Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited (Proposal)”. The proposal has been approved by the state-owned assets supervision and administration commission of the people’s government of Qingdao and is pending for the review and approval by the Company’s General Meeting of shareholders, A-share category shareholder meeting and H-share category shareholder meeting.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 11 Operating lease receipts after the balance sheet date

As the lessor, the undiscounted cash amount of lease receivables after the balance sheet date is summarized as follows:

	31 December 2019
Within one year	3,193,636
1 to 2 years	3,341,040
2 to 3 years	3,091,040
3 to 4 years	3,134,040
4 to 5 years	1,800,000
More than 5 years	9,000,000
	<u>23,559,756</u>

### 12 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (primarily foreign exchange risk, interest rate risk and other price risk). The financial risk mentioned above and risk management policies adopted by the Group to reduce the risk are as follows:

The Board of Directors is responsible for planning and establishing risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has developed risk management policies to identify and analyse risks faced by the Group. These risk management policies explicitly stipulate specific risks, covering the management of market risks, credit risks, liquidity risk and many other aspects. The Group assesses the changes of market environment and the Group's operating activities regularly to determine whether the policies and systems of risk management should be updated. The Group's risk management is launched by relevant departments in accordance with the policies approved by the board of directors. These departments identifies, evaluates and avoids related risks through close cooperation with other business departments of the Group. Internal audit department of the Group conducts regular inspections on the control and procedures of risk management, and reports the result to the audit committee of the Group.

#### (1) Market risk

##### (a) Foreign exchange risk

The Group's major operational activities are carried out in mainland China and a majority of the transactions are denominated in RMB. The Group has recognized foreign exchange risk from foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in dollars). The Group's head office is responsible for monitoring the amount of assets and liabilities and transactions denominated in foreign currencies to minimise the foreign exchange risk. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. For the year ended 31 December 2019 and 2018, the Group did not enter into any forward exchange contracts or currency swap contracts.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 12 Financial instrument and risk (continued)

#### (1) Market risk (continued)

##### (a) Foreign exchange risk (continued)

As at 31 December 2019 and 2018, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarised as below:

	31 December 2019		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	176,341,385	37,422,818	213,764,203
Receivables	60,166,202	18,840,024	79,006,226
	<u>236,507,587</u>	<u>56,262,842</u>	<u>292,770,429</u>
Financial liabilities denominated in foreign currency —			
Other payables	4,871,529	-	4,871,529
Current portion of non-current liabilities	-	418,360	418,360
Long-term borrowings	-	209,180	209,180
	<u>4,871,529</u>	<u>627,540</u>	<u>5,499,069</u>
31 December 2018			
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	251,420,625	72,732,157	324,152,782
Receivables	34,522,562	10,785,101	45,307,663
	<u>285,943,187</u>	<u>83,517,258</u>	<u>369,460,445</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings	5,088,418	-	5,088,418
Current portion of non-current liabilities	-	420,320	420,320
Long-term borrowings	-	630,480	630,480
	<u>5,088,418</u>	<u>1,050,800</u>	<u>6,139,218</u>

As at 31 December 2019, for various financial assets and liabilities denominated in USD with a recording currency of RMB, if USD had strengthened or weakened by 4% against the RMB while all other variables had been held constant, the Group's net profit for the year would have been approximately 6,949,000 (31 December 2018: 8,426,000) higher or lower.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 12 Financial instrument and risk *(continued)*

#### (1) Market risk *(continued)*

##### *(b) Interest rate risk*

The Group's interest rate risk arises from interest bearing debts such as long-term bank borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2019 and 2018, as the long-term bank borrowings are all interest-free and immaterial(Note 4(28)), there is no material interest rate risk in the view of the directors of the Group.

The Group's head office continuously monitors the interest rate position of the Group. Increase in interest rate will increase the cost of new interest-bearing borrowings and interest payments on the Group's outstanding interest-bearing debt at floating rate and therefore could have an adverse impact on the Group's financial performance. The management of the Group will make timely adjustments according to the latest market conditions. The directors of the Company are of the view that future interest rate changes will not have a material adverse impact on the Group's operating performance.

As at 31 December 2019, if the borrowing rate calculated at the floating rate rose or fell by 50 basis points and other factors remained unchanged, the Group's net profit would decrease or increase by approximately RMB832,000 (31 December 2018: approximately RMB927,000).

##### *(c) Other price risk*

Other price risk of the Group mainly arises from the investment of equity instruments, where risk of price changes exists. As at 31 December 2019 and 31 December 2018, the amount of equity instruments of the Group is insignificant, and the directors of the Company consider that there is no significant price risk.

#### (2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable and other receivables etc. At the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit exposure.

The Group expects that there is no significant credit risk associated with cash at bank considering they are deposited at joint-stock commercial banks with high credit rating. Management does not expect that there will be any significant credit losses from non-performance by these counterparties.

Sales are mainly settled by advances from customers, and accordingly, there is no significant credit risk related to customers.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 12 Financial instrument and risk (continued)

#### (2) Credit risk (continued)

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable and other receivables etc. The Group assesses the credit quality of and sets credit limits on its dealers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the dealers is regularly monitored by the Group. In respect of dealers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2019, the Group holds no significant collateral and other credit enhancements because of the debtor's mortgage.

#### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's head office. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term borrowings	273,459,028	-	-	-	273,459,028
Notes payable	220,825,323	-	-	-	220,825,323
Accounts payable	2,167,178,181	-	-	-	2,167,178,181
Other payables	2,424,857,501	-	-	-	2,424,857,501
Current portion of non-current liabilities	22,770,590	-	-	-	22,770,590
Long-term borrowings	-	209,180	-	-	209,180
Lease liability	-	16,559,450	20,695,887	7,610,159	44,865,496
	<b>5,109,090,623</b>	<b>16,768,630</b>	<b>20,695,887</b>	<b>7,610,159</b>	<b>5,154,165,299</b>

	31 December 2018			
	Within 1 year	1 to 2 years	2 to 5 years	Total
Short-term borrowings	298,371,360	-	-	298,371,360
Notes payable	326,075,937	-	-	326,075,937
Accounts payable	2,246,348,607	-	-	2,246,348,607
Other payables	2,112,963,113	-	-	2,112,963,113
Current portion of non-current liabilities	420,320	-	-	420,320
Long-term borrowings	-	420,320	210,160	630,480
	<b>4,984,179,337</b>	<b>420,320</b>	<b>210,160</b>	<b>4,984,809,817</b>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 12 Financial instrument and risk (continued)

#### (3) Liquidity risk (continued)

Bank borrowings are analysed by repayment terms as follows:

	31 December 2019	31 December 2018
Within 1 year	271,324,991	296,575,920
1 to 2 years	209,180	420,320
2 to 5 years	-	210,160
	<u>271,534,171</u>	<u>297,206,400</u>

### 13 Fair value estimation

The level of fair value measurement is determined by the lowest level of inputs which has significant impact on fair value measurement, as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

As at 31 December 2019, the assets measured at fair value on a recurring basis are analysed below:

	Level 1	Level 3	Total
Financial assets held for trading			
— Fund investment	127,203,255	-	127,203,255
Financial assets held for trading			
— Wealth management products	-	1,396,589,764	1,396,589,764
Financial assets held for trading			
— Equity instrument investment	-	600,000	600,000
	<u>127,203,255</u>	<u>1,397,189,764</u>	<u>1,524,393,019</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 13 Fair value estimation (continued)

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

As at 31 December 2018, the assets measured at fair value on a recurring basis are analysed below:

	Level 1	Level 3	Total
Financial assets held for trading			
— Fund investment	156,238,354	-	156,238,354
Financial assets held for trading			
— Wealth management products	-	1,046,306,137	1,046,306,137
Financial assets held for trading			
— Equity instrument investment	-	600,000	600,000
	<u>156,238,354</u>	<u>1,046,906,137</u>	<u>1,203,144,491</u>

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. There was no transfer between level 1 and 2 during this year.

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

	31 December 2018	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss (a)	31 December 2019	Assets still held on 31 December 2019 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2019 — Profit or loss from changes in fair value
Financial assets						
— Wealth management products	<u>1,046,306,137</u>	<u>1,757,000,000</u>	<u>(1,431,306,137)</u>	<u>58,997,282</u>	<u>1,396,589,764</u>	<u>24,589,764</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 13 Fair value estimation (continued)

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

	1 January 2018	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss (a)	31 December 2018	Assets still held on 31 December 2018 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2018 — Profit or loss from changes in fair value
Financial assets						
— Wealth management products	628,145,315	1,600,000,000	(1,208,145,315)	50,564,927	1,046,306,137	26,306,137

- (a) Gains recognized in the current profit and loss are included in the income statement under the items of profit arising from changes in fair value and investment income respectively.

For the level 3 financial assets stated above, the management evaluates and determines its fair value based on the future cash flow.

#### (2) Assets and liabilities not measured at fair value but disclosed at fair value

Financial assets and financial liabilities of the Group measured at amortised cost mainly represent notes receivable, accounts receivable, other receivables, debt investment, short-term borrowings, payables and long-term borrowings etc. The difference between the carrying amount and fair value of those financial assets and liabilities not measured by fair value is small.

The fair value of long-term borrowings is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, which belongs to level 3.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 14 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

For the year ended 31 December 2019, the Group's strategy, which was unchanged from the prior year, was to maintain the cash balance above a certain standard to meet the Group's business development needs. Cash balance is calculated as cash and cash equivalents less total borrowings (including short-term borrowings, current portion of non-current liabilities and long-term borrowings). The cash balance as at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cash and cash equivalents	<u>14,557,393,355</u>	<u>11,653,288,328</u>
<i>Less:</i> Short-term borrowings	(270,906,631)	(296,155,600)
Current portion of non-current liabilities	(418,360)	(420,320)
Long-term borrowings	<u>(209,180)</u>	<u>(630,480)</u>
	<u>(271,534,171)</u>	<u>(297,206,400)</u>
Cash balance after deducting borrowings	<u>14,285,859,184</u>	<u>11,356,081,928</u>

### 15 Notes to the Company's financial statements

#### (1) Account receivable

	31 December 2019	31 December 2018
Accounts receivable	1,247,712,732	1,172,669,870
<i>Less:</i> Provision for bad debts	<u>(56,476,414)</u>	<u>(61,483,751)</u>
	<u>1,191,236,318</u>	<u>1,111,186,119</u>

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

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (1) Account receivable (continued)

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

	31 December 2019	31 December 2018
Within 1 year	916,296,744	877,370,179
1 to 2 years	96,447,540	125,801,728
2 to 3 years	83,484,921	74,871,197
3 to 4 years	69,839,383	18,726,221
4 to 5 years	12,909,771	10,582,155
Over 5 years	68,734,373	65,318,390
	<u>1,247,712,732</u>	<u>1,172,669,870</u>

(b) As at 31 December 2019, the top five accounts receivable are analysed as follows:

	Amount	Provision of bad debts	% of total balance
Total amount of the top five accounts receivable	<u>533,751,681</u>	-	43%

(c) As at 31 December 2019, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2018: nil).

#### (d) Provision for bad debts

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

(i) As at 31 December 2019, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed as follows:

	Ending balance	Lifetime ECL ratio	Provision for bad debts	Reason
Beijing Sales Company	11,245,784	100%	(11,245,784)	Notes 4(4)(d)
Guangzhou General Agency	<u>9,690</u>	100%	<u>(9,690)</u>	Notes 4(4)(d)
	<u>11,255,474</u>		<u>(11,255,474)</u>	



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (1) Account receivable (continued)

##### (d) Provision for bad debts (continued)

- (ii) As at 31 December 2019, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Subsidiaries

As at 31 December 2019, accounts receivable from subsidiaries of the Company is 1,140,724,706. The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Group — Dealers

	31 December 2019			31 December 2018		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	50,026,027	-	-	44,375,282	-	-
Overdue within 1 year	511,142	5%	(25,557)	1,042,594	5%	(52,130)
Overdue 2 years or more	45,195,383	100%	(45,195,383)	49,676,147	100%	(49,676,147)
	<u>95,732,552</u>		<u>(45,220,940)</u>	<u>95,094,023</u>		<u>(49,728,277)</u>

- (iii) The provision for bad debts increased in the current year is 29,537. The collecting or reversal of provisions for bad debts is 5,036,874, the corresponding carrying amount is 6,027,338. In the current year, there is no accounts receivable written off.

#### (2) Other receivables

	31 December 2019	31 December 2018
Dividends receivable from subsidiaries	589,000,000	403,880,000
Receivables from subsidiaries	52,780,900	117,446,821
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Reservation fund	10,624,210	11,643,526
Receivables on materials and waste materials	3,830,593	3,651,496
Guarantee deposits	3,790,015	2,785,573
Interests receivable	-	31,132,653
Others	23,644,873	22,854,498
	<u>701,112,238</u>	<u>610,836,214</u>
Less: Provision for bad debts	<u>(39,269,385)</u>	<u>(42,090,211)</u>
	<u>661,842,853</u>	<u>568,746,003</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (2) Other receivables (continued)

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

	31 December 2019	31 December 2018
Not overdue	661,722,841	568,411,960
Overdue within 1 year	62,263	320,262
Overdue 1-2 years	121,724	59,588
Overdue 2 years or more	39,205,410	42,044,404
	<u>701,112,238</u>	<u>610,836,214</u>

##### (b) Movement in provision for losses and carrying amount

	Stage one		Stage three		Total
	Next 12 months ECL (Group)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2018	379,850	(45,807)	42,044,404	(42,044,404)	(42,090,211)
Increase in the current year	593,692	(105,176)	-	(563,118)	(668,294)
Reversals in the current year	(203,663)	64,234	(1,489,989)	1,489,989	1,554,223
Written off in the current year	-	-	(1,934,897)	1,934,897	1,934,897
Transfer to stage three	(585,892)	22,774	585,892	(22,774)	-
<b>31 December 2019</b>	<u>183,987</u>	<u>(63,975)</u>	<u>39,205,410</u>	<u>(39,205,410)</u>	<u>(39,269,385)</u>

As at 31 December 2019, the Company has no other receivables in stage two. The analysis of other receivables in stage one and stage three is as follows:

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (2) Other receivables (continued)

##### (b) Movement in provision for losses and carrying amount (continued)

- (i) As at 31 December 2019, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follows:

Stage three	Ending balance	ECL ratio for the next 12 months	Provision for bad debts	Reason
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4(6)
Receivables from other entities	21,763,763	100%	(21,763,763)	Note 4(6)
	<u>39,205,410</u>		<u>(39,205,410)</u>	

- (ii) As at 31 December 2019 and 31 December 2018, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2019			31 December 2018		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Guarantee deposits	12,438	(6,219)	5%-50%	12,438	(622)	5%-50%
Receivables from other entities	<u>171,549</u>	<u>(57,756)</u>	5%-50%	<u>367,412</u>	<u>(45,185)</u>	5%-50%
	<u>183,987</u>	<u>(63,975)</u>		<u>379,850</u>	<u>(45,807)</u>	

- (c) The provision for bad debts recognized in the current year is 668,294. The collecting or reversal of provision for bad debts is 1,554,223, and its corresponding carrying amount is 1,693,652.

- (d) In the current year, carrying amount and bad debt of other receivables of 1,934,897 were written off.

- (e) As at 31 December 2019, the top five other receivables are analysed as follows:

Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1 Payment on behalf for social security	21,437,680	More than 5 years	3%	-
No.2 Payment on behalf for recycling bottles	13,218,283	Within 2 years	2%	-
No.3 Payment on behalf for recycling bottles	10,803,025	1-2 years	2%	-
No.4 Receivables of refundable cost of land	8,584,437	More than 5 years	1%	(8,584,437)
No.5 Payment on behalf of others	<u>4,022,410</u>	More than 5 years	1%	<u>(4,022,410)</u>
	<u>58,065,835</u>		<u>9%</u>	<u>(12,606,847)</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (3) Inventories

	31 December 2019			31 December 2018		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	334,080,493	-	334,080,493	229,241,812	-	229,241,812
Packaging materials	94,401,515	(662,025)	93,739,490	46,757,337	(662,025)	46,095,312
Low-value consumables	27,190,531	-	27,190,531	32,890,074	-	32,890,074
Work in progress	93,098,557	-	93,098,557	77,389,896	-	77,389,896
Finished goods	892,265,471	-	892,265,471	661,406,182	-	661,406,182
	<u>1,441,036,567</u>	<u>(662,025)</u>	<u>1,440,374,542</u>	<u>1,047,685,301</u>	<u>(662,025)</u>	<u>1,047,023,276</u>

#### (4) Debt investment

	31 December 2019	31 December 2018
Entrusted loans to subsidiaries	254,000,000	158,300,000
Plus: Interest on debt investment	325,489	—
Less: Debt investment impairment provisions	<u>(91,000,000)</u>	<u>(55,000,000)</u>
	<u>163,325,489</u>	<u>103,300,000</u>

The entrusted loans to subsidiaries are unsecured RMB loans provided by the Company through banks and Finance Company, with annual interest of 3.92% and quarterly payment.

#### (5) Long-term equity investments

	31 December 2019	31 December 2018
Subsidiaries (a)	11,589,837,675	10,988,857,675
Joint venture (b)	230,912,855	228,842,662
Associates (c)	<u>144,432,126</u>	<u>141,542,145</u>
	<u>11,965,182,656</u>	<u>11,359,242,482</u>
Less: Provision for impairment of long-term equity investments (d)	<u>(1,512,953,287)</u>	<u>(1,260,373,287)</u>
	<u>10,452,229,369</u>	<u>10,098,869,195</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

## (5) Long-term equity investments (continued)

## (a) Subsidiaries

	31 December 2018	Movements in the current year		31 December 2019	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (ii)
		Increased investment	Decreased investment				
Shenzhen Asahi	126,746,680	-	-	126,746,680	-	-	75,990,000
Chenzhou Company	62,601,208	-	-	62,601,208	-	-	-
Huanan Sales Company	45,070,000	-	-	45,070,000	-	-	-
Huanan Holding Company	208,790,000	-	-	208,790,000	-	-	-
Huadong Holding Company	96,855,102	-	-	96,855,102	-	(96,855,102)	-
Shouguang Company	60,000,000	-	-	60,000,000	-	-	-
Five Star Company	24,656,410	-	-	24,656,410	-	(24,656,410)	-
Three Ring Company	69,457,513	-	-	69,457,513	-	(69,457,513)	-
Beifang Sales Company	83,984,000	-	-	83,984,000	-	(83,984,000)	-
Xi'an Company	392,627,114	-	-	392,627,114	-	-	300,000,000
Weinan Company	14,000,000	-	-	14,000,000	-	-	-
Anshan Company	30,000,000	-	-	30,000,000	-	-	-
Xingkaihu Company	199,430,000	-	-	199,430,000	-	(129,430,000)	-
Mishan Company	118,520,000	-	-	118,520,000	-	(118,520,000)	-
Harbin Company	213,540,000	-	-	213,540,000	-	(109,940,000)	-
Penglai Company	30,000,000	-	-	30,000,000	-	(30,000,000)	-
Rongcheng Company	65,103,434	-	-	65,103,434	-	(65,103,434)	-
Import/Export Company	11,210,000	-	-	11,210,000	-	-	-
Tsingtao Brewery (Laoshan) Co., Ltd.	18,089,491	-	-	18,089,491	-	-	-
Hong Kong Company	41,728,681	-	-	41,728,681	-	-	-
Kai Fa Company (Note 5(1))	1,320,000	-	(1,320,000)	-	1,320,000	-	-
Taizhou Company	60,000,000	-	-	60,000,000	-	-	-
Maanshan Company	80,000,000	-	-	80,000,000	-	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	5,760,000	-	-	-
Dongnan Sales Company	293,088,560	-	-	293,088,560	-	-	-
Changsha Company	47,600,000	-	-	47,600,000	-	-	-
Jinan Company	560,000,000	-	-	560,000,000	-	-	60,000,000
Guangrunlong Logistics	16,465,405	-	-	16,465,405	-	-	-
Chengdu Company	280,000,000	-	-	280,000,000	-	-	-

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (5) Long-term equity investments (continued)

##### (a) Subsidiaries (continued)

	31 December 2018	Movements in the current year		31 December 2019	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (ii)
		Increased investment	Decreased investment				
Cultural							
Communication							
Company	5,290,000	-	-	5,290,000	-	-	-
Rizhao Company	339,239,300	-	-	339,239,300	-	-	44,000,000
Weifang Company	73,620,001	-	-	73,620,001	-	-	-
Dezhou Company	21,730,001	-	-	21,730,001	-	-	19,000,000
Construction Company	2,490,000	-	-	2,490,000	-	-	-
Langfang Company	79,090,000	-	-	79,090,000	-	-	-
Heze Company	124,590,000	-	-	124,590,000	-	(51,301,600)	-
Tengzhou Company	48,310,000	-	-	48,310,000	-	-	-
Tsingtao Brewery							
(Shanghai) Co., Ltd.	1,570,000	-	-	1,570,000	-	-	-
Wuhu Company (i)	219,290,000	55,000,000	-	274,290,000	(55,000,000)	(274,290,000)	-
Shanghai Sales							
Company	97,300,000	-	-	97,300,000	-	(47,300,000)	-
Chengyang Sales							
Company	8,000,000	-	-	8,000,000	-	-	127,510,000
Shijiazhuang Company	321,010,000	-	-	321,010,000	-	-	65,000,000
Taiyuan Company	200,000,000	-	-	200,000,000	-	-	50,000,000
Finance Company(i)	500,000,000	500,000,000	-	1,000,000,000	-	-	-
Immense Brewery							
Company	1,404,558,400	-	-	1,404,558,400	-	-	-
Hangzhou Company	186,000,000	-	-	186,000,000	-	-	13,700,000
Jieyang Company	150,000,000	-	-	150,000,000	-	-	3,758,423
Beverage Company	30,044,252	-	-	30,044,252	-	-	-
Shaoguan Company	200,000,000	-	-	200,000,000	-	-	-
Electronic Commerce	8,000,000	-	-	8,000,000	-	-	-
Jiujiang Company	180,000,000	-	-	180,000,000	-	-	6,750,000
Xuzhou Enterprise							
Management	10,000,000	-	-	10,000,000	-	(10,000,000)	-
Pingdu Sales Company	5,000,000	-	-	5,000,000	-	-	270,000,000
Luoyang Company	200,000,000	-	-	200,000,000	-	-	50,000,000
Shanghai Industrial							
Company	200,895,228	-	-	200,895,228	-	(200,895,228)	-
Luzhou Company	118,460,956	-	-	118,460,956	-	-	-

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (5) Long-term equity investments (continued)

##### (a) Subsidiaries (continued)

	31 December 2018	Movements in the current year		31 December 2019	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (ii)
		Increased investment	Decreased investment				
Harbin Sales (Note 5(1))	1,100,000	-	(1,100,000)	-	1,100,000	-	-
Zhangjiakou Company (i)	151,600,000	48,400,000	-	200,000,000	-	-	-
Lulansa Company	317,374,000	-	-	317,374,000	-	-	16,324,927
Huangshi Company	163,630,000	-	-	163,630,000	-	-	31,000,000
Yingcheng Company	42,070,000	-	-	42,070,000	-	-	-
Hanzhong Company	26,297,900	-	-	26,297,900	-	-	-
Shanghai Investing Company	1,920,654,039	-	-	1,920,654,039	-	-	-
Yangzhou Company	100,000,000	-	-	100,000,000	-	-	-
Suqian Company	75,000,000	-	-	75,000,000	-	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd. (Yangpu Company)	200,000,000	-	-	200,000,000	(200,000,000)	(200,000,000)	-
	<u>10,988,857,675</u>	<u>603,400,000</u>	<u>(2,420,000)</u>	<u>11,589,837,675</u>	<u>(252,580,000)</u>	<u>(1,511,733,287)</u>	<u>1,133,033,350</u>

(i) According to the decision of the board of directors of the Company, the Company increased investment of 500,000,000 in cash in Finance Company, investment of 55,000,000 in cash in Wuhu Company and investment of 48,400,000 in cash in Zhangjiakou Company.

(ii) The cash dividends declared this year are distributed to all shareholders of the Company.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (5) Long-term equity investments (continued)

##### (b) Joint venture

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

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

##### (c) Associates

	Movements in the current year				31 December 2019	Balance of provision for impairment at end of year
	31 December 2018	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Asahi	128,559,087	8,462,433	-	(9,044,897)	127,976,623	-
Zhaoshang Logistics	11,672,943	3,499,875	8,183	-	15,181,001	-
Liaoning Shenqing	90,115	(35,613)	-	-	54,502	-
Others	1,220,000	-	-	-	1,220,000	(1,220,000)
	141,542,145	11,926,695	8,183	(9,044,897)	144,432,126	(1,220,000)

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

##### (d) Provision for impairment of long-term equity investments

	31 December 2018	Increase in the current year	Written off in the current year	31 December 2019
Subsidiaries (i)	(1,259,153,287)	(255,000,000)	2,420,000	(1,511,733,287)
Associates	(1,220,000)	-	-	(1,220,000)
	(1,260,373,287)	(255,000,000)	2,420,000	(1,512,953,287)

- (i) In 2019, long-term equity investments of the Company in Yangpu Company and Wuhu Company are recognized impairment provision of 200,000,000 and 55,000,000 respectively.



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

## (6) Fixed assets

	31 December 2019	31 December 2018
Fixed assets (a)	<b>2,075,154,087</b>	2,082,283,504
Fixed assets pending for disposal (b)	<b>78,223</b>	48,211
	<b>2,075,232,310</b>	2,082,331,715

## (a) Fixed assets

## 2019

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2018	1,208,401,607	2,472,258,226	94,222,901	360,007,570	4,134,890,304
Increase in the current year					
Purchase	-	6,030,104	1,519,233	30,105,926	37,655,263
Transfer from construction in process	18,784,633	178,497,083	-	-	197,281,716
Decrease in the current year					
Disposal	(559,404)	(38,464,606)	(5,475,697)	(40,356,103)	(84,855,810)
Transfer to construction in process	(3,263,334)	(60,183,027)	-	-	(63,446,361)
<b>31 December 2019</b>	<b>1,223,363,502</b>	<b>2,558,137,780</b>	<b>90,266,437</b>	<b>349,757,393</b>	<b>4,221,525,112</b>

## Accumulated depreciation

31 December 2018	(314,708,975)	(1,366,257,687)	(64,621,966)	(274,060,401)	(2,019,649,029)
Increase in the current year — accrual					
	(31,940,103)	(127,374,099)	(6,323,695)	(29,980,055)	(195,617,952)
Decrease in the current year					
Disposal	253,674	27,746,863	5,166,935	38,015,754	71,183,226
Transfer to construction in process	2,280,257	27,399,839	-	-	29,680,096
<b>31 December 2019</b>	<b>(344,115,147)</b>	<b>(1,438,485,084)</b>	<b>(65,778,726)</b>	<b>(266,024,702)</b>	<b>(2,114,403,659)</b>

## Provision for impairment

31 December 2018	(1,618,803)	(31,034,322)	(260,530)	(44,116)	(32,957,771)
Increase in the current year — accrual					
	-	(9,289,789)	-	-	(9,289,789)
Decrease in the current year — disposal					
	-	10,169,709	66,369	44,116	10,280,194
<b>31 December 2019</b>	<b>(1,618,803)</b>	<b>(30,154,402)</b>	<b>(194,161)</b>	<b>-</b>	<b>(31,967,366)</b>

## Carrying amount

<b>31 December 2019</b>	<b>877,629,552</b>	<b>1,089,498,294</b>	<b>24,293,550</b>	<b>83,732,691</b>	<b>2,075,154,087</b>
31 December 2018	892,073,829	1,074,966,217	29,340,405	85,903,053	2,082,283,504

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Fixed assets (continued)

##### (a) Fixed assets (continued)

2018

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2017	1,203,704,309	2,522,824,906	97,232,221	353,338,209	4,177,099,645
Increase in the current year					
Purchase	-	2,953,920	1,887,989	18,682,271	23,524,180
Transfer from construction in process	49,934,642	60,840,643	-	-	110,775,285
Decrease in the current year					
Disposal	(19,475,230)	(19,861,336)	(4,897,309)	(12,012,910)	(56,246,785)
Transfer to construction in process	(25,762,114)	(94,499,907)	-	-	(120,262,021)
31 December 2018	1,208,401,607	2,472,258,226	94,222,901	360,007,570	4,134,890,304
Accumulated depreciation					
31 December 2017	(310,256,594)	(1,327,144,141)	(62,387,419)	(253,226,869)	(1,953,015,023)
Increase in the current year — accrual					
	(30,689,888)	(126,897,523)	(6,478,072)	(31,958,770)	(196,024,253)
Decrease in the current year					
Disposal	13,316,335	12,804,995	4,243,525	11,125,238	41,490,093
Transfer to construction in process	12,921,172	74,978,982	-	-	87,900,154
31 December 2018	(314,708,975)	(1,366,257,687)	(64,621,966)	(274,060,401)	(2,019,649,029)
Provision for impairment					
31 December 2017	(1,618,803)	(27,637,298)	(781,541)	(30,521)	(30,068,163)
Increase in the current year — accrual					
	-	(9,211,030)	(9,152)	(44,117)	(9,264,299)
Decrease in the current year — disposal					
	-	5,814,006	530,163	30,522	6,374,691
31 December 2018	(1,618,803)	(31,034,322)	(260,530)	(44,116)	(32,957,771)
Carrying amount					
31 December 2018	892,073,829	1,074,966,217	29,340,405	85,903,053	2,082,283,504
31 December 2017	891,828,912	1,168,043,467	34,063,261	100,080,819	2,194,016,459

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (6) Fixed assets (continued)

##### (a) Fixed assets (continued)

For the year ended 31 December 2019, the Company's fixed assets with carrying amount of 33,766,265 (cost of 63,446,361, accumulated depreciation of 29,680,096) are transferred to construction in progress to be upgraded due to the requirements of technology renewal.

As at 31 December 2019, there are no fixed assets pledged as collateral for borrowings (31 December 2018: nil).

For the year ended 31 December 2019, accrued depreciation of fixed assets are 195,617,952 (2018: 196,024,253), of which 170,207,032, 2,894,416, 20,135,709 and 2,380,795 (2018: 170,017,815, 3,152,458, 20,206,797 and 2,647,183) have been charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses respectively.

The cost of fixed assets transferred from construction in progress amounts to 197,281,716 (2018: 110,775,285).

As at 31 December 2019, the ownership certificates of certain fixed assets (buildings) with carrying amount of approximately 35,414,000 have not been obtained by the Company (31 December 2018: 25,866,000) (Note 4(11)(a)).

##### (b) Fixed assets pending for disposal

	31 December 2019	31 December 2018
Machinery and equipment	<u>78,223</u>	<u>48,211</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (7) Intangible assets

##### 2019

	Land use rights	Trademarks	Marketing networks	Software and others	Total
Original cost					
31 December 2018	262,351,986	190,345,726	320,907,803	398,919,109	1,172,524,624
Increase in the current year — purchase	-	-	-	41,550,302	41,550,302
Decrease in the current year — disposal	(9,008,800)	-	-	(32,479)	(9,041,279)
<b>31 December 2019</b>	<b>253,343,186</b>	<b>190,345,726</b>	<b>320,907,803</b>	<b>440,436,932</b>	<b>1,205,033,647</b>
Accumulated amortisation					
31 December 2018	(76,952,037)	(122,374,023)	(245,511,611)	(199,103,809)	(643,941,480)
Increase in the current year — accrual	(5,257,170)	(83,644)	(18,660,075)	(34,876,681)	(58,877,570)
Decrease in the current year — disposal	4,759,649	-	-	32,479	4,792,128
<b>31 December 2019</b>	<b>(77,449,558)</b>	<b>(122,457,667)</b>	<b>(264,171,686)</b>	<b>(233,948,011)</b>	<b>(698,026,922)</b>
Carrying amount					
<b>31 December 2019</b>	<b>175,893,628</b>	<b>67,888,059</b>	<b>56,736,117</b>	<b>206,488,921</b>	<b>507,006,725</b>
31 December 2018	185,399,949	67,971,703	75,396,192	199,815,300	528,583,144

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (7) Intangible assets (continued)

2018

	Land use rights	Trademarks	Marketing networks	Software and others	Total
Original cost					
31 December 2017	277,450,986	190,345,726	320,907,803	362,696,253	1,151,400,768
Increase in the current year — purchase	-	-	-	36,222,856	36,222,856
Decrease in the current year — disposal	(15,099,000)	-	-	-	(15,099,000)
31 December 2018	262,351,986	190,345,726	320,907,803	398,919,109	1,172,524,624
Accumulated amortisation					
31 December 2017	(79,080,146)	(110,690,380)	(213,420,830)	(166,545,969)	(569,737,325)
Increase in the current year — accrual	(5,471,721)	(11,683,643)	(32,090,781)	(32,557,840)	(81,803,985)
Decrease in the current year — disposal	7,599,830	-	-	-	7,599,830
31 December 2018	(76,952,037)	(122,374,023)	(245,511,611)	(199,103,809)	(643,941,480)
Carrying amount					
31 December 2018	185,399,949	67,971,703	75,396,192	199,815,300	528,583,144
31 December 2017	198,370,840	79,655,346	107,486,973	196,150,284	581,663,443

For the year ended 31 December 2019, the amortisation amount of intangible assets is 58,877,570 (2018: 81,803,985).

As at 31 December 2019, there are no intangible assets pledged as collateral for borrowings (31 December 2018: nil).

For the year ended 31 December 2019, research and development expenditures of 21,088,710 (2018: 19,755,502) are recognized in profit or loss.

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (8) Provision for asset impairment and loss

##### 2019

	31 December 2018	Increase in the current year	Decrease in the current year		31 December 2019
			Reversal	Written-off	
Provision for bad debt of accounts receivable	61,483,751	29,537	(5,036,874)	-	<b>56,476,414</b>
Including: Provision for bad debt recognized individually	11,755,474	-	(500,000)	-	<b>11,255,474</b>
Provision for bad debt recognized on grouping basis	49,728,277	29,537	(4,536,874)	-	<b>45,220,940</b>
Provision for bad debt of other receivables	42,090,211	668,294	(1,554,223)	(1,934,897)	<b>39,269,385</b>
Provision for bad debt of debt investment	<u>55,000,000</u>	<u>36,000,000</u>	<u>-</u>	<u>-</u>	<b><u>91,000,000</u></b>
Subtotal	<u>158,573,962</u>	<u>36,697,831</u>	<u>(6,591,097)</u>	<u>(1,934,897)</u>	<b><u>186,745,799</u></b>
Provisions for impairment of inventory	662,025	-	-	-	<b>662,025</b>
Provisions for impairment of long- term equity investment	1,260,373,287	255,000,000	-	(2,420,000)	<b>1,512,953,287</b>
Provisions for impairment of fixed assets	<u>32,957,771</u>	<u>9,289,789</u>	<u>-</u>	<u>(10,280,194)</u>	<b><u>31,967,366</u></b>
Subtotal	<u>1,293,993,083</u>	<u>264,289,789</u>	<u>-</u>	<u>(12,700,194)</u>	<b><u>1,545,582,678</u></b>
	<u>1,452,567,045</u>	<u>300,987,620</u>	<u>(6,591,097)</u>	<u>(14,635,091)</u>	<b><u>1,732,328,477</u></b>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (8) Provision for asset impairment and loss (continued)

2018

	31 December 2017	Changes in accounting policies	1 January 2018	Increase in the current year	Decrease in the current year		31 December 2018
					Reversal	Written-off	
Provision for bad debt of notes receivable and accounts receivable	63,420,030	-	63,420,030	63,721	(2,000,000)	-	61,483,751
Including: Provision for bad debt recognized individually	13,755,474	-	13,755,474	-	(2,000,000)	-	11,755,474
Provision for bad debt recognized on grouping basis	49,664,556	-	49,664,556	63,721	-	-	49,728,277
Provision for bad debt of other receivables	41,975,857	-	41,975,857	1,088,260	(973,906)	-	42,090,211
Provision for bad debt of long- term receivables	85,500,000	(85,500,000)	-	-	-	-	-
Provision for bad debt of debt investment	—	85,500,000	85,500,000	3,000,000	(33,500,000)	-	55,000,000
Provision for bad debt of available-for-sale financial assets	4,385,261	(4,385,261)	—	—	—	—	—
Subtotal	195,281,148	(4,385,261)	190,895,887	4,151,981	(36,473,906)	-	158,573,962
Provisions for impairment of inventory	662,025	—	662,025	-	-	-	662,025
Provisions for impairment of long-term equity investment	994,478,059	—	994,478,059	265,895,228	-	-	1,260,373,287
Provisions for impairment of fixed assets	30,068,163	—	30,068,163	9,264,299	-	(6,374,691)	32,957,771
Subtotal	1,025,208,247	—	1,025,208,247	275,159,527	-	(6,374,691)	1,293,993,083
	1,220,489,395	(4,385,261)	1,216,104,134	279,311,508	(36,473,906)	(6,374,691)	1,452,567,045

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (9) Capital surplus

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Share premium	4,190,058,186	-	-	<b>4,190,058,186</b>
Other capital surplus —	116,567,442	8,183	-	<b>116,575,625</b>
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,204,646)	8,183	-	<b>(10,196,463)</b>
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	<b>123,006,624</b>
Others	3,765,464	-	-	<b>3,765,464</b>
	<u>4,306,625,628</u>	<u>8,183</u>	<u>-</u>	<u><b>4,306,633,811</b></u>
	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Share premium	4,190,058,186	-	-	4,190,058,186
Other capital surplus —	116,562,642	4,800	-	116,567,442
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,209,446)	4,800	-	(10,204,646)
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,306,620,828</u>	<u>4,800</u>	<u>-</u>	<u>4,306,625,628</u>



## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (10) Other comprehensive income

	Changes arising from re-measurement of defined benefit plan liabilities
31 December 2017	(26,869,000)
Movement for the year ended 31 December 2018	<u>(21,613,000)</u>
31 December 2018	<u>(48,482,000)</u>
Movement for the year ended 31 December 2019	<u>1,037,000</u>
<b>31 December 2019</b>	<b><u>(47,445,000)</u></b>

#### (11) Undistributed profits

	2019	2018
Undistributed profits at the beginning of the year	7,320,371,233	7,149,822,495
Add: Net profit in the current year	817,388,912	737,961,512
Less: Ordinary shares dividends payable	<u>(648,471,742)</u>	<u>(567,412,774)</u>
Undistributed profits at the end of the year	<u>7,489,288,403</u>	<u>7,320,371,233</u>

The dividends actual paid for the year ended 31 December 2019, and the dividends proposed but not paid at the end of the year are disclosed in Note 4(38).

#### (12) Revenue and cost of sales

	2019	2018
Revenue from main operation (a)	18,850,719,128	17,381,291,814
Revenue from other operations (b)	<u>1,318,912,380</u>	<u>1,303,865,330</u>
	<u>20,169,631,508</u>	<u>18,685,157,144</u>
	2019	2018
Cost of main operation (a)	(14,761,378,309)	(13,690,582,706)
Cost of other operations (b)	<u>(1,281,598,273)</u>	<u>(1,258,142,264)</u>
	<u>(16,042,976,582)</u>	<u>(14,948,724,970)</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (12) Revenue and cost of sales (continued)

##### (a) Revenue and cost of main operation

	2019		2018	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	<u>18,850,719,128</u>	<u>(14,761,378,309)</u>	<u>17,381,291,814</u>	<u>(13,690,582,706)</u>

##### (b) Revenue and cost of other operations

	2019		2018	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of raw materials	<u>1,308,701,829</u>	<u>(1,273,359,981)</u>	<u>1,294,188,935</u>	<u>(1,252,195,245)</u>
Others	<u>10,210,551</u>	<u>(8,238,292)</u>	<u>9,676,395</u>	<u>(5,947,019)</u>
	<u>1,318,912,380</u>	<u>(1,281,598,273)</u>	<u>1,303,865,330</u>	<u>(1,258,142,264)</u>

#### (13) Expenses by nature

The costs of sales, selling and distribution expenses, general and administrative expenses and research and development expenses classified by nature are as follows:

	2019	2018
Finished goods purchased from outside	<u>10,892,542,802</u>	10,285,233,588
Raw materials, packaging materials and consumables used	<u>4,732,844,709</u>	4,317,989,115
Employee benefits expenses	<u>1,980,172,553</u>	1,784,104,476
Handling and transportation expenses	<u>1,042,085,097</u>	992,167,967
Advertising related expenses	<u>771,417,572</u>	682,827,400
Depreciation and amortisation charges	<u>267,234,566</u>	279,533,224
Administrative expenses	<u>122,565,000</u>	128,496,999
Repair expenses	<u>83,514,430</u>	77,747,979
Operating lease payments	<u>43,197,112</u>	53,124,512
Labour expenses	<u>28,969,435</u>	23,007,705
Auditors' remuneration — audit service	<u>8,094,340</u>	8,094,340
Changes in inventories of finished goods, work in progress and materials on consignment for further processing	<u>(246,567,950)</u>	(275,750,714)
Other expenses	<u>95,574,345</u>	<u>98,558,610</u>
	<u>19,821,644,011</u>	<u>18,455,135,201</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (14) Finance expenses

	2019	2018
Interest income	(166,807,682)	(75,798,516)
Exchange (gains)/losses	(6,944,968)	4,036,304
Discounting impact of the long-term employee benefits payable	10,864,239	11,719,956
Interest expense on lease liabilities	1,092,495	—
Others	2,094,006	2,833,363
	<u>(159,701,910)</u>	<u>(57,208,893)</u>

#### (15) Credit impairment losses

	2019	2018
(Reversals)/losses of bad debts of accounts receivable	(5,007,337)	(1,936,279)
(Reversals)/losses of bad debts of other receivables	(885,929)	114,354
Losses/(Reversals) of impairment losses of debt investment	36,000,000	(30,500,000)
	<u>30,106,734</u>	<u>(32,321,925)</u>

#### (16) Asset impairment losses

	2019	2018
Impairment losses of long-term equity investments	255,000,000	265,895,228
Impairment losses of fixed assets	9,289,789	9,264,299
	<u>264,289,789</u>	<u>275,159,527</u>

## Notes to Financial Statements

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

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

#### (17) Investment income

	2019	2018
Investment income from long-term equity investment accounted for using the cost method (a)	1,083,223,227	1,137,050,010
Investment income from long-term equity investment accounted for using the equity method	19,996,888	16,323,543
Interest income from debt investment	8,880,679	7,313,432
	<u>1,112,100,794</u>	<u>1,160,686,985</u>

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

(a) Investment income from long-term equity investment accounted for using the cost method is the profit distribution declared by subsidiaries (Note 15(5)(a)).

#### (18) Income tax expense

	2019	2018
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	108,566,032	90,842,368
Deferred income tax	(59,444,319)	(109,989,519)
	<u>49,121,713</u>	<u>(19,147,151)</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the Company's financial statements to the income tax expense is as below:

	2019	2018
Total profit	866,510,625	718,814,361
Income tax expense calculated at applicable tax rates	216,627,656	179,703,590
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	39,116,263	29,865,983
Income not subject to tax	(276,670,437)	(289,546,806)
Impact of utilisation of previously unrecognized deferred tax assets	(2,380,939)	(9,234,497)
Deductible temporary differences of currently unrecognized deferred tax assets	72,429,170	70,064,579
Income tax expense	<u>49,121,713</u>	<u>(19,147,151)</u>

## Supplementary Information

For the year ended 31 December 2019

(All amounts in RMB Yuan unless otherwise stated)

### 1 Summary of non-recurring profit or loss

	2019	2018
Government grants recognized in current profit or loss	602,897,696	523,897,869
Net profit or loss on disposal of non-current assets	59,170,551	10,339,068
Reversal of impairment provision for accounts receivable which impairment is provided individually	500,000	2,000,000
Employee arrangement expenses arising from land acquisition	(46,555,963)	-
Employee arrangement expenses arising from capacity integration	-	(47,589,503)
Other non-operating income and expenses other than aforesaid items	29,021,000	1,478,900
	<u>645,033,284</u>	<u>490,126,334</u>
Impact of income tax expense	(112,892,874)	(96,951,792)
Impact on the non-controlling interests, net of tax	(27,018,105)	(24,717,449)
	<u>505,122,305</u>	<u>368,457,093</u>

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

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

### 2 Return on net assets and earnings per share

	Earnings per share					
	Weighted average return on net assets		Basic earnings per share			
	2019	2018	2019	2018	2019	2018
Net profit attributable to ordinary shareholders of the Company	9.97%	8.10%	1.371	1.053	1.371	1.053
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7.25%	6.00%	0.997	0.780	0.997	0.780

## 釋義 Definitions

本報告中，除非文義另有所指，下列詞語具有下述含義：

In this Report, the following expressions have the following respective meanings set adjacent below, unless the context requires otherwise:

公司、本公司、青島啤酒	指	青島啤酒股份有限公司	Company, the Company, Tsingtao Brewery	Means	Tsingtao Brewery Company Limited
本集團	指	本公司及其附屬公司	the Group	Means	the Company and its subsidiaries
董事會	指	本公司董事會	the Board	Means	Board of Directors of the Company
青啤集團	指	青島啤酒集團有限公司	Tsingtao Group	Means	Tsingtao Brewery Group Company Limited
青島市國資委	指	青島市人民政府國有資產監督管理委員會	SASACQ	Means	State-owned Assets Supervision & Administration Commission of the People's Government of Qingdao
朝日集團	指	日本朝日集團控股株式會社	Asahi Group	Means	Asahi Group Holdings Ltd.
朝日啤酒	指	日本朝日啤酒株式會社	Asahi Breweries	Means	Asahi Breweries, Ltd.
朝日投資公司	指	朝日啤酒(中國)投資有限公司	Asahi Investment	Means	Asahi Beer (China) Investment Co., Ltd.
上交所	指	上海證券交易所	SSE	Means	Shanghai Stock Exchange
香港聯交所	指	香港聯合交易所有限公司	the Stock Exchange	Means	The Stock Exchange of Hong Kong Limited
普華永道中天	指	普華永道中天會計師事務所(特殊普通合夥)	PwC Zhong Tian	Means	PricewaterhouseCoopers Zhong Tian LLP
審計委員會	指	本公司第九屆董事會審計與內控委員會	Audit Committee	Means	Audit & Internal Control Committee under the 9th session of the Board
戰略委員會	指	本公司第九屆董事會戰略與投資委員會	Strategy Committee	Means	Strategy & Investment Committee under the 9th session of the Board
報告期	指	本公司截至2019年12月31日止年度	Reporting Period	Means	The year ended 31 December 2019
《標準守則》	指	《上市發行人董事進行證券交易的標準守則》	Model Code	Means	Model Code for Securities Transactions by Directors of Listed Issuers
《上市規則》	指	《香港聯合交易所有限公司證券上市規則》	Listing Rules	Means	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
《公司章程》	指	青島啤酒股份有限公司章程	Articles of Association	Means	Articles of Association of the Company
青啤財務公司	指	青島啤酒財務有限責任公司	Tsingtao Finance Company	Means	Tsingtao Brewery Finance LLC
青啤香港	指	青島啤酒香港貿易有限公司	Tsingtao HK	Means	Tsingtao Brewery Hong Kong Trade Company Limited
復星集團	指	復星國際有限公司旗下五家實體公司	Fosun Group	Means	five entity companies under Fosun International Limited
復星國際	指	復星國際有限公司	Fosun International Limited	Means	Fosun International Limited
台州公司	指	青島啤酒(台州)有限公司	Taizhou Company	Means	Tsingtao Brewery (Taizhou) Company Limited
綠蘭莎啤酒	指	山東綠蘭莎啤酒有限公司	Lulansa Beer	Means	Shandong Lu Lan Sa Beer Co., Ltd.
華獅啤酒	指	山東華獅啤酒有限公司	Huashi Beer	Means	Shandong Huashi Beer Co., Ltd.

## 公司資料 Company Information

- |  |  |
|--|--|
| 1. 中文名稱：青島啤酒股份有限公司   | 1. English Name: Tsingtao Brewery Company Limited  |
| 2. 法定代表人：黃克興   | 2. Legal Representative: HUANG Ke Xing   |
| 3. 公司秘書：張瑞祥<br>聯繫地址：山東省青島市<br>東海西路35號<br>青啤大廈<br>1106室<br>董事會秘書室   | 3. Company Secretary: Zhang Rui Xiang<br>Address: Secretarial Office of the Board<br>Room 1106 Tsingtao Beer Tower<br>No. 35 Donghai West Road,<br>Qingdao,<br>Shandong Province   |
| 郵政編碼：266071  | Postal Code: 266071  |
| 電話：86-532-85713831   | Tel: 86-532-85713831   |
| 傳真：86-532-85713240   | Fax: 86-532-85713240   |
| 4. 註冊地址：山東省青島市登州路56號<br>辦公地址：山東省青島市<br>東海西路35號青啤大廈<br>郵政編碼：266071<br>公司網址：www.tsingtao.com.cn<br>電子信箱：info@tsingtao.com.cn | 4. Registered Address: No. 56, Dengzhou Road,<br>Qingdao, Shandong Province<br>Business Address: Tsingtao Beer Tower,<br>No.35 Donghai West Road,<br>Qingdao, Shandong Province<br>Postal Code: 266071<br>Company Website: www.tsingtao.com.cn<br>E-mail: info@tsingtao.com.cn |
| 5. 公司股票上市交易所：<br>A股：上海證券交易所<br>股票簡稱：青島啤酒<br>代碼：600600<br>H股：香港聯合交易所<br>股票簡稱：青島啤酒<br>代碼：00168                               | 5. Stock Exchanges on which the Company's shares are listed:<br>A share: Shanghai Stock Exchange<br>Stock Name: 青島啤酒<br>Stock Code: 600600<br>H share: The Stock Exchange of Hong Kong Limited<br>Stock Name: TSINGTAO BREW<br>Stock Code: 00168                               |
| 6. 未上市股票託管機構：中國證券登記結算有限責任公司上海分公司   | 6. Custodian of unlisted shares:<br>Shanghai Branch of China Securities Depository and Clearing Corporation Limited  |
| 7. 會計師事務所：普華永道中天會計師事務所(特殊普通合夥)，地址為上海市黃浦區湖濱路202號領展企業廣場2座普華永道中心11樓   | 7. Auditor: PricewaterhouseCoopers Zhong Tian LLP at 11/F PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai  |
| 8. 法律顧問：<br>(1) 胡關李羅律師行，地址為香港中環康樂廣場1號怡和大廈26樓<br><br>(2) 北京市海問律師事務所，地址為北京市朝陽區東三環中路5號財富金融中心20層                               | 8. Legal advisers:<br>(1) Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong<br><br>(2) Haiwen & Partners at 20th Floor, Fortune Finance Center, No. 5 Dong San Huan Road Central, Chaoyang District, Beijing                               |



青島啤酒

**2019**  
**ANNUAL REPORT**  
年度報告

青島啤酒股份有限公司  
TSINGTAO BREWERY CO., LTD.



掃一掃  
關注官方微信