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TSINGTAO BREWERY COMPANY LIMITED

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

(Stock Code: 168)

2021 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Tsingtao Brewery Company Limited (the "Company") hereby presents the preliminary consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Reporting Period") extracted from the audited consolidated financial statements of the Group prepared in accordance with the China Accounting Standards for Business Enterprises.

1. FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

Consolidated Balance Sheet

	Note	**31 December 2021**	31 December 2020
ASSETS			
Current assets			
Cash at bank and on hand		**14,597,590,313**	18,466,880,608
Financial assets held for trading		**2,778,400,866**	1,888,862,835
Notes receivable		**200,000**	5,648,580
Accounts receivable	*2*	**124,729,816**	119,506,428
Advances to suppliers		**227,987,238**	239,884,336
Other receivables		**674,818,381**	73,893,587
Inventories		**3,492,997,857**	3,281,033,526
Other current assets		**7,061,894,939**	552,409,778
Total current assets		**28,958,619,410**	24,628,119,678
Non-current assets			
Long-term equity investments		**366,040,084**	374,333,837
Other non-current financial assets		**600,000**	600,000
Investment properties		**25,694,960**	27,183,434
Fixed assets		**10,148,833,313**	10,302,628,630
Construction in progress		**762,289,882**	339,805,369
Right-of-use assets		**167,762,564**	168,329,047
Intangible assets		**2,480,748,549**	2,503,842,988
Goodwill		**1,307,103,982**	1,307,103,982
Long-term prepaid expenses		**127,033,797**	86,258,334
Deferred tax assets		**2,131,373,398**	1,718,307,625
Other non-current assets		**86,904,552**	57,672,911
Total non-current assets		**17,604,385,081**	16,886,066,157
TOTAL ASSETS		**46,563,004,491**	41,514,185,835

Consolidated Balance Sheet *(continued)*

LIABILITIES AND EQUITY	*Note*	31 December 2021	31 December 2020
Current liabilities			
Short-term borrowings		**245,780,575**	703,273,054
Notes payable		**170,028,474**	149,491,592
Accounts payable	*3*	**3,127,872,424**	2,566,484,737
Contract liabilities		**8,123,275,272**	6,567,320,256
Employee benefits payable	*4*	**2,172,664,930**	1,906,199,446
Taxes payable		**854,042,924**	548,026,847
Other payables		**3,069,741,775**	2,730,994,513
Current portion of non-current liabilities		**48,428,344**	42,089,297
Other current liabilities		**446,808,798**	296,065,856
Total current liabilities		**18,258,643,516**	15,509,945,598
Non-current liabilities			
Lease liabilities		**112,778,668**	115,839,869
Long-term payables		**24,537,343**	462,046,060
Deferred income		**3,210,806,388**	2,899,626,024
Long-term employee benefits payable		**991,149,211**	991,111,582
Deferred tax liabilities		**171,398,023**	167,564,536
Total non-current liabilities		**4,510,669,633**	4,636,188,071
Total liabilities		**22,769,313,149**	20,146,133,669
Equity			
Share capital		**1,364,354,793**	1,364,182,795
Capital surplus		**3,956,209,113**	3,675,291,623
Less: Treasury stock		**(273,189,919)**	(279,576,000)
Other comprehensive income		**(59,632,540)**	(19,851,339)
Surplus reserve		**1,400,704,380**	1,400,704,380
General reserve		**294,853,079**	260,344,554
Undistributed profits	*5*	**16,318,545,692**	14,220,864,502
Total equity attributable to shareholders of the Company		**23,001,844,598**	20,621,960,515
Non-controlling interests		**791,846,744**	746,091,651
Total equity		**23,793,691,342**	21,368,052,166
TOTAL LIABILITIES AND EQUITY		**46,563,004,491**	41,514,185,835

Consolidated Income Statement

	Note	**Year ended 2021**	Year ended 2020
Revenue	*6*	**30,166,805,377**	27,759,710,926
Less: Cost of sales	*6*	**(19,091,130,744)**	(17,951,981,926)
Taxes and surcharges	*7*	**(2,318,835,745)**	(2,219,072,099)
Selling and distribution expenses		**(4,096,874,125)**	(3,573,177,535)
General and administrative expenses		**(1,692,545,246)**	(1,678,050,722)
Research and development expenses		**(30,890,245)**	(21,467,092)
Finance expenses		**243,187,765**	470,921,460
Including: Interest expenses		**(22,685,367)**	(13,662,682)
Interest income		**315,648,307**	524,029,340
Add: Other income		**555,940,452**	517,048,836
Investment income		**186,065,404**	25,243,596
Including: Share of profit of associates and a joint venture		**20,561,728**	18,098,320
Profits arising from changes in fair value (Losses are listed with "–")		**253,436,734**	55,092,634
Credit impairment losses (losses are listed with "–")		**(12,651,673)**	1,574,159
Asset impairment losses (losses are listed with "–")		**(189,060,479)**	(130,553,700)
Gains on disposals of assets (losses are listed with "–")	*8*	**481,507,267**	(5,204,016)
Operating profit		**4,454,954,742**	3,250,084,521
Add: Non-operating income		**32,710,482**	14,586,892
Less: Non-operating expenses		**(8,689,759)**	(25,122,089)
Total profit		**4,478,975,465**	3,239,549,324
Less: Income tax expense	9	**(1,222,731,595)**	(912,580,519)
Net profit		**3,256,243,870**	2,326,968,805
Classified by continuity of operations			
Net profit from continuing operations		**3,256,243,870**	2,326,968,805
Net profit from discontinued operations		–	–
Classified by ownership of the equity			
Attributable to shareholders of the Company		**3,155,455,810**	2,201,323,556
Attributable to non-controlling interests		**100,788,060**	125,645,249
Other comprehensive income, net of tax		**(39,756,980)**	27,496,294
Other comprehensive income attributable to shareholders of the Company, net of tax			
Items that will not be subsequently reclassified to profit or loss			
Changes arising from remeasurement of defined benefit plan		**(43,297,000)**	17,790,000
Items that will be subsequently reclassified to profit or loss			
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss		**(306,770)**	72,326
Currency translation differences		**3,822,569**	9,633,968
Other comprehensive income attributable to non-controlling interests, net of tax		**24,221**	–
Total comprehensive income		**3,216,486,890**	2,354,465,099
Attributable to shareholders of the Company		**3,115,674,609**	2,228,819,850
Attributable to non-controlling interests		**100,812,281**	125,645,249
Earnings per share	*10*		
Basic earnings per share (RMB Yuan)		**2.328**	1.629
Diluted earnings per share (RMB Yuan)		**2.324**	1.627

Note:

1 Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standards and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods 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 on 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.

Significant changes in accounting policies

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

(a) List of Transportation Costs

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

1 Basis of preparation *(continued)*

Significant changes in accounting policies *(continued)*

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

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

2 Accounts receivable

	31 December 2021	31 December 2020
Accounts receivable	**305,736,992**	302,944,075
Less: Provision for bad debts	**(181,007,176)**	(183,437,647)
	124,729,816	119,506,428

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

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

	31 December 2021	31 December 2020
Within 1 year	**124,729,905**	119,520,059
1 to 2 years	**2,050**	12,134
2 to 3 years	–	1,610
3 to 4 years	**1,230**	197,440
4 to 5 years	**65,926**	6,946
Over 5 years	**180,937,881**	183,205,886
	305,736,992	302,944,075

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

3 Accounts payable

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

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

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

4 Employee benefits payable

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

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

5 Dividend

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

Pursuant to the resolution at the Board meeting dated 28 March 2022, the Board proposed a cash dividend of RMB1.10 per share (tax included) to the shareholders of the Company with RMB1,500,790,272, based on a total number of 1,364,354,793 issued shares. Such dividend distribution is subject to the approval at the forthcoming annual general meeting.

6 Revenue and cost of sales

	Year ended 31 December 2021	Year ended 31 December 2020
Revenue from main operation	**29,672,697,265**	27,337,977,919
Revenue from other operations	**494,108,112**	421,733,007
	30,166,805,377	27,759,710,926

	Year ended 31 December 2021	Year ended 31 December 2020
Cost of main operation	**(18,774,779,956)**	(17,647,576,785)
Cost of other operations	**(316,350,788)**	(304,405,141)
	(19,091,130,744)	(17,951,981,926)

7 Taxes and surcharges

	Year ended 31 December 2021	Year ended 31 December 2020
Consumption tax	**1,746,675,547**	1,670,968,049
City maintenance and construction tax	**236,125,669**	224,269,519
Education surcharges	**178,032,865**	169,702,554
Real estate tax	**64,212,810**	57,257,021
Land use tax	**59,328,139**	55,081,454
Stamp duty	**27,378,481**	26,024,477
Others	**7,082,234**	15,769,025
	2,318,835,745	2,219,072,099

8 Gains on disposals of assets

	Year ended 31 December 2021	Year ended 31 December 2020
Losses on disposals of fixed assets	**(92,650,310)**	(8,886,580)
Gains on disposals of intangible assets (i)	**573,550,215**	3,682,564
Gains on disposals of right-of-use assets	**607,362**	–
	481,507,267	(5,204,016)

(i) Gains on disposals of intangible assets mainly includes the disposal of the Company's Yangjiaqun yard land, with the amount of RMB570,529,592. Qingdao Land Reserve and Arrangement Center, Qingdao Shibei District People's Government and Qingdao Beichengfa Industry Development Co., Ltd. signed the "Agreement on Purchase and Store of State-owned Construction Land Use Rights of Qingdao City" with the Company. The compensation of Yangjiaqun yard land in the Shibei Distrcit, Qingdao City will be determined according to the land auction status. As of 31 December 2021, Yangjiaqun yard land and other surrounding land has been sold through online public auction. Based on the final auction price, the compensation is RMB572,797,535, which has not been received as of 31 December 2021. The net book value of Yangjiaqun yard land was RMB2,267,943, and the Company recognized gain on disposal of Yangjiaqun yard land RMB570,529,592.

9 Income tax expense

	Year ended 31 December 2021	Year ended 31 December 2020
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	**1,594,799,457**	1,190,529,816
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	**4,952,893**	1,136,338
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	**(128,631)**	657,402
Deferred income tax	**(376,892,124)**	(279,743,037)
	1,222,731,595	912,580,519

9 Income tax expense *(continued)*

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

	Year ended 31 December 2021	Year ended 31 December 2020
Total profit	**4,478,975,465**	3,239,549,324
Income tax expense calculated at applicable tax rates	**1,117,233,479**	809,445,498
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	**28,006,248**	28,736,725
Income not subject to tax	**(24,038,882)**	(20,076,572)
Utilization of previously unrecognized deferred tax assets due to the influence of deductible tax losses and deductible temporary differences	**(59,424,949)**	(74,776,247)
Deductible temporary differences for which no deferred tax assets were recognized	**76,005,193**	100,917,885
Deductible tax losses for which no deferred tax assets were recognized	**84,950,506**	68,333,230
Income tax expense	**1,222,731,595**	912,580,519

(1) Enterprise income tax

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

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year. Macau profits supplemental tax is imposed on the estimated taxable profit for the year at a progressive rate scale ranging from 3% to 12%. Vietnam corporate income tax has been provided at the rate of 20% on the estimated assessable profit for the year.

10 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:

	Year ended 31 December 2021	Year ended 31 December 2020
Consolidated net profit attributable to shareholders of the Company	**3,155,455,810**	2,201,323,556
Less: Cash dividend of restricted stocks expected to be vested in the future	**(10,028,999)**	–
Consolidated net profit attributable to ordinary shareholders of the Company	**3,145,426,811**	2,201,323,556
Weighted average numbers of ordinary shares outstanding	**1,350,982,795**	1,350,982,795
Basic earnings per share	**2.328**	1.629
Including:		
— Basic earnings per share from continuing operations:	**2.328**	1.629

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of ordinary shares outstanding. In 2021, the restricted equity incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Consolidated net profit attributable to ordinary shareholders of the Company	**3,155,455,810**	2,201,323,556
Weighted average numbers of ordinary shares outstanding	**1,350,982,795**	1,350,982,795
Weighted average number of ordinary shares increased due to share-based payment	**6,950,904**	1,751,325
Weighted average number of ordinary shares outstanding after dilution	**1,357,933,699**	1,352,734,120
Diluted earnings per share	**2.324**	1.627
Including:		
— Diluted earnings per share from continuing operations:	**2.324**	1.627

11 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 region requires different marketing strategies, and the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

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

The Group identified seven reportable segments as follows:

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

— South China region segment, responsible for the production and distribution in South China region

— North China region segment, responsible for the production and distribution in North China region

— East China region segment, responsible for the production and distribution in East China region

— Southeast China region segment, responsible for the production and distribution in Southeast China region

— Hong Kong, Macau and other overseas region segment, responsible for the distribution 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.

11 Segment information *(continued)*

(a) Segment information as at and for the year ended 31 December 2021 is as follows:

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

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment information *(continued)*

(b) Segment information as at and for the year ended 31 December 2020 is as follows:

	Shandong Region	South China Region	North China Region	East China Region	South-east China Region	Hong Kong, Macau and other overseas Region	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	16,514,342,724	2,445,971,225	4,730,193,364	2,566,634,134	819,697,132	670,599,557	10,436,434	1,836,356	—	27,759,710,926
Inter-segment revenue	2,554,545,983	878,205,837	1,807,540,823	272,961,792	5,306,412	206,394,997	22,637,988	600,767	(5,748,194,599)	—
Cost of sales	(13,437,453,061)	(2,230,111,810)	(4,604,502,728)	(2,085,569,342)	(601,792,813)	(707,958,433)	(50,930)	(980,477)	5,716,437,668	(17,951,981,926)
Selling and distribution expenses	(2,161,829,697)	(437,710,235)	(413,735,063)	(365,291,732)	(129,259,285)	(65,351,523)	—	—	—	(3,573,177,535)
Interest income	61,064,085	19,425,998	48,147,299	8,548,306	1,649,746	1,570,025	312,458,619	213,202,092	(142,036,830)	524,029,340
Interest expenses	(3,062,146)	(4,411,988)	(8,621,039)	(13,424,529)	(271,331)	(6,136,161)	(147,071,155)	—	169,335,667	(13,662,682)
Share of profits of associates and a joint venture	—	—	—	—	—	—	—	18,098,320	—	18,098,320
Credit impairment reversals/(losses)	1,535,791	—	11,622	(43,870)	—	(38,703)	2,087,783	(1,978,464)	—	1,574,159
Asset impairment losses	(30,994,109)	(79,407,712)	(5,905,315)	(5,873,510)	(8,373,054)	—	—	(150,000,000)	150,000,000	(130,553,700)
Depreciation and amortization	(514,285,646)	(174,491,817)	(213,075,320)	(165,971,582)	(34,776,497)	(3,788,374)	(1,298,495)	(55,003,596)	—	(1,162,691,327)
Total profit/(losses)	1,787,432,307	201,421,596	959,522,718	(18,829,435)	(993,069)	75,938,793	250,973,105	(162,737,946)	146,821,255	3,239,549,324
Income tax expense	(504,716,575)	(89,644,639)	(225,014,568)	(11,397,179)	(3,534,677)	(18,847,883)	(61,704,734)	—	2,279,736	(912,580,519)
Net profit/(losses)	1,282,715,732	111,776,957	734,508,150	(30,226,614)	(4,527,746)	57,090,910	189,268,371	(162,737,946)	149,100,991	2,326,968,805
Total assets	15,753,629,994	4,227,865,813	8,308,118,457	3,227,576,541	795,321,511	595,835,038	18,103,764,156	8,386,187,181	(17,884,112,856)	41,514,185,835
Total liabilities	10,630,781,909	1,963,626,854	5,272,901,199	2,839,028,527	574,751,090	626,633,163	15,270,671,528	761,137,287	(17,793,397,888)	20,146,133,669
Non-cash expenses other than depreciation and amortization	15,235,050	906,755	5,493,926	1,103,869	272,704	75,788	—	974,387	—	24,062,479
Long-term equity investments in associates and a joint venture	—	—	—	—	—	—	—	374,333,837	—	374,333,837
Additions of non-current assets *(i)*	904,332,902	115,019,296	365,546,464	175,538,162	18,805,761	919,701	2,236,149	74,690,191	(12,472,257)	1,644,616,369

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment information *(continued)*

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

Revenue from external customers	**Year ended 31 December 2021**	Year ended 31 December 2020
Mainland China	**29,305,534,454**	26,996,914,522
Hong Kong and Macau SAR	**191,195,211**	192,658,422
Other overseas regions	**670,075,712**	570,137,982
	30,166,805,377	27,759,710,926

Total non-current assets	**31 December 2021**	31 December 2020
Mainland China	**15,457,991,487**	15,153,383,039
Hong Kong and Macau SAR	**14,420,196**	13,775,495
	15,472,411,683	15,167,158,534

II. DISCUSSION AND ANALYSIS MADE BY THE MANAGEMENT

(I) Business Performance Review during the Reporting Period

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

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

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

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

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

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

(II) Core Competitiveness Analysis during the Reporting Period

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

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

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

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

(III) Future Prospects

1. Structure and Trend of the Industry

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

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

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

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

2. The Company's Development Strategy

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

3. Business Plan

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

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

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

The Company will build an ecosystem in which multiple business models will be profoundly interconnected, complementary, symbiotic, and mutually beneficial. Based on the "TSINTAO1903" chain business, the Company will endeavor to establish new grounds for brand promotion, consumer experience, and the sale of high-end beer such as fresh beer. Through an immersive experience of consumption scenes, the Company will continue to meet consumers' multi-level needs for individualization, diverse scenes, convenience, and high quality.

The Company will expedite the transformation and upgrading led by digitization as well as promote technological, digital, and intelligent development. Based on the "quality management model based on the charm of end-to-end digital decoding," they will strive to change from product-centered quality to perceived quality centered on consumers' comprehensive feelings.

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

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

4. Potential Business Risks

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

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

III. SHARE CAPITAL

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

IV. FINAL DIVIDEND DISTRIBUTION PROPOSAL

The Board proposes the distribution of the final dividend of the Company for the year ended 31 December 2021, and the amount shall be RMB1.10 per share in cash (taxes included). Any dividend distribution proposal shall be subject to the consideration and approval at the Company's 2021 annual general meeting, and the final dividend is expected to be distributed to the shareholders on 12 August 2022. Information in relation to the period for the closure of register of members for H-share shareholders of the Company would be set out in the notice of annual general meeting to be published by the Company separately.

V. CORPORATE GOVERNANCE

The Company is committed to maintaining a high level of corporate governance. For the year ended 31 December 2021, the Company had complied with the provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the time being in force, except for deviation from Code Provision A.2.1 of the Corporate Governance Code. Since Mr. Fan Wei resigned from the position of Executive Director and President of the Company on 28 February 2020 because of reaching the statutory retirement age, the position of President of the Company is still under negotiation and is temporarily vacant. To ensure normal operation of the Company, the chairman of the Board is acting as the President according to requirements of maintaining a good and stable corporate governance structure of the Company. Details of the corporate governance practices of the Company will be provided in the annual report for 2021.

VI. AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee is subordinated to the Board of Directors in conformity with Rule 3.21 of the Listing Rules. The Group's audited annual financial statements for the fiscal year as at 31 December 2021 have been reviewed and approved by the audit and internal control committee.

VII. AUDITOR' S SCOPE OF WORK

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers Zhong Tian LLP ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this preliminary results announcement.

VIII.SIGNIFICANT EVENTS

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

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

(II) Repurchase and Cancellation of Some Restricted Shares

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

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

(III) Other Significant Events during the Reporting Period

1. Liquidation of a Subsidiary

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

2. Purchase and Storage of Land

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

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

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

3. On 26 March 2021, at the fifteenth meeting of its ninth session of the Board, the following new and expansion projects were considered and approved. Details of the investment and progress of the projects is as follows:

3.1 The feasibility report for Tsingtao Brewery's R&D and innovation base was considered and approved. It was agreed that the Company will establish an innovation base for beer brewing and beverage development in Jimo, Qingdao's Blue Silicon Valley Economic Zone. RMB377,960,000 is the total investment. The Company will establish Tsingtao Brewery Scientific and Technological R&D Center Co., Ltd. as a wholly-owned subsidiary with a registered capital of RMB380,000,000. Land planning has been completed, and the construction permit and land certificate.

3.2 The feasibility report for the Tsingtao Brewery Smart Industry Park's 1.2 million kl expansion project was considered and approved. When completed, the project will add 200,000 kl of capacity per year. RMB584,920,000 is the total investment. Currently, the project is proceeding according to plan.

3.3 The feasibility report for Shandong LuLanSa Beer Co., Ltd.'s 400,000 kl relocation and expansion project was considered and approved. RMB445,100,000 is the total investment. The environmental assessment report was approved during the Reporting Period. The land's administrative procedures have not been completed.

4. On 29 October 2020, at the thirteenth meeting of the ninth session of the Board, the feasibility report for Tsingtao Brewery's West Coast craft beer garden project was considered and approved. It was agreed that a craft beer garden would be built in Qingdao West Coast New Area's Golden Beach Beer City. The project's total investment is approximately RMB250 million. Construction of the project began in February 2021; in January 2022, the brewing equipment was installed and commissioned, and materials were fed into the equipment. In light of the project's expansion and supplementation of operations and future operational requirements, the Board convened an emergency meeting in February 2022 and agreed to invest an additional RMB59,820,000 in the project. The Company will increase the registered capital of Tsingtao Brewery (West Coast) Culture and Tourism Development Co., Ltd by RMB60,000,000.

(IV) OTHERS

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

By Order of the Board
Tsingtao Brewery Company Limited
HUANG Ke Xing
Chairman

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

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

Executive Directors:	*Mr. HUANG Ke Xing (Chairman), Mr. YU Zhu Ming and Mr. WANG Rui Yong*
Non-executive Director:	*Mr. SHI Kun*
Independent Non-executive Directors:	*Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu and Ms. Rania ZHANG*