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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)

### ANNOUNCEMENT OF 2022 INTERIM RESULTS

The board of directors (“the Board”) of Tsingtao Brewery Company Limited (“the Company” or “Company”) is pleased to report the unaudited interim results of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2022 (“the Reporting Period”) made pursuant to the China Accounting Standards for Business Enterprises.

#### 1. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

##### Consolidated Balance Sheet

ASSETS	Note	30 June 2022 (unaudited)	31 December 2021
<b>Current assets</b>			
Cash at bank and on hand		17,587,197,778	14,597,590,313
Financial assets held for trading		7,504,875,436	2,778,400,866
Notes receivable		945,000	200,000
Accounts receivable	2	171,418,869	124,729,816
Advances to suppliers		238,783,629	227,987,238
Other receivables		727,901,212	674,818,381
Inventories		2,353,137,795	3,492,997,857
Other current assets		3,314,638,352	7,061,894,939
<b>Total current assets</b>		<b>31,898,898,071</b>	<b>28,958,619,410</b>
<b>Non-current assets</b>			
Long-term equity investments		367,289,978	366,040,084
Other non-current financial assets		600,000	600,000
Investment properties		25,161,629	25,694,960
Fixed assets		10,838,699,597	10,148,833,313
Construction in progress		507,649,435	762,289,882
Right-of-use assets		166,702,209	167,762,564
Intangible assets		2,426,427,039	2,480,748,549
Goodwill		1,307,103,982	1,307,103,982
Long-term prepaid expenses		111,165,463	127,033,797
Deferred tax assets		2,278,374,975	2,131,373,398
Other non-current assets		148,934,428	86,904,552
<b>Total non-current assets</b>		<b>18,178,108,735</b>	<b>17,604,385,081</b>
<b>TOTAL ASSETS</b>		<b>50,077,006,806</b>	<b>46,563,004,491</b>

## Consolidated Balance Sheet (continued)

<b>LIABILITIES AND EQUITY</b>	<i>Note</i>	<b>30 June 2022 (unaudited)</b>	31 December 2021
<b>Current liabilities</b>			
Short-term borrowings		240,044,457	245,780,575
Notes payable		249,509,119	170,028,474
Accounts payable	3	4,616,023,920	3,127,872,424
Contract liabilities		5,946,220,902	8,123,275,272
Employee benefits payable		2,263,513,045	2,172,664,930
Taxes payable		1,703,089,314	854,042,924
Other payables		5,123,349,904	3,069,741,775
Current portion of non-current liabilities		60,789,448	48,428,344
Other current liabilities		147,363,319	446,808,798
<b>Total current liabilities</b>		<u>20,349,903,428</u>	<u>18,258,643,516</u>
<b>Non-current liabilities</b>			
Lease liabilities		97,569,988	112,778,668
Long-term payables		16,322,766	24,537,343
Deferred income		3,180,574,500	3,210,806,388
Long-term employee benefits payable		945,757,288	991,149,211
Deferred tax liabilities		183,875,641	171,398,023
<b>Total non-current liabilities</b>		<u>4,424,100,183</u>	<u>4,510,669,633</u>
<b>Total liabilities</b>		<u>24,774,003,611</u>	<u>22,769,313,149</u>
<b>Equity</b>			
Share capital		1,364,354,793	1,364,354,793
Capital surplus		4,092,922,042	3,956,209,113
Less: Treasury stock		(258,480,721)	(273,189,919)
Other comprehensive income		(65,316,287)	(59,632,540)
Surplus reserve		1,400,704,380	1,400,704,380
General reserve		294,853,079	294,853,079
Undistributed profits	4	17,669,849,869	16,318,545,692
<b>Total equity attributable to shareholders of the Company</b>		<u>24,498,887,155</u>	<u>23,001,844,598</u>
Non-controlling interests		804,116,040	791,846,744
<b>Total equity</b>		<u>25,303,003,195</u>	<u>23,793,691,342</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>50,077,006,806</u>	<u>46,563,004,491</u>

## Consolidated Income Statement

	Note	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
<b>Revenue</b>	5	<b>19,272,658,300</b>	18,291,160,751
<i>Less:</i> Cost of sales	5	<b>(11,930,613,027)</b>	(11,360,084,206)
Taxes and surcharges	6	<b>(1,320,399,233)</b>	(1,330,624,241)
Selling and distribution expenses		<b>(2,126,216,140)</b>	(2,155,442,052)
General and administrative expenses		<b>(706,308,797)</b>	(711,549,902)
Research and development expenses		<b>(17,002,004)</b>	(8,248,555)
Finance expenses		<b>185,432,485</b>	135,425,576
Including: Interest expenses		<b>(4,675,899)</b>	(11,003,365)
Interest income		<b>204,593,833</b>	172,412,314
<i>Add:</i> Other income		<b>243,796,534</b>	221,466,965
Investment income		<b>111,473,837</b>	59,948,931
Including: Share of profit of associates and a joint venture		<b>19,239,773</b>	18,854,829
Profits arising from changes in fair value (Losses are listed with “-”)		<b>110,885,577</b>	130,474,522
Credit impairment losses (Losses are listed with “-”)		<b>1,810,099</b>	(1,714,712)
Asset impairment losses (Losses are listed with “-”)		<b>(962,720)</b>	(5,826)
Gains on disposals of assets (Losses are listed with “-”)	7	<b>20,770,250</b>	10,654,155
<b>Operating profit</b>		<b>3,845,325,161</b>	3,281,461,406
<i>Add:</i> Non-operating income		<b>4,300,078</b>	9,882,386
<i>Less:</i> Non-operating expenses		<b>(4,520,841)</b>	(483,496)
<b>Total profit</b>		<b>3,845,104,398</b>	3,290,860,296
<i>Less:</i> Income tax expense	8	<b>(936,788,072)</b>	(803,995,081)
<b>Net profit</b>		<b>2,908,316,326</b>	2,486,865,215
<b>Classified by continuity of operations</b>			
Net profit from continuing operations		<b>2,908,316,326</b>	2,486,865,215
Net profit from discontinued operations		-	-
<b>Classified by ownership of the equity</b>			
Attributable to shareholders of the Company		<b>2,852,094,449</b>	2,415,521,329
Attributable to non-controlling interests		<b>56,221,877</b>	71,343,886
<b>Other comprehensive income, net of tax</b>		<b>(5,672,756)</b>	1,450,975
Other comprehensive income attributable to shareholders of the Company, net of tax			
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>(102,868)</b>	(137,707)
Currency translation differences		<b>(5,580,879)</b>	1,588,682
Other comprehensive income attributable to non-controlling interests, net of tax		<b>10,991</b>	-
<b>Total comprehensive income</b>		<b>2,902,643,570</b>	2,488,316,190
Attributable to shareholders of the Company		<b>2,846,410,702</b>	2,416,972,304
Attributable to non-controlling interests		<b>56,232,868</b>	71,343,886
<b>Earnings per share</b>	9		
Basic earnings per share		<b>2.100</b>	1.780
Diluted earnings per share		<b>2.099</b>	1.780

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 “Q&A on the Implementation of Accounting Standards for Business Enterprises”. The Group has prepared the 2021 annual financial statements and the financial statements for the six months ended 30 June 2022 with the above Q&A. The impacts on the financial statements of the Group and the Company for the six months ended 30 June 2021 are as follows.

#### (a) List of Transportation Costs

##### Contents and reasons of the changes of accounting policies

##### The line items affected

##### The amounts affected Six months ended 30 June 2021

Consolidated	Company
(unaudited)	(unaudited)

The Group and the Company reclassified transportation costs, incurred in the course of fulfilling sales contracts, before the control of the goods transferred to the customer, from “Selling and distribution expenses” to “Cost of sales”

Selling and distribution expenses	(1,189,710,255)	(564,473,524)
Cost of sales	1,189,710,255	564,473,524

## 2 Accounts receivable

	<b>30 June 2022</b> <b>(unaudited)</b>	31 December 2021
Accounts receivable	<b>352,364,504</b>	305,736,992
<i>Less: Provision for bad debts</i>	<b>(180,945,635)</b>	(181,007,176)
	<b>171,418,869</b>	124,729,816

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 to dealers.

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

	<b>30 June 2022</b> <b>(unaudited)</b>	31 December 2021
Within 1 year	<b>171,491,624</b>	124,729,905
1 to 2 years	<b>2,050</b>	2,050
3 to 4 years	<b>1,230</b>	1,230
4 to 5 years	<b>65,926</b>	65,926
Over 5 years	<b>180,803,674</b>	180,937,881
	<b>352,364,504</b>	305,736,992

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:

	<b>30 June 2022</b> <b>(unaudited)</b>	31 December 2021
Within 1 year	<b>4,603,245,191</b>	3,116,430,995
1 to 2 years	<b>4,721,822</b>	1,957,747
2 to 3 years	<b>1,894,498</b>	3,068,726
Over 3 years	<b>6,162,409</b>	6,414,956
	<b>4,616,023,920</b>	3,127,872,424

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

#### 4 Dividend

Pursuant to the resolution at the Annual General Meeting dated 28 June 2022, the Company approved a cash dividend of RMB1.10 per share (tax included) to the shareholders of the Company of RMB1,500,790,272 for the year of 2021, based on a total number of 1,364,354,793 shares and the Company paid the cash dividend on 19 July 2022 (2021: 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).

No interim dividend for the six months ended 30 June 2022 has been proposed by the Board (For the six months ended 30 June 2021: nil).

#### 5 Revenue and cost of sales

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Revenue from main operation	<b>19,067,953,700</b>	18,031,065,721
Revenue from other operations	<b>204,704,600</b>	260,095,030
	<b><u>19,272,658,300</u></b>	<b><u>18,291,160,751</u></b>
	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Cost of main operation	<b>(11,807,931,128)</b>	(11,183,329,142)
Cost of other operations	<b>(122,681,899)</b>	(176,755,064)
	<b><u>(11,930,613,027)</u></b>	<b><u>(11,360,084,206)</u></b>

## 6 Taxes and surcharges

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Consumption tax	968,654,742	989,768,837
City maintenance and construction tax	155,931,831	148,689,170
Education surcharges	116,003,091	112,221,175
Real estate tax	31,999,649	31,494,264
Land use tax	28,305,827	30,066,824
Stamp tax	16,185,827	14,852,508
Others	3,318,266	3,531,463
	<u>1,320,399,233</u>	<u>1,330,624,241</u>

## 7 Gains on disposals of assets

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Gains/(Losses) on disposals of fixed assets	17,880,192	(891,001)
Gains on disposals of intangible assets	2,394,093	11,337,200
Gains on disposals of right-of-use assets	495,965	207,956
	<u>20,770,250</u>	<u>10,654,155</u>

## 8 Income tax expense

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,051,988,909	1,061,024,567
Current profits tax calculated according to tax law and related regulations in Hong Kong SAR — Hong Kong profits tax	1,046,702	2,474,238
Current profits supplemental tax calculated according to tax law and related regulations in Macau SAR — Macau profits supplemental tax	228,341	(158,016)
Deferred income tax	(116,475,880)	(259,345,708)
	<u>936,788,072</u>	<u>803,995,081</u>

## 8 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:

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Total profit	<b>3,845,104,398</b>	3,290,860,296
Income tax expense calculated at applicable tax rates	<b>960,519,461</b>	820,899,615
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	<b>12,466,476</b>	17,094,061
Income not subject to tax	<b>(12,244,515)</b>	(13,484,454)
Utilization of previously unrecognized deferred tax assets due to the influence of deductible tax losses and deductible temporary differences	<b>(70,909,122)</b>	(58,165,322)
Deductible temporary differences for which no deferred tax assets were recognized	<b>13,035,605</b>	8,746,820
Deductible tax losses for which no deferred tax assets were recognized	<b>33,920,167</b>	28,904,361
Income tax expense	<b>936,788,072</b>	803,995,081

### (1) 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 period. Macau profits supplemental tax is imposed on the estimated taxable profit for the period 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 period.

### (2) China Enterprise income tax

Some of the Company's subsidiaries incorporated and operated in mainland China are Micro and Small Enterprises, and the applicable enterprise income tax rate is 20%; The applicable enterprise income tax rate of the Company and other subsidiaries incorporated and operated in mainland China is 25%.



## 9 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:

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Consolidated net profit attributable to shareholders of the Company	<b>2,852,094,449</b>	2,415,521,329
Less: Cash dividend of restricted shares expected to be vested in the future	<b>(14,709,198)</b>	(10,120,500)
Consolidated net profit attributable to ordinary shareholders of the Company	<b>2,837,385,251</b>	2,405,400,829
Weighted average numbers of ordinary shares outstanding	<b>1,350,982,795</b>	1,350,982,795
Basic earnings per share	<b>2.100</b>	1.780
Including:		
— Basic earnings per share from continuing operations:	<b>2.100</b>	1.780

### (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. For the six months ended 30 June 2022, the restricted shares incentive plan (“the Incentive Plan”) implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	<b>Six months ended 30 June 2022 (unaudited)</b>
Consolidated net profit attributable to ordinary shareholders of the Company	<b>2,852,094,449</b>
Weighted average numbers of ordinary shares outstanding	<b>1,350,982,795</b>
Weighted average number of ordinary shares increased due to share-based payments	<b>8,024,178</b>
Weighted average number of ordinary shares outstanding after dilution	<b>1,359,006,973</b>
Diluted earnings per share	<b>2.099</b>
Including:	
— Diluted earnings per share from continuing operations:	<b>2.099</b>

The Incentive Plan implemented by the Company has no dilutive effect on earnings per share for the six months ended 30 June 2021, so diluted earnings per share equals to basic earnings per share.

## 10 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.

## 10 Segment information (continued)

(a) Segment information as at and for the six months ended 30 June 2022 is as follows (unaudited):

	Shandong	South China	North China	East China	South-east	Hong Kong, Macau and other overseas	Finance	Unallocated	Elimination	Total
	Region	Region	Region	Region	China	Region	Company			
Revenue from external customers	11,813,407,333	1,514,592,862	3,656,945,661	1,442,427,314	474,309,302	360,675,014	7,442,271	2,858,543	-	19,272,658,300
Inter-segment revenue	1,624,577,674	401,119,797	1,082,088,778	152,016,126	4,230,478	237,828,606	6,547,966	14,203,860	(3,522,613,285)	-
Cost of sales	(9,054,323,304)	(1,269,472,912)	(3,235,932,958)	(1,162,631,654)	(341,571,871)	(491,893,458)	(14,788)	(16,820,930)	3,642,048,848	(11,930,613,027)
Selling and distribution expenses	(1,394,877,861)	(179,530,842)	(266,191,086)	(157,540,159)	(66,382,101)	(61,694,091)	-	-	-	(2,126,216,140)
Interest income	41,055,218	13,528,279	29,174,767	5,817,648	1,413,621	561,804	167,156,801	52,477,759	(106,592,064)	204,593,833
Interest expenses	(1,452,024)	(1,589,381)	(781,196)	(7,293,770)	(1,436,914)	(1,246,689)	(109,157,134)	-	118,281,209	(4,675,899)
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	19,239,773	-	19,239,773
Credit impairment reversals/(losses)	3,002,241	-	(73,311)	-	-	(69,234)	(1,213,077)	163,480	-	1,810,099
Asset impairment losses	(815,745)	3,819	-	-	-	-	(150,794)	-	-	(962,720)
Depreciation and amortization	(237,251,644)	(73,676,887)	(114,127,085)	(71,636,688)	(17,045,146)	(1,993,237)	(1,030,588)	(37,767,165)	-	(554,528,440)
Total profit	2,185,478,630	278,204,963	925,729,864	82,019,722	41,597,653	35,556,821	184,747,637	(19,762,268)	131,531,376	3,845,104,398
Income tax expense	(571,928,840)	(51,646,677)	(217,253,572)	(9,891,775)	(2,048,496)	(6,258,586)	(46,264,244)	-	(31,495,882)	(936,788,072)
Net profit	1,613,549,790	226,558,286	708,476,292	72,127,947	39,549,157	29,298,235	138,483,393	(19,762,268)	100,035,494	2,908,316,326
Total assets	17,602,426,026	4,573,468,249	9,805,832,298	3,783,466,101	914,513,733	620,667,472	20,984,633,956	13,127,193,496	(21,335,194,525)	50,077,006,806
Total liabilities	14,545,038,180	2,080,354,482	5,362,552,761	3,258,935,993	596,927,043	656,654,556	17,761,993,554	1,662,609,060	(21,151,062,018)	24,774,003,611
Non-cash expenses other than depreciation and amortization	14,230,095	502,845	2,821,100	1,566,761	98,440	66,171	-	-	-	19,285,412
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	367,289,978	-	367,289,978
Additions of non-current assets (i)	781,115,425	46,636,132	105,183,763	44,490,647	4,995,314	751,973	452,264	14,290,148	(11,639,393)	986,276,273

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

## 10 Segment information (continued)

### (b) Segment information as at and for the six months ended 30 June 2021 is as follows (unaudited):

	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	11,144,886,789	1,523,994,869	3,248,270,608	1,576,071,560	480,114,629	309,258,467	5,306,324	3,257,505	–	18,291,160,751
Inter-segment revenue	1,485,372,214	424,094,052	1,043,485,034	147,306,792	3,677,180	89,426,907	8,439,759	12,453,733	(3,214,255,671)	–
Cost of sales	(8,628,321,126)	(1,242,329,490)	(2,962,366,455)	(1,193,732,617)	(308,346,885)	(334,244,799)	(20,458)	(15,193,240)	3,324,470,864	(11,360,084,206)
Selling and distribution expenses	(1,469,711,726)	(196,135,536)	(234,521,509)	(168,389,876)	(63,361,101)	(23,322,304)	–	–	–	(2,155,442,052)
Interest income	34,536,445	10,835,411	25,675,939	4,739,910	953,975	499,420	167,166,261	18,247,839	(90,242,886)	172,412,314
Interest expenses	(1,443,402)	(1,901,494)	(1,141,878)	(7,247,560)	(658,916)	(1,255,239)	(98,960,265)	–	101,605,389	(11,003,365)
Share of profits of associates and a joint venture	–	–	–	–	–	–	–	18,854,829	–	18,854,829
Credit impairment reversals/(losses)	312,253	–	95,228	(6,370)	–	(27,990)	(3,882,918)	–	1,795,085	(1,714,712)
Asset impairment losses	–	(5,826)	–	–	–	–	–	–	–	(5,826)
Depreciation and amortization	(251,972,331)	(84,480,257)	(111,383,472)	(79,774,067)	(9,134,129)	(1,770,829)	(891,568)	(29,875,355)	–	(569,282,008)
Total profit	1,688,678,061	295,775,308	799,540,619	146,162,298	71,736,149	32,607,069	149,770,933	25,950,005	80,639,854	3,290,860,296
Income tax expense	(447,554,469)	(67,758,464)	(190,011,705)	(19,251,324)	(4,618,853)	(6,854,080)	(38,282,448)	–	(29,663,738)	(803,995,081)
Net profit	1,241,123,592	228,016,844	609,528,914	126,910,974	67,117,296	25,752,989	111,488,485	25,950,005	50,976,116	2,486,865,215
Total assets	15,597,270,562	4,519,453,434	8,865,383,036	3,657,057,697	846,930,368	658,133,241	17,039,245,375	10,981,696,933	(16,928,259,713)	45,236,910,933
Total liabilities	11,817,545,855	1,915,136,231	5,102,745,502	3,013,882,899	596,137,190	708,813,945	14,093,746,549	1,580,833,953	(16,548,397,290)	22,280,444,834
Non-cash expenses other than depreciation and amortization	13,996,573	701,745	3,062,025	789,964	276,661	61,611	–	–	–	18,888,579
Long-term equity investments in associates and a joint venture	–	–	–	–	–	–	–	373,673,634	–	373,673,634
Additions of non-current assets (i)	371,356,594	57,142,486	343,288,695	35,083,662	4,876,727	4,119,020	234,906	26,552,619	(38,043,635)	804,611,074

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

## 10 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:*

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
<b>Revenue from external customers</b>		
Mainland China	<b>18,880,860,967</b>	17,957,768,054
Hong Kong and Macau SAR	<b>79,159,672</b>	84,508,015
Other overseas regions	<b>312,637,661</b>	248,884,682
	<b>19,272,658,300</b>	18,291,160,751
	<b>30 June 2022 (unaudited)</b>	30 June 2021 (unaudited)
<b>Total non-current assets</b>		
Mainland China	<b>15,883,610,990</b>	15,365,140,738
Hong Kong and Macau SAR	<b>13,847,514</b>	16,490,335
Other overseas regions	<b>6,367</b>	11,360
	<b>15,897,464,871</b>	15,381,642,433

## **II. DIVIDEND**

According to the provisions of the Company's Articles of Association, the Company will not distribute interim dividends for the six months ended 30 June 2022.

## **III. MANAGEMENT DISCUSSION AND ANALYSIS**

### **(I) Introduction of General Information of the Company's Operating Activities during the Reporting Period**

Due to the impact of the coronavirus pneumonia pandemic on the consumer market, the domestic beer production was only 18.44 million kiloliters in the first half of 2022, a year-on-year decrease of 2%. (Data source: National Bureau of Statistics; statistical population: all industrial corporate entities with annual revenue over RMB 20 million.)

During the reporting period, under the leadership of the Board, the management of the Company insisted on high-quality development, organized activities on the promotion of pandemic control and production and operation, fully realizing the advantages of the brand, quality, and channel, and continued to intensify the work in aspects such as market development, scientific innovation, digital transformation, brand promotion, and product structural optimization, thus achieving a new record high operating performance for the half-year. During the reporting period, the Company realized a product sales volume of 4.72 million kiloliters. The main brand, Tsingtao Beer, realized a product sales volume of 2.6 million kiloliters. The operating revenue was RMB 19.27 billion, a year-on-year increase of 5.37%; and the net profits attributable to the shareholders of the listed company was RMB 2.85 billion, a year-on-year increase of 18.07%.

During the reporting period, the Company continued to promote the hierarchical, dimensional, and continuous development of markets with the "two-horizontal and one-vertical" strategy. The Company strengthened the traditional core market, focused its resources to accelerate the development of high-end and ultra-high-end markets, and promoted the sales growth of core products. In the international market, the Company is promoting innovation with distribution channels, expanding its overseas market distribution coverage and continuously enhancing the international influence of the brand with a high quality, high price, and high visibility strategy, as well as a more international and interactive brand communication. During the reporting period, the Company's overseas market achieved a 21% year-on-year increase in sales.

The Company has made great efforts to overcome the difficulties caused by the pandemic to industries such as catering and nightlife in some domestic cities. On the one hand, it has accelerated the optimization and improvement of product structure and price systems adjustment to fully explore the space for incremental profit and realize a positive development trend where the profit growth is higher than the income and where sales grow. On the other hand, the Company actively innovated the marketing model, accelerated the pace of digital marketing, promoted new retail formats, planned and implemented new marketing modes such as community marketing, group marketing, livestreaming, and distribution plans to realize the recovery and growth of the market.

The Company accelerated the implementation of the “One (Tsingtao Beer) + One (Laoshan Beer)” brand strategy, enriching and enhancing the international, youth and fashion connotation of Tsingtao Beer’s brand. The Company by promoting sports marketing, music marketing, and experiential marketing, actively cultivated fashionable consumption formats and improved the influence and premium of the brand. During the reporting period, the Tsingtao Beer Times Coast Craft Beer Garden, initiated by the Company, provided consumers with a brand-new immersive beer consumption experience through its high-end, unique, and fashionable product presentation and atmosphere creation, and created a new high point for Tsingtao Beer’s brand promotion, consumer experience, and sales of high-end beers.

The Company seized the opportunity of increased consumption in the beer market and adhered to the strategy of promoting medium and high-end products to realize high-quality development. Meanwhile, the integration and optimization of the “One (Tsingtao Classic) + One (Tsingtao Pure Raw) + N (Other new and special products)” product package were accelerated, continuing to grow the scale of medium and high-end products. The ultra -high-end products such as the Century series, represented by Tsingtao Beer Legend I, also grew rapidly, and the product structure presented a trend of accelerated optimization and improvement. During the reporting period, the Company achieved 1.66 million kiloliters in the sales volume of medium and high-end and the abovementioned products, a year-on-year increase of 6.6%, and a year-on-year increase of 6.5% in the operating revenue per kiloliter of beer, maintaining its competitive advantage in the medium and high-end beer market in China.

During the reporting period, the Company achieved new breakthroughs in scientific innovation and digital transformation. It invested in the construction of the Tsingtao Beer Science and Technology Research and Development Center, which has an industry-leading capability for scientific and technological research and development, thereby accelerating the promotion of digital transformation of the whole supply chain, the building of a whole-chain and end-to-end digital ecology, and the shift from traditional operations to digital and intelligent operations. Through the in-depth practice of technology and industry integration, the Company realized the continuous optimization and improvement of management efficiency and quality.

In 2022, Tsingtao Beer continued to rank first in China’s beer industry for 19 consecutive years with a brand value of RMB 218.225 billion (published by the World Brand Laboratory). Together with the brands “Laoshan Beer”, “Hans Beer”, “Tsingtao Beer Museum”, “Prince Bar”, and “Tsingtao1903 Beer Bar”, all owned by the Company, the total brand value has exceeded RMB 340 billion (published by the World Brand Laboratory).

## **(II) Core Competitiveness Analysis**

The Company’s core competitiveness and the discussion and analysis on the Company’s future developments (including the Company’s development strategy and business plan) did not change during the Reporting Period. Please refer to the Company’s 2021 Annual Report for details.

## **IV. SIGNIFICANT EVENTS**

### **(I) Unlocking and Listing of Restricted Shares under the Incentive Plan**

At the sixth extraordinary meeting of 2022 of the tenth session of the Board and the fourth extraordinary meeting of 2022 of the tenth session of the Board of Supervisors held by the Company on 8 July 2022, the “Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the First Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The first locking period under the first grant under the Incentive Plan is expiring and the corresponding conditions for unlocking the restricted shares under the Incentive Plan has been fulfilled. It is therefore agreed that the Company shall deal with the relevant matters in relation to the 619 qualified participants with a total of 4,359,428 restricted shares. The listing and circulation time of the unlocked shares is 25 July 2022. The directors and senior management of the Company, among the incentive subjects, shall abide by the relevant regulations when holding and trading the Company’s shares upon release of the restricted shares.

For more details of the unlocking and listing of restricted shares under the Incentive Plan, please refer to the relevant announcements of the Company dated 8 July and 19 July 2022 published on the websites of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited.

### **(II) Changes in the Directors and Supervisors of the Company during the Reporting Period**

1. Mr. GUO Xiu Zhang resigned from current positions as Chairman of the Board of Supervisors and Shareholder Supervisor on 13 April 2022 due to adjustment of work arrangements.
2. Mr. SHI Kun resigned from current positions as Non-Executive Director, a member of each of the Audit & Internal Control Committee, Nomination & Remuneration Committee and Strategy & Investment Committee and Mr. YAO Yu resigned from current positions as Shareholder Representative Supervisor on 7 June 2022 due to the sale of all of the shares in the Company held by entities under Fosun International Limited (Stock Code: 00656).
3. Mr. YU Zhu Ming resigned from current positions as Executive Director and Chief Financial Officer on 21 June 2022 as he has reached a retirement age.

During the annual general meeting and the extraordinary general meeting held on 28 June 2022 and 18 July 2022 respectively, the Company elected Mr. SONG Xuebao as Independent Non-Executive Director of the tenth session of the Board and Mr. JIANG Zong Xiang and Mr. HOU Qiu Yan as Executive Directors of the tenth session of the Board. Their respective tenure starts from the date when the election result was approved by the general meeting and ends with the term of the tenth session of the Board.

For more details on changes to the Company’s directors and supervisors, please refer to the announcements published on the websites of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited dated 13 April, 7 June, 21 June, 28 June and 18 July 2022.



### **(III) Others**

1. During the Reporting Period, the Company was not involved in any new significant litigation or arbitration.
2. During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

### **V. REVIEW OF THE UNAUDITED INTERIM RESULTS**

The Audit & Internal Control Committee of the Board has reviewed the Company's unaudited 2022 interim results.

### **VI. CORPORATE GOVERNANCE CODE**

The Company was listed simultaneously on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and its corporate governance practices shall comply with the requirements of applicable laws and securities regulations of both Shanghai and Hong Kong. The Company is dedicated to maintain a high level of corporate governance and abided by all the provisions set out in the Corporate Governance Code of Appendix 14 of the Listing Rules during the Reporting Period, except the deviation from provision C.2.1 of the Corporate Governance Code.

Provision C.2.1 of the Corporate Governance Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separated and not be performed by the same person. Since Mr. FAN Wei resigned from the positions of Executive Director and President of the Company on 28 February 2020 because he had reached the statutory retirement age, the position of President of the Company remains temporarily vacant as the successor of the Company's President has been under discussion and negotiation. In order to ensure the normal operation of the Company, the Chairman of the Board has been discreetly performing the duties of the President in line with the demand of maintaining a sound and stable corporate governance structure that meets the needs of the Company. On 21 June 2022, the Board approved the appointment of Mr. JIANG Zong Xiang as the new President and the Company has therefore satisfied the requirement of the provision of the Corporate Governance Code as above.

By order of the Board  
**TSINGTAO BREWERY COMPANY LIMITED**  
**HUANG Ke Xing**  
*Chairman*

Qingdao, People's Republic of China  
25 August 2022

As at the date of this Announcement, the board members of the Company are listed as follows:

*Executive Directors:* Mr. HUANG Ke Xing (Chairman), Mr. JIANG Zong Xiang,  
Mr. WANG Rui Yong and Mr. HOU Qiu Yan

*Independent Non-Executive Directors:* Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu,  
Ms. Rania ZHANG and Mr. SONG Xue Bao