



青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號: 168)



年度報告
ANNUAL REPORT
2022

目錄

Contents

公司業務概要	Business Introduction of the Company	3
會計數據摘要	Financial Highlights	6
董事長報告書	Chairman's Statement	11
董事會報告	Report of the Directors	15
監事會報告	Report of the Supervisors	45
企業管治報告	Corporate Governance Report	49
管理層討論與分析	Management Discussion and Analysis	70
董事、監事和高級 管理人員簡介	Profiles of Directors, Supervisors and Senior Management Officers	87
重要事項	Significant Events	95
財務報告	Financial Report	97
釋義	Definitions	395
公司資料	Company Information	396





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公司業務概要 Business Introduction of the Company

一、公司簡介

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。

公司的經營範圍是啤酒製造、銷售以及與之相關的業務。目前公司在國內擁有57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。

1. Company Profile

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 and sales of beer, and other related business. At present, the Company occupies a leading position in the domestic beer industry in terms of size and market share with 57 wholly-owned and controlling breweries, and two 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.



公司業務概要 Business Introduction of the Company

二、報告期內核心競爭力分析

公司擁有的「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，2022年，「青島啤酒」以人民幣2,182.25億元的品牌價值繼續保持了中國啤酒行業品牌價值第一，公司擁有的「青島啤酒、崂山啤酒、漢斯啤酒、青島啤酒博物館、王子以及TSINGTAO1903青島啤酒吧」等品牌總價值已突破人民幣3,400億元(數據及資料來源：世界品牌實驗室發佈)。

公司作為中國歷史最悠久的啤酒生產企業，高度重視產品質量，青島啤酒產品多次在國內外質量評比中榮獲冠軍，並在國內外消費者中獲得了廣泛的好評。近年來通過不斷改造完善，使公司的主要生產設備裝備達到國際先進水平，並通過對原料、工藝、技術、操作流程等方面的強化管理和控制，保障了食品安全和產品的高品質，也提升了產品的口味一致性。

公司投資建設了具有行業領先科技研發能力的青島啤酒科技研發中心，擁有國內啤酒行業唯一的國家重點實驗室—啤酒生物發酵國家重點實驗室，擁有國內一流的研發平台、高水平的研發團隊，以及國內領先的基礎研究能力，並形成了多項自主知識產權的核心技術，保持了公司在國內啤酒市場的技術領先水平。近年來公司推出的青島啤酒「一世傳奇、百

2. Core Competitiveness Analysis

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 2022, "Tsingtao Beer" remained the top brand value in the Chinese beer industry with a brand value of RMB218.225 billion. The total value of "Tsingtao Beer", "Laoshan Beer", "Hans Brewery", "The World of Tsingtao", "Prince" and "Tsingtao1903" owned by the Company has surpassed RMB340 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 has invested in the construction of Tsingtao Brewery Scientific and Technological R&D Center Co., Ltd., with industry-leading technology research and development capabilities. The Company possesses the only State Key Laboratory in the beer industry, State Key Laboratory of Biological Fermentation Engineering of Beer, and also



公司業務概要 Business Introduction of the Company

年之旅、琥珀拉格、奧古特、鴻運當頭、經典1903、原漿啤酒、皮爾森、青島啤酒IPA]等一系列具有鮮明特色、符合市場需求的新產品，引領了啤酒高端產品消費潮流，進一步提升了公司品牌形象。

公司建立並不斷完善覆蓋全國主要市場、輻射全球的網絡佈局，業務遍及全球一百餘個國家和地區，持續強化市場推廣力度和深化市場銷售網絡建設，推進廠商協作運營、優化營銷價值鏈環節分工，不斷提高對終端客戶的維護和服務能力，鞏固和提高在基地市場的優勢地位和新興市場的佔有率，推動公司市場運營能力和盈利能力的不斷提升。

possesses 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 profile.

The Company has established and constantly refined a network that covers the major markets in China and reaches the world. Its business has 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.



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. 本集團二零二二年財務資料

(單位：人民幣千元)

營業利潤
利潤總額
歸屬於母公司股東的淨利潤
歸屬於母公司股東的扣除非經常性損益後的淨利潤
經營活動產生的現金流量淨額

註：非經常性損益項目包括：

計入當期損益的政府補助
非流動資產處置淨損益
除同公司正常經營業務相關的有效套期保值業務外，持有交易性金融資產、衍生金融資產、交易性金融負債、衍生金融負債產生的公允價值變動損益，以及處置交易性金融資產、衍生金融資產、交易性金融負債、衍生金融負債和其他債權投資取得的投資收益

除上述各項之外的其他營業外收入和支出

小計

所得稅影響額
少數股東權益影響額(稅後)

合計

1. The Group's financial information for the year ended 31 December 2022

(Unit: RMB'000)

Operating profit	5,000,925
Total profit	5,006,141
Net profit attributable to shareholders of the Company	3,710,629
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	3,209,052
Net cash flows from operating activities	4,878,771

Note: Non-recurring profit or loss items include:

Government grants recognised in profits	543,279
Net profit or loss on disposal of non-current assets	(9,518)
Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and the investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	134,113
Other non-operating income and expenses other than aforesaid items	5,216

Subtotal

Impact of income tax expense	(145,648)
Impact on the non-controlling interest, net of tax	(25,865)

Total

501,577

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	2022	2021	2020	2019	2018
營業收入	Revenue	32,171,566	30,166,805	27,759,711	27,983,760	26,575,255
利潤總額	Total profit	5,006,141	4,478,975	3,239,549	2,726,911	2,379,767
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	3,710,629	3,155,456	2,201,324	1,852,103	1,422,200
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	3,209,052	2,206,584	1,815,585	1,346,981	1,053,743
基本每股收益	Basic earnings per share	2.736	2.328	1.629	1.371	1.053
稀釋每股收益	Diluted earnings per share	2.728	2.324	1.627	1.371	1.053
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	2.365	1.626	1.344	0.997	0.780
扣除非經常性損益後的稀釋每股收益	Diluted earnings per share after deduction of non-recurring profit or loss	2.359	1.625	1.342	0.997	0.780
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	14.55	13.72	10.67	9.66	7.91
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	15.30	14.47	11.13	9.97	8.10
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 (%)	12.59	9.59	8.80	7.03	5.86
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 (%)	13.23	10.12	9.18	7.25	6.00
經營活動產生的現金流量淨額	Net cash flows from operating activities	4,878,771	6,043,111	4,953,422	4,016,553	3,992,008
每股經營活動產生的現金流量淨額(註1)	Net cash flows from operating activities per share (Note 1)	3.58	4.43	3.63	2.97	2.95
總資產	Total assets	50,311,700	46,563,004	41,514,186	37,312,384	34,075,265
總負債	Total liabilities	24,039,387	22,769,313	20,146,134	17,399,013	15,385,314
歸屬於母公司股東權益	Total equity attributable to shareholders of the Company	25,494,822	23,001,845	20,621,961	19,171,583	17,970,471
歸屬於母公司股東的每股淨資產(註2)	Net assets per share attributable to shareholders of the Company (Note 2)	18.69	16.86	15.12	14.19	13.30

註1：每股經營活動產生的現金流量淨額計算過程中，分子為經營活動產生的現金流量淨額，分母為未扣除截至報告期末未解鎖的889萬股限制性股票的總股本。

註2：歸屬於母公司股東的每股淨資產計算過程中，分子為歸屬於母公司股東的所有者權益，分母為未扣除截至報告期末未解鎖的889萬股限制性股票的總股本。

2. Summarised accounting data and financial indicators

(Unit: RMB'000)

Note 1: In the calculation process of net cash flows from operating activities per share, the numerator is net cash flows from operating activities, and the denominator is the total share capital including 8.89 million restricted shares that have not been vested as of the end of the Reporting Period.

Note 2: In the calculation process of net assets per share attributable to shareholders of the Company, the numerator is the equity attributable to shareholders of the Company, and the denominator is the total share capital including 8.89 million restricted shares that have not been vested as of the end of the Reporting Period.

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							少數股東權益	股東權益合計
		股本	資本公積	減：庫存股	其他綜合收益	盈餘公積	一般風險準備	未分配利潤	Non-controlling interests	Total shareholders' equity
		Share capital	Capital surplus	Treasury stock	Less: comprehensive income	Surplus reserve	General reserve	Undistributed profits		
期初數	Opening balance	1,364,355	3,956,209	(273,190)	(59,632)	1,400,704	294,853	16,318,545	791,847	23,793,691
本期增加	Increase in the current year	—	210,070	—	(16,168)	—	219	3,710,629	105,205	4,009,955
本期減少	Decrease in the current year	(122)	(12,202)	101,335	—	—	—	(1,500,783)	(119,561)	(1,531,333)
期末數	Ending balance	1,364,233	4,154,077	(171,855)	(75,800)	1,400,704	295,072	18,528,391	777,491	26,272,313

(1) 股本：減少原因為回購註銷退休及離職激勵對象持有的限制性股票所致。

(2) 資本公積：增加主要原因是實施限制性股票激勵計畫所致，減少原因為回購註銷退休及離職激勵對象持有的限制性股票以及收購子公司少數股權所致。

(3) 庫存股：減少原因為激勵計劃限制性股票解鎖、對預計未來可解鎖限制性股票持有者分配現金股利以及回購註銷退休及離職激勵對象持有的限制性股票所致。

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

(5) 一般風險準備：增加原因為本年度提取的一般風險準備所致；

3. Changes in shareholders' equity in Reporting Period

(Unit: RMB'000)

(1) Share capital: Decrease represents the repurchase and cancellation of restricted shares held by retired or resigned incentive participants.

(2) Capital surplus: Increase mainly represents the grant of the restricted shares under Incentive Plan. Decrease represents the repurchase and cancellation of restricted shares held by retired or resigned incentive participants and acquisition of minority equity in subsidiary.

(3) Treasury stock: Decrease represents the unlocking of restricted shares under the incentive plan, distribution of cash dividends to shareholders of restricted shares expected to be vested in the future and the repurchase and cancellation of restricted shares held by retired or resigned incentive participants.

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

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

會計數據摘要 Financial Highlights

- (6) 未分配利潤：增加原因為本年度實現的歸屬於母公司股東的淨利潤，減少原因為本年提取一般風險準備以及分配股利所致；
- (7) 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，減少原因為本年對少數股東分配股利和收購子公司少數股權所致。

4. 利潤分配

本公司董事會（「董事會」）建議就截至二零二二年十二月三十一日止年度派發末期股息每股人民幣1.30元（含稅），2023年是青島啤酒品牌創立120週年，也是青啤公司上市30週年，值此青島啤酒百廿華誕之際，為回饋廣大股東對青島啤酒的關愛與支持，公司擬再派發特別股息每股人民幣0.50元（含稅），合計每股派發現金股息人民幣1.80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二零二二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，本公司將在另行公佈的股東年會通告中載列。

- (6) 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 in the current year;
- (7) Non-controlling interests: Increase is mainly due to profit of certain subsidiaries with non-controlling interests in the current year. Decrease represents the distribution of dividends in the current year and acquisition of minority equity in subsidiary.

4. Profit Distribution

The Board proposed a final dividend of RMB1.30 (tax included) per share for the year ended 31 December 2022. 2023 marks the 120th anniversary of the founding of the brand Tsingtao Beer and the 30th anniversary of the listing of Tsingtao Brewery. As Tsingtao Beer welcomes its 120th birthday, in appreciation of its shareholders' care and support for Tsingtao Beer, the Company plans to distribute a special dividend at RMB0.50 per share (tax included). In total, the Company will distribute cash dividends at RMB1.80 per share (tax included) and carry forward the remaining distributable profits to the next year. The proposed distribution scheme will be subject to approval at the Company's 2022 Annual General Meeting. The period for closure of register of members for H-share will be set out in the separate notice of Annual General Meeting to be published by the Company.



董事長報告書 Chairman's Statement

致各位股東：

2022年，國內啤酒市場發展受到市場消費需求波動的影響，全年實現規模以上企業啤酒產量3,568.7萬千升，同比增長1.1%（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）。

公司董事會堅守戰略定力，堅定不移地推進實施高質量發展戰略，加快構建新發展格局，以創新驅動和數字化轉型引領公司高質量發展。公司管理層統籌經營發展、社會責任等各項工作，充分發揮青島啤酒的品牌和品質優勢積極開拓國內外市場，鞏固提升核心基地市場建設，積極開拓新興市場，帶動區域市場均衡發展。報告期內，公司加快產品結構優化提升，聚焦資源加快中高端市場的發展。公司積極創新營銷模式，加快數字化營銷步伐，實現了市場銷量的不斷恢復和增長。公司積極提升管理運營效率，開源節流、控本降費、提質增效，多措並舉實現了經營業績的持續較大幅度增長。報告期內，公司克服市場消費需求波動的不利影響和成本大幅上漲的壓力，累計實現產品銷量807.2萬千升，同比增長1.8%；實現營業收入人民幣321.7億元，同比增長6.65%；實現歸屬於上市公司股東的淨利潤人民幣37.1億元，同比增長

Dear shareholders,

In 2022, the domestic beer market was still affected by fluctuations in market consumption needs. The enterprises above designated size produced 35.687 million kiloliters of beer, up 1.1% year-on-year (Data source: National Bureau of Statistics; statistic scope: all corporate industrial enterprises with a principal business revenue of over RMB20 million per year).

Holding fast to the strategic anchoring force, the Board of the Company resolutely promoted and implemented the high-quality development strategy, accelerated the building of a new development paradigm, and drove high-quality development through innovation and digital transformation. The Company's management coordinated operations and the performance of social responsibilities, proactively developed domestic and foreign markets by leveraging the brand and quality of Tsingtao Beer, consolidated the development of the core market, vigorously developed emerging markets, and led the balanced development of regional markets. During the Reporting Period, the Company expedited the improvement of its product mix and concentrated resources on speeding up the development of mid-to-high-end markets. The Company made active efforts in creating new marketing models and accelerating the pace of digital marketing, which led to the continuous recovery and growth of its sales volume on the market. It achieved substantial growth in business performance by taking a combination of measures, including increasing management and operation efficiency, developing sources of income, reducing costs and expenses, and improving product quality. During the Reporting Period, the Company counteracted the negative impact of fluctuations in market consumption needs and the pressure from considerable cost increases. In 2022, the Company sold 8.072 million kiloliters of products, up 1.8% year-on-year; it realized



黃克興先生
Mr. HUANG Ke Xing

董事長報告書 Chairman's Statement

17.6%；實現歸屬於上市公司股東的扣除非經常性損益的淨利潤32.1億元，同比增長45.4%。實現了利潤增幅高於收入增幅、收入增幅高於銷量增幅的良好發展態勢。

在國際市場，公司通過豐富產品線及開展形式多樣的品牌推廣活動，以更具國際化、互動化的品牌傳播、推廣與渠道創新，持續深化拓展海外市場分銷覆蓋，報告期內公司海外市場產品銷量同比增長4%。

報告期內，公司以「體育營銷+音樂營銷+體驗營銷」為主線，積極培育時尚消費業態，持續提升品牌影響力和競爭力。公司圍繞北京2022年冬奧會和足球世界盃等國際體育盛會推出了「青島啤酒冬奧冰雪罐」、「青島啤酒1903炫彩加油罐和青島純生球迷狂歡罐」等系列產品，完美融合啤酒激情與體育激情，創新消費者沉浸式品牌體驗新模式。公司首創的青島啤酒時光海岸精釀啤酒花園為消費者提供了全新的魅力場景和沉浸式啤酒消費體驗，「TSINGTAO1903青島啤酒吧」已覆蓋全國23個省市的62座城市。公司在全國舉辦各類規模的「青島啤酒節」活動53場，通過積極的場景化營銷實踐，以豐富的啤酒文化消費氛圍和沉浸式體驗帶動了消費擴容升級，使青島啤酒品牌影響力和美譽度持續上升。



公司抓住消費者對產品高品質需求不斷增長的有利機遇，加快推進中高端產品發展戰略，依託雄厚研發實力積極推進產品「魅力質量」提升。公司創新研發的以「百年之旅、一世傳奇」等百年系列為代表的超高檔產品引領了國內啤酒市場的提質升級潮流；公司加快產品結構調整優化升級，原漿生啤、青島白啤等新特產品及青島經典等產品快速增長，鞏固

operating revenue of RMB32.17 billion, up 6.65% year-on-year; a net profit attributable to the Company's shareholders of RMB3.71 billion, up 17.6% year-on-year; and a net profit attributable to the Company's shareholders after deducting non-recurring profit/loss of RMB3.21 billion, up 45.4% year-on-year. The Company achieved good momentum, with a profit increase that exceeded the revenue increase and a revenue increase that exceeded the sales volume increase.

On the international market, the Company enriched its product lines and carried out diverse forms of brand promotions, including more international and interactive brand communication and channel innovation, thereby continuously expanding the coverage of distribution on the overseas market. During the Reporting Period, the Company's product sales volume on the overseas market increased by 4% year-on-year.

During the Reporting Period, the Company focused on sales combined with sports, music, and experiences, cultivated business models for trending consumption, and continued to enhance its brand influence and competitiveness. In the context of international sports events such as the 2022 Winter Olympics and the 2022 FIFA World Cup, the Company rolled out a series of products, including "Tsingtao Beer Winter Olympics Can", "Tsingtao Beer 1903 Colorful Cheers Can" and "Tsingtao Draft Fans Carnival Can". These products perfectly integrated consumers' passion for beer and sports, providing a new model for consumers to enjoy an immersive brand experience. The Shores of Time craft beer garden pioneered by the Company offers consumers a new charming scene and an immersive experience of beer consumption; the "TSINGTAO1903 bar" has covered 62 cities in 23 provinces and municipalities. The Company has held 53 sessions of the "Tsingtao Beer Festival" on various scales across the country. Through its active scene-based marketing practice, the Company boosted consumption by providing rich consumption atmospheres of beer culture and an immersive experience, thereby further elevating the brand's influence and reputation.

The Company grasped favorable opportunities in the increasing demands on product quality by the consumers and accelerated the implementation of development strategies for mid-to-high-end products. By virtue of superb R&D capabilities, the Company further improved the "charming quality" of its products. The centennial series of super high-end products

董事長報告書 Chairman's Statement

提升了公司在中高端市場的競爭優勢。報告期內，青島啤酒主品牌共實現產品銷量444萬千升，同比增長2.6%；其中：中高端以上產品實現銷量293萬千升，同比增長4.99%。

報告期內，公司加快推進向數字化、智能化運營轉型，打造高能級創新平台，投資建設具有行業領先科技研發能力的青島啤酒科技研發中心，依託國家重點實驗室進一步提升和完善科技資源配置，優化青島啤酒以及產業鏈上下游的科技創新生態，促進創新鏈和產業鏈的深度融合。公司創建「基於數字化端到端解碼的魅力感知質量管理模式」，加快推進全供應鏈數字化轉型，提升渠道領域數字化覆蓋深度，打造供應商端到經銷商端的全鏈條的智慧供應鏈體系。公司加快數字化工廠建設，聚焦優勢產業擴能升級，年內公司全產業鏈一體化啤酒產業園區項目—青島啤酒智慧產業園120萬千升啤酒項目等數字化、智能化工廠相繼竣工投產，以創新優勢、科技發展與數智化轉型等發展新優勢，推進公司可持續健康發展。



董事長
黃克興
中華人民共和國·青島
二零二三年三月二十二日

represented by “Tsingtao Centennial Journey” and “Century Legend” set a trend of consumption upgrading for the domestic beer market; the Company accelerated improvement to its product mix. The fast growth of new characteristic products, including Original Draft and Tsingtao White Beer, and products such as Tsingtao Classic consolidated and improved the Company’s competitive edge on mid-to-high-end markets. During the Reporting Period, the sales volume of Tsingtao Beer’s core brands reached 4.44 million kiloliters, up 2.6% year-on-year. In particular, the sales volume of products above mid-to-high-end reached 2.93 million kiloliters, up 4.99% year-on-year.

During the Reporting Period, the Company accelerated its transformation to digital and intelligent operations, built a high-level innovation platform, and developed the Tsingtao Beer research center. By virtue of its state key laboratory, the Company further refined the allocation of scientific and technological resources, improved the new innovation ecosystem of Tsingtao Brewery as well as the upstream and downstream industrial chains, and promoted deep integration between the innovation chain and the industrial chain. The Company developed a “quality management model based on the allure of end-to-end digital decoding”, sped up digital transformation for the whole supply chain, increased the digital coverage depth of channels, and built a smart supply chain system for the whole chain, from the supplier end to the distributor end. The Company accelerated the development of digital plants and focused on the capacity upgrades of advantaged industries. In 2022, the Company’s digital and intelligent plants, represented by the Tsingtao Brewery Industry Park 1.2 million kl expansion project, an all-chain integrated beer industry park project, were completed and put into production. These plants advanced the Company’s sustainable and sound development with their innovation strengths, scientific and technological development, digital and intelligent transformation, and other new development strengths.

Chairman
HUANG Ke Xing
Qingdao, the People’s Republic of China
22 March 2023



百年·鴻運

— 玉兔迎福 —



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。

2022年公司共實現產品銷售量807.2萬千升，實現營業收入人民幣321.7億元，實現歸屬於上市公司股東的淨利潤人民幣37.1億元，歸屬於上市公司股東的扣除非經常性損益後的淨利潤人民幣32.1億元。

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 2022, the Company's total sales volume of beer reached 8.072 million kl. It realized RMB32.17 billion of revenue and RMB3.71 billion of net profits attributable to shareholders of the Company, including RMB3.21 billion of net profits attributable to shareholders of the Company after deducting non-recurring gains and losses.



姜宗祥先生
Mr. JIANG Zong Xiang

董事會報告 Report of the Directors

1. 主要附屬公司的經營情況(按中國企業會計準則計算)

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	2,580,499	1,271,833	488,793	2,945,919	622,086
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	1,272,614	813,786	447,247	2,235,890	596,329

2. 報告期內主要供貨商和客戶情況

- (1) 2022年度前五名供應商採購額約285,437萬元(2021年度:210,942萬元),佔年度採購總額18.66%(2021年度:15.51%)。
- (2) 2022年度前五名客戶銷售額約247,624萬元(2021年度:205,964元),佔年度銷售總額7.81%(2021年度:6.94%)。

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。

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

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

- (1) The total amount of the Company's purchase from its top five suppliers in 2022 was approximately RMB2,854.37 million (2021: RMB2,109.42 million), which accounted for 18.66% of its annual purchase amount in aggregate (2021: 15.51%).
- (2) The total amount of the Company's sales to its top five clients in 2022 was approximately RMB2,476.24 million (2021: RMB2,059.64 million), which accounted for 7.81% of its annual sales amount in aggregate (2021: 6.94%).

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.



董事會報告 Report of the Directors

二. 利潤分配和派息政策

董事會建議就截至2022年12月31日止年度派發末期股息每股人民幣1.30元(含稅)，2023年是青島啤酒品牌創立120週年，也是青啤公司上市30週年，值此青島啤酒百廿華誕之際，為回饋廣大股東對青島啤酒的關愛與支持，公司擬再派發特別股息每股人民幣0.50元(含稅)，合計每股派發現金股息人民幣1.80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2022年度股東年會審議批准。末期股息預期於2023年8月11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，本公司將在另行公佈的股東年會通告中載列。



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70至86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6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95至96頁「重要事項」。

II. Profit Distribution and Dividend Payout Policy

The Board proposed a final dividend of RMB1.30 per share (tax included) for the year ended 31 December 2022, 2023 marks the 120th anniversary of the founding of the brand Tsingtao Beer and the 30th anniversary of the listing of Tsingtao Brewery. As Tsingtao Beer welcomes its 120th birthday, in appreciation of its shareholders' care and support for Tsingtao Beer, the Company plans to distribute a special dividend at RMB0.50 per share (tax included). In total, the Company will distribute cash dividends at RMB1.80 per share (tax included) and carry 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 11 August 2023 or around the date, will be subject to consideration and approval at the Company's 2022 Annual General Meeting. The period for closure of register of members for H-share will be set out in the separate notice of Annual General Meeting to be published by the Company.

According to the Articles of Association, the Company implements a continuous and stable profit distribution policy. On the premise that the Company makes profits with positive accumulated undistributed profits for the current year, cash dividends shall be paid. In the annual profit distribution plan formulated by the Board of Directors, the profit distributed in cash shall be no less than 30% of the distributable profits realized in the current year. The cash dividend plan of the Company is deliberated by the Board of Directors and approved at the annual general meeting. The independent non-executive directors and minority shareholders can fully express their opinions, and the procedure is legal and complete.

III. Business Review

A review of the business 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 70 to 86 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 6 of this Annual Report. Significant events that occurred during the Reporting Period are set out in "Significant Events" on pages 95 to 96 of this Annual Report.

董事會報告 Report of the Directors

本公司秉承「為了更美好的世界」的環境理念，以「做啤酒行業綠色發展的楷模」為環保願景，以「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、低碳管理、循環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。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2022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、客戶及合作夥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夥伴之間的合作。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2022環境、社會及管治報告》。

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(33), (35), (36), (37), (38)。

The Company sticks to the environmental concept of “building a better world”, the environmental vision of “being a model of green development in the beer industry” and the environmental mission of “promoting sustainable development of the Company and achieving harmony with nature through environmental protection, low-carbon management and circular economy”. Hence, environmental protection, low-carbon management and circular economy compose an important part of the Company’s strategy for sustainable development.

The Company assigns environmental management to dedicated personnel who must have the required certificate to perform their duties. The Company has amended and improved the environmental management policy and published relevant technical standards. Centered on its annual targets and work guidelines, the Company has identified management risks, quickly implemented requirements for environment management and promoted the accountability and appraisal mechanism for achieving the environmental targets. The Company has strictly monitored the operations of environmental facilities and pollutant discharge during production to ensure stable and up-to-standard discharge and continuous improvement in environmental performance.

In 2022, the Group complied with the relevant laws and regulations that have significant impacts on the operations of the Group.

The Company confirms that its employees, customers and partners are the key to its 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 2022 Environment, Society and Governance Report published by the Company on the website of the Stock Exchange.

IV. Reserve

Details of changes of reserve of the Company and the Group during the Reporting Period are set out in Note 4(33), (35), (36), (37), (38) to Consolidated Financial Statements (prepared in accordance with CAS).

董事會報告 Report of the Directors

五. 股本變動及股東情況

1. 2022年7月25日，本激勵計劃設定的首次授予限制性股票第一個解除限售期對應的限制性股票限售期屆滿，解除限售條件已成就，符合條件的619名激勵對象共計4,359,428股限制性股票解除限售。2022年12月9日，公司在中國證券登記結算有限責任公司上海分公司辦理完成了本次激勵計劃中14名激勵對象持有的已獲授予但尚未解除限售的122,003股限制性股票的回購注銷工作。

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》對於公眾持股量的要求。公司普通股股份變動情況列表如下：

	本次變動前 Before the change			本次變動增減(+,-) Change(+,-) 公積金轉股 Capitalizing of common reserves				本次變動後 After the change	
	數量 Quantity	比例(%) Proportion (%)	發行新股 New shares issued	送股 Bonus shares	其他 Others	小計 Subtotal	數量 Quantity	比例(%) Proportion (%)	
一、 有限售條件股份 I. Restricted shares	13,371,998	0.98	0	0	0	-4,481,431	-4,481,431	8,890,567	0.65
1、 國家持股 1. State-owned shares	0	0	0	0	0	0	0	0	0
2、 國有法人持股 2. State-owned corporate shares	0	0	0	0	0	0	0	0	0
3、 其他內資持股 3. Other domestic shares	13,371,998	0.98	0	0	0	-4,481,431	-4,481,431	8,890,567	0.65
其中： 境內非國有 法人持股 Of which: non-state- owned corporate shares	0	0	0	0	0	0	0	0	0
境內自然人 持股 Shares held by domestic natural persons	13,371,998	0.98	0	0	0	-4,481,431	-4,481,431	8,890,567	0.65
4、 外資持股 4. Foreign shares	0	0	0	0	0	0	0	0	0

單位：股
Unit: Share

V. Changes of Share Capital and Information of Shareholders

1. On 25 July 2022, the first locking period under the first grant under the Incentive Plan expired, and the corresponding conditions for unlocking the restricted shares have been fulfilled. A total of 4,359,428 shares held by 619 eligible participants have been unlocked. It was proposed that some or all of the Company's restricted shares granted to the 14 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 122,003 of these shares. Registration procedures for the aforementioned repurchase and cancellation were completed at China Securities Depository and Clearing Co., Ltd. Shanghai Branch on 9 December 2022.

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 public float requirements in the Listing Rules. Changes in the Company's ordinary shares are listed as follows:

董事會報告 Report of the Directors

單位：股
Unit: Share

	本次變動前 Before the change			本次變動增減(+,-) Change(+,-) 公積金轉股				本次變動後 After the change		
	數量 Quantity	比例(%) Proportion (%)	發行新股 New shares issued	送股 Bonus shares	Capitalizing of common reserves	其他 Others	小計 Subtotal	數量 Quantity	比例(%) Proportion (%)	
其中： 境外法人 持股 Of which: foreign corporate shares	0	0	0	0	0	0	0	0	0	
境外自然人 持股 Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0	
二、 無限售條件流通 股份 II. Unrestricted tradable shares	1,350,982,795	99.02	0	0	0	4,359,428	4,359,428	1,355,342,223	99.35	
1、 人民幣普通股 1. RMB-denominated ordinary shares	695,913,617	51.01	0	0	0	4,359,428	4,359,428	700,273,045	51.33	
2、 境內上市的外資股 2. Overseas listed foreign shares	0	0	0	0	0	0	0	0	0	
3、 境外上市的外資股 3. Overseas listed foreign shares	655,069,178	48.01	0	0	0	0	0	655,069,178	48.02	
4、 其他 4. Others	0	0	0	0	0	0	0	0	0	
三、 普通股股份總數 III. Total number of ordinary shares	1,364,354,793	100	0	0	0	-122,003	-122,003	1,364,232,790	100	

董事會報告 Report of the Directors

2. 股東情況

- (1) 報告期末公司股東總數為26,260戶。其中：A股26,013戶，H股247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。

- (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. Shareholders

- (1) As at the end of the Reporting Period, the total number of shareholders of the Company was 26,260, including 26,013 holders of A-share, and 247 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.

- (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)	16,000	613,929,619	45.00	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	32.51	無 Nil	A股和H股 A-share and H-share
香港中央結算有限公司 Hong Kong Securities Clearing Company Limited	10,584,554	26,504,261	1.94	無 Nil	A股 A-share
中國證券金融股份有限公司 China Securities Finance Corporation Company	-1,084,664	16,015,045	1.17	無 Nil	A股 A-share
中國農業銀行股份有限公司－易方達消費行業股票型證券投資 基金 Agricultural Bank of China Co., Ltd. – E Fund Consumer Industry Equity Securities Investment Fund	8,193,873	13,569,000	0.99	無 Nil	A股 A-share
中國建設銀行股份有限公司－銀華富裕主題混合型證券投資 基金 China Construction Bank Corporation – Yinhua Wealth Theme Hybrid Securities Investment Fund	/	10,226,075	0.75	無 Nil	A股 A-share
交通銀行股份有限公司－富國消費主題混合型證券投資基金 Bank of Communications Co., Ltd – Fullgoal Consumption Theme Hybrid Securities Investment Fund	2,870,203	6,375,520	0.47	無 Nil	A股 A-share
中國工商銀行股份有限公司－東方紅啟恒三年持有期混合型證 券投資基金 Industrial and Commercial Bank of China Limited – Orient Red Qiheng 3-year Hybrid Securities Investment Fund	-1,976,440	5,662,963	0.42	無 Nil	A股 A-share

董事會報告 Report of the Directors

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
中國建設銀行股份有限公司－富國價值創造混合型證券投資基金 China Construction Bank Co., Ltd. – Fullgoal Value Creation Hybrid Securities Investment Fund	-129,800	4,381,886	0.32	無	A股
中國工商銀行股份有限公司－富國品質生活混合型證券投資基金 Industrial and Commercial Bank of China Limited – Fullgoal Quality Life Hybrid Securities Investment Fund	476,504	3,775,930	0.28	無	A股

附註：

Notes:

- 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。
- 復星國際旗下持股主體已於2022年5月30日出售所持公司股份，出售事項完成後不再持有公司任何股份。

- 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.
- The shareholding entities under Fosun International Limited have sold their shares in the Company on 30 May 2022. After the sale was completed, they no longer hold any shares in the Company.

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2022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 2022, 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 SFO:

名稱 Name	性質 Nature	股份類別 Class of Share	持股身份 Shareholder Identity	註釋 Note	相關股份的 數目 Number of 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	29.70%	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	2.81%	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	2.81%	5.85%
FMR LLC	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	2	33,080,182	2.42%	5.05%
Citigroup Inc.	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	3	46,032,180	3.37%	7.02%
	淡倉 Short position	H股 H-Share		3	2,424,607	0.18%	0.37%
	可供借出的股份 Shares available for lending	H股 H-Share		3	43,076,014	3.16%	6.58%
T. Rowe Price Associates, Inc. and its Affiliates	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		38,780,000	2.84%	5.92%

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股是透過青啤集團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) FIDELITY MANAGEMENT & RESEARCH COMPANY LLC被視為享有權益的股份是分別透過多家由FMR LLC控制的全資附屬公司持有。
- (3) 被視為Citigroup Inc.享有權益的股份也是分別透過多家由其控制的全資附屬公司持有。
- (4) 公司主要股東最近的披露權益申報，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

本公司《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 of which the interests were deemed to be owned by SASACQ were held by Hong Kong Xinhaisheng Investment Limited, a wholly-owned subsidiary of Tsingtao Group, which is controlled by SASACQ. According to the latest disclosure of interests filings, SASACQ was entitled to the interests in 38,335,600 H-Shares.
- (2) The shares in which FIDELITY MANAGEMENT & RESEARCH COMPANY LLC was deemed to have interests were held through various controlled wholly-owned subsidiaries of FMR LLC.
- (3) The shares of which the interests were deemed to be owned by Citigroup Inc. was also held through various controlled wholly-owned subsidiaries of Citigroup Inc.
- (4) 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 Articles of Association of the Company or any of the laws in China, which require the Company to firstly offer new shares on a pro-rata basis to its existing shareholders. However, the Company has to abide by the rules concerning pre-emptive right in the 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. 公司董事被授予的限制性股票情況

好倉：

單位：股
Unit: Share

姓名 Name	職務 Position	持股身份 Shareholder Identity	年初持有 限制性 股票數量 Number of restricted shares held at the beginning of the year	估已發行 A股股票總數 概約百分比 Approximate percentage of total issued A Shares (%)	估本公司 已發行股本 概約百分比 Approximate percentage in of the share capital Company (%)	報告期內 解除限售的 股份數量 Number of unlocked shares during the Reporting Period	期末持有 限制性 股票數量 Number of restricted shares held at the end of the period	已收代價 (人民幣元) (註1) Considerations received (RMB) (Note 1)	合計持股 Total number of shares held
黃克興(註2) HUANG Ke Xing (Note 2)	董事長、黨委書記 Chairman and Secretary of the Party Committee	實益擁有人及 配偶權益 Beneficial owner and spouse's interest	150,000	0.0211	0.0110	50,000	100,000	3,177,000	151,400
姜宗祥(註3) JIANG Zong Xiang (Note 3)	執行董事、黨委副書記、總裁 Executive Director, Vice Secretary of the Party Committee, CEO	實益擁有人 Beneficial Owner	110,000	0.0155	0.0081	36,666	73,334	2,329,800	112,900
王瑞永(註4) WANG Rui Yong (Note 4)	執行董事、黨委委員、 副總裁 Executive Director, Member of the Party Committee, Vice President	實益擁有人 Beneficial Owner	110,000	0.0155	0.0081	36,666	73,334	2,329,800	110,000
侯秋燕(註5) HOU Qiu Yan (Note 5)	執行董事、黨委委員、 財務總監 Executive Director, Member of the Party Committee, CFO	實益擁有人及配 偶權益 Beneficial Owner and spouse's interest	60,000	0.0085	0.0044	20,000	40,000	1,270,800	76,000

VI. Directors, Supervisors, Senior Management Officers and Employees

1. Restricted shares granted to directors of the Company

Long positions:

董事會報告 Report of the Directors

註：1、每股限制性股票授予價格為人民幣21.18元。

- 2、黃克興先生被視為持有151,400股，他本人持有A股流通股份51,300股及A股限制性股票100,000股，他的配偶持有A股流通股份100股。
- 3、姜宗祥先生持有112,900股，他本人持有A股流通股份39,566股及A股限制性股票73,334股。
- 4、王瑞永先生持有110,000股，包括持有A股流通股份36,666股及A股限制性股票73,334股。
- 5、侯秋燕先生被視為持有76,000股，他本人持有A股流通股份20,000股及限制性股票40,000股，他的配偶持有A股流通股份5,333股及限制性股票10,667股。

2. 監事持股情況

好倉：

姓名 Name	職務 Position	持股身份 Shareholder Identity	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
黃祖江 HUANG Zu Jiang	職工監事 Supervisor as Employees' Representative	實益擁有人 Beneficial Owner	12,900	12,900	A股流通股份 Tradable A shares

截至2022年12月31日止，除上述人員持股外，本公司的董事、監事和高級管理人員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管理制度》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。

Notes: 1. The grant price per Restricted Share is RMB21.18.

2. Mr. HUANG Ke Xing is deemed to hold 151,400 shares, including 51,300 tradable A-shares and 100,000 restricted shares held by himself and 100 tradable A-shares held by his spouse.
3. Mr. JIANG Zong Xiang holds 112,900 shares, including 39,566 tradable A-shares and 73,334 restricted shares held by himself.
4. Mr. WANG Rui Yong holds 110,000 shares, including 36,666 tradable A-shares and 73,334 restricted shares.
5. Mr. HOU Qiu Yan is deemed to hold 76,000 shares, including 20,000 tradable A-shares and 40,000 restricted shares held by himself and 5,333 tradable A-shares and 10,667 restricted shares held by his spouse.

2. The shareholding of supervisors

Long positions:

單位：股
Unit: Share

As at 31 December 2022, save as disclosed above, none of the directors, supervisors or senior management officers 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 used the Model Code and its “Rules for Managing the Shares of the Company Held by its Directors, Supervisors and Senior Management Personnel and the Changes” as the code of standard conduct for securities trading 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

3. 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：

3.1 公司董事的資料更改情況如下：

- (1) 公司獨立非執行董事盛雷鳴，自2022年6月起新任貴州茅台酒股份有限公司獨立董事，該公司在上交所掛牌上市，證券代碼600519。

4. 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。

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。

3. Changes of information of directors

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

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

- (1) SHENG Lei Ming, Independent Non-executive Director of the Company, has been appointed as Independent Director of Kweichow Moutai Co., Ltd. since June 2022. The company is a listed company on Shanghai Stock Exchange with the stock code 600519.

4. 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 service, and etc., while the annual performance remuneration is determined and distributed in accordance with the Company's annual operating results, the progress of annual work plans, the results of annual appraisal towards the senior management officers, etc.

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

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 社保及公積金和其他 離職後福利)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) (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	97.24
姜宗祥(註2) JIANG Zong Xiang (Note 2)	執行董事、黨委副書記、 總裁 Executive Director, Vice Secretary of the Party Committee, CEO	現任 Current	88.22
王瑞永 WANG Rui Yong	執行董事、黨委委員、 副總裁 Executive Director, Member of the Party Committee, Vice President	現任 Current	83.67
侯秋燕(註2) HOU Qiu Yan (Note 2)	執行董事、黨委委員、 財務總監 Executive Director, Member of the Party Committee, CFO	現任 Current	30.07
肖耿 XIAO Geng	獨立非執行董事 Independent non-executive Director	現任 Current	12
盛雷鳴 SHENG Lei Ming	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
張然 Rania ZHANG	獨立非執行董事 Independent non-executive Director	現任 Current	12
宋學寶 SONG Xue Bao	獨立非執行董事 Independent non-executive Director	現任 Current	6

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 社保及公積金和其他 離職後福利)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) (RMB0'000)
李燕 LI Yan	監事會臨時召集人 Tentative convener of the Board of Supervisors	現任 Current	8
王亞平 WANG Ya Ping	獨立監事 Independent Supervisor	現任 Current	8
黃祖江 HUANG Zu Jiang	職工監事 Supervisor as Employees' Representative	現任 Current	72.94
孫麗紅 SUN Li Hong	職工監事 Supervisor as Employees' Representative	現任 Current	65.23
孟慶尚 MENG Qing Shang	職工監事 Supervisor as Employees' Representative	現任 Current	68.28
蔡志偉 CAI Zhi Wei	營銷總裁 President of Marketing Center	現任 Current	434.32
徐楠 XU Nan	副總裁、製造總裁、總釀 酒師 Vice President, President of Manufacturing and Chief Winemaker	現任 Current	83.23
李輝(註2) LI Hui (Note 2)	副總裁 Vice President	現任 Current	11.79
員水源(註2) YUN Shui Yuan (Note 2)	副總裁、供應鏈總裁 Vice President, President of Supply Chain	現任 Current	11.79
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	現任 Current	76.46

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 社保及公積金和其他 離職後福利)(萬元) Total Remuneration (Pre-tax, including social security and provident fund paid by the Company) (RMB0'000)
于竹明(註2) YU Zhu Ming (Note 2)	執行董事、財務總監 Executive Director, CFO	已屆退休年齡，自2022年6月21日起 辭任 Having reached the retirement age, he resigned from his positions on 21 June 2022	52.06
王少波(註2) WANG Shao Bo (Note 2)	副總裁 Vice President	因工作變動，於2022年10月14日辭任 He resigned from his position on 14 October 2022 due to job changes	73.53
郭秀章 GUO Xiu Zhang	監事會主席 Chairman of Board of Supervisors	因工作變動，於2022年4月13日辭任 He resigned from his position on 13 April 2022 due to job changes	0
石琨 SHI Kun	非執行董事 Non-executive Director	因復星國際出售本公司股份， 於2022年6月7日辭任 He resigned from his position on 7 June 2022 due to Fosun International Limited's sale of shares in the Company	0
姚宇 YAO Yu	股東監事 Shareholder Supervisor	因復星國際出售本公司股份， 於2022年6月7日辭任 He resigned from his position on 7 June 2022 due to Fosun International Limited's sale of shares in the Company	0
合計 Total			1,318.83

註：1、公司執行董事及高管人員2022年薪酬包括退休後福利精算金額。

2、于竹明先生因已屆退休年齡於2022年6月21日辭任執行董事、財務總監職務，上表所列酬金為1-6月任職期間的報酬；王少波先生因工作變動於2022年10月14日辭任副總裁一職，上表所列酬金為1-10月任職期間的報酬。姜宗祥先生、侯秋燕先生、李輝先生和員水源先生的酬金為擔任高管期間的報酬。

Notes: 1. The remunerations of the executive directors and executives senior management officers of the Company for 2022 include the amount of post-retirement benefits.

2. Mr. YU Zhu Ming resigned from his positions of Executive Director and CFO on 21 June 2022 because he had reached the retirement age. His remuneration as shown above is for the period from January to June 2022. Mr. WANG Shao Bo resigned from his position of Vice President on 14 October 2022 due to job changes. His remuneration as shown above is for the period from January to October 2022. The remunerations of Mr. JIANG Zong Xiang, Mr. HOU Qiu Yan, Mr. LI Hui, and Mr. YUN Shui Yuan are for the period they served as senior management officers.

董事會報告 Report of the Directors

5. 員工情況

5.1 截至報告期末，本公司(包括下屬子公司)在崗員工共計31,707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 Type of Profession	專業構成人數 Number (person)
生產人員	Production personnel	13,842
銷售人員	Sales personnel	10,003
技術人員	Technical personnel	1,985
財務人員	Financial personnel	1,179
行政人員	Administrative personnel	4,698
合計	Total	31,707
教育程度 Educational Background	教育程度類別 Educational level	數量(人) Number (person)
碩士以上	Master's degree and above	445
本科生	Undergraduate	6,770
專科生	2-year college	9,976
中專生	Secondary specialized school	6,187
中專以下	Under secondary specialized school	8,329
合計	Total	31,707

5. Employees

5.1 As at the end of the Reporting Period, the Company (including its subsidiaries) had a headcount of 31,707. Their professions and educational backgrounds are as follows:



董事會報告 Report of the Directors

5.2 薪酬政策

報告期內，公司嚴格貫徹落實國家及地方關於工資總額管理的相關政策，按照收入分配宏觀政策要求，根據企業發展戰略、年度生產經營目標和經濟效益及人力資源配置等情況，綜合考慮勞動生產率和人工成本投入產出率、員工工資水平市場對標等情況，結合政府職能部門發佈的工資指導線，實行工資總額預算管理，合理確定職工工資總額的增長幅度，實施工資總額與業績聯動的差異化考核分配機制。

2022年，結合公司高質量發展戰略，秉承以目標為導向配置資源、以能力為導向選人用人、以業績為導向激勵約束的指導思想，持續優化績效考核激勵機制。通過加大工資總額與經營業績的聯動，不斷提高員工收入水平，助力公司經營業績持續健康發展。

5.3 培訓計劃

2022年，公司著力推進「訓戰一體—實戰研究培訓運營模式」落地，加快數字化轉型能力提升工程，提升智能技術水平工匠隊伍建設，為高質量發展儲能。

按照「業務為先，業培聯動」的思路，針對營銷痛點問題、製造重點指標、一線管理難題等，實施了一系列訓戰一體的培訓項目，賦能與解決問題融為一體。2022年，多資源耦合式學習平台「e企學」保持快捷更新。

5.2 Remuneration policy

During the Reporting Period, the Company strictly implemented national and local policies on the management of total salaries. In line with the macro policy requirements for income distribution, the Company gave comprehensive consideration to a number of factors, including its development strategy, annual production and operation targets, economic returns, human resource allocation, labor and production efficiency, labor cost input-output ratio and the market alignment of staff salary level. Based on the indicative salaries published by functional departments of the government, the Company exercised budget management of total salaries, determined the increase of total staff salaries in a reasonable manner, and implemented the differentiated appraisal and distribution mechanism that links total salaries with performance.

In 2022, the Company continued to improve its performance appraisal and incentive mechanism based on its high-quality development strategy and adherence to the guiding ideology of target-oriented resource allocation, ability-oriented recruitment, and performance-oriented incentives and restraints. By enhancing the link between total salaries and business performance, the Company continuously increased staff salaries to support the sustainable and sound development of its business performance.

5.3 Training plan

In 2022, the Company focused on implementing the “integration of training and practice – practical training and operation model”, accelerated the improvement of digital transformation capabilities, and built a craftsmen’s team with high level intelligent technologies, thereby laying a foundation for high-quality development.

In accordance with the guideline of “prioritizing business and coordinating business and training” and targeting marketing problem points, key manufacturing indicators, and frontline management challenges, the Company conducted a series of training programs that combined training and practice and integrated capacity building and problem solving. In 2022, the multi-resource coupling learning platform “E-learning” maintained fast updates.

董事會報告 Report of the Directors

本公司通過平台共創、分級提升、專業促學的方式，全面提升中高層管理骨幹和專業骨幹數字化能力。先後組織了數據治理實戰研究工作坊、數字化知識普訓、數字化轉型優秀案例分享、數字化領導力等培訓項目。

本公司落實新時代產業工人隊伍建設要求，加速培養智能化工匠型技能隊伍，完善了《技能人才自主評價手冊》，首批32人獲聘特級技師；發佈了《營銷技能人才培养方案》，組織了「青島啤酒第九屆職業技能大賽」。本屆技能大賽新增「啤酒侍酒師」比賽，對侍酒師，從設備維修、清洗、侍酒服務实操、啤酒品鑒，到餐酒搭配、親和生動介紹等能力，進行全面的技能比武。

Through joint development of platforms, improvement by levels, and professional promotion of learning, the Company comprehensively enhanced the digital abilities of its middle and senior management staff and professionals. It organized a host of training programs, including the Practical Workshop on Data Governance, the General Training on the Knowledge of Digitization, the Sharing of Excellent Cases of Digital Transformation, and Digital Leadership.

The Company implemented the requirements for building a team of industrial workers for the new era, accelerated the development of a skilled craftsmen's team with high level intelligent technologies, and refined the Manual for Self-Assessment of Skilled Professionals. The first batch of 32 people were recognized as Special-Class Technicians. The Company issued the Plan for Developing Skilled Marketing Professionals and organized the "Tsingtao Beer 9th Occupational Skill Competition". A new item, "Beer Sommelier" was added to the competition, which tested sommeliers' abilities in all aspects, from the repair and cleaning of equipment, practical sommelier service, and beer tasting, to the matching of dishes and beer and the vivid introduction.

七. 董事及監事收購股份之權利

除本年報所披露者外，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他團體之股份或債券而獲益。

VII. Directors' and Supervisors' Right of Purchasing Shares

Save as disclosed herein, neither the Company nor any of its subsidiaries participated in any arrangements at 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)。除本年報所披露者外，本年度內董事及監事均無在與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 contracts with the Company, but did not enter into any service contract with the Company stipulating that the Company and its subsidiaries 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). Save as disclosed herein, none of the directors or 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

除本年報「重大事項」一節中所載回購註銷限制性股票事項之外，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

於二零二二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2020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。

IX. Confirmation of Independence by Independent Non-executive Directors

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

X. Buy-back, Sales and Redemption of Shares

Neither the Company nor any of 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" in this Report.

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 2022 are set out in the attached Notes to Consolidated Financial Statements.

XIV. Permitted Indemnity Provision

As approved at the 2020 Annual General Meeting of the Company, the Company has purchased appropriate liabilities insurance for all directors.

董事會報告 Report of the Directors

十五. 股票掛鉤協議

除本年報所披露者外，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。

十六. A股限制性股票激勵計劃

(一) 激勵計劃限制性股票解鎖上市

本公司於2022年7月8日召開第十屆董事會2022年第六次臨時會議和第十屆監事會2022年第四次臨時會議，分別審議通過了《關於A股限制性股票激勵計劃首次授予限制性股票第一個解除限售期解除限售條件成就的議案》，本次激勵計劃設定的首次授予限制性股票第一個解除限售期對應的限制性股票限售期已屆滿，解除限售條件已成就，公司同意為符合條件的619名激勵對象共計4,359,428股限制性股票辦理解除限售相關事宜。本次解鎖股票上市流通時間為2022年7月25日。激勵對象中的公司董事及高級管理人員在本次限制性股票解鎖後，持有、買賣本公司股票應遵守相關規定。

有關激勵計劃限制性股票解鎖上市的具體內容詳見公司日期為2022年7月8日及7月19日發佈的相關公告。

XV. Equity-linked Agreements

Save as disclosed herein, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

XVI. Restricted A Share Incentive Plan

(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 2022 and 19 July 2022.

董事會報告 Report of the Directors

(二) 回購註銷部分限制性股票

於2022年9月28日，公司董事會審議通過《公司回購註銷激勵計劃部分A股限制性股票事項的議案》，由於公司14名激勵對象因達到法定年齡正常退休、公司與之協商解除勞動關係、因個人原因辭職或因病去世導致其作為公司激勵對象的個人情況發生變化，根據《激勵計劃》的相關規定，擬對該14名人員已獲授予但尚未解除限售的公司A股限制性股票進行部分或全部回購註銷處理，合計122,003股。2022年12月9日，上述回購註銷辦理完畢登記手續。公司總股本由1,364,354,793股變更為1,364,232,790股。

有關之詳情，請參閱公司日期為2022年9月28日、2022年12月6日發佈的相關公告。

(三) 根據《香港聯交所上市規則》第十七章股份計劃做出的披露

於2020年6月8日（「採納日期」），本公司股東採納了A股限制性股票激勵計劃（「激勵計劃」）。激勵計劃旨在促進本公司建立、健全激勵約束機制及充分調動本公司董事、高級管理人員、其他本公司核心管理人員、中層管理人員和核心骨幹人員的積極性、責任感和使命感。激勵計劃參與人士包括（1）本公司董事、高級管理人員（不包括非執行董事、獨立非執行董事及監事）；（2）其他本公司核心管理人員；及（3）中層管理人員、本公司核心骨幹人員。根據激勵計劃將授予的股份數目最高為13,494,000股，分別佔本公司於激勵計劃之採納日期及於本報告日期已發行股本總數約0.9993%及0.9896%。根據激勵計劃，各參與者所獲授限制性股票數量不得超過計劃採納日期公司股本總額的1%。

(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 28 September 2022. Because 14 Company participants reached the statutory retirement age and retired, had their labor relationship with the Company terminated upon negotiation, resigned due to personal reasons, or died of illness, causing changes to their personal information as participants, it was proposed that some or all of the Company’s restricted A shares granted to the 14 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 122,003 of these shares. Registration procedures for the aforementioned repurchase and cancellation were completed on 9 December 2022. The Company’s total capital stock was reduced from 1,364,354,793 to 1,364,232,790.

For additional information, please refer to the relevant announcements of the Company dated 28 September 2022 and 6 December 2022.

(III) Disclosures made according to Chapter 17 Share Schemes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

The shareholders of the Company adopted the Restricted A Share Incentive Plan (the “Incentive Plan”) on 8 June 2020 (the “Adoption Date”). The purpose of the Incentive Plan is to promote the establishment and improvement of the incentive mechanism of the Company and to fully mobilize the enthusiasm, sense of responsibility and mission of the Company’s Directors, senior management personnel, other core management personnel, middle management personnel and core personnel of the Company. The participants of the Incentive Plan include (1) the Directors and senior management personnel of the Company (excluding non-executive Directors, independent non-executive Directors and supervisors); (2) other core management personnel of the Company; and (3) middle management personnel and core personnel of the Company. According to the Incentive Plan, the maximum number of Shares to be awarded under the Incentive Plan is 13,494,000 Shares, representing approximately 0.9993% and 0.9896% of the total issued share capital of the Company as at the Adoption Date and the date of this report, respectively. The number of restricted shares granted to each participant under the Incentive Plan shall not exceed 1% of the total share capital of the Company as at the Adoption Date.

董事會報告 Report of the Directors

激勵計劃授予的限制性股票的解除限售期及各期解除限售時間安排如下表所示：

The unlocking schedule and arrangements for the restricted shares granted under the Incentive Plan are set out in the table below:

解除限售安排 Unlocking Period	解除限售時間 Unlocking Time	可解除限售數量 佔獲授權益數量比例 Proportion of unlocking shares in the total shares granted
第一個解除限售期 First Unlocking Period	自相應授予登記完成之日起24個月後的首個交易日起至相應授予登記完成之日起36個月內的最後一個交易日當日止 Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of certain corresponding restricted shares	1/3
第二個解除限售期 Second Unlocking Period	自相應授予登記完成之日起36個月後的首個交易日起至相應授予登記完成之日起48個月內的最後一個交易日當日止 Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of certain corresponding restricted shares	1/3
第三個解除限售期 Third Unlocking Period	自相應授予登記完成之日起48個月後的首個交易日起至相應授予登記完成之日起60個月內的最後一個交易日當日止 Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of certain corresponding restricted shares	1/3

董事會報告 Report of the Directors

限售期滿後，本公司為滿足解除限售條件的激勵對象辦理解除限售事宜，未滿足當期解除限售條件的激勵對象持有的當期限制性股票由本公司回購併註銷。儘管有前述規定，授予董事、高級管理人員的限制性股票總量20%的部分（及就該等股票分配的股票股利（如有）），在激勵計劃限制性股票最後一次解除限售時，鎖定至相關董事、高級管理人員任職（或任期）期滿後，根據其任期考核或經濟責任審計結果確定是否解除限售。

首次授予及預留授予的限制性股票的授予價格為每股人民幣21.18元，即滿足授予條件後，激勵對象可以每股人民幣21.18元的價格認購本公司向激勵對象增發的限制性股票。根據國務院國有資產監督管理委員會及中國證監會相關規定，授予價格應當根據公平市場原則確定。有關釐定授予價格的基準的具體內容詳見公司日期為2020年4月29日及6月29日分別發佈的相關公告及通函。激勵計劃的有效期從首次授予時限制性股票的註冊之日起計算，最長期限不得超過6年。

After the expiry of the lock-up period, the Company will handle the unlocking arrangements for the participants who have satisfied the unlocking conditions. The restricted shares held by the participants who fail to satisfy the unlocking conditions shall be repurchased and cancelled by the Company. Notwithstanding the aforementioned stipulations, at the last unlocking of restricted shares of the Incentive Plan, 20% of the total restricted shares (and the dividends distributed to those shares (if any)) held by the Directors or senior management personnel shall be locked up until the expiry of his/her term of office and the unlocking of which would be subject to his/her performance appraisal or the results of economic duty audit during his/her term of office.

The Grant Price of the Restricted Shares under the first grant and reserved grant shall be RMB21.18 per share. Upon fulfilment of grant conditions, each participant is entitled to subscribe the Restricted Shares newly issued to the Participants by the Company at the price of RMB21.18 per share. As prescribed by the relevant requirements of the State-owned Assets Supervision and Administration Commission of the State Council and CSRC, the grant price shall be determined according to principle of fair market. Please refer to the circular and announcement of the Company dated 29 April 2020 and 29 June 2020 respectively for details on the determination of the grant price. The validity period of the Incentive Plan shall be calculated from the date of registration of the Restricted Shares at the first grant and the maximum period shall not exceed 6 years.

董事會報告 Report of the Directors

激勵計劃限制性股票的年內變動詳情如下：

Details of movement of the restricted shares under the Incentive Plan during the year are as follows:

承授人	授出日期	歸屬期	股份數目					授出日期的 公允價值 (附註1) (人民幣)
			於2022年 1月1日 尚未行使	年內授出	年內歸屬	年內取消/ 失效	於2022年 12月31日 尚未行使	
Grantees	Date of grant	Vesting date	Outstanding as at 1 January 2022	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2022	Fair value as at date of grant (Note 1) (RMB Yuan)
董事								
<i>Director</i>								
黃克興	2020年6月29日	2022年7月25日	150,000	—	50,000	—	100,000	5,455,800
HUANG Ke Xing	29 June 2020	25 July 2022						
姜宗祥	2020年6月29日	2022年7月25日	110,000	—	36,666	—	73,334	4,000,920
JIANG Zong Xiang	29 June 2020	25 July 2022						
王瑞永	2020年6月29日	2022年7月25日	110,000	—	36,666	—	73,334	4,000,920
WANG Rui Yong	29 June 2020	25 July 2022						
侯秋燕	2020年6月29日	2022年7月25日	60,000	—	20,000	—	40,000	3,045,600
HOU Qiu Yan	29 June 2020	25 July 2022						
總薪酬最高的 五名個人(合共) (不包括董事)	2020年6月29日	2022年7月25日	550,000	—	183,331	—	366,669	20,004,600
Five highest paid individuals (total) (excluding Directors)	29 June 2020	25 July 2022						
其他僱員	2020年6月29日及 2021年3月22日	2022年7月25日	12,391,998	—	4,032,765	122,003	8,237,230	637,230,420
Others Employees	29 June 2020 and 22 March 2021	25 July 2022						
總計			13,371,998	—	4,359,428	122,003	8,890,567	673,738,260
Total								

附註：

Note:

- 1、本集團以權益工具授予日流通股單日收盤價格為基礎確定限制性股票的公允價值。
- 2、緊接首次授予和預留股份授予日期前的A股股票收市價分別為人民幣72.20元和79.72元；緊接相關授予股份歸屬日前股票的加權平均收市價為人民幣96.21元。

1. The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted.
2. The closing prices of A shares immediately before the dates of the first grant and reserved grant were RMB72.20 and RMB79.72 respectively; the weighted average closing price of the shares immediately before the vesting date of the relevant shares granted is RMB96.21.

董事會報告 Report of the Directors

十七. 按照《香港聯交所上市規則》界定的持續關連交易情況

以下為公司截至2022年12月31日止年度進行的持續關連交易資料，而須根據上市規則第14A章在本年報內披露。

(一) 與青啤集團及其附屬公司的持續關連交易

青啤集團為本公司的控股股東。優家健康及智鏈順達均為青啤集團之間接全資附屬公司，為青啤集團的聯繫人。因此，青啤集團、優家健康及智鏈順達均為本公司的關連人士，於2022年1月13日，本公司(1)與青啤集團簽訂《綜合服務框架協議》；(2)與優家健康簽訂《委託生產框架協議》；及(3)與智鏈順達簽訂《供應鏈業務服務框架協議》，如下文和公司日期為2022年1月13日的公告中更具體描述。三項協議及其項下進行的交易構成《上市規則》第14A章項下本公司之持續關連交易，並須遵守上市規則第14A章所載申報、公告及年度審核規定，惟豁免遵守獨立股東批准之規定。

(A) 2022年《綜合服務框架協議》

於2022年1月13日，本公司與青啤集團簽訂協議（「《綜合服務框架協議》」），據此，本公司為青啤集團及其附屬公司提供健康飲品的產品研發服務、質量檢測服務、信息網絡服務及人力資源服務。《綜合服務框架協議》的年期由2022年1月1日起至2022年12月31日止。《綜合服務框架協議》項下截至2022年12月31日止年度的實際交易金額為人民幣12,374,347元，未超過截至2022年12月31日止年度上限金額人民幣18,000,000元。

XVII. Continuing Connected Transactions Defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is the information in relation to the continuing connected transactions that existed during the year ended 31 December 2022 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules.

(I) Continuing connected transactions with Tsingtao Group and its subsidiaries

Tsingtao Group is a controlling shareholder of the Company. Youjia Health and Zhilan Shunda are indirectly wholly-owned subsidiaries of Tsingtao Group and associates of Tsingtao Group. Therefore, Tsingtao Group, Youjia Health and Zhilan Shunda are connected persons of the Company. On 13 January 2022, the Company entered into (i) the Comprehensive Services Framework Agreement with Tsingtao Group; (ii) the Production Framework Agreement with Youjia Health; and (iii) the Supply Chain Services Framework Agreement with Zhilan Shunda. For more details, refer to the text below and the announcement of the Company dated 13 January 2022. The three agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) Comprehensive Service Framework Agreement of 2022

On 13 January 2022, the Company and Tsingtao Group entered into an agreement (the "Comprehensive Service Framework Agreement") pursuant to which the Company shall provide health beverage product development services, quality inspection services, information network services and human resources services for Tsingtao Group and its subsidiaries. The Comprehensive Services Framework Agreement was valid for the period from 1 January 2022 to 31 December 2022. The actual transaction amount under the Comprehensive Service Framework Agreement for the year ended 31 December 2022 was RMB12,374,347, which did not exceed the annual cap amount of RMB18,000,000 for the year ended 31 December 2022.

董事會報告 Report of the Directors

(B) 2022年《委託生產框架協議》

於2022年1月13日，本公司與優家健康簽訂協議（「《委託生產框架協議》」），據此，(i)優家健康及其附屬公司委託本集團生產「雀巢優活」「pure life」「優活家」系列品牌的包裝飲用水及其他飲料產品。《委託生產框架協議》的年期由2022年1月1日起至2022年12月31日止。《委託生產框架協議》項下截至2022年12月31日止年度的實際交易金額為人民幣1,877,942元，未超過截至2022年12月31日止年度上限金額人民幣37,760,000元。

(C) 2022年《供應鏈業務服務框架協議》

於2022年1月13日，本公司與智鏈順達簽訂協議（「《供應鏈業務服務框架協議》」），據此，智鏈順達及其附屬公司為本集團提供(i)物流運輸服務（本集團產品及生產所需原材物料、包裝物等產品生態鏈物資的運輸服務）（「物流運輸服務」）；及(ii)配送中心、區域配送中心等倉儲服務及二次包裝、快遞快運等增值服務（「倉儲及增值服務」）。同時，智鏈順達集團將承租本集團部分工廠的閒置倉庫進行運營（「倉儲租賃服務」）。

(B) Entrusted Production Framework Agreement of 2022

On 13 January 2022, the Company and Youjia Health entered into an agreement (the “Entrusted Production Framework Agreement”) pursuant to which (i) Youjia Health and its subsidiaries shall authorize the Group to produce packaged drinking water products and other beverage products of the brand series “Nestlé Pure Life”, “Pure Life” and “優活家”. The Entrusted Production Framework Agreement was valid for the period from 1 January 2022 to 31 December 2022. The actual transaction amount under the Entrusted Production Framework Agreement for the year ended 31 December 2022 was RMB1,877,942, which did not exceed the annual cap amount of RMB37,760,000 for the year ended 31 December 2022.

(C) Supply Chain Services Framework Agreement of 2022

On 13 January 2022, the Company and Zhilian Shunda entered into an agreement (the “Supply Chain Services Framework Agreement”) pursuant to which Zhilian Shunda and its subsidiaries shall provide the Group with (i) logistics and transportation services (transportation services for co-chain supplies such as raw materials and packaging materials required for the Group’s products and production) (“Logistics and Transportation Services”); and (ii) warehousing services such as distribution centres and regional distribution centres and value-added services such as secondary packaging and express delivery (“Warehousing and Value-added Services”). Zhilian Shunda Group shall lease part of the idle warehouses in the factories of the Group for operation purposes (“Warehouse Leasing Services”).

董事會報告 Report of the Directors

(D) 於2022年8月25日，本公司與智鏈順達訂立供應鏈業務服務框架補充協議，將截至2022年12月31日止之現有年度上限從人民幣22,900萬元修訂為人民幣32,900萬元。

《供應鏈業務服務框架協議》及其補充協議的年期由2022年1月1日起至2022年12月31日止。《供應鏈業務服務框架協議》及其補充協議項下截至2022年12月31日止年度有關(i)物流運輸服務及倉儲及增值服務及(ii)倉儲租賃服務的實際交易金額分別為人民幣291,752,906元及人民幣252,294元，未超過截至2022年12月31日止年度有關《供應鏈業務服務框架協議》的年度上限金額人民幣329,000,000元。

(二) 本公司獨立非執行董事已審閱並確認截至2021年12月31日止年度的上述持續關連交易乃：

- (i) 於集團的一般及日常業務過程中進行；
- (ii) 按一般商業條款進行；及
- (iii) 根據規管有關交易之協議進行，條款屬公平合理，而且符合公司股東的整體利益。

董事會亦認為交易已根據有關協議項下的定價政策進行，且公司的內部控制程序乃足夠有效。

(D) On 25 August 2022, the Company entered into the Supplementary Agreement to the Supply Chain Services Framework Agreement with Zhilian Shunda, revising the existing annual cap for the year ended 31 December 2022 from RMB229,000,000 to RMB329,000,000.

The Supply Chain Services Framework Agreement was valid for the period from 1 January 2022 to 31 December 2022. The actual transaction amount for (i) the Logistics and Transportation Services and Warehousing and Value-added Services; and (ii) the Warehouse Leasing Services under the Supply Chain Services Framework Agreement for the year ended 31 December 2022 was RMB291,752,906 and RMB252,294 respectively, which did not exceed the annual cap amount of RMB329,000,000 for the Supply Chain Services Framework Agreement for the year ended 31 December 2022.

(II) The independent non-executive directors of the Company had reviewed and confirmed that the aforementioned continuing connected transactions for the year ended 31 December 2022 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing the relevant transactions with terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Board also considers that the transactions have been conducted in accordance with the pricing policies under the relevant agreement and that the Company's internal control procedures are adequately effective.

董事會報告 Report of the Directors

(三) 本公司核數師已審查上述持續關連交易，並向本公司董事會確認該等持續關連交易沒有任何事項引起核數師的注意，使核數師相信已披露的持續關連交易：

- 未經由本公司董事會批准；
- 若交易涉及由本集團提供貨品或服務，各重大方面未按照本集團定價政策進行；
- 各重大方面沒有根據有關交易的協議條款進行；及
- 超逾有關年度上限。

本集團於一般業務過程中進行關聯方交易的詳情載於綜合財務報表附註8及在該附註說明的所有關聯方交易(除上述的持續關連交易)並不屬於上市規則所界定的「關連交易」或「持續關連交易」。就本集團在截至2022年12月31日止年度所進行的持續關連交易而言，本公司已遵守上市規則第14A章所規定的披露要求。

十八. 董事及監事在重要交易、安排或合約中的權益

除本年報所披露外，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。

(III) The Company's auditor has reviewed the aforementioned continuing connected transactions and confirmed to the Board that in respect of such transactions, nothing had come to the attention of the auditor that caused the auditor to believe that the continuing connected transactions:

- have not been approved by the Board of the Company;
- were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involved the provision of goods or services by the Group;
- were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- have exceeded the relevant annual cap.

Details of the related party transactions undertaken by the Group in the normal course of business are set out in Note 8 to the Consolidated Financial Statements and all these related parties transactions, other than the continuing connected transactions set out above, do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions conducted by the Group during the year ended 31 December 2022.

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

Save as disclosed herein, 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.

董事會報告 Report of the Directors

十九. 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四(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。

二十. 稅項減免

本公司股東依據現行有效及不時更新的稅務法規繳納相關稅項，並根據實際情況享受可能的稅項減免，並應就具體繳納事宜諮詢其專業稅務和法律顧問意見。有關所得稅代扣代繳情況詳見公司將會發佈的2022年度股東大會投票結果公告。

黃克興
董事長
中華人民共和國 青島
二零二三年三月二十二日

XIX. Donations

The amount of charitable and other donations made by the Group during the year is set out in Note 4(53) to the Consolidated Financial Statements.

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

XX. Tax Relief

The shareholders of the Company paid relevant taxes according to the currently valid and the tax laws updated from time to time, enjoyed possible tax deductions as the case may be, and shall consult with its professional tax and legal consultants for specific payment affairs. For details of the withheld and payment of the income tax, please refer to the poll results announcement of the 2022 annual general meeting to be issued by the Company.

HUANG Ke Xing
Chairman
Qingdao, the People's Republic of China
22 March 2023



公司董事會全體成員合影

監事會報告 Report of the Supervisors

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。

During the Reporting Period, the Board of Supervisors prudentially and seriously performed its duties and responsibilities in strict accordance with the related provisions in the laws and regulations and the Articles of Association for the purpose 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 power to ensure the operations of the Company are in compliance.

一、報告期內監事會的工作情況

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

(一) 監事會召開情況

(I) Meetings held by the Board of Supervisors

報告期內，公司監事會共召開11次會議，其中定期會議5次，臨時會議6次，審議各類議案共計30項。主要議案如下：

During the Reporting Period, the Board of Supervisors held a total of 11 meetings, including 5 regular meetings and 6 unscheduled meetings, where 30 different resolutions were considered, mainly including the following:

1、審議定期報告：

1. Considering regular reports:

- (1) 審議公司2021年度財務報告；
- (2) 審議公司2022年第一季度報告；
- (3) 審議公司2022年半年度報告；
- (4) 審議公司2022年第三季度報告。

- (1) Considered the Company's 2021 Financial Report;
- (2) Considered the Company's 2022 First Quarterly Report;
- (3) Considered the Company's 2022 Interim Report;
- (4) Considered the Company's 2022 Third Quarterly Report.

監事會報告 Report of the Supervisors

2、 審議其它事項：

報告期內，根據證券監管規定和公司實際情況，修改公司現行《監事會議事規則》中監事會成員構成，保持了公司治理的完善及有效運作。通過會議選舉產生了第十屆監事會臨時召集人。通過召開會議，審議通過持續關連交易、限制性股票第一個解除限售期解鎖上市及回購注銷部分限制性股票等議案，共計26項。

(二) 監事會實地調研情況

報告期內，為進一步掌握青島啤酒在全國的經營情況，同時為使公司監事加深對公司的了解，監事會深入寧夏市場等進行了實地調研。通過調研交流，掌握了第一手資料，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2022年度有關事項的獨立意見

(一) 依法運作情況

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 matters:

During the Reporting Period, the Company maintained its governance completeness and effective operations by revising the structure of the Board of Supervisors in the Rules of Procedure of the Board of Supervisors according to the securities regulations and the Company's actual situation. The temporary convener of the 10th session of the Board of Supervisors was elected at the meeting. By holding meetings, the Company reviewed and approved a total of 26 proposals, including proposals on continuing connected transactions, the unlocking and listing of restricted shares during the first unlocking period, and the repurchase and cancellation of some restricted shares.

(II) Site surveys conducted by the Board of Supervisors

During the Reporting Period, to further understand the business performance of Tsingtao Brewery in China and to deepen the Board of Supervisor's understanding of the Company, the Board of Supervisors conducted site surveys at the Ningxia market. The surveys and communication allowed the Board of Supervisors to get firsthand information, providing strong support for it to make scientific decisions and perform effective supervision.

II. Independent Comments made by the Board of Supervisors on related matters in 2022

(I) Compliance operation

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

The Board of Supervisors holds the view that all directors and senior management officers fulfilled their duties with diligence in accordance with national laws, regulations and related provisions in the 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 the 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2022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) 持續關連交易情況

監事會認為，公司在審議本公司與青啤集團及其附屬公司2022年度日常關連交易(持續關連交易)事項時，關連董事進行回避表決，審議程序符合法律、法規及《公司章程》的相關規定；相關協議的條款按一般商業條款進行並屬公平、合理，關連交易定價公允，符合公司及公司股東的整體利益。

(五) 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2022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。

(六) 建立和實施內幕信息知情人管理制度的情況

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 2022, the Board of Supervisors holds the view that the Company's financial system is sound and complete, its financial operation is compliant, its financial situation is satisfactory, and its financial statements truly and objectively reflect 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 violation of regulations in the management and use of proceeds received from financing activities.

(IV) Continuing connected transactions

The Board of Supervisors holds the view that the consideration procedures have complied with laws, regulations and the Articles of Association, as the related directors avoided voting on the matters when the Company considered the daily connected transaction (continuing connected transaction) matters of 2022 between the Company and Tsingtao Group as well as its affiliates; the terms of related agreements have complied with general commercial terms and been fair and reasonable, and the pricing in the connected transactions has been fair and in the interests of the Company and its shareholders.

(V) Internal control work report

The Board of Supervisors holds 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 and that the system has been effectively implemented. The 2022 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.

(VI) Information on the establishment and implementation of administrative policies on information insiders

As inspected, 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 Company's administrative regulation of information insiders has been improved, strictly observed, and implemented.

監事會報告 Report of the Supervisors

2022年10月，公司監事會憑藉優異表現從全國5,000多家上市公司監事會中脫穎而出，榮登中國上市公司協會「上市公司監事會卓有成效榜」，並入選《上市公司監事會最佳實踐優秀案例》，同時也是公司繼2016年後第二次獲得該項殊榮。借此機會，對各位監事會成員，為公司監事會工作所做的貢獻表示衷心的感謝！期望監事會持續發揮在公司治理結構中的監督作用，再接再厲，各項工作再上新台階。

2023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，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，助力公司的高質量發展，維護公司和股東的合法權益。

In October 2022, the Board of Supervisors of the Company stood out from its counterparts of some 5,000 listed companies nationwide by virtue of its superb performance. It was included in the list of “Productive Board of Supervisors of Listed Companies” by the China Association for Public Companies and selected into the Excellent Cases for the Best Practice of the Board of Supervisors of Listed Companies. It marked the second time that the Company won the honor since the first time in 2016. The Company would like to take this opportunity to extend its heartfelt thanks to all the members of the Board of Supervisors for their contributions to the work of the Board of Supervisors! The Company expects the Board of Supervisors to continue to play its role in supervising the Company’s governance structure and make improvements to elevate its work to higher levels

In 2023, the Board of Supervisors will continue to diligently perform its duties and give full play to its strengths in supervision in strict accordance with the requirements of laws, regulations, the Articles of Association and regulatory provisions. By holding meetings and conducting site surveys, it will further strengthen its supervision and improve its capacity to assist in the Company’s high-quality development and safeguard the legitimate rights and interests of the Company and its shareholders.

公司監事會

二零二三年三月二十一日

Board of Supervisors

21 March 2023



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。

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，惟《企業管治守則》守則條文第C.2.1條除外。本公司所採納的企業管治措施如下：

企業文化

企業文化是企業的靈魂。本公司充分發揮企業文化在高質量發展過程中的導向、激勵、引領和凝聚作用，通過打造高標準企業文化體系，全面推動公司經營管理水平，持續提升企業的創新力、凝聚力和核心競爭力。青島啤酒企業文化戰略圖請參閱公司2022環境、社會及管治報告。

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。在本公司最新修訂的《公司章程》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

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 meetings, its Board and Board of Supervisors exercise their respective duties, make decisions independently, and supervise each other, which maintains the balance of power among them. The Board has three specialized committees, which are the Audit & Internal Control Committee, the Strategy & Investment Committee and the Nomination & Remuneration Committee. These committees are mainly comprised of external directors (including independent non-executive directors), who play a positive role in improving the decision-making efficiency of the Board and promoting the effective operation of the Company's governance structure.

During the Reporting Period, 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"), except for Code Provision C.2.1. Measures taken by the Company for corporate governance are as follows:

Corporate culture

Corporate culture is the soul of an enterprise. The Company gives full play to the guiding, motivating, leading and unifying roles of corporate culture in the process of high-quality development. By establishing a high-standard corporate culture system, it comprehensively promotes the level of the Company's operations and management and constantly enhances its innovation, cohesion and core competitiveness. The strategy pie chart of Tsingtao Brewery's corporate culture, please refer to Tsingtao Brewery 2022 Environment, Society and Governance Report.

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 itself to maximizing values for shareholders. In the Company's latest Articles of Association and its appendix, "Rules of Procedure of the Board of Directors," the Board's authorities in the Company's development strategies and management, as well as its powers of supervision and inspection over the Company's development and operation, are described in detail. At the same time, the

企業管治報告 Corporate Governance Report

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《企業管治守則》第A.2.1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《公司章程》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。

《企業管治守則》條文第C.2.1條規定，董事長與行政總裁的角色應有區分，不應由一人同時兼任。自樊偉先生於2020年2月28日因已屆法定退休年齡而辭任本公司執行董事兼總裁職位後，因公司總裁的繼任人選一直在磋商之中，公司總裁職位當時暫時空缺。為確保公司的正常運營，本公司董事長已按照保持一個良好而穩固、符合本公司需要的企業管治結構之要求，酌情履行總裁職責。2022年6月21日，董事會審議通過聘任姜宗祥先生為新任總裁，公司因此已符合《企業管治守則》上述條文的要求。

Board performs its duty of corporate governance by monitoring, evaluating and ensuring the effectiveness and efficiency of the Company's internal control system and its compliance with laws and regulations. The Board is responsible for performing the duties and responsibilities of corporate governance set out in the function scope of Code Provision A.2.1 of the 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 plans of the Company; reporting to the Board on the Company's business performance and its signing and implementation of significant contracts; exercising the right to use funds and assets within the scope authorized by the Board; and signing contracts on behalf of the Company. At the same time, the Company specifies the duties, responsibilities, and the work of all senior management officers, so as to ensure that they perform their duties of good faith and diligence.

Provision C.2.1 of the Corporate Governance Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer be separated and not be performed by the same person. The list of candidates for President of the Company has been under discussion since Mr. FAN Wei resigned from his positions of Executive Director and President of the Company on 28 February 2020 as he had reached the statutory retirement age. The position remains unfilled for the time being then. To ensure normal operations of the Company, the Chairman of the Company is performing the duties of the President according to the requirements for maintaining a good and stable corporate governance structure that accommodates the Company's needs. 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 above provision of the Corporate Governance Code.

企業管治報告 Corporate Governance Report

2、 組成

截止2022年12月31日，公司第十屆董事會成員由4名執行董事及5名獨立非執行董事組成：

執行董事

黃克興先生(董事長)
姜宗祥先生
王瑞永先生
侯秋燕先生

獨立非執行董事

肖耿先生
盛雷鳴先生
姜省路先生
張然女士
宋學寶先生

上述獲重選或獲選舉的董事的任期為三年，由股東大會通過對其作出的委任後立即開始至第十屆董事會任期屆滿。

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、性別、種族、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。董事會酌情審查多元化政策的實施和有效性，或至少每年審查一次。目前董事會成員包括八名男性董事及一名女性董事，而女性佔全體員工比例約為28%，董事會及全體員工達到性別多元化。提名與薪酬委員會將每年檢討是否需要提升本公司董事會性別多元化。

董事會認為上述政策足以有效確保董事會多元化。

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有監管機構要求的會計或相關財務管理資格，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 2022, the tenth session of the Board of Directors was comprised of four executive directors and five independent non-executive directors:

Executive Directors

Mr. HUANG Ke Xing (Chairman)
Mr. JIANG Zong Xiang
Mr. WANG Rui Yong
Mr. HOU Qiu Yan

Independent Non-executive Directors

Mr. XIAO Geng
Mr. SHENG Lei Ming
Mr. JIANG Xing Lu
Ms. Rania ZHANG
Mr. SONG Xue Bao

The above-mentioned re-elected or elected directors shall serve for a term of three years, with immediate effect following their appointments at the annual general meeting, until the expiration of the term of the tenth session of the Board of Directors.

The Company has adopted a board diversity policy in order to enhance the effectiveness of the Board. When determining the composition of the Board, the Company considers the diversity of the members in from different aspects including but not limited to age, gender, ethnicity, cultural and educational backgrounds, professional experience, skills and knowledge. The Board focuses on the candidates' qualification for all appointments, and takes into account the benefits of the diversity of the members based on objective conditions when choosing the candidates. The Board reviews the implementation and effectiveness of the diversity policy, as appropriate, or at least on an annual basis. The current Board comprises eight male members and one female member and the female representation is about 28% at workforce level, achieving gender diversity in respect of the Board and across the workforce. The Nomination & Remuneration Committee will review annually the need for achieving higher gender diversity in the Company.

The Board holds the above policy are effective enough to ensure diversity on the Board.

The members of the Board have various professional backgrounds and possess different professional knowledge. In particular, one independent non-executive director has the accounting qualifications or related financial management qualifications required by the regulatory authorities. All directors have substantial experience in their respective professional field. The profile of the directors is set out in the 'Profiles 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5名獨立非執行董事，佔董事會總人數的1/2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、金融投資及市場營銷等方面的專業經驗，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，向股東做出匯報。

There are five independent non-executive directors in the latest session of the Board, accounting for over 1/2 of the headcount of the Board. These independent non-executive directors have various professional backgrounds with substantial experience in law, accounting, financial investment and marketing. Such composition is helpful to the Board in the discussion and analysis of issues in different aspects to ensure science-based decision-making by the Board. Since 2005, the independent non-executive directors have submitted their annual work reports to the shareholders at the annual general meetings.

3、董事會會議

2022年度，本公司共舉行了8次現場結合視頻會議和7次以通訊表決方式召開的書面議案會議，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：

- 3.1 審議批准年度、半年度及季度業績報告；
- 3.2 審議通過修改《公司章程》及其附件(股東大會和監事會議事規則)，制訂本公司高級管理人員履職評價制度，公司董事、監事和高級管理人員所持本公司股份及其變動管理制度等治理文件；
- 3.3 審議通過公司A股限制性股票激勵計劃首次授予限制性股票第一個解除限售期解除限售相關事項以及回購部分限制性股票的議案；
- 3.4 審議批准召集臨時股東大會以及股東年會等事項；
- 3.5 審議批准子公司搬遷新建、新增產能項目及土地收儲項目的可行性報告。

3. Board meetings

In 2022, the Company held eight site meetings with teleconferencing and seven meetings combined with voting through communications to consider the Company's operation and financial performance, management structure and investment plans mainly including:

- 3.1 Considering and approving the reports of annual, interim and quarterly results;
- 3.2 Considering and approving the amendments to the Articles of Association and its appendix (rules of procedure for annual general meetings and the Board of Supervisors), the formulation of the Company's performance appraisal system for senior management officers, and governance documents in relation to the shares of the Company held by the directors, supervisors, and senior management officers, and the management systems for their changes etc.
- 3.3 Considering and approving proposals in relation to the unlocking and listing of the first grant of the restricted shares under the first unlocking period and the repurchase and cancellation of part of the restricted shares under the Restricted A Share Incentive Plan of the Company;
- 3.4 Considering and approving the convening of extraordinary general meetings, annual general meetings, share class meetings and other matters;
- 3.5 Considering and approving the feasibility reports on the relocation and new construction projects, new capacity projects, and land purchase and storage projects of subsidiaries;

企業管治報告 Corporate Governance Report

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及股東大會的詳情載列如下：

The meeting notices 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 prudent decisions at the board meetings. Details of all directors' attendance of board meetings and general meetings in the year are as follows:

董事姓名 Name of directors	本年應參加 董事會次數 Number of meetings to attend for the year	參加董事會情況 Attendance at board meetings					參加股東 大會情況 Attendance at annual general meetings
		親自出席次數 Attendance in person	以通訊方式 參加次數 Attendance through communications	委托出席次數 Attendance by proxy	缺席次數 Absence	是否連續兩次 未親自參加會議 Failed to attend two meetings in person in a row	出席股東大會 的次數 Attendance
黃克興 HUANG Ke Xing	15	8	7	0	0	否 No	2
姜宗祥(註1) JIANG Zong Xiang (Note 1)	5	4	1	0	0	否 No	-
王瑞永 WANG Rui Yong	15	8	7	0	0	否 No	2
侯秋燕(註1) HOU Qiu Yan (Note 1)	5	4	1	0	0	否 No	-
肖耿 XIAO Geng	15	8	7	0	0	否 No	2
盛雷鳴 SHENG Lei Ming	15	8	7	0	0	否 No	2
姜省路 JIANG Xing Lu	15	8	7	0	0	否 No	2
張然 Rania ZHANG	15	8	7	0	0	否 No	2
宋學寶 SONG Xue Bao	7	5	2	0	0	否 No	1
于竹明(註1) YU Zhu Ming (Note 1)	6	3	3	0	0	否 No	-
石琨(註1) SHI Kun (Note 1)	5	2	3	0	0	否 No	-

註1：石琨先生於2022年6月7日辭任非執行董事，于竹明先生於2022年6月21日辭任執行董事，姜宗祥先生與侯秋燕先生於2022年7月18日委任為執行董事，因此報告期內出席股東大會次數不適用於彼等。

Note 1: Mr. SHI Kun resigned as Non-executive Director on 7 June 2022. Mr. YU Zhu Ming resigned as Executive Director on 21 June 2022. Mr. JIANG Zong Xiang and Mr. HOU Qiu Yan were appointed as Executive Directors on 18 July 2022. Therefore, the attendance at the annual general meetings during the Reporting Period is not applicable to them.

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匯報相關工作。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。

董事會已採納了有效機制，以確保董事會可獲得獨立的觀點及意見。經董事長批准後，在適當情況下，董事如有需要可尋求獨立於本公司顧問的獨立法律、財務或其他專業意見，費用由本公司承擔，以促使其有效履行其職責。董事會將每年檢討該機制的實施及有效性。

董事會認為上述機制足以有效確保董事會獲提供獨立觀點及意見。

The convening and holding of board meetings are strictly subject to the provisions of the Articles of Association and the Rules of Procedure for the 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 adequately at the meetings and voted in sequence. The notices of regular meetings are dispatched 14 days before the meetings. Should any director be unable to attend the meeting due to other business, he/she could authorize another director in writing to attend and vote on his/her behalf, and independent non-executive director could authorize other independent non-executive directors 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 proposals, and reporting their related work at board meetings. The independent non-executive directors may, pursuant to the provisions of the Articles of Association, appoint independent professional organizations to serve them when exercising their power, performing their duties and responsibilities or for the purpose of business, and the reasonable expenses incurred will be borne by the Company.

The Board has adopted effective mechanisms to ensure independent views and inputs are available to the Board. Subject to approval of the Chairman of the Board, Directors may seek, at the Company's expense, independent legal, financial or other professional advice from advisors independent to the Company's advisors as and when necessary in appropriate circumstances to enable them to perform their responsibilities effectively. The Board will review the implementation and effectiveness of such mechanisms on an annual basis.

The Board holds that the above mechanisms are effective enough to ensure that independent views and input are provided to the Board.

企業管治報告 Corporate Governance Report

二. 董事

1. 董事及公司秘書之培訓

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(即姜宗祥先生、侯秋燕先生及宋學寶先生)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2022年1月1日至12月31日期間，本公司全體董事(包括執行董事黃克興先生及王瑞永先生)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，本公司獨立非執行董事肖耿先生、盛雷鳴先生、姜省路先生和張然女士均參加了上交所舉辦的獨立董事後續培訓。

張瑞祥先生(本公司董事會秘書兼董事會秘書室主任)為本公司的公司秘書。於本年度，彼已符合根據上市規則第3.29條項下之相關專業培訓規定，已參加不少於15小時相關專業培訓，包括上交所和香港公司治理公會分別舉行的董秘後續培訓及管治課程。

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。

II. Directors

1. Training for Directors and the Company Secretary

Pursuant to the Corporate Governance Code, all directors are obliged to take part in the continuing professional development to update their knowledge and skills. The Company has provided its directors with training and development courses, including (1) induction training (director's manual) for the newly appointed directors (i.e. Mr. JIANG Zong Xiang, Mr. HOU Qiu Yan and Mr. SONG Xue Bao); (2) continuing training and professional development courses for the directors.

During the period from 1 January 2022 to 31 December 2022, all of the Company's directors (including executive director Mr. HUANG Ke Xing and Mr. WANG Rui Yong) 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 Company's independent non-executive directors Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu and Ms. Rania ZHANG participated in the follow-up training for independent directors organized by the Shanghai Stock Exchange.

Mr. ZHANG Rui Xiang (Board Secretary and Director of the Board Secretary's Office of the Company) is the Company Secretary of the Company. He has satisfied the requirements for professional training as stipulated in Rule 3.29 of the Listing Rules by attending no less than 15 hours of related professional training, including subsequent training and governance courses organized by the Shanghai Stock Exchange and The Hong Kong Chartered Governance Institute.

2. Independence of independent non-executive directors

The Company has appointed a 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 the Listing Rules.

企業管治報告 Corporate Governance Report

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。

三. 董事會專門委員會

董事會分別於2022年6月28日和7月18日召開會議，批准委任宋學寶先生為審計與內控委員會委員，委任姜宗祥先生為戰略與投資委員會委員，以下委員會成員組成之披露為截止2022年末的狀況。

3. Securities transactions by directors

The Company formulated the Regulations on Holding and Changes of Shares in the Company by Directors, Supervisors and Senior Management Officers by applying the Model Code set out in Appendix 10 of the Listing Rules. After having made specific inquiries to all directors, the Company confirms that they have observed the required standards set out in the Listing Rules regarding the securities transactions by directors during the Reporting Period.

4. Liability insurance for 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 directors' responsibilities for financial statements

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

III. Specialized Committees of the Board

The Board held a meeting on 28 June 2022 and 18 July 2022 respectively, at which it approved the appointments of Mr. SONG Xue Bao as a member of the Audit & Internal Control Committee and Mr. JIANG Zong Xiang as a member of the Strategy & Investment Committee. The following disclosure on the members of the committees shows the status as of the end of 2022.

企業管治報告 Corporate Governance Report

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《企業管治守則》及中國證監會頒布的《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。

第十屆董事會審計委員會的成員包括：獨立非執行董事張然女士(審計委員會主席)、肖耿先生、盛雷鳴先生、姜省路先生和宋學寶先生。其中張然女士具備財務和會計業務的經驗和能力，並擁有會計學專業博士學位和會計學專業教授職稱。2022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，委員會均會就曾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：



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

The duty scope of the Audit Committee is determined pursuant to the Corporate Governance Code set out in Appendix 14 of the Listing Rules and the Guidelines for Corporate Governance of China Listing Companies published by the China Securities Regulatory Commission, and is revised subject to the latest regulatory changes. Its main duties include: reviewing the soundness, completeness and effectiveness of the Company’s internal control system and regulations; reviewing the Company’s annual, interim and quarterly financial statements; responsible for the appointment and, work coordination with the external auditor and reviewing its work efficiency and quality; inspecting and supervising the Company’s financial reporting quality and procedures.

Members of the Audit Committee of the tenth session of the Board of Directors include: Independent Non-executive Directors Ms. Rania ZHANG (Chairman of the Audit Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu and Mr. SONG Xue Bao. Ms. Rania ZHANG is well-versed in finance and accounting, and she holds PhD and Professorship in Accounting. The 2022 Audit Committee held five 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:

企業管治報告 Corporate Governance Report

委員姓名	Name	出席會議(次) Attendance	應出席會議(次) Number of meetings to attend	出席率(%) Attendance rate (%)
張然 (審計委員會主席)	Rania ZHANG (Chairman of the Audit Committee)	5	5	100
肖耿	XIAO Geng	5	5	100
盛雷鳴	SHENG Lei Ming	5	5	100
姜省路	JIANG Xing Lu	5	5	100
宋學寶(註1)	SONG Xue Bao (Note 1)	2	2	100
石琨(註2)	SHI Kun (Note 2)	3	3	100

註1：宋學寶先生於2022年6月28日起出任第十屆董事會審計委員會委員。

Note 1: Mr. SONG Xue Bao has served as a member of the Audit Committee of the tenth session of the Board of Directors since 28 June, 2022.

註2：石琨先生於2022年6月7日辭任第十屆董事會審計委員會委員。

Note 2: Mr. SHI Kun has ceased to serve as a member of the Audit Committee of the tenth session of the Board of Directors since 7 June, 2022.

審計委員會在本年度主要工作包括：

Major work of the Audit Committee in the year included:

- 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。

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

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。

2. Strategy and Investment Committee (“Strategy Committee”)

The main duties and responsibilities of the Strategy Committee include: supervising and reviewing the Company's orientation of strategic development; developing strategic plans for the Company; timely adjust the Company's strategic and governance structure.

企業管治報告 Corporate Governance Report

第十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)及姜宗祥先生和獨立非執行董事盛雷鳴先生、張然女士及宋學寶先生。2022年戰略委員會共舉行了5次會議，各委員出席會議的情況如下：

Members of the Strategy Committee of the tenth session of the Board of Directors include: Mr. HUANG Ke Xing (Chairman of the Strategy Committee), Mr. JIANG Zhong Xiang, and Independent Non-executive Directors Mr. SHENG Lei Ming, Ms. Rania Zhang and Mr. SONG Xue Bao. The Strategy Committee held five meetings in 2022. The attendance of each member was as follows:

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 (%)
黃克興 (戰略委員會主席)	HUANG Ke Xing (Chairman of the Strategy Committee)	5	5	100
姜宗祥(註1)	JIANG Zong Xiang (Note 1)	2	2	100
盛雷鳴	SHENG Lei Ming	5	5	100
張然	Rania ZHANG	5	5	100
宋學寶(註2)	SONG Xue Bao (Note 2)	2	2	100
石琨(註3)	SHI Kun (Note 3)	3	3	100

註1：姜宗祥先生於2022年7月18日起出任第十屆董事會戰略委員會委員。

Note 1: Mr. JIANG Zong Xiang has served as a member of the Strategy Committee of the tenth session of the Board of Directors since 18 July, 2022.

註2：宋學寶先生於2022年6月28日起出任第十屆董事會戰略委員會委員。

Note 2: Mr. SONG Xue Bao has served as a member of Strategy Committee of the tenth session of the Board of Directors since 28 June, 2022.

註3：石琨先生於2022年6月7日辭任第十屆董事會戰略委員會委員。

Note 3: Mr. SHI Kun has ceased to serve as a member of the Strategy Committee of the tenth session of the Board of Directors since 7 June, 2022.

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、新增產能及整合關閉項目的可行性報告，以及土地收儲項目可行性報告。

The main work of the Strategy Committee in the year included: reviewing the feasibility reports on subsidiaries' relocation, new construction and new capacity projects and the feasibility reports on land purchase and storage projects.

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。

3. Nomination & Remuneration Committee

The main duties and responsibilities of the Nomination & Remuneration Committee include: studying and considering the Company's remuneration policies and incentive mechanism for directors and senior management officers; developing evaluation standards; studying the schemes of improving corporate governance; assessing the independence of independent non-executive directors; making proposals to the Board for the appointment of directors.

第十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)、肖耿先生、盛雷鳴先生、張然女士及宋學寶先生。

Members of the Nomination and Remuneration Committee of the tenth session of the Board of Directors include: Independent Non-Executive Directors Mr. JIANG Xing Lu (Chairman of the Nomination Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Ms. Rania ZHANG and Mr. SONG Xue Bao.

企業管治報告 Corporate Governance Report

2022年度提名與薪酬委員會舉行了6次會議，對年報披露的董事、監事和高管人員薪酬資料及擬提名的董事候選人的任職資格進行了審核，也就激勵計劃年度業績考核報告和解除限售期條件成就等事項進行審核，並向董事會提出意見。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 (%)
姜省路(提名委員會主席)	JIANG Xing Lu (Chairman of the Nomination Committee)	6	6	100
肖耿	XIAO Geng	6	6	100
盛雷鳴	SHENG Lei Ming	6	6	100
張然	Rania ZHANG	6	6	100
宋學寶(註1)	SONG Xue Bao (Note 1)	3	3	100
石琨(註2)	SHI Kun (Note 2)	2	2	100

註1：宋學寶先生於2022年6月28日起出任第十屆董事會提名與薪酬委員會委員。

註2：石琨先生於2022年6月7日辭任第十屆董事會提名與薪酬委員會委員。

公司於2021年6月28日召開股東年會，通過董事會和監事會換屆選舉的議案，選舉產生第十屆董事會和監事會，按照公司制定的董事會成員多元化政策，公司第十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、性別、文化及教育背景或專業經驗。第十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。

In 2022, the Nomination & Remuneration Committee held six meetings, where they reviewed the remuneration of the directors, supervisors and senior management officers as disclosed in the annual report. Furthermore, they also reviewed the qualifications of the proposed director candidates and recommended their appointment at the annual general meeting. The attendance of each member is as follows:

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 (%)
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Note 1: Mr. SONG Xue Bao has served as a member of the Nomination & Remuneration Committee of the tenth session of the Board of Directors since 28 June, 2022.

Note 2: Mr. SHI Kun has ceased to serve as a member of the Nomination & Remuneration Committee of the tenth session of the Board of Directors since 7 June, 2022.

On 28 June 2021, the Company held the annual general meeting and approved the proposal on the election of the tenth session of the Company's Board of Directors and Board of Supervisors. In accordance with the diversity policy formulated by the Company, this election 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 backgrounds or professional experience of the members. The tenth session of the Board of Directors showcases an appropriate balance in the perspectives of skills, experience and diversity, thereby enhancing the effective functioning of the Board and maintaining a high standard of corporate governance.

企業管治報告 Corporate Governance Report

提名及薪酬委員會負責物色董事會成員、提名及遴選事宜。按照公司制定的提名政策，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。

The Nomination and Remuneration Committee is responsible for searching, nominating and selecting Board members. According to the nomination policy established by the Company, 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.

薪酬範圍 (不含股份支付):	Emoluments bands (Except for share-based payment):	人數 Number of individuals
港幣0元 – 1,000,000元 (折合人民幣約0元 – 890,000元)	HKD0 – 1,000,000 (equivalent to approximately RMB0 – 890,000)	4
港幣4,500,001元 – 5,000,000元 (折合人民幣約4,020,000元 – 4,470,000元)	HKD4,500,001 – 5,000,000 (equivalent to approximately RMB4,020,000 – 4,470,000)	1

附註：上述所披露的高級管理人員乃指董事及監事以外的僱員。

Note: The members of the senior management disclosed above refer to the employees other than directors and supervisors.

根據上市規則附錄十六須予披露的董事、監事及高管酬金以及五名最高薪酬僱員詳情載於財務報表附註八。

Further particulars regarding the directors, supervisors and senior management's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 8 to the financial statements.

四. 監控機制

1. 監事會

截止2022年12月31日，公司第十屆監事會由2名股東代表監事和3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」。

IV. Supervisory Mechanism

1. Board of Supervisors

As at 31 December 2022, the tenth session of the Board of Supervisors is comprised of two supervisors as shareholders' representative and three 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.

企業管治報告 Corporate Governance Report

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。2022年度，監事會共舉行11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。

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 2022, the Board of Supervisors in total held 11 meetings to supervise on behalf of shareholders over the Company's finance, the directors' and senior management officers' observance of laws and regulations in performing their duties and responsibilities, and attended all site board meetings and general meetings. Details of the work of the Board of Supervisors are set out in "Report of the Supervisors" in this Annual Report.

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》，以及內部控制及風險管理具體規範的要求，制定了一系列內部控制及風險管理制度，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。按照企業內部控制及風險管理規範體系的規定，建立健全和有效實施內部控制及風險管理，評價其有效性，並如實披露內部控制及風險管理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及風險管理進行監督。經理層負責組織領導企業內部控制及風險管理的日常運行。上述風險包括但不限於與環境、社會及管治(「ESG」)有關的重大風險。

公司內部控制及風險管理系統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。由於內部控制及風險管理系統存在的固有局限性，故該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

2. Internal control and risk management

2.1 According to the Internal Control Guide to Listing Companies of Shanghai Stock Exchange published by SSE, the Listing Rules, and the requirements of the specific regulations of internal control and risk management, the Company formulated a series of internal control and risk management policies. These policies 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 and risk management regulatory systems, it is the responsibilities of the Board to establish and effectively implement the internal control and risk management systems, assess their effectiveness, and truly disclose the internal control and risk management evaluation report. The Board of Supervisors supervises the establishment and implementation of internal control and risk management of the Board, while the managers are responsible for organizing and leading the routine operation of the internal control and risk management. Such risks would include, among others, material risks relating to environmental, social and governance ("ESG").

The purpose of the Company's internal control and risk management systems is to reasonably ensure the lawful and compliant operation management, asset safety, the authenticity and completeness of financial reports and related information, the improvement of operating efficiency and its effects, and the promotion and realization of development strategies. However, due to the inherent limitations of the internal control and risk management systems, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

企業管治報告 Corporate Governance Report

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(包括ESG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匯報。

對風險管理(包括ESG風險)及內部監控系統的有效性進行檢討後，董事會已達成結論，本集團已建立有效及足夠的風險管理及內部監控系統。

2.2 內部控制及風險管理運行有效性評估

公司建立了總部獨立內控及風險管理(包括ESG風險)評價、總部職能部門自我內控評價和分(子)公司自我內控及風險管理評價相結合的三級內控評價機制，每年組織進行內部控制及風險管理(包括ESG風險)評價工作，就內部控制及風險管理(包括ESG風險)的設計有效性和實施有效性進行審計評價，並出具獨立的內控及風險管理評價報告。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。

The Internal Audit Department of the Company conducts annual identification and assessment of risks (including ESG risks) existing in the Company's production, operation and internal control activities, and improve the Company's internal control system based on the risk assessment results by means of internal control evaluation, etc. In accordance with 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 two dimensions: the effectiveness of the design and implementation of internal control, thereby refining and improving 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.

After having conducted a review of the effectiveness of the risk management (including ESG risks) and internal control systems, the Board has reached the conclusion that the Company's risk management and internal control systems were in place, effective and adequate.

2.2 Evaluation of the effectiveness of internal control and risk management operation

The Company has established a 3-tier internal control and risk management (including ESG risks) evaluation mechanism that combines the independent internal control and risk management (including ESG risks) evaluation of the head office, the self-evaluation of functional departments of the head office, and the self-evaluation of branches/subsidiaries. The Company arranges the annual internal control and risk management (including ESG risks) evaluation to audit and evaluate the effectiveness of the design and the implementation of internal control and risk management and issues an independent internal control and risk management evaluation report. The functional departments of the Company and the branches/subsidiaries also carry out regular self-evaluation as required and rectify any 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

公司第十屆董事會第十次會議審議通過公司2022年度內部控制及風險管理評價報告，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及風險管理重大缺陷、重要缺陷。亦未發現公司非財務報告內部控制及風險管理重大缺陷、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2022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2022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 Company's internal control system. The Company also established a separate communication mechanism between the external auditor and the Company's Audit Committee to guarantee the external auditor's independence and right to be informed and give full play to its role.

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

The Company's 2022 internal control and risk management evaluation report was considered and approved at the tenth meeting of the tenth session of the Board of Directors. According to the Company's criteria for identifying internal control deficiencies, during the Reporting Period, the Company did not have any material weakness or significant weakness of internal control and risk management in the financial reporting, nor in the non-financial reporting.

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

PwC Zhong Tian was appointed by the Company to audit the effectiveness of the internal control in financial reporting, who held the view that, as at 31 December 2022, the Company had maintained effective internal control in financial reporting in all material aspects according to Basic Standards of Corporate Internal Control and other related regulations.

The full text of the Company's 2022 internal control evaluation report and PwC Zhong Tian's audit report of the Company's internal control of financial reporting can be found 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，本公司已於2021年10月修訂了《內幕信息知情人登記管理制度》等內部制度，進一步明確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。

2.4 本公司已採納反貪污政策，以規管員工接受利益，並已採納舉報政策，就員工及外部相關人士舉報關於本集團任何可能或真實不當行為提供指引。

2.3 In terms of the handling and releasing of inside information, the Company amended such internal policies as the Administrative Policies for the Registration of Information Insiders in October 2021, further specifying the range, reporting process, registration, filing and prohibitive behaviors concerning inside information and information insiders to strictly control the range of insiders and prevent the risk of leaking inside information.

2.4 The Company has adopted an anti-corruption policy to govern acceptance of advantages by employees and a whistleblowing policy to provide guidance to employees and external stakeholders to report concerns about any suspected or actual improprieties relating to the Group.

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21年。2022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 21 consecutive years. In 2022, 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, travel expenses and miscellaneous expenses. The auditor's responsibilities for the financial statements are set out in "Auditor's Responsibilities for the Audit of the Financial Statements" of this Annual Report.



企業管治報告 Corporate Governance Report

五、股東及其他利益相關者

1、股東通訊政策

董事會已於二零二一年十月審議通過《公司投資者管理制度》暨採納股東通訊政策，其中列明本集團與股東保持有效持續對話的承諾。總括而言，本公司已與股東及持份者建立不同通訊渠道，包括：(i)提供印刷或電子版公司通訊；(ii)在公司網站上及時提供公司資訊；(iii)舉行股東周年大會，為股東提供平台，向董事會提出及交換意見；及(iv)就所有股份登記事宜向股東提供服務的安排。董事會已檢討於年內實施股東通訊政策的有效性，並認為該政策持續有效加強本公司與股東之間及時、透明、準確及公開的通訊。

2、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. Shareholders' Communication Policy

In October 2021, the Board considered and approved The Company's Investor Management Policy and adopted the shareholders' communication policy. The policies set out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. In summary, the Company has established different communication channels with shareholders and stakeholders including: (i) providing printed or electronic copies of corporate communications; (ii) providing timely corporate information on the Company's website; (iii) holding annual general meetings to provide a platform for shareholders to make comments and exchange views with the Board; and (iv) providing service arrangements for the shareholders in respect of all share registration matters. The Board reviewed the validity of the implementation of the Shareholders' Communication Policy during the year and held that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the shareholders.

2. General meetings

The Company has been devoted to protecting the legal rights and interests of all its shareholders. The convening and holding of general meetings are strictly pursuant to the provisions of the Articles of Association and the Rules of Procedure for General Meeting. The Company's general meetings are convened by the Board and hosted by the Chairperson of the Board. The executive directors report proposals at the general meetings, while the representatives of shareholders, representatives of supervisors, witness lawyers, and profession accountants from Hong Kong (scrutineers for the vote-taking) jointly inspect and count the votes for the proposals, and have the chairperson of the meeting (Chairperson of the Board) announce the voting results and form the formal resolution of the meetings. The lawyer appointed by the Company will 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，按照《公司章程》的規定提前發出會議通知，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。

2022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2021年度股東年會，股東年會審議通過了公司2021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、內部控制審計師及選舉宋學寶先生為公司第十屆董事會獨立非執行董事等六項議案，選舉獨立董事的議案，以及聽取了公司2021年度獨立非執行董事述職報告。股東年會以特別決議案方式審議通過《關於修改公司章程及其附件的議案》。

2022年7月18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2022年第一次臨時股東大會，審議通過關於選舉姜宗祥先生和侯秋燕先生為公司第十屆董事會執行董事的議案，以特別決議案方式審議通過修改《公司章程》。

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。

The annual general meeting is the top power organ of the Company, which legally exercises its authorities to decide on 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 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.

On 28 June 2022, the Company held the annual general meeting of 2021 in the form of onsite meeting and online voting combined in Qingdao. At the annual general meeting, six proposals were considered and approved, including the Report of the Board of Directors, the Report of the Board of Supervisors, the Audited Financial Report, the Profit Distribution Plan, the continued appointment of auditors for financial reports and internal control audits, and the proposal on electing Mr. SONG Xue Bao as an Independent Non-executive Director of the tenth session of the Board of Director of the Company; the work report of the independent non-executive directors of 2021 was briefed. At the annual general meeting, the Proposal on Amending the Articles of Association and Its Appendix was considered and approved in the form of a special resolution.

On 18 July 2022, the Company held the first extraordinary general meeting of 2022 in the form of onsite meeting and online voting combined in Qingdao. The proposal on electing Mr. JIANG Zong Xiang and Mr. HOU Qiu Yan as executive directors of the tenth session of the Board of Directors of the Company was considered and approved; the proposal on amending the Articles of Association was approved in the form of a special resolution.

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

企業管治報告 Corporate Governance Report

3、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布。

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》第八十五條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。

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。

4、公司章程修訂

2022年6月28日，本公司召開的2021年股東年會上審議通過關於修訂公司章程及其附件的議案，上述修改已於2022年6月28日相關決議作出之日生效。

上述章程修改內容請參考本公司於香港聯交所網站(www.hkexnews.hk)、上交所網站(www.sse.com.cn)發佈的相關公告。

3. Shareholders' rights

As one of the measures safeguarding 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 voting shares issued by the Company externally may request in writing the convening of extraordinary general meeting pursuant to Rule 85 in the Articles of Association. Such request must be clearly stated to the general meeting the issues to be considered with the signature by the person who makes the request and notifies in writing to the Board. The shareholders should follow the rules and procedures for convening extraordinary general meetings set out in the Articles of Association.

Shareholders have the right to inquire the information set out in Rule 52(V) of the Articles of Association, and can make inquiry or request for such right by sending a letter to the Company's Board Secretary's Office or an email to the Company's email address for "Investor Relations" (secretary@tsingtao.com.cn). Shareholders who inquire about the related information should provide corresponding written verification documents and will be provided with such information after their identity as shareholder has been verified by the Company.

4. Amendments to the Articles of Association

On June 28, 2022, the proposal on the amendments to the Articles of Association and its appendix was considered and approved at the annual general meeting of 2021 held by the Company. The aforementioned amendments took effect starting from the date when the resolution was made on 28 June, 2022.

For the details of the aforementioned amendments, please refer to the relevant announcements published by the Company on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Shanghai Stock Exchange (www.sse.com.cn).

企業管治報告 Corporate Governance Report

5、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了解，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。

2022年，公司繼續採取電話會議+線上會議等靈活措施加強與投資者的溝通交流，2022年全年舉行各種投資者會議100多次，使公司股票獲得資本市場的廣泛認同。另外，公司響應青島證監局和青島市上市公司協會發出的加強投資者教育和保護的號召，於11月參加了2022年度青島轄區上市公司「投資者網上集體接待日」等投資者交流活動，公司財務總監、董秘出席活動並通過網絡在線交流形式與廣大投資者就公司發展戰略、經營狀況等投資者所關注的問題進行溝通。

6、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。

5. Investor relations and communications

The Company pays high regards to the management of investor relations, strives to strengthen 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 devoted to improving its transparency to help investors gain 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 operation management.

In 2022, the Company continued to strengthen communications and exchanges with investors by taking flexible measures, such as teleconferencing and online meetings. The Company held more than 100 meetings with investors in 2022, making its stocks gain broad recognition from the capital market. In addition, as a response to the call of the CSRC Qingdao Bureau and the China Association for Public Companies Qingdao for strengthening the education and protection of investors, the Company participated in exchanges with investors, such as the "Online Collective Investor Reception Day" by listed companies in Qingdao in November. The Company's CFO and Board Secretary took part in the activity and communicated with investors online regarding issues such as the Company's development strategies and operating conditions.

6. Other stakeholders

The Company holds the view that, it should insist on operations with integrity, conscientiously fulfill social responsibilities, and establish a harmonic, win-win and long-term cooperation with its stakeholders to ensure its long-lasting existence and continuous operation. For years, while achieving stable growth of operating performance, the Company has been making full payment of taxes, operating with integrity, giving back to the society and actively participating in social charity activities and environmental protection.

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 good corporate governance. Therefore, the Board will be dedicated to continuously improving efficiency and the quality of decision-making, so as to promote the steady development of the Company and add values to shareholder.

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 changes in 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	32,171,566	30,166,805	6.65
營業成本	Cost of sales	20,317,935	19,091,131	6.43
銷售費用	Selling and distribution expenses	4,199,503	4,096,874	2.51
管理費用	General and administrative expenses	1,473,368	1,692,545	-12.95
財務費用	Finance expenses	-420,806	-243,188	
研發費用	Research and development expenses	62,955	30,890	103.80
公允價值變動收益	Profits arising from changes in fair value	164,354	253,437	-35.15
信用減值損失 (損失以「-」號填列)	Credit impairment losses (Losses are listed with “-”)	11,145	-12,652	
資產減值損失 (損失以「-」號填列)	Asset impairment losses (Losses are listed with “-”)	-26,124	-189,060	
資產處置收益 (損失以「-」號填列)	Gains on disposals of assets (Losses are listed with “-”)	-9,518	481,507	-101.98
營業外收入	Non-operating income	20,345	32,710	-37.80
營業外支出	Non-operating expenses	15,129	8,690	74.10
經營活動產生的現金流量 淨額	Net cash flows from operating activities	4,878,771	6,043,111	-19.27
投資活動產生的現金流量 淨額	Net cash flows from investing activities	-2,199,108	-10,249,764	
籌資活動產生的現金流量 淨額	Net cash flows from financing activities	-1,675,713	-1,613,623	

管理層討論與分析 Management Discussion and Analysis

2、收入 Revenue

(1) 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	單位 Unit	生產量 Output	銷售量 Sales volume	庫存量 Inventory volume	生產量比	銷售量比	庫存量比
					上年增減(%) Increase/ (Decrease) in output volume from prior year (%)	上年增減(%) Increase/ (Decrease) in sales volume from prior year (%)	上年增減(%) Increase/ (Decrease) in inventory volume from prior year (%)
啤酒 Beer	萬千升 ten million litre	782	807	73	3.13	1.78	31.69

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.

管理層討論與分析 Management Discussion and Analysis

3、 成本 Costs

成本分析表 Cost analysis statement

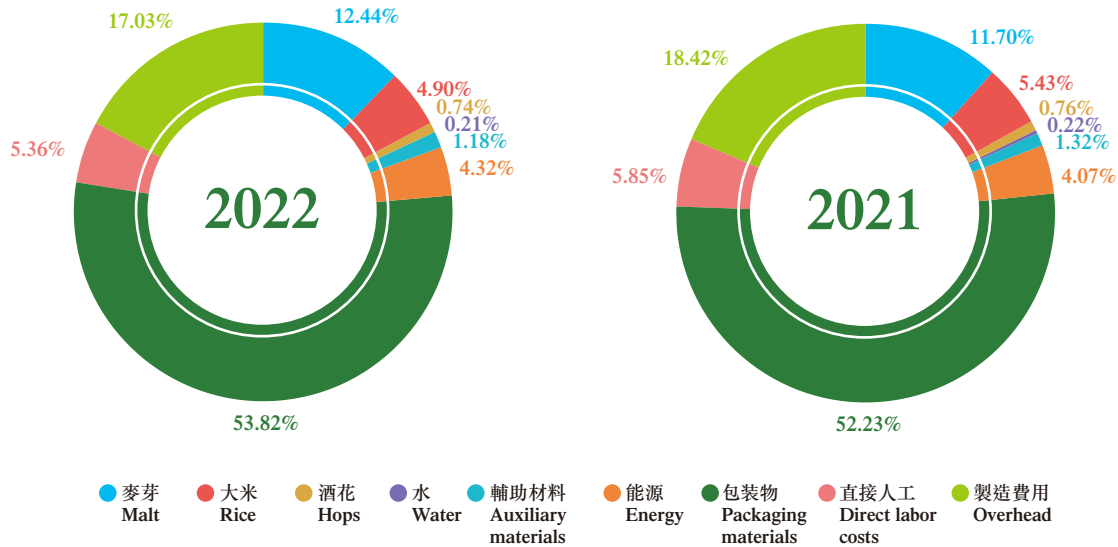
單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

分行業 By industries	成本構成項目 Items in the costs	本期金額 Amount during this Reporting Period	分行業情況 By industries		上年同期估 總成本比例 (%) Percentage in the total cost in the corresponding period in prior year (%)	本期金額 較上年同期 變動比例(%) Increase/ (Decrease) as compared with the corresponding period in prior year (%)	情況說明 Explanation
			本期估總 成本比例(%) Percentage in the total cost during this Reporting Period (%)	上年同期金額 Amount of corresponding period in prior year			
啤酒銷售 Sales of beer	直接材料 Direct materials	13,323,864	66.49	12,043,561	64.15	10.63	
啤酒銷售 Sales of beer	直接人工 Direct labor	919,323	4.59	930,071	4.95	-1.16	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,547,034	22.69	4,612,825	24.57	-1.43	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased from outside	1,248,300	6.23	1,188,323	6.33	5.05	
合計 Total		20,038,521	100.00	18,774,780	100.00	6.73	
分產品 By products	成本構成項目 Items in the costs	本期金額 Amount for this Reporting Period	分產品情況 By products		上年同期估總成 本比例(%) Percentage in the total cost in the corresponding period in prior year (%)	本期金額 較上年同期 變動比例(%) Increase/ (Decrease) as compared with the corresponding period in prior year (%)	情況說明 Explanation
			本期估總 成本比例(%) Percentage in the total cost during this Reporting Period (%)	上年同期金額 Amount of corresponding period in prior year			
啤酒銷售 Sales of beer	直接材料 Direct materials	13,323,864	66.49	12,043,561	64.15	10.63	
啤酒銷售 Sales of beer	直接人工 Direct labor	919,323	4.59	930,071	4.95	-1.16	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,547,034	22.69	4,612,825	24.57	-1.43	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased from outside	1,248,300	6.23	1,188,323	6.33	5.05	
合計 Total		20,038,521	100.00	18,774,780	100.00	6.73	

管理層討論與分析 Management Discussion and Analysis

製造成本構成

Composition of production costs



4、費用

Expenses

(1) 營業收入 Revenue

2022年營業收入同比增加6.65%，主要原因是本年度因銷量增加及品種結構優化使得當期營業收入同比增加所致。

In 2022, revenue increased by 6.65% from the corresponding period in prior year. This was mainly due to the increase of the sales volume and the improvement of the product structure in the year.

(2) 營業成本 Cost of sales

2022年營業成本同比增加6.43%，主要原因是本年度因銷量增加、原材料價格上漲及品種結構優化使得當期營業成本同比增加所致。

In 2022, cost of sales increased by 6.43% from the corresponding period in prior year. This was mainly due to the increase of the sales volume, the increase of the raw material price and the improvement of the product structure in the year.

(3) 銷售費用

Selling and distribution expenses

2022年銷售費用同比增加2.51%，主要原因是本年度公司加大品牌宣傳力度所致。
In 2022, selling and distribution expenses increased by 2.51% from the corresponding period in prior year. This was mainly because the Company intensified promotional effort in the year.

(4) 管理費用

General and administrative expenses

2022年管理費用同比減少12.95%，主要原因是本年度股份支付費用同比減少所致。
In 2022, general and administrative expenses decreased by 12.95% from the corresponding period in prior year. This was mainly because the share payments in the year decreased from the corresponding period in prior year.

管理層討論與分析 Management Discussion and Analysis

(5) 財務費用

Finance expenses

2022年財務費用同比減少177,618千元，主要原因是本年度利息收入同比增加，以及本公司之全資子公司財務公司同業拆借費用同比減少所致。

In 2022, finance expenses decreased by RMB177.618 million from the corresponding period in prior year. This was mainly because the interest income for the year increased from the corresponding period in prior year and the interbank lending costs of the Finance Company, a wholly-owned subsidiary of the Company, decreased from the corresponding period in prior year.

(6) 研發費用

Research and development expenses

2022年研發費用同比增加103.80%，主要原因是本年度新產品研發支出投入同比增加所致。

In 2022, Research and development expenses increased by 103.80% from the corresponding period in prior year. This was mainly because the Research and development expenses on new products in the year increased from the corresponding period in prior year.

(7) 公允價值變動收益

Profits arising from changes in fair value

2022年公允價值變動收益同比減少35.15%，主要原因是本年度辦理結構性存款等債務工具產生公允價值變動收益同比減少所致。

In 2022, profits arising from changes in fair value decreased by 35.15% from the corresponding period in prior year. This was mainly because the profits arising from changes in fair value generated from debt instruments such as structured deposits in the year decreased from the corresponding period in prior year.

(8) 信用減值損失(損失以「-」號填列)

Credit impairment loss (losses are listed with “-”)

2022年信用減值損失同比減少23,797千元，主要原因是本年度個別子公司收回已計提信用減值損失的應收款項所致。

In 2022, credit impairment losses decreased by RMB23.797 million from the corresponding period in prior year. This was mainly because some subsidiaries recovered the accounts receivable for which the credit impairment loss was accrued.

(9) 資產減值損失(損失以「-」號填列)

Asset impairment losses (losses are listed with “-”)

2022年資產減值損失同比減少162,936千元，主要原因是本年度個別子公司計提的固定資產減值損失同比減少所致。

In 2022, asset impairment losses decreased by RMB162.936 million from the corresponding period some subsidiaries' calculation of fixed asset impairment losses in the year decreased from the corresponding period in prior year.

(10) 資產處置收益(損失以「-」號填列)

Gains on disposals of assets (losses are listed with “-”)

2022年資產處置收益同比減少101.98%，主要原因是本年度個別子公司確認的處置固定資產和土地使用權等長期資產的收益同比減少所致。

In 2022, gains on disposals of assets decreased by 101.98% from the corresponding period in prior year. This was mainly because the income from the disposal of long-term assets such as fixed assets and land use rights as recognized by some subsidiaries in the year decreased from the corresponding period in prior year.

管理層討論與分析 Management Discussion and Analysis

(11) 營業外收入

Non-operating income

2022年營業外收入同比減少37.80%，主要原因是本年度個別子公司確認的與日常經營活動無關的收入同比減少所致。

In 2022, non-operating income decreased by 37.80% from the corresponding period in prior year. This was mainly because the income irrelevant to daily operating activities recognized by some subsidiaries in the year decreased from the corresponding period in prior year.

(12) 營業外支出

Non-operating expenses

2022年營業外支出同比增加74.10%，主要原因是本年度公司公益性捐贈支出同比增加所致。

In 2022, non-operating expenses increased by 74.10% from the corresponding period in prior year. This was mainly because the Company's expenses for charity donations in the year increased from the corresponding period in prior year.

(13) 經營活動產生的現金流量淨額變動

Net cash flows from operating activities

2022年經營活動產生的現金流量淨額同比減少19.27%，主要原因是本年度受預收貨款以及原材物料價格上漲等因素影響所致。

In 2022, net cash flows from operating activities decreased by 19.27% from the corresponding period in prior year. This was mainly due to the impact of factors such as the Company's receipt of prepayments for goods and the growth of raw material prices.

(14) 投資活動產生的現金流量淨額變動

Net cash flows from investing activities

2022年投資活動產生的現金流量淨額同比增加8,050,656千元，主要原因是本年度本公司之全資子公司財務公司理財淨投入同比減少所致。

In 2022, net cash flows from investing activities increased by RMB8,050.656 million from the corresponding period in prior year. This was mainly because the net investment in wealth management by the Finance Company, a wholly-owned subsidiary of the Company, decreased from the corresponding period in prior year.

(15) 籌資活動產生的現金流量淨額變動

Net cash flows from financing activities

2022年籌資活動產生的現金流量淨額同比減少62,090千元，主要原因是本年度分配股利支付的現金同比增加所致。

In 2022, net cash flows from financing activities decreased by RMB62.09 million from the corresponding period in prior year. This was mainly because the cash paid for distributing share dividends in the year increased from the corresponding period in prior year.



管理層討論與分析 Management Discussion and Analysis

5、研發投入

Research and development expenses

5.1 研發投入情況表

Information of Research and development expenses

單位：千元
Unit: RMB'000

本期費用化研發投入	Research and development expenses of the Reporting Period	62,955
本期資本化研發投入	Research and development expenses of the Reporting Period capitalized	0
研發投入合計	Total Research and development expenses	62,955
研發投入總額佔營業收入比例(%)	Percentage of total Research and development expenses in revenue (%)	0.20
研發投入資本化的比重(%)	Percentage of Research and development expenses capitalized (%)	0.00

5.2 研發人員情況表

Information of R&D personnel

公司研發人員的數量	Number of R&D personnel	750
研發人員數量佔公司總人數的比例(%)	Percentage of number of R&D personnel in total number of employees of the Company (%)	2.37

研發人員學歷結構

Educational background of R&D personnel

學歷結構類別		學歷結構人數
Educational background		Number of persons
博士研究生	PhD	13
碩士研究生	Postgraduate	125
本科	Undergraduate	391
專科	2-year college	158
高中及以下	High school and below	63

研發人員年齡結構

Age groups of R&D personnel

年齡結構類別		年齡結構人數
Age group		Number of persons
30歲以下(不含30歲)	Below 30 (not inclusive of 30)	30
30-40歲(含30歲, 不含40歲)	30-40 (inclusive of 30, not inclusive of 40)	213
40-50歲(含40歲, 不含50歲)	40-50 (inclusive of 40, not inclusive of 50)	278
50-60歲(含50歲, 不含60歲)	50-60 (inclusive of 50, not inclusive of 60)	220
60歲及以上	60 and above	9

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 佔總資產的 比例(%) Percentage of total assets (%)	本期期末金額 較上期期末變動 比例(%) Increase/ (Decrease) (%)
				Amount at the end of the corresponding period in prior year		
貨幣資金	Cash at bank and on hand	17,854,932	35.49	14,597,590	31.35	22.31
應收票據	Notes receivable	4,500	0.01	200	-	2,150.00
在建工程	Construction in progress	456,529	0.91	762,290	1.64	-40.11
長期應付款	Long-term payables	16,284	0.03	24,537	0.05	-33.64

(1) 貨幣資金

Cash at bank and on hand

本年度期末比期初增加22.31%，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 at the end of the Reporting Period increased by 22.31% from the beginning of the Reporting Period. This was mainly because of the net cash flows generated from operating activities in the year.

(2) 應收票據

Notes receivable

本年度期末比期初增加4,300千元，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 at the end of the Reporting Period increased by 4.3 million from the beginning of the Reporting Period. This was mainly because of the increase in the banker's acceptance received by some subsidiaries in the year.

(3) 在建工程

Construction in progress

本年度期末比期初減少40.11%，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 at the end of the Reporting Period decreased by 40.11% from the beginning of the Reporting Period. This was mainly because some subsidiaries' construction in progress was completed and thus recognized as fixed assets in the year.

(4) 長期應付款

Long-term payables

本年度期末比期初減少33.64%，主要原因是本年度部分子公司將收到的政府搬遷補償款按搬遷項目進度轉入遞延收益所致。Long-term payables at the end of the Reporting Period decreased by 33.64% from the beginning of the Reporting Period. This was mainly because some subsidiaries transferred the government compensations they had received into the deferred income according to the progress of the relocation projects in 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2022年12月31日的債務資本率為0% (2021年12月31日：0%)。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 2022, the Company's debt/capital ratio was 0% (31 December 2021: 0%). The calculation of the debt/capital ratio 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2022年12月31日，本公司無資產抵押。(2021年12月31日：無)。

As at 31 December 2022, the Company did not have any mortgages (31 December 2021: Nil).

3. 匯率波動風險

Risk of exchange rate fluctuations

由於本公司目前用於主品牌生產的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 Company currently relies on imported barley among the raw materials for the production of its core brand products, the exchange rate fluctuations would indirectly affect the Company's purchase cost of raw materials; besides, exchange rate fluctuations will also directly affect the product export income of the Company as some beer products of the Company are exported for sale; these matters will have some impact on the profitability of the Company.

4. 資本性開支

Capital expenses

2022年度本公司資本性新建、搬遷及改擴建項目共投入約17.80億元。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 2022, the Company invested approximately RMB1.78 billion 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 Company's needs for funds for its capital projects.

5. 投資

Investments

詳見2022年度財務報表附註。

Refer to the Notes to the Financial Statements of 2022 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

公司現有工廠設計產能1,408萬千升，實際產能950萬千升。公司實際產能是綜合平衡各地市場銷售淡旺季系數及節假日、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。

1 The existing production capacity of the Company

The designed production capacity of the existing plants of the Company is 14.08 million kl, of which the actual production capacity is 9.5 million kl. The Company's actual production capacity is the actual annual production capacity that the breweries 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 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)
731	486

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	同比(%) Increase/ (Decrease) from the corresponding period in prior year		同比(%) Increase/ (Decrease) (Decrease) from the corresponding period in prior year		產銷率(%) Sales-output Percentage (%)	銷售收入 Sales income	同比(%) Increase/ (Decrease) (Decrease) from the corresponding period in prior year		主要 代表 品牌 Main representative brand
		產量 (千升) Production (kl)	(%)	銷量 (千升) Sales volume (kl)	(%)			(%)	(%)	
青島品牌	Tsingtao Brand	445萬 4.45 million	3.67	444萬 4.44 million	2.61	99.90	21,416,867	8.19	青島 Tsingtao	
其他品牌	Other brands	337萬 3.37 million	2.41	363萬 3.63 million	0.79	107.66	10,280,476	4.09	崂山 Laoshan	
合計	Total	782萬 7.82 million	3.13	807萬 8.07 million	1.78	103.25	31,697,343	6.82	青島、崂山 Tsingtao and Laoshan	

管理層討論與分析 Management Discussion and Analysis

產品檔次劃分標準：

Product classification criteria:

- (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；以嶗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 trademarks, which has a strong brand influence 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 represented by Laoshan Beer are mainly sold 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 for the corresponding period exclude the output of the associated and joint investment breweries plants of the Company.

(2) 採購金額

Purchase amount

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、包裝材料和其他物料等，其中啤酒主要生產原料大麥的採購來源以進口為主，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、判斷行情適時調整的策略。公司不斷拓展競價模式，搭建了青島啤酒採購商城，實現透明、規範、高效管理。

The main raw materials purchased by the Company include raw materials for brewing, packaging materials and other materials. Among the raw materials, barley, the main raw material in brewing beer, is mainly imported from abroad, while the packaging materials are purchased at home. The Company purchases bulk materials in a centralized manner through the unified bidding by the head office, of which most materials are purchased through annual bidding, and some through quarterly bidding. At the same time, the Company makes timely adjustment by keeping an eye on the industry to determine the industry situation. The Company also expands the bidding model and establishes the Tsingtao Procurement Mall platform to exercise transparent, standardized and highly efficient management.

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 Purchase amount of the Reporting Period	上期採購金額 Purchase amount of the corresponding period in prior year	估當期總採購額的 比重(%)
				Percentage in total purchase amount of the Reporting Period (%)
釀酒原材料	Raw materials for brewing	4,943,595	3,906,867	33.72
包裝材料	Packaging materials	9,621,494	8,806,045	65.63
能源	Energy	96,015	82,890	0.65

管理層討論與分析 Management Discussion and Analysis

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、市場研究等專業職能部門，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 the Tsingtao Brewery Marketing Center to perform such business functions as 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 Market Research. These departments 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。公司堅持高質量發展戰略，通過品牌引領，堅定「1+1」品牌戰略，培育和發展明星產品，全面提升品牌影響力。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，並積極與第三方平台展開合作，創新營銷模式，大力推進O2O、B2B、社區團購等業務，多渠道滿足互聯網時代消費者的購買需求和消費體驗。

On the basis of a deep region-based distribution model in the domestic market, the Company continues to expand business on multiple chains both online and offline. It sells products and manages markets by market regions and subdivided channels and, develops and maintains regional market sales channels through business branches, including sales branches, province-based regional branches and province-based offices. The Company upholds a high-quality development strategy, holds fast to the “1+1” brand strategy through brand orientation, and fosters star products to improve its brand influence on all fronts. The Company makes active steps to cultivate professional distributors on multiple channels. By taking a suite of measures, including network-based collaboration, professional market planning and promotional support, the Company continues to improve its distribution capacity on regional markets, strengthen its management of end customers and expand its brand influence among consumers in a bid to boost product sales. The Company develops new sales models and builds up the “internet+” channel system. By setting up professional e-commerce channels, the Company continues to amplify the leading edge of a multi-dimensional e-commerce channel system that combines “Official Flagship Store + Official Mall + Online Retailers + Franchised Store”. On top of that, it collaborates with third-party platforms to create new marketing models. By vigorously promoting such business activities as O2O, B2B and Community Group Purchase, the Company satisfies the buying needs and consumption experience of consumers in the internet era through multiple channels.

管理層討論與分析 Management Discussion and Analysis

公司全面推進營銷數字化轉型發展，借助數字化新技術，推動供應鏈、經銷商網絡模式全面升級；加快渠道、人員、費用、消費者在線，打造營銷模式行業領先地位。

The Company promotes the digital transformation of marketing on all fronts and adopts new digital technologies to drive the upgrading of its supply chain and distributor network model in all aspects. It seeks to be an industrial leader for marketing models by accelerating the connectivity of channels, personnel, costs and consumers.

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 sells products in overseas markets through overseas subsidiaries and local agents. Through distributors and other local resources, the Company attempts to establish localized business development teams, give full play to the brand and quality advantages of Tsingtao Brewery, implement brand promotion and build and enhance the upmarket brand image of Tsingtao Brewery in the 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	上期銷售收入		本期佔比 (%)	本期銷售量 (千升)	上期銷售量 (千升)	
		本期銷售收入 Sales income of the Reporting Period	Sales Income of the corresponding period in prior year			Sales volume of the corresponding period in prior year (kl)	本期佔比 (%)
山東地區	Shandong Region	21,367,262	19,747,061	67.40	5,486,035	5,317,746	67.95
華北地區	North China	7,862,659	7,275,214	24.81	2,089,410	2,017,400	25.88
華南地區	South China	3,399,591	3,366,735	10.73	915,006	930,820	11.34
華東地區	East China	2,778,540	2,791,905	8.77	861,860	905,206	10.68
東南地區	South-east China	916,263	891,116	2.89	226,926	233,150	2.81
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	721,069	643,990	2.27	111,180	106,946	1.38
分部間抵消	Elimination between regions	-5,348,041	-5,043,324	-16.87	-1,618,025	-1,580,359	-20.04
合計	Total	31,697,343	29,672,697	100.00	8,072,393	7,930,909	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。

Region division criteria:

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.

管理層討論與分析 Management Discussion and Analysis

(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	11,826	2,492	3,931

經銷商管理情況：

Information on the management of distributors:

公司秉承「共創、共享、共贏」的合作理念，努力為價值鏈上各環節合作夥伴搭建增值平台。耦合戰略，堅定加快推進渠道模式變革TM項目，做細做精細分市場，固有網絡「瘦身強體」結構優化，提升了經銷商經營質量，持正向提升系統運營效能，快速複製成功變革模式，為「佔有率勢能」「高端領先勢能」「大單品勢能」建立，打造「運營模式勢能」。

Persisting in the collaboration concept of “co-creation, sharing and win-win results”, the Company strived to build a value-added platform for all its partners on the value chain. By combining strategies, the Company firmly drove the progress of the TM project, a channel model reform, sub-divided markets, and improved the inherent network structure. All that has improved the distributors' operation quality and enhanced the system operation efficiency. The Company quickly reproduced successful reform models, increased market shares, maintained a leading position on the high-end market, built strengths with major products, and created competitive operation models.



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 by 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	21,416,867	8.19	12,043,562	8.16	43.77	增加0.02個百分點 Increased by 0.02 percentage points
其他品牌	Other brands	10,280,476	4.09	7,994,959	4.65	22.23	減少0.42個百分點 Decrease by 0.42 percentage points
小計	Total	31,697,343	-	20,038,521	-	-	-
按地區分部	By regions						
山東地區	Shandong Region	21,367,262	8.20	14,218,955	6.32	33.45	增加1.18個百分點 Increased by 1.18 percentage points
華北地區	North China	7,862,659	8.07	5,520,663	6.72	29.79	增加0.90個百分點 Increased by 0.90 percentage points
華南地區	South China	3,399,591	0.98	2,310,250	3.09	32.04	減少1.40個百分點 Decrease by 1.40 percentage points
華東地區	East China	2,778,540	-0.48	2,058,201	0.73	25.93	減少0.88個百分點 Decrease by 0.88 percentage points
東南地區	South-east China	916,263	2.82	667,775	8.70	27.12	減少3.94個百分點 Decrease by 3.94 percentage points
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	721,069	11.97	471,545	17.02	34.60	減少2.83個百分點 Decrease by 2.83 percentage points
分部間抵消	Elimination between regions	-5,348,041		-5,208,868			
小計	Total	31,697,343	-	20,038,521	-	-	-

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

中國啤酒市場已進入平穩發展新階段，企業產能優化整合步伐加快，持續推進智能化、數字化、規模化生產。市場集中度不斷提升，目前中國前五大啤酒企業已佔市場約80%的份額，市場競爭格局相對穩定。

China's beer market has reached a new level of stability. Companies in the industry are accelerating their pace of capacity optimization and integration and continuously promoting intelligent, digital, and large-scale production. The market concentration keeps growing, with China's top five beer companies accounting for approximately 80% of the market. The market competition pattern is relatively consistent.

隨著經濟的發展，國內啤酒市場呈現消費結構和消費需求不斷提質升級的趨勢，市場競爭轉向產品的差異化、高端化，以聽裝啤酒、精釀啤酒為代表的中高端產品佔比不斷提升，並保持良好的發展勢頭。

With economic development, the domestic beer market takes on a trend of continuous quality improvement and upgrading in the consumption structure and demands. Market competition shifts toward diversified and high-end products. Mid to high-end products such as canned beer and craft beer account for an increasingly larger percentage and have maintained a good momentum for development.

啤酒行業的運輸成本、原料價格以及人工成本等的增加使企業成本壓力仍較大，推動企業通過進一步的產品結構提升、數字化轉型升級、產能優化以及價格調整，提高生產運營效率，降本增效。

Increased transportation costs, raw material prices, and labor costs in the domestic beer industry put companies under tremendous pressure. They are driven to enhance production and operation efficiency and lower costs through further improvement in product mix, digital transformation, capacity optimization and price adjustment.

未來，隨著餐飲、旅遊等相關行業的復蘇，疊加消費場景多元化、消費者對高品質產品需求增長等因素，啤酒消費市場仍具較大的發展潛力，在整體消費和利潤水平上仍具相當的提升空間。啤酒消費場景以及市場消費人群的消費習慣的改變，推動線上銷售渠道快速發展，成熟的電子商務應用帶動了產品銷售業務的數字化轉型，為消費者帶來了更加方便、快捷的選擇方式。

In the future, with the recovery of relevant industries such as catering and tourism, coupled with the diversification of consumption scenarios, increasing demands on product quality, and other relevant factors, the beer consumption market still has great potential for development and substantial room for the growth of consumption and profits. Changes in beer consumption scenarios and consumers' consumption habits have promoted the fast development of online sales channels. The mature application of e-commerce has driven the digital transformation of product sales, bringing more convenient and faster options to consumers.

(二) 公司發展戰略

The Company's Development Strategy

公司堅定不移的推進高質量發展戰略，充分發揮青島啤酒的品牌、品質、覆蓋全國市場的生產基地和渠道網絡等平台資源優勢，著力推進發展方式轉型。依據「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，通過實施打造基地市場戰略帶、加快產品結構升級、提升品牌影響力、塑造魅力質量、拓展國際市場、以規模化、智能化、數字化提升助力運營等戰略舉措繼續堅定不移的做強做優啤酒主業，增強企業市場競爭力，實現高質量發展，打造一流的國際化品牌企業。

The Company is committed to pursuing a high-quality development strategy, gives full play to the strength of its platform resources, such as the 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 development, and establish a first-class international brand.

管理層討論與分析 Management Discussion and Analysis

(三) 經營計劃

Operating Plan

公司將抓住國家全面促進消費，加快消費提質升級的有利機遇，聚焦啤酒主業，充分發揮青島啤酒的品牌和品質優勢，積極推進產品結構調整升級，線上線下並舉加大市場宣傳推廣力度，保供應、促銷售，實現盈利能力和市場佔有率的持續提升。

The Company will grasp favorable opportunities brought by the country's promotion of consumption on all fronts and acceleration of consumption upgrading, focus on beer sales as its main business, leverage the brand and quality advantages of Tsingtao Beer, and proactively promote the upgrading of its product mix. It will step up efforts in marketing by taking a combination of measures online and offline, ensure stability in supply and sale, and continuously increase its profitability and market shares.

公司將發揮覆蓋全國主要市場的生產和銷售網絡佈局優勢，加速推進「一縱兩橫」戰略帶市場建設與佈局，鞏固和提高基地市場優勢地位，積極開拓新興市場，培育快速發展市場。在國際市場，公司將堅持高品質、高價格、高可見度，持續推進海外市場分銷覆蓋和品牌傳播，不斷提升青島啤酒品牌國際化形象。

The Company will take advantage of its production and sales network that covers major markets in China, accelerate market expansion through the “one vertical and two horizons” strategic belt, consolidate its dominant position on the base market, actively expand emerging markets, and cultivate fast-developing markets. On the international market, the Company will stick to high quality, high prices, and high visibility, further promote its distribution coverage and brand communication on the overseas market, and keep improving the international image of Tsingtao Beer.

公司將繼續加快產品結構調整，推動中高端產品規模持續壯大，鞏固和提升在中高端市場的競爭優勢。繼續堅定實施「1+1」品牌戰略，促進品牌結構的持續優化和升級；以體育營銷、音樂營銷和體驗營銷為主線，構建多業態深度關聯、相互補充、利他共生的生態圈；依託「青島啤酒時光海岸精釀啤酒花園、TSINGTAO1903青島啤酒吧」等品牌推廣的新高地、消費者體驗的新高地、生鮮啤酒等高端啤酒銷售的新高地，通過場景化消費和沉浸式體驗，不斷滿足消費者的多層次需求。公司將加速推進數字化轉型升級，以科技與數智化發展引領智能化運營水平提升。

The Company will continue to accelerate the adjustment to its product mix, drive the growth of super high-end products, increase the scale of mid-to-high-end products, and strengthen its competitive edge on the mid-to-high-end markets. The Company will continue to resolutely implement the “1+1” brand strategy and drive its brand structure towards continuous improvement and upgrading. Focused on sales combined with sports,

music, and experience, the Company will build an ecosystem in which multiple business models will be profoundly interconnected, complementary, symbiotic, and mutually beneficial. Based on the new high grounds of brand promotion represented by the “Shores of Time craft beer garden” and “TSINGTAO1903” consumer experience, and the sale of high-end beer such as fresh beer, the Company will continue to meet consumers' multi-level needs by offering scenario-based consumption and an immersive experience. The Company will expedite digital transformation and upgrade and elevate the level of its intelligent operations through scientific, technological, and digital development.

2023年面對市場競爭日趨激烈、啤酒大麥價格持續上漲等挑戰，公司將在董事會的帶領下堅定信心，篤信篤行、善作善成，堅定不移的做強做優啤酒主業，推動公司市場運營能力和盈利能力的不斷提升，實現高質量發展，為廣大股東創造更高的價值。

Under the Board's leadership, the Company will boost confidence and take firm action to strengthen its beer sales in the face of challenging obstacles, including cutthroat competition and rising prices of malting barley in 2023. The Company will drive its market operations and profitability towards continuous improvement, achieve high-quality development and increase shareholders' value.

(四) 可能面對的風險

Potential Business Risks

未來消費、氣候等不可確定的因素可能對國內啤酒市場的復蘇和增長產生影響。

In the future, uncertainties such as consumption and climate may have an impact on the recovery and growth of the domestic beer market.

在國內消費市場對高品質產品需求不斷增長的背景下，企業不斷加大中高端產品投入，競品不斷增加，將使國內中高端產品市場競爭進一步加劇，導致廣告、促銷等市場費用持續增長。同時，啤酒生產原材料等大宗物資價格和人工成本持續上漲帶來的經營壓力，也將對公司未來銷量、收入和盈利的增長形成影響。

In the context of the increasing demands on product quality by the domestic consumption market, companies keep increasing investment in mid-to-high-end products, which will lead to ever-growing competitive products and further exacerbate competition on the domestic mid-to-high-end product market. This will in turn result in a continuous increase in advertising, promotion, and other related expenses. Meanwhile, 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.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

公司第十屆董事會成員簡介 Members of the Tenth Session of the Board:



黃克興先生，現年60歲，山東大學機械工程學院畢業，北京大學光華管理學院高級管理人員工商管理碩士，正高級工程師。現任本公司董事長、黨委書記，青啤集團黨委書記、董事長。曾任本公司總裁助理兼戰略投資管理總部部長、本公司副總裁、本公司總裁兼營銷總裁。黃克興先生具有豐富的啤酒行業戰略規劃、投資管理、經營管理、市場營銷及品牌管理經驗。黃克興先生榮獲「全國勞動模範」、「全國五一勞動獎章」、全國輕工業「勞動模範」、全國輕工「大國工匠」、「山東省優秀企業家、記一等功獎勵」、「青島市傑出企業家」等榮譽。山東省第十三屆人大代表、第十一屆山東省政協委員。

Mr. HUANG Ke Xing, aged 60, graduated from the School of Mechanical Engineering of Shandong University and obtained a master's degree in business administration from the Guanghua School of Management of Peking University. He is qualified as a Senior Engineer. He is currently Chairman of the Board of Directors and Secretary of the Party Committee of the Company and Secretary of the Party Committee and Chairman of the Board of Directors of Tsingtao Group. He was Assistant to the President of the Company and Head of Strategic Investment Management Department, Vice President of the Company, and President and Marketing President of the Company. He has rich experience in strategy planning, investment management, operation management, marketing and brand management of beer industry. Mr. Huang's honors include "National Model Worker", "National 5.1 Labor Medal", "Model Worker" of the National Light Industry, "Craftsman of the Great Country" of the National Light Industry, "Excellent Entrepreneur in Shandong Province of First Class Merit Award", "Excellent Entrepreneur in Qingdao". Mr. Huang is also a delegate to the 13th Shandong Provincial People's Congress and a member of the 11th Committee of the Shandong Provincial Committee of the Chinese People's Political Consultative Conference.



姜宗祥先生，現年50歲，山東工業大學本科畢業，南開大學經濟學碩士，現任本公司執行董事、黨委副書記、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、副總裁兼供應鏈總裁。具有豐富的生產運營及商務管理經驗。山東省第十四屆人大代表。

Mr. JIANG Zong Xiang, aged 50, 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 Executive Director, Deputy Secretary of the Party Community President of the Company. He served as Deputy General Manager of Tsingtao Brewery (Wuhu) Co., Ltd, Deputy Director of the Company's strategic investment management headquarters, Director of information management headquarters, Director of procurement management headquarters of manufacturing center, Assistant to Manufacturing President and Director of procurement management headquarters of the Company, Deputy President and President of Supply Chain. He has rich experience in production, operation and business management. Mr. Jiang is also a delegate to the 14th Shandong Provincial People's Congress.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



王瑞永先生，現年57歲，北京大學高級管理人員工商管理碩士，高級工程師，現任本公司執行董事、黨委委員、副總裁。曾任北京五星青島啤酒有限公司總經理，青島啤酒淮海事業部總經理，上海青島啤酒華東營銷公司總經理，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。青島市第十七屆人大代表。

Mr. WANG Rui Yong, aged 57, holds a master's degree in business administration from Peking University and is a Senior Engineer. He is an Executive Director, a member of the Party Committee and Vice President of the Company. His previous positions included: General Manager of Beijing Five Star Tsingtao Brewery Co., Ltd; General Manager of Tsingtao Brewery Huaihai Division; General Manager of Shanghai Tsingtao Brewery Huadong Marketing Co., Ltd; General Manager of Tsingtao Brewery Marketing Center in Shandong Province; Assistant to the President of the Company; and Marketing President of the Company. He has rich experience in marketing, production, operation and enterprise management. Mr. Wang is also a delegate to the 17th Qingdao Municipal People's Congress.



侯秋燕先生，現年56歲，山東理工大學工商管理碩士，現任本公司執行董事、黨委委員、財務總監。曾任本公司區域生產工廠、銷售公司財務負責人，本公司財務管理總部副部長、部長，總裁助理兼財務管理總部部長等職，長期從事上市公司財務管理工作，具有豐富的啤酒企業生產及銷售等經營及財務管理經驗。

Mr. HOU Qiu Yan, aged 56, graduated from Shandong University of Technology with a master's degree in business administration. He is currently an Executive Director, a member of the Party Committee, and CFO of the Company. He served as the head of finance department of the Company's regional manufacturing factory and sales companies, Deputy Director and Director of financial management headquarters of the Company, and Assistant to the President and Director of financial management headquarters of the Company. He has been engaged in financial management of listed companies for a long time and has extensive experience in production, sale, and other operation and financial management of beer companies.



肖耿先生，現年59歲，加州大學洛杉磯分校經濟學博士，現任本公司獨立非執行董事，香港中文大學(深圳)高等金融研究院政策與實踐研究所所長，香港中文大學(深圳)實踐教授，兼任香港國際金融學會董事會主席、瑞銀中國和錦州銀行獨立非執行董事等職。曾任北京大學滙豐商學院金融實踐教授、香港大學金融與公共政策實踐教授及經濟學終身教授、香港經綸國際經濟研究院副總裁、香港證監會主席顧問及研究部主管、滙豐銀行(中國)及倫敦新興市場基金獨立非執行董事、深圳發展銀行外部監事。

Mr. XIAO Geng, aged 59, holds a PhD in economics from the University of California, Los Angeles. He is currently an Independent Non-executive Director of the Company, Director of the Policy and Practice Institute of Shenzhen Finance Institute of The Chinese University of Hong Kong (Shenzhen), Professor of Practice at The Chinese University of Hong Kong (Shenzhen), and concurrently serves as Chairman of the Board of the Hong Kong Institute for International Finance and an Independent Non-executive Director at UBS (China) and Bank of Jinzhou. He was a professor of finance and public policy practice and tenured professor of economics in The University of Hong Kong, Vice President of the Fung Global Institute of Hong Kong, Adviser to the Chairman and Head of the Research Department of the Securities and Futures Commission of Hong Kong, Independent Non-executive Director of HSBC China and Emerging Market Fund of London, and External Supervisor of Shenzhen Development Bank.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



盛雷鳴先生，現年52歲，華東政法大學法學博士、一級律師。現任本公司獨立非執行董事，北京觀韜中茂律師事務所合夥人會議主席，北京觀韜中茂(上海)律師事務所律師，兼任中華全國律師協會副會長，上海振華重工(集團)股份有限公司、上海外服控股集團股份有限公司、貴州茅台酒股份有限公司及上海聯影醫療科技股份有限公司等四家A股上市公司的獨立董事等職。

Mr. SHENG Lei Ming, aged 52, holds a PhD in law from East China University of Political Science and Law and is qualified as a Senior Lawyer. He is an Independent Non-executive Director of the Company, Chairman of partners' meetings of Guantao Law Firm in Beijing, and a partner of Guantao (Shanghai) Law Firm. His other positions include Vice President of All China Lawyers Association, Vice President of Shanghai Law Society, and Independent Director of four A-share listed companies, which are Shanghai Zhenhua Heavy Industries Co., Ltd., Shanghai Foreign Service Holding Group Co., Ltd., KWEICHOW MOUTAI CO., LTD. and Shanghai United Imaging Healthcare Co., Ltd.



姜省路先生，現年51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、青島昱林基金管理中心(有限合夥)執行事務合夥人。現兼任海利爾藥業集團股份有限公司及利群商業集團股份有限公司獨立董事，青島銀行股份有限公司外部監事。姜省路先生自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 51, holds a bachelor's degree from the Law School of Shandong University. He is currently an Independent Non-executive Director of the Company, General Manager of Shandong Blue Economy Industry Fund Management Co., Ltd., and Executive Partner of Qingdao Yulin Fund Management Center (Limited Partnership). He is also an Independent Director of Hailier Pharmaceutical Group Co., Ltd. and Liqun Commercial Group Co., Ltd. and an External Supervisor of Bank of Qingdao Co., Ltd.. Since 1994, Mr. Jiang has successively served as Deputy Director and Senior Partner of Qindao Law Firm (Shandong), Partner of Grandall Law Firm, and Partner of King & Wood Mallesons (Beijing). In 2017, he was awarded as a "High-Calibre Financial Professional of Shandong Province".



張然女士，現年45歲，美國科羅拉多大學立茲商學院(Leeds School of Business, University of Colorado at Boulder)會計學博士。現任本公司獨立非執行董事，中國人民大學商學院會計學教授、博士生導師、商學院碩博項目主任。2006年6月至2019年10月執教於北京大學光華管理學院。現兼任濟能恒信能源技術股份有限公司獨立董事。曾任比亞迪股份有限公司獨立非執行董事、審計委員會主席。

Ms. Rania ZHANG, aged 45, obtained a PhD in accounting from Leeds School of Business, University of Colorado at Boulder. She is currently an Independent Non-executive Director of Company, as well as a professor of accounting, a tutor for PhD students, and the director of master and doctoral programme of the business school at the School of Business of Renmin University of China. From June 2006 to October 2019, she taught at Guanghua School of Management, Peking University. Now she holds a concurrent post as an Independent Director at Qianneng Hengxin Energy Technology Co., Ltd. She also served as an Independent Nonexecutive Director and Chairman of the Audit Committee of BYD Co., Ltd.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



宋學寶先生，現年56歲，清華大學經濟管理學院市場營銷系副教授、博士生導師，系黨支部書記。現任本公司獨立非執行董事。1992年7月畢業於中國人民大學商學院企業管理專業，獲經濟學博士學位。1992年7月起任職於清華大學經濟管理學院，一直從事營銷管理方面的教學和科研工作。曾經於1997年、2000年到美國麻省理工大學和哈佛大學訪問學習。2011年-2016年兼任《清華管理評論》編輯部主任、副主編。2021年5月至今任河北衡水老白乾酒業股份有限公司獨立董事。

Mr. SONG Xue Bao, aged 56, is currently an Associate Professor, Doctoral Advisor, Secretary of the Party branch of the Department of Marketing, Tsinghua University School of Economics and Management. He is currently an Independent Non-executive Director of the Company. He graduated from the the Business School of Renmin University of China in July 1992 with a PhD in economics. He has worked at Tsinghua University School of Economics and Management since July 1992 and engaged in teaching and scientific research in marketing management. He visited MIT and Harvard University in 1997 and 2000, respectively. He concurrently served as the Director and Deputy Editor in Chief of the editorial department of Tsinghua Management Review from 2011 to 2016. From May 2021 until now, he serves as an Independent Director of Hebei Hengshui Laobaigan Liquor Co., Ltd (Stock Code: 600559.SH) listed on the Shanghai Stock Exchange.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

公司第十屆監事會成員簡介 Members of the Tenth Session of the Board of Supervisors



李燕女士，現年65歲，畢業於中央財政金融學院。現任本公司監事會臨時召集人，中央財經大學財稅學院教授，博士生導師，兼任青島港國際股份有限公司、首旅酒店(集團)股份有限公司、北京菜市口百貨股份有限公司、北京華力創通科技股份有限公司、江西富祥藥業股份有限公司獨立董事。

Ms. LI Yan, aged 65, graduated from the Central Institute of Finance. She is currently a Tentative Convener of the Board of Supervisors of the Company, a professor and doctoral supervisor at the School of Finance and Taxation of Central University of Finance and Economics, as well as an Independent Director of Qingdao Port International Co., Ltd., BGT Hotels (Group) Co., Ltd., Beijing Caishikou Department Store Co., Ltd., Hwa Create Co., Ltd., and Jiangxi Fushine Pharmaceutical Co., Ltd..



王亞平先生，現年58歲，華東政法學院(現為華東政法大學)法學學士，國家一級律師。現任本公司獨立監事，山東國曜琴島(青島)律師事務所合夥人會議主席。山東省律師協會副會長，青島市律師協會監事長，青島仲裁委員會仲裁員。兼任青島國恩股份有限公司獨立董事、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 58, holds a bachelor's degree in law from East China University of Political Science and Law and is a Class I lawyer in China. He is currently an Independent Supervisor of the Company and Chairman of Partners' Meeting of Shandong Guoyao Qindao (Qingdao) Law Firm. His other titles include Vice President of Shandong Lawyers Association, Chief Supervisor of Qingdao Lawyers Association and Arbitrator of Qingdao Arbitration Commission. He concurrently serves as an Independent Director of Qingdao Gon Co., Ltd., an Independent Non-executive Director of Ruigang Construction Holdings Co., Ltd. and an Independent Supervisor of Qingdao Port International Co., Ltd.



黃祖江先生，現年57歲，畢業於山東海洋學院海洋化學專業，南開大學經管學院工商管理碩士研究生，高級工程師。現任本公司職工監事、製造中心總裁助理、青島啤酒二廠黨委書記、廠長。曾任公司製造總裁助理兼生產管理總部部長，營銷總裁助理兼物流管理總部總經理，製造總裁助理兼安全環保總部部長。具有豐富的生產運營及物流管理經驗。

Mr. HUANG Zu Jiang, aged 57, graduated from the major of marine chemistry of the Ocean University of China, holds a master's degree in business administration from the School of Economics of Nankai University, and is qualified as a Senior Engineer. He serves as Supervisor as Employees' Representative of the Company, Assistant to the President of the Manufacturing Center of the Company, and Secretary of the Party Committee and Director of Factory No. 2 of Tsingtao Brewery. He was Assistant to the Manufacturing President and Head of Production Management Headquarters of the Company, Assistant to Marketing President and General Manager of Logistics Management Headquarters of the Company, and Assistant to Manufacturing President and Head of Safety and Environmental Protection Headquarters of the Company. He has extensive experience in production, operations and logistics management.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



孫麗紅女士，現年47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、法律事務管理總部部長。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 47, graduated from the major of international economic law in the Department of Economic Law at Qingdao University. She is currently Supervisor as Employees' Representative and Head of Law Affairs Management 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. She has substantial experience in legal affairs.



孟慶尚先生，現年57歲，畢業於山東工業大學工業電氣自動化專業，高級工程師。現任本公司職工監事、青島啤酒廠黨委書記、廠長。曾任青島啤酒(石家莊)有限公司總經理，青島啤酒(九江)有限公司總經理。具有豐富的生產運營及企業管理經驗。

Mr. MENG Qing Shang, aged 57, graduated from the major of electrical and automation of Shandong University of Industry and is qualified as a Senior Engineer. He is currently the Supervisor as Employees' Representative of the Company and Secretary of the Party Committee and Director of Tsingtao Brewery Factory. He was Assistant to the General Manager of Tsingtao Brewery (Shijiazhuang) Co., Ltd. and General Manager of Tsingtao Brewery (Jiujiang) Co., Ltd.. He has rich experience in production, operations and enterprise management.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

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



蔡志偉先生，現年55歲，廈門大學高級管理人員工商管理碩士，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 55, holds an MBA for senior management personnel from Xiamen University and is qualified as a Senior Engineer. He serves as President of Marketing Center of the Company. Mr. Cai also served as 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 of the Company & General Manager of sales management headquarters of Marketing Center, and Executive Vice President of Marketing Center of the Company. He has substantial management experience in marketing.



徐楠女士，現年55歲，山東輕工業學院本科畢業，工學學士，正高級工程師。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。榮獲第三屆「中國釀酒大師」榮譽稱號。

Ms. XU Nan, aged 55, graduated from Shandong Institute of Light Industry with a bachelor's degree in engineering and is a Senior Engineer. She serves as 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 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. Ms. Xu's was recognized as a "Chinese Brewmaster" at the third award ceremony.



李輝先生，現年44歲，東南大學研究生、管理學碩士，現任公司副總裁、兼任營銷中心創新營銷事業總部總經理、市場發展研究總部總經理。曾任公司戰略投資管理總部副部長，具有豐富的企業戰略管理和市場營銷工作經驗。

Mr. LI Hui, aged 44, holds a master's degree in management from Southeast University. He serves as Vice President of the Company, General Manager of the innovative marketing headquarters of the Marketing Center, and General Manager of the market development research headquarters. He was the Deputy Director of the strategic investment management headquarters of the Company. He has extensive experience in strategy management and marketing.

董事、監事和高管人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



員水源先生，現年46歲，鄭州紡織工學院本科、管理學學士，現任公司副總裁兼供應鏈總裁，曾任青島啤酒股份有限公司營銷中心華北省區總經理助理、營銷中心華北省區副總經理、公司營銷中心河北省區總經理。具有豐富的啤酒市場一線營銷工作和供應鏈管理工作經驗。

Mr. YUN Shuiyuan, aged 46, holds a bachelor's degree in management from Zhengzhou Institute of Textile Technology (now Zhongyuan University of Technology). He serves as Vice President and Supply Chain President of the Company. His previous positions included: Assistant to the General Manager of the Marketing Center of Tsingtao Brewery Co., Ltd. in North China, Deputy General Manager of the Marketing Center in North China, and General Manager of the Marketing Center in Hebei. He has rich experience in frontline marketing and supply chain management in the beer market.



張瑞祥先生，現年58歲，山東師範大學本科畢業，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 58, graduated from Shandong Normal University. He is an Economist. He serves as Board Secretary & Director of the Board Secretary's Office, Company Secretary, and Authorized Representative of the Company. He also served as Assistant to Director, Deputy Director, and Director of the Board Secretary's Office and Representative to Securities Affairs of the Company. He has long-term experience in the operation of listing companies, information disclosure and financing in the capital market.

重要事項 Significant Events

(一) 報告期內其他重大事項

1、 土地收儲事項

- 1.1 2021年7月12日，公司董事會審議通過公司楊家群貨場土地政府收儲項目可行性報告和五星公司清算項目資產處置可行性報告，楊家群貨場土地處置收益已在公司2021年年報中反映。2023年3月1日，公司收到楊家群貨場土地的徵收補償總價款581,137,182.06元。截止報告期末，五星公司尚未啟動具體土地收儲手續。

詳情請見公司日期為2021年7月12日、11月26日、12月17日及2023年3月1日發佈的相關公告，公司將密切關注五星公司土地收儲事項的進展情況，並按照相關法律法規的規定，持續履行信息披露義務。

- 1.2 青島啤酒廠土地徵收及升級改造項目於2022年8月25日經公司董事會審議通過，收儲土地1,412.7平方米，補償金額1,653.56萬元。收儲協議於2022年9月簽署，目前首筆補償資金496萬元已到位；升級改造項目正在報規劃審批。

(I) Other Significant Events during the Reporting Period

1. Purchase and Storage of Land

- 1.1 On 12 July 2021, the Board considered and approved the feasibility report for the government's purchase and storage of the Company's Yangjiaqun Yard Land and the feasibility report for the asset disposition in connection with the liquidation of Beijing Five-Star. On 1 March 2023, the Company received a total payment of RMB581,137,182.06 as compensation for the expropriation of Yangjiaqun Yard Land. As at the end of the Reporting Period, Beijing Five-Star had not commenced the procedures for land purchase and storage.

For details on this event, please refer to the relevant announcements of the Company dated 12 July 2021, 26 November 2021, 17 December 2021, and 1 March 2023. 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.

- 1.2 The land expropriation and upgrading project of Tsingtao Brewery was considered and approved by the Board on 25 August 2022. The land to be expropriated and stored is 1,412.7 square meters, and the amount of compensation is RMB16.5356 million. The agreement was signed in September 2022. So far, the compensation of RMB4.96 million has been paid; the planning for the upgrading project has been submitted for approval.

重要事項 Significant Events

1.3 青島啤酒(淮安)有限公司土地收儲項目於2022年11月經公司董事會審議通過，收儲土地32,873平方米，預計補償金額2,826.36萬元。目前正與當地政府有關部門協商補償事宜，預計2023年二季度完成。

1.3 The land purchase and storage project of Tsingtao Brewery (Huaian) Co., Ltd. was considered and approved by the Board in November 2022. The land to be purchased and stored is 32,873 square meters, and the estimated amount of compensation is RMB28.2636 million. Currently, the Company is having negotiations with the local government on compensation. The project is expected to be completed in the second quarter of 2023.

2、收購股權

經公司董事會批准，2022年12月5日，公司與建德市眾悅控股有限公司簽署《青島啤酒(杭州)有限公司股權轉讓合同》，出資6,097萬元收購其持有的20%股權，於12月27日辦理完成股權交割手續。

2. Equity Purchase

With the Board's approval, on 5 December 2022, the Company entered into the Equity Transfer Contract of Tsingtao Brewery (Hangzhou) Co., Ltd. with Jiande Zhongyue Holdings Co., Ltd. to purchase 20% of its equity with RMB60.97 million. On 27 December the procedures for equity delivery were completed.

(二) 報告期內，本公司並無涉及新發生的任何重大訴訟、仲裁事項。

(II) During the Reporting Period, the Company was not involved in any material litigation or arbitration.

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 China Accounting Standards for Business Enterprises

98	審計報告	236	Auditor's Report
	2022年度財務報表		Financial Statements for the year ended 31 December 2022
102	合併及公司資產負債表	241	Consolidated and Company balance sheets
104	合併及公司利潤表	243	Consolidated and Company income statements
106	合併及公司現金流量表	245	Consolidated and Company cash flow statements
108	合併股東權益變動表	247	Consolidated statement of changes in shareholders' equity
109	公司股東權益變動表	248	Company statement of changes in shareholders' equity
110	財務報表附註	249	Notes to the financial statements
235	補充資料	394	Supplementary information

Auditor's Report



普華永道

PwC ZT Shen Zi (2023) 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 2022;
- 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 2022, 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

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 summarized 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>(1) Immense Brewery Company — Impairment assessment on goodwill (Refer to Note 2(28) and Note 4(15) to the financial statements)</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 2022.</p> <p>Management conducted an impairment assessment of the goodwill formed by the acquisition of Immense Brewery Company by comparing its recoverable amount of an asset group containing goodwill with its carrying value. The recoverable amount shall be determined based on the higher of the net amount of the fair value of the asset group less cost of disposal and the present value of the estimated future cash flow of the asset group. Management involved an independent valuer to evaluate the recoverable amount of the assets group.</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"> • Understood and validated the managements’ internal controls over the assessment of impairment of the goodwill; • Evaluated the competency, professionalism and objectivity of the independent valuer; • Combining interviews with the management and the information obtained, we involved internal 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 during the forecast period, perpetual growth rate, gross profit margin, discount rate and etc. • Review key assumptions used by the management in impairment assessment, such as sensitivity analysis of perpetual growth rate, 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. <p>According to the procedures performed, the recognition of recoverable amount, valuation model, 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 data-bbox="165 377 782 433">(2) Impairment test on fixed assets (Refer to Note 2(28) and Note 4(11) to the financial statements)</p> <p data-bbox="165 472 782 562">As at 31 December 2022, the carrying amounts of fixed assets as recognized in the consolidated financial statements of Tsingtao Brewery amounted to approximately RMB10,995.59 million.</p> <p data-bbox="165 601 782 817">Management 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 data-bbox="165 855 782 1011">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 data-bbox="165 1049 782 1231">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 data-bbox="810 377 1430 433">In connection with the impairment test on fixed assets, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li data-bbox="810 472 1430 528">• Understood and validated the management’s internal controls over the test of impairment of fixed assets; <li data-bbox="810 567 1430 623">• Validated the management’s processes in identifying the indications of impairment; <li data-bbox="810 661 1430 752">• For those fixed assets with indication of impairment, examined the management’s impairment test model as follows: <ul style="list-style-type: none"> <li data-bbox="871 791 1430 946">— Combining interviews with the management and the information obtained, we involved internal valuation experts to assist us in assessing the rationality of the valuation methodology adopted by the management in impairment assessment. <li data-bbox="871 985 1430 1166">— 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 data-bbox="871 1205 1430 1386">— 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. <p data-bbox="810 1425 1430 1550">According to the procedures performed, the recognition method of recoverable amount, valuation model, 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 2022 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.

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 (including the disclosures), structure and content of the financial statements, 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 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
22 March 2023

Signing CPA
Li Lili

Consolidated and Company Balance Sheets

As at 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2022 Consolidated	31 December 2022 Consolidated	31 December 2022 Company	31 December 2022 Company
ASSETS					
Current assets					
Cash at bank and on hand	(1)	17,854,931,855	14,597,590,313	9,469,727,256	9,241,394,971
Financial assets held for trading	(2)	2,683,817,846	2,778,400,866	1,000,452,055	1,000,208,219
Notes receivable	(3)	4,500,000	200,000	1,500,000	200,000
Accounts receivable	(4), 15(1)	119,599,728	124,729,816	1,860,654,305	1,399,795,657
Advances to suppliers	(5)	281,866,630	227,987,238	144,145,684	161,219,397
Other receivables	(6), 15(2)	682,770,179	674,818,381	666,706,147	672,562,776
Inventories	(7), 15(3)	4,152,187,132	3,492,997,857	2,167,930,218	1,639,617,110
Other current assets	(8)	6,222,809,869	7,061,894,939	285,825,979	188,571,308
Total current assets		32,002,483,239	28,958,619,410	15,596,941,644	14,303,569,438
Non-current assets					
Debt investment	15(4)	-	-	5,673,793	73,169,193
Long-term equity investments	(9), 15(5)	368,128,466	366,040,084	11,237,441,541	10,969,591,367
Other non-current financial assets		600,000	600,000	-	-
Investment properties	(10)	29,056,456	25,694,960	26,557,514	27,977,189
Fixed assets	(11), 15(6)	11,009,077,139	10,148,833,313	2,478,302,230	2,110,919,740
Construction in progress	(12)	456,529,051	762,289,882	140,411,513	104,231,337
Right-of-use assets	(13)	154,916,167	167,762,564	59,135,860	27,158,232
Intangible assets	(14), 15(7)	2,557,820,344	2,480,748,549	514,921,690	508,698,803
Goodwill	(15)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(16)	101,670,196	127,033,797	9,651,343	7,487,058
Deferred tax assets	(17)	2,250,079,564	2,131,373,398	1,453,644,067	1,307,029,533
Other non-current assets	(19)	74,235,192	86,904,552	13,924,336	59,073,702
Total non-current assets		18,309,216,557	17,604,385,081	15,939,663,887	15,195,336,154
TOTAL ASSETS		50,311,699,796	46,563,004,491	31,536,605,531	29,498,905,592

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2022 Consolidated	31 December 2021 Consolidated	31 December 2022 Company	31 December 2021 Company
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	(20)	225,411,423	245,780,575	-	-
Notes payable	(21)	198,056,961	170,028,474	140,524,489	165,483,480
Accounts payable	(22)	3,463,768,573	3,127,872,424	3,982,543,102	3,603,456,501
Contract liabilities	(23)	8,909,252,504	8,123,275,272	7,018,357,260	6,359,363,459
Employee benefits payable	(24)	2,180,772,440	2,172,664,930	888,041,488	868,072,245
Taxes payable	(25)	771,894,656	854,042,924	69,320,070	246,640,558
Other payables	(26)	3,394,613,087	3,069,741,775	1,427,296,715	1,182,291,449
Current portion of non-current liabilities	(27)	49,263,731	48,428,344	19,686,594	12,997,149
Other current liabilities	(23)	478,755,359	446,808,798	410,317,189	390,233,493
Total current liabilities		19,671,788,734	18,258,643,516	13,956,086,907	12,828,538,334
Non-current liabilities					
Lease liabilities	(28)	98,401,477	112,778,668	27,220,061	11,986,516
Long-term payables	(29)	16,283,766	24,537,343	-	-
Deferred income	(30)	3,132,390,832	3,210,806,388	340,710,828	366,755,691
Long-term employee benefits payable	(31)	918,404,801	991,149,211	615,130,389	593,567,288
Deferred tax liabilities	(17)	202,117,651	171,398,023	-	-
Total non-current liabilities		4,367,598,527	4,510,669,633	983,061,278	972,309,495
Total liabilities		24,039,387,261	22,769,313,149	14,939,148,185	13,800,847,829
Equity					
Share capital	(32)	1,364,232,790	1,364,354,793	1,364,232,790	1,364,354,793
Capital surplus	(33), 15(9)	4,154,076,977	3,956,209,113	5,216,070,112	4,980,309,993
Less: Treasury stock	(34)	(171,854,660)	(273,189,919)	(171,854,660)	(273,189,919)
Other comprehensive income	(35), 15(10)	(75,800,581)	(59,632,540)	(78,756,000)	(72,405,000)
Surplus reserve	(36)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(37)	295,071,942	294,853,079	-	-
Undistributed profits	(38), 15(11)	18,528,390,855	16,318,545,692	8,867,060,724	8,298,283,516
Total equity attributable to shareholders of the Company		25,494,821,703	23,001,844,598	16,597,457,346	15,698,057,763
Non-controlling interests		777,490,832	791,846,744	—	—
Total equity		26,272,312,535	23,793,691,342	16,597,457,346	15,698,057,763
TOTAL LIABILITIES AND EQUITY		50,311,699,796	46,563,004,491	31,536,605,531	29,498,905,592

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

Legal representative:
HUANG KexingPrincipal in charge of accounting:
HOU QiuyanHead of accounting department:
SUN Zhuohan

Consolidated and Company Income Statements

For the year ended 31 December 2022

(All amounts in RMB yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
Revenue	(39), 15(12)	32,171,565,624	30,166,805,377	23,769,045,630	21,516,205,396
<i>Less:</i> Cost of sales	(39), (45), 15(12), (14)	(20,317,934,822)	(19,091,130,744)	(19,120,720,120)	(17,307,523,382)
Taxes and surcharges	(40)	(2,390,725,323)	(2,318,835,745)	(636,352,310)	(634,181,888)
Selling and distribution expenses	(41), (45), 15(14)	(4,199,502,747)	(4,096,874,125)	(2,758,556,297)	(2,601,823,017)
General and administrative expenses	(42), (45), 15(14)	(1,473,368,004)	(1,692,545,246)	(523,562,223)	(700,166,069)
Research and development expenses	(43), (45), 15(14)	(62,954,899)	(30,890,245)	(62,954,899)	(30,890,245)
Finance expenses	(44), 15(13)	420,805,540	243,187,765	96,412,066	(961,198)
Including: Interest expenses		(9,237,800)	(22,685,367)	-	-
Interest income		459,661,656	315,648,307	110,813,417	30,429,087
<i>Add:</i> Other income	(48)	543,278,784	555,940,452	103,668,782	61,828,629
Investment income	(49), 15(17)	169,903,657	186,065,404	1,403,992,871	985,480,582
Including: Share of profit of associates and a joint venture		19,873,379	20,561,728	19,595,612	20,266,180
Profits arising from changes in fair value (Losses are listed with “-”)	(50), 15(18)	164,354,223	253,436,734	125,593,561	193,654,894
Credit impairment losses (Losses are listed with “-”)	(47), 15(16)	11,144,534	(12,651,673)	(59,925,797)	(13,383,370)
Asset impairment losses (Losses are listed with “-”)	(46), 15(15)	(26,123,742)	(189,060,479)	(10,140,786)	(129,406,472)
Gains on disposals of assets (Losses are listed with “-”)	(51)	(9,517,758)	481,507,267	236,559	593,379,666
Operating profit		5,000,925,067	4,454,954,742	2,326,737,037	1,932,213,526
<i>Add:</i> Non-operating income	(52)	20,345,173	32,710,482	5,013,947	5,481,123
<i>Less:</i> Non-operating expenses	(53)	(15,128,954)	(8,689,759)	(9,594,523)	(5,742,612)
Total profit		5,006,141,286	4,478,975,465	2,322,156,461	1,931,952,037
<i>Less:</i> Income tax expense	(54), 15(19)	(1,201,419,808)	(1,222,731,595)	(252,814,686)	(305,032,458)
Net profit		3,804,721,478	3,256,243,870	2,069,341,775	1,626,919,579
Classified by continuity of operations					
Net profit from continuing operations		3,804,721,478	3,256,243,870	2,069,341,775	1,626,919,579
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Attributable to shareholders of the Company		3,710,628,593	3,155,455,810	2,069,341,775	1,626,919,579
Attributable to non-controlling interests		94,092,885	100,788,060	-	-

Consolidated and Company Income Statements *(Continued)*

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
Other comprehensive income, net of tax	(35)	(18,322,498)	(39,756,980)	(6,351,000)	(41,967,000)
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		(7,457,000)	(43,297,000)	(6,351,000)	(41,967,000)
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		94,081	(306,770)	-	-
Currency translation differences		(8,805,122)	3,822,569	-	-
Other comprehensive income attributable to non-controlling interests, net of tax		(2,154,457)	24,221	—	—
Total comprehensive income		3,786,398,980	3,216,486,890	2,062,990,775	1,584,952,579
Attributable to shareholders of the Company		3,694,460,552	3,115,674,609	2,062,990,775	1,584,952,579
Attributable to non-controlling interests		91,938,428	100,812,281	—	—
Earnings per share					
Basic earnings per share (RMB yuan)	(55)	2.736	2.328	—	—
Diluted earnings per share (RMB yuan)	(55)	2.728	2.324	—	—

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
HOU Qiuyan

Head of accounting department:
SUN Zhuohan

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		37,646,617,995	35,855,302,233	27,722,390,271	25,996,126,863
Refund of taxes and surcharges		95,255,689	15,883,560	21,118,814	15,799,723
Cash received relating to other operating activities	(56)(a)	1,125,550,312	1,096,195,654	265,430,794	241,233,225
Sub-total of cash inflows		38,867,423,996	36,967,381,447	28,008,939,879	26,253,159,811
Cash paid for goods and services		(19,929,376,569)	(17,558,042,372)	(21,146,250,865)	(18,343,471,464)
Cash paid to and on behalf of employees		(5,253,994,081)	(5,025,945,414)	(1,916,587,832)	(1,780,506,992)
Payments of taxes and surcharges		(5,725,055,540)	(5,350,364,310)	(1,836,180,194)	(1,620,786,275)
Cash paid relating to other operating activities	(56)(b)	(3,080,226,484)	(2,989,917,896)	(2,149,182,878)	(1,949,687,137)
Sub-total of cash outflows		(33,988,652,674)	(30,924,269,992)	(27,048,201,769)	(23,694,451,868)
Net cash flows from operating activities	(57)(a)	4,878,771,322	6,043,111,455	960,738,110	2,558,707,943
Cash flows from investing activities					
Cash received from disposal of investments		16,146,453,730	13,805,685,800	6,476,800,000	10,556,935,368
Cash received from returns on investments		441,384,826	295,822,969	1,527,932,916	1,868,503,874
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		42,140,602	33,025,473	2,693,457	15,820,358
Cash received relating to other investing activities	(56)(c)	336,037,611	362,955,180	2,638,702	3,865,550
Sub-total of cash inflows		16,966,016,769	14,497,489,422	8,010,065,075	12,445,125,150
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,780,139,656)	(1,634,967,831)	(618,236,299)	(370,261,448)
Cash paid to acquire investments		(17,258,725,150)	(22,990,409,580)	(8,668,600,000)	(11,845,560,000)
Cash paid relating to other investing activities	(56)(d)	(126,260,121)	(121,875,573)	(2,246,539)	(4,921,618)
Sub-total of cash outflows		(19,165,124,927)	(24,747,252,984)	(9,289,082,838)	(12,220,743,066)
Net cash flows from investing activities		(2,199,108,158)	(10,249,763,562)	(1,279,017,763)	224,382,084
Cash flows from financing activities					
Cash received from investments	12	-	6,226,920	-	6,226,920
Cash received from borrowings		228,830,000	251,370,000	-	-
Cash received from other financing activities		529,522	9,000	266,397	-
Sub-total of cash inflows		229,359,522	257,605,920	266,397	6,226,920

Consolidated and Company Cash Flow Statements (Continued)

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
Cash repayments of borrowings		(270,961,875)	(701,572,470)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(1,576,418,087)	(1,110,755,103)	(1,505,070,607)	(1,022,402,739)
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		(65,221,802)	(67,376,020)	—	—
Cash payments relating to other financing activities	(56)(e)	(57,692,087)	(58,900,983)	(30,980,653)	(21,098,868)
Sub-total of cash outflows		(1,905,072,049)	(1,871,228,556)	(1,536,051,260)	(1,043,501,607)
Net cash flows from financing activities		(1,675,712,527)	(1,613,622,636)	(1,535,784,863)	(1,037,274,687)
Exchange effect on cash and cash equivalents		22,166,355	(9,094,889)	9,542,896	(4,582,999)
Net (decrease)/increase in cash and cash equivalents	(57)(a)	1,026,116,992	(5,829,369,632)	(1,844,521,620)	1,741,232,341
Add: Cash and cash equivalents at beginning of year		11,813,753,792	17,643,123,424	9,210,989,946	7,469,757,605
Cash and cash equivalents at end of year	(57)(b)	12,839,870,784	11,813,753,792	7,366,468,326	9,210,989,946

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
HOU Qiuyan

Head of accounting department:
SUN Zhuohan

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

(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	Less: Treasury stock	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
Balance at 1 January 2021		1,364,182,795	3,675,291,623	(279,576,000)	(19,851,339)	1,400,704,380	260,344,554	14,220,864,502	746,091,651	21,368,052,166
Movements for the year ended 31 December 2021										
Total comprehensive income										
Net profit		-	-	-	-	-	-	3,155,455,810	100,788,060	3,256,243,870
Other comprehensive income	(35)	-	-	-	(39,781,201)	-	-	-	24,221	(39,756,980)
Total comprehensive income for the year		-	-	-	(39,781,201)	-	-	3,155,455,810	100,812,281	3,216,486,890
Shareholder investment and capital reduction										
Equity incentive capital	(32), (33), (34)	294,000	5,932,920	(6,226,920)	-	-	-	-	-	-
Repurchases of restricted shares	(32), (33), (34)	(122,002)	(2,462,000)	2,584,002	-	-	-	-	-	-
Share-based payment	(33)	-	277,149,234	-	-	-	-	-	618,662	277,767,896
Profit distribution										
Appropriation to general reserve	(37)	-	-	-	-	-	34,508,525	(34,508,525)	-	-
Profit distribution to shareholders	(34), (38)	-	-	10,028,999	-	-	-	(1,023,266,095)	(55,675,850)	(1,068,912,946)
Others	(33)	-	297,336	-	-	-	-	-	-	297,336
Balance at ended 31 December 2021		1,364,354,793	3,956,209,113	(273,189,919)	(59,632,540)	1,400,704,380	294,853,079	16,318,545,692	791,846,744	23,793,691,342
Balance at 1 January 2022		1,364,354,793	3,956,209,113	(273,189,919)	(59,632,540)	1,400,704,380	294,853,079	16,318,545,692	791,846,744	23,793,691,342
Movements for the year ended 31 December 2022										
Total comprehensive income										
Net profit		-	-	-	-	-	-	3,710,628,593	94,092,885	3,804,721,478
Other comprehensive income	(35)	-	-	-	(16,168,041)	-	-	-	(2,154,457)	(18,322,498)
Total comprehensive income for the year		-	-	-	(16,168,041)	-	-	3,710,628,593	91,938,428	3,786,398,980
Shareholder investment and capital reduction										
Repurchases of restricted shares	(32), (33), (34)	(122,003)	(2,462,021)	2,584,024	-	-	-	-	-	-
Share-based payment	(33), (34)	-	210,070,250	84,267,743	-	-	-	-	11,111,982	305,449,975
Profit distribution										
Appropriation to general reserve	(37)	-	-	-	-	-	218,863	(218,863)	-	-
Profit distribution to shareholders	(34), (38)	-	-	14,483,492	-	-	-	(1,500,564,567)	(66,238,736)	(1,552,319,811)
Others	(33)	-	(9,740,365)	-	-	-	-	-	(51,167,586)	(60,907,951)
Balance at ended 31 December 2022		1,364,232,790	4,154,076,977	(171,854,660)	(75,800,581)	1,400,704,380	295,071,942	18,528,390,855	777,490,832	26,272,312,535

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
HOU Qiuyan

Head of accounting department:
SUN Zhuohan

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 15 (unless otherwise stated)	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2021		1,364,182,795	4,710,298,947	(279,576,000)	(30,438,000)	1,400,704,380	7,694,630,032	14,859,802,154
Movements for the year ended 31 December 2021								
Total comprehensive income								
Net profit		-	-	-	-	-	1,626,919,579	1,626,919,579
Other comprehensive income	(10)	-	-	-	(41,967,000)	-	-	(41,967,000)
Total comprehensive income for the year		-	-	-	(41,967,000)	-	1,626,919,579	1,584,952,579
Shareholder investment and capital reduction								
Equity incentive capital	4(32), (33), (34)	294,000	5,932,920	(6,226,920)	-	-	-	-
Repurchase of restricted shares	4(32), (33), (34)	(122,002)	(2,462,000)	2,584,002	-	-	-	-
Share-based payment	(9)	-	266,536,674	-	-	-	-	266,536,674
Profit distribution								
Profit distribution to shareholders	(11), 4(34)	-	-	10,028,999	-	-	(1,023,266,095)	(1,013,237,096)
Others	(9)	-	3,452	-	-	-	-	3,452
Balance at 31 December 2021		<u>1,364,354,793</u>	<u>4,980,309,993</u>	<u>(273,189,919)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,298,283,516</u>	<u>15,698,057,763</u>
Balance at 1 January 2022		<u>1,364,354,793</u>	<u>4,980,309,993</u>	<u>(273,189,919)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,298,283,516</u>	<u>15,698,057,763</u>
Movements for the year ended 31 December 2022								
Total comprehensive income								
Net profit		-	-	-	-	-	2,069,341,775	2,069,341,775
Other comprehensive income	(10)	-	-	-	(6,351,000)	-	-	(6,351,000)
Total comprehensive income for the year		-	-	-	(6,351,000)	-	2,069,341,775	2,062,990,775
Shareholder investment and capital reduction								
Repurchase of restricted shares	4(32), (33), (34)	(122,003)	(2,462,021)	2,584,024	-	-	-	-
Share-based payment	9, 4(34)	-	238,214,791	84,267,743	-	-	-	322,482,534
Profit distribution								
Profit distribution to shareholders	(11), 4(34)	-	-	14,483,492	-	-	(1,500,564,567)	(1,486,081,075)
Others	(9)	-	7,349	-	-	-	-	7,349
Balance at 31 December 2022		<u>1,364,232,790</u>	<u>5,216,070,112</u>	<u>(171,854,660)</u>	<u>(78,756,000)</u>	<u>1,400,704,380</u>	<u>8,867,060,724</u>	<u>16,597,457,346</u>

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

Legal representative:
HUANG Kexing

Principal in charge of accounting:
HOU Qiuyan

Head of accounting department:
SUN Zhuohan

Notes to Financial Statements

For the year ended 31 December 2022

(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. The Company’s total share capital was increased from was increased from 1,308,219,178 to 1,350,982,795.

In 2020, the Company implemented equity incentives with 13.2 million restricted shares, and the total number of shares of the Company increased from 1,350,982,795 shares to 1,364,182,795 shares. In 2021, the Company granted 294,000 additional restricted shares to participants, and repurchased and cancelled 122,002 restricted shares. The Company’s total share capital was increased from 1,364,182,795 to 1,364,354,793. In 2022, the Company repurchased and cancelled 122,003 restricted shares. The Company’s total share capital was decreased from 1,364,354,793 to 1,364,232,790.

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 are disclosed in Note 5 and Note 6. There was no change in consolidated subsidiaries in the current year compares to the previous year.

These financial statements have been approved for issue by the Company’s Board of Directors on 22 March 2023.

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 (Note 2(9)), cost formulas (Note 2(10)), depreciation of fixed assets, amortization of intangible assets and depreciation of right-of-use asset (Note 2(13), (16) and (25)), revenue recognition (Note 2(21)), etc.

The key judgements, significant accounting estimates and key assumptions used by the Group in determining significant accounting policies are disclosed in Note 2(28).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(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 (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 on 3 March 2014. Certain matters relating to financial statement have been disclosed in accordance with the requirements of Hong Kong “Companies Ordinance”.

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

The financial statements of the Company for the year ended 31 December 2022 are in compliance with CAS, and truly and completely present the Consolidated and the Company’s financial position as at 31 December 2022 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, Macau and Vietnam is Hong Kong Dollar (HKD), Macau Pataca (MOP) and Vietnamese Dong (VND) 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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(5) Business combinations (continued)

(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 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.

(c) Purchase of minority equity in subsidiaries

After the acquisition of the control right over the subsidiary, the Group obtained all or part of the minority equity of the subsidiary owned by the minority shareholder of the subsidiary. In the consolidated financial statements, the assets and liabilities of the subsidiary are reflected by the amount continuously calculated from the date of purchase or combination. The capital surplus shall be adjusted according to the difference between the newly increased long-term equity investment and the net asset share of the subsidiary calculated continuously from the date of acquisition or merger with the newly increased shareholding ratio. If the capital surplus (share premium) is not sufficient to offset the difference, the retained earnings shall be adjusted.

(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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(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 amount 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.

(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.

Notes to Financial Statements

For the year ended 31 December 2022

(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)

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.

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 consisting 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.

Notes to Financial Statements

For the year ended 31 December 2022

(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 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 and listed others as financial assets held for trading.

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, 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, without incurring unnecessary additional costs and efforts on the balance sheet date, 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.

For notes receivable, accounts receivable 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.

In addition to the above notes receivable, accounts receivable, 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.

Notes to Financial Statements

For the year ended 31 December 2022

(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)

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 belong to stage 1 and calculates their loss provision based on the ECL in the next 12 months.

For the financial instruments at stage 1 and stage 2, 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.

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 combination	Banks with low credit risk
Accounts receivable combination	Dealers
Accounts receivable combination	Subsidiaries
Other receivables combination	Guarantee deposits
Other receivables combination	Receivables from subsidiaries
Other receivables combination	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 2022

(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; (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 2022

(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 labor 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 2022

(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 recognising 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 unrealized 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 unrealized loss is not eliminated.

Notes to Financial Statements

For the year ended 31 December 2022

(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 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 and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
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. When transfer occurs, the book value before transfer is used as account record value after 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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(12) Investment properties (continued)

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)).

(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 values	Annual depreciation rates
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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(13) Fixed assets (continued)

(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.

(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 capitalization 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 capitalized 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 capitalization 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. Capitalization 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 capitalization, the amount of borrowing costs eligible for capitalization 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 capitalization period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization 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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(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.

(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 trademark has an indefinite useful life, accordingly, it is not subject to amortization 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 on the straight-line basis 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 amortization method

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

Notes to Financial Statements

For the year ended 31 December 2022

(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

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 capitalized 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.

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. Capitalized 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 right to use assets, 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 amortization.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(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 tested 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.

(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 benefits plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefits 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 supplemental post-employment benefits 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 post-employment benefits plan.

Regarding the defined contribution plans, the Group had no forfeited contributions (by employers on behalf of employees who leave the defined contribution plan prior to vesting in such contributions) to reduce the existing level and future level of contributions. No plan assets have been created for the defined benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(19) Employee benefits (continued)

(b) Post-employment benefits (continued)

Basic pension insurance

The employees of the Group participated in the basic social pension insurance organised and implemented by the local labor 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 labor 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 post-employment benefits plan.

In addition to the basic social pension plans, the Group also provides supplementary post-employment benefits to those 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 an 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 post-employment 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.

(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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(20) Dividends distribution

Cash dividend is recognized as a liability for the period in which the dividend is approved by annual general 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.

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.

(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.

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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(22) Government Grants

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 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(24) Share-based payment

The restricted share incentive plan of the Group refers to share-based payment which settled with the equity instruments of the Company granted by the Group as consideration to relevant incentive objects.

For equity-settled share-based payment transactions, the Group shall measure the services received, and the corresponding increase in equity directly, at the fair value of the services received. If the right can be vested immediately after the grant, it shall be measured at fair value through current profit or loss on grant date, and the capital surplus shall be increased accordingly; The equity instruments granted do not vest until the counterparty achieve a specified performance condition during the vesting period. On each balance sheet date of the vesting period, the Group makes the best estimate based on the latest information of the number of employees available for exercise, or whether the Group meets the required performance conditions. On this basis, according to the fair value of equity instrument on grant date, the Group shall recognize the services to be rendered by the counterparty in current profit or loss based on the most likely outcome of exercisable equity instrument during the vesting period, with a corresponding confirmation of capital surplus.

The Group will not recognize the cost or expense for share-based payments that fail to meet the viable conditions ultimately, unless the vesting conditions are market conditions or non-viable conditions. No matter whether the market conditions or non-viable conditions are met, as long as meeting all of the non-market conditions, it will be regarded as the vested right.

If the fair value of the equity instruments granted increase after the Group modifies the terms of the share-based payment plan, the Group shall recognize the increase of services obtained according to the difference between the fair value of the equity instruments before and after the modification. If the Group cancels the granted equity instrument, it will be treated as accelerated exercise on the cancellation date, and the amount that should have been recognized during the remaining vesting period will be immediately included in the current profit and loss, and the capital surplus will be recognized accordingly.

If the Group needs to repurchase the restricted shares that failed to be unlocked and invalid at the pre agreed repurchase price, the Group shall recognize the liabilities and treasury stocks according to the number of restricted shares and the corresponding repurchase price.

(25) Lease

Leases 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 payments 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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(25) Lease (continued)

The Group as the lessee (continued)

The Group's right-of-use assets include leased buildings, land use rights, machinery and equipment etc. The right-of-use asset is initially measured according to the 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. When the recoverable amount is lower than the book value of the right-of-use assets, the Group writes down the book value to the recoverable 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 shall treat the lease as a separate item, when the lease is changed and meets the following conditions: (1) The scope of leasing is expanded by adding the right to use one or more leased assets; (2) the increased consideration is equivalent to the amount of the separate price of the extended lease scope according to the contract.

Unless the contract changes directly caused by situations mentioned in Notice on Adjusting the Scope of Application of Accounting Regulations on Rent Concession Related to Novel Pneumonia Epidemic issued by the Ministry of Finance in 2021 (Finance and Accounting [2021] No. 9), which simplified method is adopted, the Group re-determines the lease term on the effective date of the lease change, uses the revised discount rate to discount the lease payment after the change, and remeasures the lease liabilities when the change is not accounted for as a separate lease. If the change causes the scope of the lease to be narrowed or the term of the lease to be shortened, the Group will correspondingly reduce the book value of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease shall be included in the current profit and loss. If other changes cause the lease liabilities remeasured, the Group adjusts the book value of the right-of-use asset accordingly.

For the rent reduction before 30 June 2022 that related to the situation described in (Cai Kuai [2021] No.9), the Group adopts the simplified method. The undiscounted amount of deduction shall be included in the current profit and loss when an agreement is reached to relieve the original payment obligation, and the lease liability shall be adjusted accordingly (Note 4(45)).

The Group as the lessor

A financial 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.

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. The Group will include variable rents determined based on a certain percentage of sales into rental income when they actually occur.

When a lease is changed, the Group regards it as a new lease from the effective date of the change, and treats the amount of advance or receivable lease payments related to the lease before the change as the amount of the new lease.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(26) 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.

(27) 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 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(28) 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 reasonable expectations of future events.

(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 or groups of asset combinations is the present value of the future cash flows expected to be derived from them. These calculations require use of accounting estimates (Note 4(15)).

If management revises the sales growth rate during the forecast period, perpetual growth rate, gross 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 sales growth rate during the forecast period is lower than the one currently used, perpetual growth rate is lower than the one currently used, gross 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 sales growth rate during the forecast period perpetual growth rate and gross 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 present value of the expected future cash flow to sell. These calculations require the use of accounting estimates.

For the year ended 31 December 2022, the Group recognized impairment losses of 26,123,742 (2021: 189,060,479) for fixed assets based on such evaluation. As at 31 December 2022, the Group recognized the cumulative provision for fixed assets impairment amounting to 551,176,919 (31 December 2021: 638,704,017) (Note 4(11)).

If management revises the sales growth rate, gross 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 sales growth rate is lower than the one currently used, the revised gross 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 sales growth rate and gross 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 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(28) 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 income and corresponding applicable income tax rates of respective years. The realization of deferred tax assets depends on the realization of sufficient profitability (taxable income) 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 2022, deferred tax assets of 2,250,079,564 have been recognized in the consolidated balance sheet. As stated in Note 4(17), the Group has unrecognized deferred tax assets aggregated to approximately 863,321,000 as at 31 December 2022, which mainly attributable to accumulated tax losses in 5 years and deductible temporary difference 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 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, a recognition or reversal of deferred tax assets may arise accordingly.

(iv) Post-employment benefits Actuary

As stated in Note 2(19)(b), the present value of the post-employment 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-employment 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 expected credit loss based on the default risk exposure and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Group uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data.

When considering forward-looking information, the Group considers different macroeconomic scenarios. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, changes in customer conditions, gross domestic product and consumer price index, etc. In 2022, the Group has considered uncertainties caused by various factors and updated relevant assumptions and parameters accordingly.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

(29) Significant changes in accounting policies

In 2021, the Ministry of Finance released the Circular on Issuing “Interpretation No. 15 of Accounting Standards for Business Enterprises”, in 2022 and 2023 the Ministry of Finance released “Interpretation No. 16 of Accounting Standards for Business Enterprises” and “Q&A on Implementation of Accounting Standards for Business Enterprises”. The financial statement for the year ended 31 December 2022 are prepared by the Group and the Company in accordance with the above notices and Q&A, and there is no significant impact on the financial statement of the Group and the Company.

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%, 20% 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 or calculated using the taxable sales amount multiplied by the effective tax rate)	13%, 9%, 6% and 3% as charge rate
Consumption tax	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%

(a) Enterprise income tax

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

The Company’s subsidiaries, Tsingtao Brewery Hong Kong Trading Co., Ltd. (“Hong Kong Company”) and Asia Brewery (Macau) Co., Ltd. (“Macau Company”) and Tsingtao Brewery Vietnam Co., Ltd. (“Vietnam Company”), were established in Hong Kong, Macau and Vietnam, applying Hong Kong profits tax, Macau profits supplemental tax and Vietnam enterprise 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 taxable income for the year.

Notes to Financial Statements

For the year ended 31 December 2022

(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 (continued)

- (ii) Pursuant to the Circular on the Deduction Policies of Relevant Enterprise Income Tax for Equipment and Apparatus (Cai Shui [2018] No. 54) and the Announcement on extending the implementation period of Certain Preferential Policies (Cai Shui [2022] No. 6) and related regulations issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2023, the newly purchased equipment under RMB5 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

In 2022 and 2021, the Group calculated VAT at the VAT rate of 13% on the sales revenue of beer and other products. The applicable VAT rates for the financial business income of Tsingtao Brewery Finance Co., Ltd. (“Finance Company”) and the construction business income of Tsingtao Brewery Construction Co., Ltd. (“Construction Company”) are 6% and 9% respectively. Input VAT paid for purchase of goods, machinery and equipment for production or taxable services can be deducted from output VAT. The amount of VAT payable is the balance of the current output tax less the deductible input tax.

Some subsidiaries of the Group are small-scale taxpayers and are subject to a 3% value-added tax rate.

The Ministry of Finance and the State Administration of Taxation jointly promulgated the Announcement on Further Strengthening the implementation of the Policy of Final VAT Credit and Refund (Cai Shui [2022] No. 14) and the Announcement on Further Accelerating the implementation of the Policy of Final VAT Credit and Refund (Cai Shui [2022] No. 17) and the Announcement on Further Accelerating the Implementation of the Policy of Tax Rebate for the Final Period of VAT (Cai Shui [2022] No. 19) and other relevant provisions. Eligible small and micro enterprises and enterprises in manufacturing and other industries can apply to the competent tax authorities for refund of the incremental tax credit from the tax period in April 2022. Qualified micro-enterprises can apply to the competent tax authorities for a one-time refund of the remaining tax credit from the tax period of April 2022. Qualified small enterprises and medium-sized enterprises in manufacturing and other industries may apply to the competent tax authorities for a one-time refund of the remaining tax credit starting from the tax period of May 2022. Qualified large enterprises in manufacturing and other industries may apply to the competent tax authorities for a one-time refund of the remaining tax credits starting from the tax period of June 2022.

(c) 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, the company 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

(2) Tax incentives

According to the Announcement on “Deepening the Relevant Policies of VAT Reform” issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Ministry of Finance the State Taxation Administration the General Administration of Customs Announcement [2019] No. 39), the Announcement on “Clarifying the Policy of Value-added Tax Deduction for Domestic Service Industry” issued by the Ministry of Finance and the State Taxation Administration (Ministry of Finance the State Taxation Administration Announcement [2019] No. 87) and the Announcement on “Value-added Tax Policy on Promoting the Development of Service Industry” issued by the Ministry of Finance and the State Taxation Administration (Ministry of Finance the State Taxation Administration Announcement [2022] No. 11), part of the Company’s subsidiaries are lifestyle service enterprises, the deductible input tax of the current period shall be added by 15% to offset the VAT payable from 1 October 2019 to 31 December 2022.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2022	31 December 2021
Cash on hand	203,052	190,330
Bank deposits	4,537,704,358	2,836,366,452
Interbank deposits (i)	12,441,894,918	10,981,934,590
Deposit in central bank (ii)	841,892,213	745,859,241
Other cash balances (iii)	33,237,314	33,239,700
	<u>17,854,931,855</u>	<u>14,597,590,313</u>
Including: cash at bank and on hand overseas (iv)	<u>93,205,699</u>	<u>113,132,828</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 2022, the statutory deposit reserves ratio of Finance Company is 5% (31 December 2021: 5%).

(iii) As at 31 December 2022, other cash balances of 33,157,586 (31 December 2021: 33,020,250) represent housing maintenance fund in the bank; the remaining balances are other deposits of 79,728 (31 December 2021: 219,450).

(iv) As at 31 December 2022, cash at bank and on hand overseas represents the cash, bank deposits and its interest receivable of Hong Kong Company, Macau Company and Vietnam Company held in Hong Kong, Macau and Vietnam respectively.

Cash and cash equivalents presented in cash flow statements:

	31 December 2022	31 December 2021
Cash at bank and on hand	17,854,931,855	14,597,590,313
Deposit in non-financial institutions	3,254,329	3,017,559
Less: Restricted deposit in central bank	(841,892,213)	(745,859,241)
Restricted bank term deposits	(3,900,000,000)	(1,900,000,000)
Restricted other cash balances	(33,237,314)	(33,239,700)
Interest receivable on deposits	(243,185,873)	(107,755,139)
	<u>12,839,870,784</u>	<u>11,813,753,792</u>

(2) Financial assets held for trading

	31 December 2022	31 December 2021
Debt instruments (i)	<u>2,683,817,846</u>	<u>2,778,400,866</u>

(i) It represents the debt instruments purchased by the Group. As at 31 December 2022, the fair value is measured based on the estimation of the future cash flow.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(3) Notes receivable

	31 December 2022	31 December 2021
Bank acceptance notes	<u>4,500,000</u>	<u>200,000</u>

(a) As at 31 December 2022, the Group has no pledged notes receivable (31 December 2021: nil).

(b) As at 31 December 2022, the Group's notes receivable which have been endorsed but not yet matured are derecognized amounting to 3,000,000 (31 December 2021: nil). There are no discounted bank acceptance notes that are not yet matured (31 December 2021: nil).

(c) Provision for bad debts

The Group's notes receivable are generated from the sale of commodities and other daily business activities, irrespective of whether there is significant financing component, the Group measures loss provision according to the ECL of the lifetime.

As at 31 December 2022, 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 2022	31 December 2021
Accounts receivable	297,637,369	305,736,992
Less: Provision for bad debts	<u>(178,037,641)</u>	<u>(181,007,176)</u>
	<u>119,599,728</u>	<u>124,729,816</u>

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 180 days.

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

	31 December 2022	31 December 2021
Within 1 year	119,595,685	124,729,905
1 to 2 years	38,937	2,050
2 to 3 years	1,300	-
3 to 4 years	-	1,230
4 to 5 years	-	65,926
Over 5 years	<u>178,001,447</u>	<u>180,937,881</u>
	<u>297,637,369</u>	<u>305,736,992</u>

Accounts receivable are 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.

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022, 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	74,204,194	(26,242,020)	25%

(c) As at 31 December 2022, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2021: 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 2022, 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)
	26,242,020		(26,242,020)

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.

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group – Dealers

	31 December 2022			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	119,255,860	-	-	124,689,168	-	-
Overdue within 1 year	341,860	5%	(17,093)	42,787	5%	(2,139)
Overdue within 1 - 2 years	38,202	50%	(19,101)	-	50%	-
Overdue 2 years or more	151,759,427	100%	(151,759,427)	154,763,017	100%	(154,763,017)
	<u>271,395,349</u>		<u>(151,795,621)</u>	<u>279,494,972</u>		<u>(154,765,156)</u>

- (iii) The provision for bad debts increased in this year is 48,352, the collecting or reversal of provisions for bad debts is 300,000 (provision for bad debts of 300,000 was written off in previous years and is recovered in the current year), the corresponding carrying amount is 300,000, the amount of bad debts due to currency translation differences increases by 561 and the provision for bad debts written off due to uncollectable beer sales is 3,018,448.

(5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as follows:

	31 December 2022		31 December 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	251,558,226	89.2%	221,794,039	97.3%
1 to 2 years	28,362,552	10.1%	5,477,999	2.4%
2 to 3 years	1,510,907	0.5%	218,751	0.1%
Over 3 years	434,945	0.2%	496,449	0.2%
	<u>281,866,630</u>	<u>100%</u>	<u>227,987,238</u>	<u>100%</u>

As at 31 December 2022, the carrying amount of advances to suppliers over 1 year is 30,308,404 (31 December 2021: 6,193,199), which have not been required to deliver yet due to production plan.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(5) Advances to suppliers (continued)

(b) As at 31 December 2022, 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	147,631,737	52%

(6) Other receivables

	31 December 2022	31 December 2021
Receivables of disposals of land (i)	584,155,232	584,155,232
Guarantee deposits	36,163,228	37,832,122
Receivables on construction and equipment (ii)	18,784,056	2,158,973
Receivables of refundable cost of land and building	17,441,647	17,446,767
Reservation fund	12,335,117	14,225,811
Payment on behalf for recycling bottles	1,493,555	1,899,399
VAT refund	338,083	3,466,849
Others	77,383,372	90,553,499
	748,094,290	751,738,652
Less: Provision for bad debts	(65,324,111)	(76,920,271)
	682,770,179	674,818,381

(i) Receivables of disposals of land are the amounts that should be charged from the purchase and storage of part of the Group's land by relevant government departments. Qingdao Land Reserve and Arrangement Center, Qingdao Shibei District People's Government and Qingdao Shibeichengfa 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 District, Qingdao City will be determined according to the land auction status. As of 31 December 2022, 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. On 1 March 2023, the above amount has been fully recovered.

(ii) It represents receivables on construction and equipment from third parties and related parties to subsidiaries of the Company, which are Tsingtao Brewery Equipment Co., Ltd. ("Machinery and Equipment Company") and Construction Company.

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022	31 December 2021
Not overdue	679,981,398	673,563,148
Overdue within 1 year	2,591,269	1,075,236
Overdue within 1 - 2 years	359,442	431,078
Overdue 2 years or more	65,162,181	76,669,190
	<u>748,094,290</u>	<u>751,738,652</u>

(b) Provision for losses and movement in 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 2021	1,506,314	(251,081)	76,669,190	(76,669,190)	(76,920,271)
Increase in the current year	3,910,295	(244,551)	-	-	(244,551)
Reversals in the current year	(2,336,632)	269,069	(11,107,350)	11,107,350	11,376,419
Written off in the current year	-	-	(528,925)	528,925	528,925
Transfer to stage three	(129,266)	64,633	129,266	(64,633)	-
Provision for bad debts increased in the current period	—	-	—	(64,633)	(64,633)
31 December 2022	<u>2,950,711</u>	<u>(161,930)</u>	<u>65,162,181</u>	<u>(65,162,181)</u>	<u>(65,324,111)</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(6) Other receivables (continued)

(b) Provision for losses and movement in carrying amount (continued)

As at 31 December 2022, the Group has no other receivables in stage two. The analysis of other receivables in stage one and stage three is as follows:

- (i) As at 31 December 2022, the analysis of other receivables for which a single provision for bad debts is made is 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>47,720,534</u>	100%	<u>(47,720,534)</u>	ii)
	<u>65,162,181</u>		<u>(65,162,181)</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 2022 and 31 December 2021, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2022			31 December 2021		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Guarantee deposits	-	-	-	446,435	(96,419)	5% - 50%
Receivables from other entities	<u>2,950,711</u>	<u>(161,930)</u>	5% - 50%	<u>1,059,879</u>	<u>(154,662)</u>	5% - 50%
	<u>2,950,711</u>	<u>(161,930)</u>		<u>1,506,314</u>	<u>(251,081)</u>	

By referring to historical credit loss experience, the Group recognized provision for bad debts based on current economic conditions and forecasts of future economic conditions.

Notes to Financial Statements

For the year ended 31 December 2022

(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 increased in the current year is 309,184. The collecting or reversal of provision for bad debts is 11,376,419, and its corresponding carrying amount is 13,443,982.

(d) In the current year, carrying amount and bad debt of other receivables of 528,925 were written off.

(e) As at 31 December 2022, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1	Receivables of disposals of land	584,155,232	Within one year	78.1%	-
No.2	Refundable cost of land	8,584,437	More than five years	11%	(8,584,437)
No.3	Receivables on materials	5,000,000	More than five years	0.7%	(5,000,000)
No.4	Receivables on materials	4,616,730	More than five years	0.6%	(4,616,730)
No.5	Receivables of disposals of asset	3,110,000	More than five years	0.4%	(3,110,000)
		<u>605,466,399</u>		<u>80.9%</u>	<u>(21,311,167)</u>

(f) As at 31 December 2022, the Group does not have government grants recognized as receivable amount.

(7) Inventories

(a) Classification of inventories is as follows:

	31 December 2022			31 December 2021		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	664,937,960	(899,894)	664,038,066	434,582,336	(929,918)	433,652,418
Packaging materials	807,413,158	(2,517,462)	804,895,696	1,026,552,531	(2,517,462)	1,024,035,069
Low-value consumables	80,394,118	-	80,394,118	95,562,443	-	95,562,443
Work in progress-outsourced	2,691,814	-	2,691,814	-	-	-
Work in progress	467,738,178	-	467,738,178	402,783,085	-	402,783,085
Finished goods	2,132,429,260	-	2,132,429,260	1,536,964,842	-	1,536,964,842
	<u>4,155,604,488</u>	<u>(3,417,356)</u>	<u>4,152,187,132</u>	<u>3,496,445,237</u>	<u>(3,447,380)</u>	<u>3,492,997,857</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(7) Inventories (continued)

(b) The movements of inventories is as follows:

2022

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Raw materials	434,582,336	5,039,609,428	(4,809,253,804)	664,937,960
Packaging materials	1,026,552,531	9,621,494,243	(9,840,633,616)	807,413,158
Low-value consumables	95,562,443	599,522,748	(614,691,073)	80,394,118
Work in progress-outsourced	-	33,889,278	(31,197,464)	2,691,814
Work in progress	402,783,085	5,805,479,785	(5,740,524,692)	467,738,178
Finished goods	1,536,964,842	19,337,055,824	(18,741,591,406)	2,132,429,260
Contract performance costs	-	1,438,410,535	(1,438,410,535)	-
	<u>3,496,445,237</u>			<u>4,155,604,488</u>

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Raw materials	563,890,545	3,989,757,237	(4,119,065,446)	434,582,336
Packaging materials	946,154,798	8,806,045,189	(8,725,647,456)	1,026,552,531
Low-value consumables	74,320,823	584,713,637	(563,472,017)	95,562,443
Work in progress-outsourced	5,922,378	217,130,456	(223,052,834)	-
Work in progress	425,004,935	5,260,614,434	(5,282,836,284)	402,783,085
Finished goods	1,269,226,477	17,603,168,526	(17,335,430,161)	1,536,964,842
Contract performance costs	-	1,682,681,680	(1,682,681,680)	-
	<u>3,284,519,956</u>			<u>3,496,445,237</u>

Contract performance costs are mainly transportation costs incurred before the control of the goods transferred to the customer and for the performance of the sales contract. In 2022, the total amount of contract performance costs amortized to cost of sales is RMB1,438,410,535 (2021: RMB1,682,681,680).

Notes to Financial Statements

For the year ended 31 December 2022

(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:

2022

	31 December 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Reversal	Write-off	
Raw materials	(929,918)	-	-	30,024	(899,894)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	(3,447,380)	-	-	30,024	(3,417,356)

2021

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Reversal	Write-off	
Raw materials	(968,968)	-	-	39,050	(929,918)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	(3,486,430)	-	-	39,050	(3,447,380)

(d) Provisions for decline in the value of inventories are as follows:

	Basis for net realisable value	Reason for 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	Disposed in the current year

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(8) Other current assets

	31 December 2022	31 December 2021
Interbank negotiable certificates of deposits (i)	5,123,445,456	6,306,415,440
Treasury bonds reverse repo investment	620,611,801	340,066,143
VAT input to be deducted	257,095,733	270,337,548
VAT input to be verified	116,682,992	105,485,119
Prepaid Enterprise Income tax	107,569,040	35,564,789
Credit and factoring business	-	6,462,244
Others	437,698	422,158
	<u>6,225,842,720</u>	<u>7,064,753,441</u>
Less: Provision for other current assets	<u>(3,032,851)</u>	<u>(2,858,502)</u>
	<u>6,222,809,869</u>	<u>7,061,894,939</u>

- (i) It represents the Interbank negotiable certificates of deposits purchased by Finance Company, a subsidiary of the Company. The management holds this type of investment for the purpose of obtaining contractual cash flow rather than trading at any time. The characteristics of contractual cash flow are consistent with the basic loan arrangement, so it is measured at amortized cost and listed as other current assets.

(9) Long-term equity investments

	31 December 2022	31 December 2021
Joint venture (a)	220,762,244	218,713,189
Associates (b)	148,586,222	148,546,895
	<u>369,348,466</u>	<u>367,260,084</u>
Less: Provision for impairment of long-term equity investments	<u>(1,220,000)</u>	<u>(1,220,000)</u>
	<u>368,128,466</u>	<u>366,040,084</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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

2022

	31 December 2021	Movements in the current year			Cash dividends declared	31 December 2022	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 Beer Co., Ltd. ("Hebei Jiahe Company")	218,713,189	7,049,055	-	-	(5,000,000)	220,762,244	-

2021

	31 December 2020	Movements in the current year			Cash dividends declared	31 December 2021	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	222,529,920	3,183,269	-	-	(7,000,000)	218,713,189	-

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).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(b) Associate

2022

	31 December 2021	Movements in the current year				31 December 2022	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	Cash dividends declared		
Shandong Yantai Brewery Co., Ltd. ("Yantai Brewery Company")	132,502,139	10,185,085	-	-	(12,886,427)	129,800,797	-
Qingdao Zhaoshang Logistics Co., Ltd. ("Zhaoshang Logistics")	11,945,439	2,361,472	-	7,349	-	14,314,260	-
Tsingtao Brewery Europe Trading Co., Ltd. ("European Company")	2,879,317	277,767	94,081	-	-	3,251,165	-
Liaoning Shenqing Tsingtao Brewery Co., Ltd. ("Liaoning Shenqing")	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>148,546,895</u>	<u>12,824,324</u>	<u>94,081</u>	<u>7,349</u>	<u>(12,886,427)</u>	<u>148,586,222</u>	<u>(1,220,000)</u>

2021

	31 December 2020	Movements in the current year				31 December 2021	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	Cash dividends declared		
Yantai Brewery Company	130,899,019	13,982,426	-	-	(12,379,306)	132,502,139	-
Zhaoshang Logistics	18,014,359	3,100,485	-	3,452	(9,172,857)	11,945,439	-
European Company	2,890,539	295,548	(306,770)	-	-	2,879,317	-
Liaoning Shenqing	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>153,023,917</u>	<u>17,378,459</u>	<u>(306,770)</u>	<u>3,452</u>	<u>(21,552,163)</u>	<u>148,546,895</u>	<u>(1,220,000)</u>

Details of equity interests in the associates are disclosed in Note 6(2)(c).

Liaoning Shenqing Company's net assets are negative due to continuous losses, and the Group has no obligation to bear additional losses. Therefore, when confirming the share of the Group on the net loss incurred, the book value of the long-term equity investment is written down to zero. As at 31 December 2022, the accumulative unconfirmed investment loss is 1,093,752 (31 December 2021: 179,102).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Investment properties

2022

	Buildings	Land use rights	Total
Original cost			
31 December 2021	71,475,296	1,885,721	73,361,017
Increase in the current period — transfer from fixed assets and intangible assets (i)	11,020,104	6,799,499	17,819,603
Decrease in the current period			
Transfer to fixed assets	(3,411,018)	-	(3,411,018)
Disposal	(477,161)	-	(477,161)
31 December 2022	78,607,221	8,685,220	87,292,441
Accumulated depreciation			
31 December 2021	(44,819,251)	(969,374)	(45,788,625)
Increase in the current period			
Accrual	(1,863,139)	(224,527)	(2,087,666)
Transfer from fixed assets and intangible assets (i)	(1,707,968)	(1,770,905)	(3,478,873)
Decrease in the current period			
Transfer to fixed assets	1,960,264	-	1,960,264
Disposal	407,555	-	407,555
31 December 2022	(46,022,539)	(2,964,806)	(48,987,345)
Provision for impairment			
31 December 2021	(1,877,432)	-	(1,877,432)
Increase in the current period — transfer from fixed assets	(8,215,396)	-	(8,215,396)
Decrease in the current period			
Transfer to fixed assets	795,982	-	795,982
Disposal	48,206	-	48,206
31 December 2022	(9,248,640)	-	(9,248,640)
Carrying amount			
31 December 2022	23,336,042	5,720,414	29,056,456
31 December 2021	24,778,613	916,347	25,694,960

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Investment properties (continued)

2021

	Buildings	Land use rights	Total
Original cost			
31 December 2020	66,401,478	6,146,966	72,548,444
Increase in the current period — transfer from fixed assets	5,775,247	-	5,775,247
Decrease in the current period — transfer to fixed assets and intangible assets	(701,429)	(4,261,245)	(4,962,674)
31 December 2021	71,475,296	1,885,721	73,361,017
Accumulated depreciation			
31 December 2020	(42,051,671)	(1,435,907)	(43,487,578)
Increase in the current period			
Accrual	(1,813,288)	(37,714)	(1,851,002)
Transfer from fixed assets	(1,376,011)	-	(1,376,011)
Decrease in the current period — transfer to fixed assets and intangible assets	421,719	504,247	925,966
31 December 2021	(44,819,251)	(969,374)	(45,788,625)
Provision for impairment			
31 December 2020	(1,877,432)	-	(1,877,432)
31 December 2021	(1,877,432)	-	(1,877,432)
Carrying amount			
31 December 2021	24,778,613	916,347	25,694,960
31 December 2020	22,472,375	4,711,059	27,183,434

- (i) For the year ended 31 December 2022, the self-use buildings with the carrying amount 1,096,740 (cost: 11,020,104) and the self-use land with the carrying amount 5,028,594 (cost: 6,799,499) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 31 December 2022, there is no investment property without ownership certificates (31 December 2021: nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets

	31 December 2022	31 December 2021
Fixed assets (a)	10,995,585,859	10,148,131,382
Fixed assets pending for disposal (b)	13,491,280	701,931
	11,009,077,139	10,148,833,313

(a) Fixed assets

2022

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2021	7,528,282,671	11,420,727,433	286,404,364	1,059,844,075	20,295,258,543
Increase in the current year					
Purchase	-	20,437,536	11,664,179	64,463,075	96,564,790
Transfer from construction in progress	706,234,428	1,097,377,899	-	85,803,650	1,889,415,977
Transfer from investment properties	3,411,018	-	-	-	3,411,018
Decrease in the current year					
Disposal	(59,604,343)	(522,375,247)	(27,305,440)	(38,720,493)	(648,005,523)
Transfer to construction in progress	(98,520,149)	(200,553,618)	-	(2,733,246)	(301,807,013)
Transfer to investment properties	(11,020,104)	-	-	-	(11,020,104)
As at 31 December 2022	8,068,783,521	11,815,614,003	270,763,103	1,168,657,061	21,323,817,688
Accumulated depreciation					
As at 31 December 2021	(2,109,092,346)	(6,428,113,932)	(208,881,276)	(762,335,590)	(9,508,423,144)
Increase in the current year					
Accrual	(204,973,080)	(580,823,133)	(16,031,849)	(86,923,195)	(888,751,257)
Transfer from investment properties	(1,960,264)	-	-	-	(1,960,264)
Decrease in the current year					
Disposal	26,766,795	392,298,842	24,587,727	33,680,966	477,334,330
Transfer to construction in progress	29,763,452	111,471,728	-	1,802,277	143,037,457
Transfer to investment properties	1,707,968	-	-	-	1,707,968
As at 31 December 2022	(2,257,787,475)	(6,505,166,495)	(200,325,398)	(813,775,542)	(9,777,054,910)
Provision for impairment					
As at 31 December 2021	(166,103,890)	(465,598,117)	(3,614,195)	(3,387,815)	(638,704,017)
Increase in the current year					
Accrual	(7,484,730)	(15,038,473)	(1,596,703)	(2,003,836)	(26,123,742)
Transfer from investment properties	(795,982)	-	-	-	(795,982)
Decrease in the current year					
Disposal	10,911,234	92,417,598	1,676,946	1,225,648	106,231,426
Transfer to investment properties	8,215,396	-	-	-	8,215,396
As at 31 December 2022	(155,257,972)	(388,218,992)	(3,533,952)	(4,166,003)	(551,176,919)
Carrying amount					
As at 31 December 2022	5,655,738,074	4,922,228,516	66,903,753	350,715,516	10,995,585,859
As at 31 December 2021	5,253,086,435	4,527,015,384	73,908,893	294,120,670	10,148,131,382

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

2021

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2020	7,500,331,895	11,328,511,203	314,061,622	992,771,926	20,135,676,646
Increase in the current year					
Purchase	-	35,026,722	9,235,164	71,262,746	115,524,632
Transfer from construction in progress	340,854,624	711,529,379	-	39,607,916	1,091,991,919
Transfer from investment properties	701,429	-	-	-	701,429
Decrease in the current year					
Disposal	(182,524,572)	(509,380,505)	(36,673,704)	(42,920,560)	(771,499,341)
Transfer to construction in progress	(125,305,458)	(144,959,366)	(218,718)	(877,953)	(271,361,495)
Transfer to investment properties	(5,775,247)	-	-	-	(5,775,247)
As at 31 December 2021	7,528,282,671	11,420,727,433	286,404,364	1,059,844,075	20,295,258,543
Accumulated depreciation					
As at 31 December 2020	(2,062,850,078)	(6,296,074,336)	(221,700,887)	(725,734,849)	(9,306,360,150)
Increase in the current year					
Accrual	(201,393,655)	(601,713,722)	(20,406,101)	(76,563,692)	(900,077,170)
Transfer from investment properties	(421,719)	-	-	-	(421,719)
Decrease in the current year					
Disposal	119,601,008	382,713,567	33,149,525	39,558,675	575,022,775
Transfer to construction in progress	34,596,087	86,960,559	76,187	404,276	122,037,109
Transfer to investment properties	1,376,011	-	-	-	1,376,011
As at 31 December 2021	(2,109,092,346)	(6,428,113,932)	(208,881,276)	(762,335,590)	(9,508,423,144)
Provision for impairment					
As at 31 December 2020	(141,771,916)	(382,996,441)	(2,718,111)	(325,803)	(527,812,271)
Increase in the current year — accrual	(27,760,199)	(155,110,607)	(2,522,001)	(3,667,672)	(189,060,479)
Decrease in the current year — disposal	3,428,225	72,508,931	1,625,917	605,660	78,168,733
As at 31 December 2021	(166,103,890)	(465,598,117)	(3,614,195)	(3,387,815)	(638,704,017)
Carrying amount					
As at 31 December 2021	5,253,086,435	4,527,015,384	73,908,893	294,120,670	10,148,131,382
As at 31 December 2020	5,295,709,901	4,649,440,426	89,642,624	266,711,274	10,301,504,225

For the year ended 31 December 2022, fixed assets of the Group with the carrying amount of 158,769,556 (cost: 301,807,013; accumulated depreciation 143,037,457) are transferred to construction in progress to be upgraded due to technology renewal and the likes.

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022, there are no fixed assets pledged as collateral for borrowings (31 December 2021: nil).

For the Year ended 31 December 2022, fixed assets accumulated depreciation are 888,751,257 (For the year ended 31 December 2021: 900,077,170), of which 774,955,917, 14,862,810, 93,297,898 and 5,634,632 (For the year ended 31 December 2021: 798,704,090, 13,383,949, 85,722,906 and 2,266,225) have been charged to operating cost, 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 1,889,415,977 (For the year ended 31 December 2021: 1,091,991,919).

(i) Temporarily idle fixed assets

As at 31 December 2022, the buildings and the machinery and equipment with carrying amount of 33,927,255 (cost 203,889,434) are temporarily idle for the reason of products update (31 December 2021: carrying amount of 34,050,821 (cost 185,664,061)). The management planned to reallocate these assets among the Group or upgrade. The details analysis of these assets are as follows:

2022

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	184,485,731	(149,680,829)	(3,120,859)	31,684,043
Buildings	19,403,703	(9,178,737)	(7,981,754)	2,243,212
	<u>203,889,434</u>	<u>(158,859,566)</u>	<u>(11,102,613)</u>	<u>33,927,255</u>

2021

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	163,350,840	(121,592,994)	(10,194,760)	31,563,086
Buildings	22,313,221	(9,811,670)	(10,013,816)	2,487,735
	<u>185,664,061</u>	<u>(131,404,664)</u>	<u>(20,208,576)</u>	<u>34,050,821</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Fixed assets (continued)

(a) Fixed assets (continued)

(ii) Provision for impairment

According to the accounting policies stated in Note 2(18), the Group performs impairment testing on fixed assets with impairment indicator at the balance sheet date, and impairment of 26,123,742 has been recognized during the year ended 31 December 2022.

(iii) Fixed assets without ownership certificates

The ownership certificates of the Group's fixed assets (buildings) have not been obtained. The analysis is as follows:

Reason	31 December 2022 Carrying amount	31 December 2021 Carrying amount
In the application process	596,128,000	448,111,000
Unable to obtain	39,304,000	39,837,000
	635,432,000	487,948,000

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.

(b) Fixed assets pending for disposal

	31 December 2022	31 December 2021
Machinery and equipment	13,491,280	701,931

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Construction in progress

	31 December 2022			31 December 2021		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
R&D Center of Ludong Area	134,020,116	-	134,020,116	743,049	-	743,049
Production line improvement of Ludong Area	101,273,535	-	101,273,535	52,912,591	-	52,912,591
Relocation project of Ludong Area	49,985,995	-	49,985,995	-	-	-
Production line improvement of Ludong Area	21,525,153	-	21,525,153	32,951,800	-	32,951,800
Industrial park project of Ludong Area	19,371,179	-	19,371,179	115,968,101	-	115,968,101
Production line improvement of Beijing	16,075,774	-	16,075,774	123,989	-	123,989
Production line improvement of Luxi Area	14,295,441	-	14,295,441	1,636,357	-	1,636,357
Production line improvement of Shanghai	13,783,695	-	13,783,695	5,710,084	-	5,710,084
Production line improvement of Jiangsu	13,583,993	-	13,583,993	18,890,518	-	18,890,518
Production line improvement of Ludong Area	12,449,509	-	12,449,509	520,708	-	520,708
Production line improvement of He'nan	8,932,671	-	8,932,671	7,684,445	-	7,684,445
Relocation project of Luxi Area	6,779,718	-	6,779,718	777,189	-	777,189
Production line improvement of Jiangsu	6,808,142	-	6,808,142	3,080,737	-	3,080,737
Relocation project of ShaanXi Area	5,568,800	-	5,568,800	8,161,394	-	8,161,394
Relocation project of Lunan Area	5,662,122	-	5,662,122	391,050,385	-	391,050,385
Production line improvement of Fujian	3,722,193	-	3,722,193	352,788	-	352,788
Production line improvement of Ludong Area	2,302,058	-	2,302,058	55,319,327	-	55,319,327
Other projects	20,388,957	-	20,388,957	66,406,420	-	66,406,420
	456,529,051	-	456,529,051	762,289,882	-	762,289,882

Notes to Financial Statements

For the year ended 31 December 2022

(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

2022

Name	Budget	31 December 2021	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed assets	Transfer to fixed assets	31 December 2022	Expenditures percentage of budget	Completion percentage	Source of funds
R&D Center of Ludong Area	343,600,000	743,049	133,277,067	-	-	134,020,116	39%	39%	Self-funding
Production line improvement of Ludong Area	594,095,000	52,912,591	461,578,328	26,621,605	(439,838,989)	101,273,535	91%	91%	Self-funding
Relocation project of Ludong Area	322,300,000	-	49,985,995	-	-	49,985,995	21%	16%	Self-funding
Production line improvement of Ludong Area	265,987,823	32,951,800	41,436,253	8,896,094	(61,758,994)	21,525,153	34%	31%	Self-funding
Industrial park project of Ludong Area	271,850,000	115,968,101	134,389,331	-	(230,986,253)	19,371,179	92%	92%	Self-funding
Production line improvement of Beijing	67,210,711	123,989	45,451,718	3,988,231	(33,488,164)	16,075,774	74%	74%	Self-funding
Production line improvement of Luxi Area	28,377,130	1,636,357	17,916,120	671,086	(5,928,122)	14,295,441	73%	71%	Self-funding
Production line improvement of Shanghai	25,838,150	5,710,084	12,564,531	-	(4,490,920)	13,783,695	91%	71%	Self-funding
Production line improvement of Jiangsu	28,143,167	18,890,518	10,126,810	1,840,220	(17,273,555)	13,583,993	84%	83%	Self-funding
Production line improvement of Ludong Area	57,118,962	520,708	38,486,162	5,701,200	(32,258,561)	12,449,509	78%	78%	Self-funding
Production line improvement of He'nan	50,715,335	7,684,445	19,776,164	16,647,121	(35,175,059)	8,932,671	87%	87%	Self-funding
Relocation project of Luxi Area	445,100,000	777,189	9,528,668	-	(3,526,139)	6,779,718	2%	2%	Self-funding
Production line improvement of Jiangsu	13,095,014	3,080,737	9,257,817	-	(5,530,412)	6,808,142	94%	94%	Self-funding
Relocation project of Shaanxi	551,976,250	8,161,394	7,166,952	-	(9,759,546)	5,568,800	99%	99%	Self-funding
Relocation project of Lunan Area	647,860,000	391,050,385	192,988,375	-	(578,376,638)	5,662,122	91%	90%	Self-funding
Production line improvement of Fujian	10,125,292	352,788	7,765,543	1,063,899	(5,460,037)	3,722,193	91%	91%	Self-funding
Production line improvement of Ludong Area	129,625,487	55,319,327	14,246,949	40,531,190	(107,795,408)	2,302,058	98%	96%	Self-funding
Other projects		66,406,420	218,942,807	52,808,910	(317,769,180)	20,388,957			
		762,289,882	1,424,885,590	158,769,556	(1,889,415,977)	456,529,051			

Notes to Financial Statements

For the year ended 31 December 2022

(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)

2021

Name	Budget	31 December 2020	Increase in the current year — Purchase	Increase in the current year — Transfer from fixed asset	Transfer to fixed assets	31 December 2021	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Lunan Area Industrial park project of Ludong Area	647,860,000	2,834,650	388,215,735	-	-	391,050,385	60%	60%	Self-funding
Production line improvement of Ludong Area	212,300,000	-	115,968,101	-	-	115,968,101	57%	55%	Self-funding
Production line improvement of Ludong Area	82,256,672	656,637	70,741,179	547,551	(16,626,040)	55,319,327	88%	87%	Self-funding
Production line improvement of Ludong Area	770,776,385	1,865,595	72,072,890	34,412,703	(55,438,597)	52,912,591	19%	14%	Self-funding
Production line improvement of Ludong Area	168,433,022	16,867,976	37,563,827	32,192,906	(53,672,909)	32,951,800	51%	51%	Self-funding
Production line improvement of Jiangsu	34,839,083	11,620,055	22,242,882	958,684	(15,931,103)	18,890,518	100%	99%	Self-funding
Production line improvement of Shenzhen	55,321,623	-	45,488,892	21,069,697	(54,934,774)	11,623,815	84%	82%	Self-funding
Production line improvement of Hebei	20,410,291	924,567	15,522,869	-	(6,780,621)	9,666,815	85%	81%	Self-funding
Production line improvement of Ludong Area	58,218,884	-	24,769,321	5,293,638	(20,448,709)	9,614,250	54%	52%	Self-funding
Production line improvement of Hu'nan	49,966,348	7,147,614	20,190,651	812,672	(19,912,464)	8,238,473	95%	95%	Self-funding
Relocation project of Shaanxi	551,976,250	248,125,700	289,707,867	-	(529,672,173)	8,161,394	97%	97%	Self-funding
Production line improvement of He'nan	30,580,003	317,390	23,641,778	9,525,483	(25,800,206)	7,684,445	80%	78%	Self-funding
Production line improvement of Shanghai	17,247,000	-	9,487,748	-	(3,777,664)	5,710,084	81%	55%	Self-funding
Production line improvement of Ludong Area	37,083,000	3,656,696	15,517,852	13,125,997	(27,445,066)	4,855,479	87%	87%	Self-funding
Production line improvement of Jiangsu	45,594,298	2,552,424	1,979,852	-	(1,451,539)	3,080,737	93%	93%	Self-funding
Production line improvement of Luxi Area	188,353,854	15,352,065	8,352,484	-	(21,903,716)	1,800,833	84%	84%	Self-funding
Other projects		27,884,000	203,688,118	31,385,055	(238,196,338)	24,760,835			
		339,805,369	1,365,152,046	149,324,386	(1,091,991,919)	762,289,882			

For the year ended 31 December 2022, there are no new increased borrowing costs capitalized (2021: 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 (2021: nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Right-of-use assets

2022

	Buildings	Land use rights	Machinery and equipments	Others	Total
Original Cost					
31 December 2021	240,561,557	8,911,656	3,677,046	1,651,528	254,801,787
Increase in the current year	34,837,914	354,491	2,490,938	199,952	37,883,295
Decrease in the current year					
Lease Change	(2,664,925)	-	-	-	(2,664,925)
Lease Expiration	(29,401,218)	(2,056,129)	-	(1,504,567)	(32,961,914)
31 December 2022	243,333,328	7,210,018	6,167,984	346,913	257,058,243

Accumulated depreciation

31 December 2021	(80,583,013)	(3,106,823)	(2,161,342)	(1,188,045)	(87,039,223)
Accrual	(45,599,332)	(1,038,542)	(982,483)	(444,410)	(48,064,767)
Disposal	29,401,218	2,056,129	-	1,504,567	32,961,914
31 December 2022	(96,781,127)	(2,089,236)	(3,143,825)	(127,888)	(102,142,076)

Carrying amount

31 December 2022	146,552,201	5,120,782	3,024,159	219,025	154,916,167
31 December 2021	159,978,544	5,804,833	1,515,704	463,483	167,762,564

2021

	Buildings	Land use rights	Machinery and equipments	Others	Total
Original Cost					
31 December 2020	207,456,032	8,911,656	3,677,046	1,647,744	221,692,478
Increase in the current year	57,394,293	-	-	7,676	57,401,969
Decrease in the current year					
Lease Change	(4,862,501)	-	-	(3,114)	(4,865,615)
Lease Expiration	(19,426,267)	-	-	(778)	(19,427,045)
31 December 2021	240,561,557	8,911,656	3,677,046	1,651,528	254,801,787

Accumulated depreciation

31 December 2020	(49,218,680)	(2,071,235)	(1,440,894)	(632,622)	(53,363,431)
Accrual	(50,790,600)	(1,035,588)	(720,448)	(556,201)	(53,102,837)
Disposal	19,426,267	-	-	778	19,427,045
31 December 2021	(80,583,013)	(3,106,823)	(2,161,342)	(1,188,045)	(87,039,223)

Carrying amount

31 December 2021	159,978,544	5,804,833	1,515,704	463,483	167,762,564
31 December 2020	158,237,352	6,840,421	2,236,152	1,015,122	168,329,047

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets

2022

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2021	2,747,286,371	449,743,612	18,629,100	974,935,670	609,710,479	4,800,305,232
Increase in the current year						
Purchase	152,849,338	-	-	-	76,561,939	229,411,277
Decrease in the current year						
Disposal	(3,400,268)	-	-	-	(3,725,030)	(7,125,298)
Transfer to investment properties	(6,799,499)	-	-	-	-	(6,799,499)
31 December 2022	2,889,935,942	449,743,612	18,629,100	974,935,670	682,547,388	5,015,791,712

Accumulated amortization

31 December 2021	(648,076,705)	(377,870,033)	(18,629,100)	(934,985,540)	(339,995,305)	(2,319,556,683)
Increase in the current year						
Accrual	(65,273,846)	(4,053,745)	-	(20,199,660)	(55,425,855)	(144,953,106)
Decrease in the current year						
Disposal	1,104,343	-	-	-	3,663,173	4,767,516
Transfer to investment properties	1,770,905	-	-	-	-	1,770,905
31 December 2022	(710,475,303)	(381,923,778)	(18,629,100)	(955,185,200)	(391,757,987)	(2,457,971,368)

Carrying amount

31 December 2022	2,179,460,639	67,819,834	-	19,750,470	290,789,401	2,557,820,344
31 December 2021	2,099,209,666	71,873,579	-	39,950,130	269,715,174	2,480,748,549

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

2021

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2020	2,727,839,600	449,743,612	18,629,100	974,935,670	522,371,518	4,693,519,500
Increase in the current year						
Purchase	63,316,314	-	-	-	87,676,840	150,993,154
Transfer from investment properties	4,261,245	-	-	-	-	4,261,245
Decrease in the current year						
Disposal	(48,130,788)	-	-	-	(337,879)	(48,468,667)
31 December 2021	2,747,286,371	449,743,612	18,629,100	974,935,670	609,710,479	4,800,305,232
Accumulated amortization						
31 December 2020	(604,484,978)	(366,414,798)	(18,629,100)	(900,368,992)	(299,778,644)	(2,189,676,512)
Increase in the current year						
Accrual	(68,087,510)	(11,455,235)	-	(34,616,548)	(40,542,966)	(154,702,259)
Transfer from investment properties	(504,247)	-	-	-	-	(504,247)
Decrease in the current year						
Disposal	25,000,030	-	-	-	326,305	25,326,335
31 December 2021	(648,076,705)	(377,870,033)	(18,629,100)	(934,985,540)	(339,995,305)	(2,319,556,683)
Carrying amount						
31 December 2021	2,099,209,666	71,873,579	-	39,950,130	269,715,174	2,480,748,549
31 December 2020	2,123,354,622	83,328,814	-	74,566,678	222,592,874	2,503,842,988

For the year ended 31 December 2022, the amortization amount of intangible assets is 144,953,106 (2021: 154,702,259).

As at 31 December 2022, the Group has no land use right for which the land use certificate has not been issued (31 December 2021: nil).

As at 31 December 2022, there are no intangible assets pledged as collateral for borrowings (31 December 2021: nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Intangible assets (continued)

As at 31 December 2022, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately 933,000 (31 December 2021: 981,000) are still in process. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying amount of the buildings constructed thereon are approximately 36,509,000 as at 31 December 2022 (31 December 2021: 30,949,000). 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 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Charged to profit or loss	Recognized as intangible assets	
Beer technology improvement project etc.	-	62,954,899	(62,954,899)	-	-

For the year ended 31 December 2022, research and development expenditures of 62,954,899 (2021:30,890,245) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill

2022

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	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>
<i>Less:</i> Provision for impairment —				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Brewery	-	-	-	-
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 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	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>
<i>Less: Provision for impairment —</i>				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lulansa Brewery	-	-	-	-
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 2022

(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 assets and group of assets combinations on purchase date. The goodwill allocation are summarized by operating segments as follows:

	31 December 2022	31 December 2021
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.

In 2022 and 2021, the Company hired Yinxin Assets Appraisal Co., Ltd. to assess the recoverable amount of the asset group of Immense Brewery Company that includes goodwill. The allocation of goodwill of the group has not changed in 2022.

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 using fixed growth rate as the basis for estimation (as described in the following table), and cash flow prediction method is used for calculation.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Goodwill (continued)

In 2022, the Group applied in calculating discounted future cash flows are as follows:

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lulansa Brewery		
Growth rate in perpetual period	1.5%	1.5%	1.5%	1.5%
Gross profit margin	35%	32%	32%	26%
Discount rate	14%	14%	14%	14%

In 2021, the Group applied in calculating discounted future cash flows are as follows:

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lulansa Brewery		
Growth rate in perpetual period	2%	2%	2%	2%
Gross profit margin	35%	32%	31%	25%
Discount rate	13%	14%	14%	13%

The Group determines growth rate and gross 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%-5%. The growth rate in perpetual period is the weighted average growth rate used by the Group to forecast the cash flow after the five-year budget.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Long-term prepaid expenses

2022

	31 December 2021	Increase in the current year	Amortization in the current year	31 December 2022
Decoration and renovation expenses	118,143,094	10,564,834	(37,338,076)	91,369,852
Factory hardening expenses	3,660,011	1,393,357	(1,168,057)	3,885,311
Gardening expenses	550,588	3,842,817	(1,765,479)	2,627,926
Others	4,680,104	457,840	(1,350,837)	3,787,107
	<u>127,033,797</u>	<u>16,258,848</u>	<u>(41,622,449)</u>	<u>101,670,196</u>

2021

	31 December 2020	Increase in the current year	Amortization in the current year	31 December 2021
Decoration and renovation expenses	78,361,374	71,437,788	(31,656,068)	118,143,094
Factory hardening expenses	3,584,280	1,450,015	(1,374,284)	3,660,011
Gardening expenses	930,894	129,623	(509,929)	550,588
Others	3,381,786	2,364,785	(1,066,467)	4,680,104
	<u>86,258,334</u>	<u>75,382,211</u>	<u>(34,606,748)</u>	<u>127,033,797</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022		31 December 2021	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	49,129,908	12,282,477	55,075,004	13,768,751
Deferred income	2,066,799,576	516,699,894	2,212,969,796	553,242,449
Elimination of intra-group unrealized profit	443,312,004	110,828,001	304,942,508	76,235,627
Accruals of expenses	7,279,742,036	1,819,935,509	6,661,788,500	1,665,447,125
Share-based payment	574,520,476	143,630,119	529,367,864	132,341,966
	10,413,504,000	2,603,376,000	9,764,143,672	2,441,035,918
Including:				
Expected to reverse within one year (inclusive)		1,982,139,983		1,727,623,686
Expected to be reverse after one year		621,236,017		713,412,232
		2,603,376,000		2,441,035,918

Notes to Financial Statements

For the year ended 31 December 2022

(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)

(b) Deferred tax liabilities without offsetting

	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	407,201,716	101,800,429	433,936,488	108,484,122
Depreciation of fixed assets	1,802,955,892	450,738,973	1,454,655,697	363,663,924
Changes in fair value of financial assets held for trading	3,817,846	954,462	28,400,866	7,100,216
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	7,680,892	1,920,223	7,249,124	1,812,281
	<u>2,221,656,346</u>	<u>555,414,087</u>	<u>1,924,242,175</u>	<u>481,060,543</u>
Including:				
Expected to be reverse within one year (inclusive)		18,418,794		28,711,321
Expected to be reverse after one year		<u>536,995,293</u>		<u>452,349,222</u>
		<u>555,414,087</u>		<u>481,060,543</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022	31 December 2021
Deductible temporary differences	1,932,880,934	1,986,196,439
Deductible losses	1,520,403,068	1,961,812,717
	<u>3,453,284,002</u>	<u>3,948,009,156</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 380,101,000 (31 December 2021: 490,453,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2022 to 2026. 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. Therefore, the Group also has not recognized deferred tax assets of approximately 483,220,000 (31 December 2021: 496,549,000) arising from the deductible temporary differences.

(d) *Deductible losses that are not recognized as deferred tax assets will be overdue in the following years:*

	31 December 2022	31 December 2021
2022	-	485,174,995
2023	546,508,808	560,273,898
2024	295,069,768	302,166,479
2025	200,170,021	274,395,322
2026	279,028,513	339,802,023
2027	199,625,958	—
	<u>1,520,403,068</u>	<u>1,961,812,717</u>

(e) *The net balances of deferred tax assets and liabilities after offsetting are as follows:*

	31 December 2022		31 December 2021	
	Offsetting amount	Net amounts	Offsetting amount	Net amounts
Deferred tax assets	353,296,436	2,250,079,564	309,662,520	2,131,373,398
Deferred tax liabilities	353,296,436	202,117,651	309,662,520	171,398,023

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss

2022

	31 December 2021	Increase in the current year	Decrease in the current year		Others	31 December 2022
			Reversal	Written-off		
Provision for bad debt of accounts receivable	181,007,176	48,352	(300,000)	(2,718,448)	561	178,037,641
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	154,765,156	48,352	(300,000)	(2,718,448)	561	151,795,621
Provision for bad debt of other receivables	76,920,271	309,184	(11,376,419)	(528,925)	-	65,324,111
Provision for bad debt of other current assets	2,858,502	3,032,851	(2,858,502)	-	-	3,032,851
Subtotal	260,785,949	3,390,387	(14,534,921)	(3,247,373)	561	246,394,603
Provisions for impairment of inventory	3,447,380	-	-	(30,024)	-	3,417,356
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	1,877,432	-	-	(48,206)	7,419,414	9,248,640
Provisions for impairment of fixed assets	638,704,017	26,123,742	-	(106,231,426)	(7,419,414)	551,176,919
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	842,659,568	26,123,742	-	(106,309,656)	-	762,473,654
	1,103,445,517	29,514,129	(14,534,921)	(109,557,029)	561	1,008,868,257

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Provision for asset impairment and loss (continued)

2021

	31 December 2020	Increase in the current year	Decrease in the current year		Others	31 December 2021
			Reversal	Written-off		
Provision for bad debt of accounts receivable	183,437,647	32,049	(680,388)	(1,781,813)	(319)	181,007,176
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	157,195,627	32,049	(680,388)	(1,781,813)	(319)	154,765,156
Provision for bad debt of other receivables	68,006,160	11,284,759	(724,311)	(1,646,337)	-	76,920,271
Provision for bad debt of other current assets	118,938	2,858,502	(118,938)	-	-	2,858,502
Subtotal	251,562,745	14,175,310	(1,523,637)	(3,428,150)	(319)	260,785,949
Provisions for impairment of inventory	3,486,430	-	-	(39,050)	-	3,447,380
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	1,877,432	-	-	-	-	1,877,432
Provisions for impairment of fixed assets	527,812,271	189,060,479	-	(78,168,733)	-	638,704,017
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	731,806,872	189,060,479	-	(78,207,783)	-	842,659,568
	983,369,617	203,235,789	(1,523,637)	(81,635,933)	(319)	1,103,445,517

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(19) Other non-current assets

	31 December 2022	31 December 2021
Prepayments for construction and equipment	<u>74,235,192</u>	<u>86,904,552</u>

(20) Short-term borrowings

	Currency	31 December 2022	31 December 2021
Unsecured loan (i)	HKD	223,325,000	245,280,000
Interest payable	RMB	<u>2,086,423</u>	<u>500,575</u>
		<u>225,411,423</u>	<u>245,780,575</u>

(i) As at 31 December 2022, unsecured loan represents the borrowing from bank, with RMB223,325,000 (Original foreign currency: HKD250,000,000) to Hong Kong Company, a subsidiary of the Company (As at 31 December 2021: RMB245,280,000 (Original foreign currency: HKD300,000,000)).

As at 31 December 2022, the interest rate of short-term borrowings is from 0.89% to 4.31% (31 December 2021: from 0.89% to 1.31%).

(21) Notes payable

	31 December 2022	31 December 2021
Trade acceptance notes	110,139,907	74,110,945
Bank acceptance notes	<u>87,917,054</u>	<u>95,917,529</u>
	<u>198,056,961</u>	<u>170,028,474</u>

As at 31 December 2022, there are no cash balances pledged as collateral for the bank acceptance notes of the Group (31 December 2021: nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(22) Accounts payable

	31 December 2022	31 December 2021
Payable for materials and packing purchase	2,940,414,048	2,469,333,592
Payable for handling and transport costs (i)	348,289,241	427,643,498
Payable for beer purchase due to related parties (Note 8(6))	102,138,561	156,096,615
Payable for promotional goods	65,633,687	62,546,888
Others	7,293,036	12,251,831
	<u>3,463,768,573</u>	<u>3,127,872,424</u>

(i) As at 31 December 2022, payable for handling and transportation costs including payable due to related parties is 146,615,436 (31 December 2021: 183,583,838) (Note 8(6)).

(ii) The ageing of accounts payable based on their recording dates is analysed as below:

	31 December 2022	31 December 2021
Within 1 year	3,448,520,398	3,116,430,995
1 to 2 years	7,146,485	1,957,747
2 to 3 years	912,839	3,068,726
Over 3 years	7,188,851	6,414,956
	<u>3,463,768,573</u>	<u>3,127,872,424</u>

Accounts payable are 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.

(iii) As at 31 December 2022, accounts payable over 1 year with carrying amount of 15,248,175 (31 December 2021: 11,441,429) are mainly payables for materials purchase, for which has not yet been completed.

(23) Contract liabilities

	31 December 2022	31 December 2021
Dealer contract liabilities	<u>8,909,252,504</u>	<u>8,123,275,272</u>

A majority of opening balance of contract liabilities has been transferred to revenue in 2022.

As at 31 December 2022, the Group listed the value-added tax corresponding to contract liabilities of RMB477,343,037 in other current liabilities (31 December 2021: 446,207,884).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(24) Employee benefits payable

	31 December 2022	31 December 2021
Short-term employee benefits (a)	1,749,475,431	1,693,577,033
Defined contribution plans (b)	23,871,003	22,129,771
Termination benefits (c)	382,451,799	433,567,053
Supplemental post-employment benefits (Note 4(31))	24,974,207	23,391,073
	<u>2,180,772,440</u>	<u>2,172,664,930</u>

(a) Short-term employee benefits

2022

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Wages and salaries, bonus, allowances and subsidies	1,268,357,805	3,687,903,861	(3,670,854,746)	1,285,406,920
Staff welfare	59,215	278,655,799	(278,598,557)	116,457
Social security contributions	10,822,955	258,279,251	(258,393,253)	10,708,953
Including: Medical insurance	7,537,954	238,249,010	(238,421,611)	7,365,353
Work injury insurance	1,682,282	14,306,806	(14,266,302)	1,722,786
Maternity insurance	1,602,719	5,723,435	(5,705,340)	1,620,814
Housing funds	17,202,809	309,471,928	(309,509,954)	17,164,783
Labor union funds and employee education funds	397,134,249	131,819,749	(92,875,680)	436,078,318
	<u>1,693,577,033</u>	<u>4,666,130,588</u>	<u>(4,610,232,190)</u>	<u>1,749,475,431</u>

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Wages and salaries, bonus, allowances and subsidies	1,031,381,421	3,712,625,812	(3,475,649,428)	1,268,357,805
Staff welfare	38,500	308,426,517	(308,405,802)	59,215
Social security contributions	10,598,905	249,757,759	(249,533,709)	10,822,955
Including: Medical insurance	7,303,944	232,104,928	(231,870,918)	7,537,954
Work injury insurance	1,653,425	11,202,268	(11,173,411)	1,682,282
Maternity insurance	1,641,536	6,450,563	(6,489,380)	1,602,719
Housing funds	17,908,635	297,214,084	(297,919,910)	17,202,809
Labor union funds and employee education funds	362,334,832	132,253,436	(97,454,019)	397,134,249
	<u>1,422,262,293</u>	<u>4,700,277,608</u>	<u>(4,428,962,868)</u>	<u>1,693,577,033</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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

2022

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Basic pension	18,145,975	484,167,393	(482,475,231)	19,838,137
Unemployment insurance	3,983,796	18,035,212	(17,986,142)	4,032,866
	<u>22,129,771</u>	<u>502,202,605</u>	<u>(500,461,373)</u>	<u>23,871,003</u>

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Basic pension	17,600,339	449,846,738	(449,301,102)	18,145,975
Unemployment insurance	4,053,767	17,143,922	(17,213,893)	3,983,796
	<u>21,654,106</u>	<u>466,990,660</u>	<u>(466,514,995)</u>	<u>22,129,771</u>

The Group pays the basic pension and unemployment insurance to the local labor and social security departments monthly, following the demanding proportion and base. There are no forfeited contributions can be deducted against amounts due for employees in the current and future period.

(c) Termination benefits

	31 December 2022	31 December 2021
Early retirement benefits (Note 4(31))	135,916,478	152,699,292
Other termination benefits (i)	<u>246,535,321</u>	<u>280,867,761</u>
	<u>382,451,799</u>	<u>433,567,053</u>

(i) For the year ended 31 December 2022, the Group has paid other termination benefits of 16,627,016, due to termination of labor relationship (31 December 2021: 50,135,617).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(25) Taxes payable

	31 December 2022	31 December 2021
Consumption tax payable	301,361,968	197,112,247
Enterprise income tax payable	191,112,826	474,541,348
Unpaid VAT	177,211,785	107,504,952
City maintenance and construction tax payable	28,228,183	14,765,397
Education surcharge payable	22,011,510	11,325,982
Others	51,968,384	48,792,998
	<u>771,894,656</u>	<u>854,042,924</u>

(26) Other payables

	31 December 2022	31 December 2021
Guarantee deposits	942,344,214	922,208,855
Payables for equipments and engineering construction	913,091,131	810,320,567
Accruals for advertising and marketing expenses	599,322,874	423,072,168
Restricted shares repurchase obligations (Note 12)	171,854,660	273,189,919
Compensation collected in advance for demolition project	100,000,000	100,000,000
The Finance Company absorbed deposits from related parties (i)	78,883,149	420,530
Accruals for labor expenses	62,167,719	73,299,282
Payables for Minority interest (Note 4(33))	60,967,355	-
Accruals for energy expenses	48,794,295	48,168,282
Accruals for general and administrative expenses	35,742,916	32,634,597
Withholding social expenses for staff	16,404,633	18,567,210
Dividend payable	972,844	-
Others	364,067,297	367,860,365
	<u>3,394,613,087</u>	<u>3,069,741,775</u>

- (i) It represents the principal and interest of deposits absorbed from the Company's associates by Finance Company, a subsidiary of the Company (Note 8(6)).

As at 31 December 2022, other payables over 1 year with carrying amount of 875,822,603 (31 December 2021: 942,435,827) are mainly liabilities due to liabilities arising from restricted shares repurchase obligations, compensation collected in advance for demolition project, payables for equipments and engineering construction and acquisition of subsidiaries.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(27) Current portion of non-current liabilities

	31 December 2022	31 December 2021
Current portion of lease liabilities (Note 4 (28))	<u>49,263,731</u>	<u>48,428,344</u>

(28) Lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	147,665,208	161,207,012
Less: Current portion of lease liabilities (Note 4(27))	<u>(49,263,731)</u>	<u>(48,428,344)</u>
	<u>98,401,477</u>	<u>112,778,668</u>

As at 31 December 2022 and 31 December 2021, matters not included in the Group's lease liabilities but which will result in potential future cash outflows include.

- (i) As at 31 December 2022, the minimum rent payable in the future for the short-term lease contracts that are simplified by the Group according to the new lease standards is RMB7,125,918 (31 December 2021: 17,351,643), all of which are payable within one year.

(29) Long-term payables

	31 December 2022	31 December 2021
Payables for specific projects	<u>16,283,766</u>	<u>24,537,343</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 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(30) Deferred income

2022

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022	Reason	
Government grants	3,210,806,388	278,121,119	(356,536,675)	3,132,390,832	Grants for relocation and technology improvement projects	
	31 December 2021	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2022	Related to assets/income
Government grants items						
Relocation projects						
Relocation project of Shaan Xi	489,773,710	-	(33,909,129)	-	455,864,581	Assets
Relocation project of Lu Nan area	448,803,000	8,175,577	(26,361,746)	-	430,616,831	Assets/Income
Relocation project of Lu Dong area	343,315,396	-	(21,994,001)	-	321,321,395	Assets
Relocation project of Lu Xi area	145,071,660	-	(5,759,056)	-	139,312,604	Assets
Relocation project of He Bei	130,175,960	-	(9,791,115)	-	120,384,845	Assets
Relocation project of Lu Nan area	129,124,579	-	(11,256,737)	-	117,867,842	Assets
Relocation project of Hu Bei	125,456,459	-	(11,404,470)	-	114,051,989	Assets
Relocation project of Gan Su	110,969,854	-	(10,671,730)	(74,841)	100,223,283	Assets
Relocation project of Shaan Xi	109,621,786	-	(11,684,572)	-	97,937,214	Assets
Relocation project of Lu Dong area	-	100,000,000	(2,185,619)	-	97,814,381	Assets/Income
Relocation project of Lu Nan area	105,761,696	-	(10,180,548)	-	95,581,148	Assets
Relocation project of Lu Xi area	100,773,822	-	(9,653,919)	(28,906)	91,090,997	Assets
Relocation project of Lu Xi area	-	81,000,000	(1,418,054)	-	79,581,946	Assets/Income
Other relocation projects	618,062,237	-	(69,594,605)	(358,716)	548,108,916	Assets/Income
Technology improvement projects						
Technology improvement projects of Lu Xi area	134,791,844	3,316,258	(10,009,279)	-	128,098,823	Assets
Technology improvement projects of An Hui	25,016,395	2,000,000	(2,249,781)	-	24,766,614	Assets
Other Technology improvement projects	41,198,167	3,708,000	(4,611,552)	(5,613,508)	34,681,107	Assets
Other projects	152,889,823	79,921,284	(97,724,791)	-	135,086,316	
	3,210,806,388	278,121,119	(350,460,704)	(6,075,971)	3,132,390,832	

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(30) Deferred income

2021

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021	Reason	
Government grants	2,899,626,024	737,940,270	(426,759,906)	3,210,806,388	Grants for relocation and technology improvement projects	
	31 December 2020	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2021	Related to assets/income
Relocation projects						
Relocation project of Shaan Xi	349,555,427	298,399,271	(158,180,988)	-	489,773,710	Assets/Income
Relocation project of Lu Nan area	104,284,124	358,899,447	(14,380,571)	-	448,803,000	Assets/Income
Relocation project of Lu Dong area	368,020,769	-	(24,705,373)	-	343,315,396	Assets
Relocation project of Lu Xi area	158,523,140	-	(13,451,480)	-	145,071,660	Assets/Income
Relocation project of He Bei	141,917,867	-	(11,741,907)	-	130,175,960	Assets
Relocation project of Lu Nan area	139,782,895	-	(10,658,316)	-	129,124,579	Assets
Relocation project of Hu Bei	137,638,083	-	(12,181,624)	-	125,456,459	Assets
Relocation project of Gan Su	122,222,918	-	(10,696,083)	(556,981)	110,969,854	Assets
Relocation project of Shaan Xi	121,253,665	-	(11,631,879)	-	109,621,786	Assets
Relocation project of Lu Nan area	116,266,623	-	(10,504,927)	-	105,761,696	Assets
Relocation project of Lu Xi area	112,848,238	-	(9,200,235)	(2,874,181)	100,773,822	Assets
Other relocation projects	656,981,718	40,070,000	(75,947,477)	(3,042,004)	618,062,237	Assets/Income
Technology improvement projects						
Technology improvement projects of Lu Xi area	144,159,955	-	(9,368,111)	-	134,791,844	Assets
Technology improvement projects of An Hui	19,152,788	8,000,000	(2,136,393)	-	25,016,395	Assets
Other Technology improvement projects	46,746,012	1,716,539	(4,994,957)	(2,269,427)	41,198,167	Assets
Other projects	160,271,802	30,855,013	(38,236,992)	-	152,889,823	
	2,899,626,024	737,940,270	(418,017,313)	(8,742,593)	3,210,806,388	

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Long-term employee benefits payable

	31 December 2022	31 December 2021
Early retirement benefits payable (a)	424,894,797	541,159,215
Supplemental post-employment benefits payable (b)	654,400,689	626,080,361
	<u>1,079,295,486</u>	<u>1,167,239,576</u>
Less: Early retirement benefits payable within one year	(135,916,478)	(152,699,292)
Supplemental post-employment benefits payable within one year	(24,974,207)	(23,391,073)
	<u>(160,890,685)</u>	<u>(176,090,365)</u>
	<u>918,404,801</u>	<u>991,149,211</u>

The above-mentioned benefits to be paid within one year are represented in employee benefits payable (Notes 4(24)).

(a) Early retirement benefits

Early retirement benefits payable is provided to those employees who met certain criteria and the benefit plan was approved by the Company. 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 2022	31 December 2021
Discount rate (yield-to-maturity of the government bond with the same term)	2.10%-2.84%	2.24%-2.77%

Early retirement benefits payable charged to profit or loss for the current period:

	2022	2021
General and administrative expenses	20,838,001	9,282,759
Finance expenses	10,032,464	9,671,520

(b) Supplemental post-employment benefits payable

Supplemental post-employment benefits are provided to those employees who met certain criteria and the benefit plan was approved by the Company. The benefits they can receive depend on their positions and seniorities. As at the balance sheet date, the Group's supplemental post-employment benefits payable is calculated by external independent actuary Towers Watson Management Consulting (ShenZhen) Co., Ltd. (unit member of China Association of Actuaries) according to the projected unit credit method.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Long-term employee benefits payable (continued)

(b) Supplemental post-employment benefits payable (continued)

(i) Supplemental post-employment benefits payable of the Group:

	31 December 2022	31 December 2021
Defined benefit obligations	654,400,689	626,080,361
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<u>654,400,689</u>	<u>626,080,361</u>

(ii) The movements in supplemental post-employment benefits payable of the Group are as follows:

	Present value of the defined benefit obligation
As at 1 January 2022	626,080,361
Amount charged to profit or loss in the current period	
— Service cost	24,529,001
— Interest expense on the net defined benefit obligations	19,968,000
Re-measurement amount	
— Actuarial loss (Note 4(35))	7,457,000
Payment	<u>(23,633,673)</u>
As at 31 December 2022	<u>654,400,689</u>
	Present value of the defined benefit obligation
As at 1 January 2021	561,480,851
Amount charged to profit or loss in the current period	
— Service cost	23,280,000
— Interest expense on the net defined benefit obligations	20,636,000
Re-measurement amount	
— Actuarial loss (Note 4(35))	43,297,000
Payment	<u>(22,613,490)</u>
As at 31 December 2021	<u>626,080,361</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Long-term employee benefits payable (continued)

(b) Supplemental post-employment benefits payable (continued)

- (iii) The significant actuarial assumptions for the present value of the defined benefit obligations of the Group are as follows:

	31 December 2022	31 December 2021
Discount rate	3.00%	3.25%

Mortality refers to China Life Insurance Mortality Table (2010-2013).

The salary growth rate of in-service personnel is determined by the Group's post-employment welfare policy and the average social salary growth rate.

- (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 obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.58%	Increase by 3.79%

The sensitivity analyses above are based on a change in an assumption while keeping all other assumptions constant. However, various assumptions may be correlated in practice. 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 2021: nil).
- (vi) The weighted average duration of the defined benefit obligations is 14.7 years (31 December 2021: 14.8 years).

The expected maturity of undiscounted defined benefit obligations is analysed as below:

	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Supplemental post-employment benefits	24,974,000	26,130,000	84,274,000	1,168,537,000	1,303,915,000

- (vii) Supplemental post-employment benefits caused many risks to the Group, and the primary risk is the fluctuation of the interest rates of government bonds. Decreasing in interest rates of government bonds results in increasing in the defined benefit obligation. Supplemental post-employment benefits are linked to inflation, and the rise of inflation will lead to the increase of defined benefit liabilities.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Share capital

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
RMB-denominated ordinary shares (i)	709,285,615	-	(122,003)	709,163,612
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,354,793</u>	<u>-</u>	<u>(122,003)</u>	<u>1,364,232,790</u>
	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
RMB-denominated ordinary shares (i)	709,113,617	294,000	(122,002)	709,285,615
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,182,795</u>	<u>294,000</u>	<u>(122,002)</u>	<u>1,364,354,793</u>

(i) For the restricted A share incentive plan carried out by the Group, please refer to Note 12 for details.

(33) Capital surplus

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium (i)	3,448,284,442	248,439,069	(2,462,021)	3,694,261,490
Other capital surplus —	507,924,671	210,129,654	(258,238,838)	459,815,487
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,182,722)	7,349	-	(10,175,373)
Amount included in shareholders' equity in share payments (i)	419,875,081	210,070,250	(248,439,069)	381,506,262
Impact of acquisition of minority interests (ii)	-	-	(9,799,769)	(9,799,769)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,894,098	52,055	-	4,946,153
	<u>3,956,209,113</u>	<u>458,568,723</u>	<u>(260,700,859)</u>	<u>4,154,076,977</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Capital surplus (continued)

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium (i)	3,444,813,522	5,932,920	(2,462,000)	3,448,284,442
Other capital surplus —	230,478,101	277,446,570	-	507,924,671
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,186,174)	3,452	-	(10,182,722)
Amount included in shareholders' equity in share payments (i)	142,725,847	277,149,234	-	419,875,081
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,600,214	293,884	-	4,894,098
	<u>3,675,291,623</u>	<u>283,379,490</u>	<u>(2,462,000)</u>	<u>3,956,209,113</u>

- (i) For the year ended 2022, the Group recognized the general and administrative expenses of RMB177,130,981 for the restricted share incentive and RMB11,111,982 is included in minority shareholders' equity which should be borne by minority shareholders, the difference of RMB166,018,999 is included in capital reserve. At the same time, the Group recognized deferred income tax assets of RMB97,397,755 for temporary differences arising from the recognition of equity incentive expenses, of which RMB53,346,504 was included in income tax expenses and the difference of RMB44,051,251 was included in capital surplus. At the same time, the Group adjusted the other capital reserve corresponding to the locked portion of restricted stocks of RMB248,439,069 to share capital premium (2021: the Company received a total of RMB6,226,920 of capital contributions from 34 incentive participants of the restricted share incentive plan. After the recognition of the share capital of RMB294,000, the difference of RMB5,932,920 is included in the capital surplus. For the year ended 31 December 2021, the Group recognized the general and administrative expenses of RMB245,427,734 for the restricted share incentive plan and increased the capital surplus accordingly. Meanwhile, the Group recognized deferred income tax assets of RMB88,000,118 for temporary differences arising from the recognition of equity incentive expenses, of which RMB55,659,956 was included in income tax expenses, RMB618,662 was recognized in minority interests, and the difference of RMB31,721,500 was included in capital surplus).

As stated in Note 12, in 2022, because the incentive recipients retired at the legal age or resigned for personal reasons, the Company repurchased and cancelled 122,003 restricted shares, offsetting the share capital of RMB122,003 and the capital reserve of RMB2,462,021. (2021: Because the incentive recipients retired at the legal age or resigned for personal reasons, the Company repurchased and cancelled 122,002 restricted shares, offsetting the share capital of RMB122,002 and the capital reserve of RMB2,462,000).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Capital surplus (continued)

- (ii) On 27 December 2022, the Company completed the transaction of acquiring 20% minority equity in Tsingtao Brewery (Hangzhou) Co., Ltd. (“Hangzhou Company”), a subsidiary of the Company held by Jiande Zhongyue Holding Co., Ltd. The shareholding ratio of the Company in Hangzhou Company has increased from 80% to 100%. The capital reserve shall be adjusted for the difference between the newly increased long-term equity investment due to the purchase of minority equity and the net asset share of Hangzhou Company calculated continuously from the merger date based on the newly increased shareholding ratio, as follows:

Purchase cost — cash paid	60,967,355
<i>Less:</i> The shares of identifiable net assets of Hangzhou Company continuously calculated from the merger date shall be determined according to the newly acquired 20% equity ratio	<u>(51,167,586)</u>
Adjustment of capital reserve	<u>9,799,769</u>

(34) Treasury stock

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Treasury stock	<u>273,189,919</u>	<u>-</u>	<u>(101,335,259)</u>	<u>171,854,660</u>
	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Treasury stock	<u>279,576,000</u>	<u>6,226,920</u>	<u>(12,613,001)</u>	<u>273,189,919</u>

The Company has a repurchase obligation for the restricted shares mentioned in Note 12 during the waiting period, as at 31 December 2022, the Company recognized the repurchase obligation as the liability. Therefore, the Company confirmed RMB171,854,660 (31 December 2021: 273,189,919) for treasury stocks and other payable respectively based on the number and the repurchase price of restricted shares issued.

For the year ended 31 December 2022, the Company issued cash dividend of RMB14,483,492 to incentive objects of restricted stocks that is expected to be unlocked in the future, thereby offsetting RMB14,483,492 of treasury stocks. On 25 July 2022, 2022, 4,359,428 restricted shares were unlocked, and the Company offset treasury shares by RMB84,267,743. The Company repurchased and cancelled 122,003 restricted shares, offsetting RMB2,584,024 of treasury shares.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(35) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2022					
	31 December 2021	Attributable to shareholders of the Company, net of tax	31 December 2022	The pre-tax amount in the current year	Less: Other comprehensive income transferred out this year	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(31)(b)(ii))	(74,868,000)	(7,457,000)	(82,325,000)	(7,457,000)	-	-	(7,457,000)	-
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	(892,222)	94,081	(798,141)	94,081	-	-	94,081	-
Currency translation differences	16,127,682	(8,805,122)	7,322,560	(10,959,579)	-	-	(8,805,122)	(2,154,457)
	<u>(59,632,540)</u>	<u>(16,168,041)</u>	<u>(75,800,581)</u>	<u>(18,322,498)</u>	-	-	<u>(16,168,041)</u>	<u>(2,154,457)</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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 2021			
	Attributable to shareholders of the Company, net of tax		Attributable to the non-controlling interests, net of tax		Less: Other comprehensive income transferred out this year		Attributable to the non-controlling interests, net of tax	
	31 December 2020	31 December 2021	The pre-tax amount in the current year	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(31)(b)(ii))	(31,571,000)	(43,297,000)	(74,868,000)	(43,297,000)	-	-	(43,297,000)	-
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	(585,452)	(306,770)	(892,222)	(306,770)	-	-	(306,770)	-
Currency translation differences	12,305,113	3,822,569	16,127,682	3,846,790	-	-	3,822,569	24,221
	<u>(19,851,339)</u>	<u>(39,781,201)</u>	<u>(59,632,540)</u>	<u>(39,756,980)</u>	<u>-</u>	<u>-</u>	<u>(39,781,201)</u>	<u>24,221</u>

(36) Surplus reserve

	31 December 2021	Appropriation in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>
	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>

In accordance with the Company Law of People's Republic of China 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. The Company has appropriated statutory surplus reserve of RMB1,400,704,380, which has exceeded 50% of the registered capital. According to the resolution of the 10th meeting of the 10th Board of Directors, the Company would not appropriate the statutory surplus reserve in 2022 (2021: nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(37) General reserve

	31 December 2021	Appropriation in the current year	Decrease in the current year	31 December 2022
General reserve	294,853,079	218,863	-	295,071,942
	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
General reserve	260,344,554	34,508,525	-	294,853,079

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, according to 1.5% of the ending balance of the risk assets at Balance sheet date based on its risk consideration

(38) Undistributed profits

	2022	2021
Undistributed profits at the beginning of the year	16,318,545,692	14,220,864,502
Add: Net profit attributable to shareholders of the Company for the current year	3,710,628,593	3,155,455,810
Less: appropriated general reserve	(218,863)	(34,508,525)
Ordinary shares dividend payable (a)	(1,500,564,567)	(1,023,266,095)
Undistributed profits at the end of the year	18,528,390,855	16,318,545,692

- (a) 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 issued shares, the amount of expected unvested restricted shares’ cash dividend is RMB225,705. (2021: cash dividend of RMB0.75 per share (tax included) to the shareholders of the Company, a total of RMB1,023,357,596 for the year of 2020, based on a total number of 1,364,476,795 issued shares. The 2021 cash dividend includes an expected unvested restricted shares’ cash dividend of RMB91,501.)

Pursuant to the decision of the Board of Directors on 22 March 2023, the Board proposed a cash dividend of RMB1.30 per share (tax included) and a special dividend of RMB0.50 per share (tax included). In total, the Board proposed a cash dividend RMB1.80 per share (tax included) to the shareholders of the Company with RMB2,455,619,022 based on a total number of 1,364,232,790 shares as at 31 December 2022. Such dividend distribution is subject to the approval at the forthcoming annual general meeting (Note (10)).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(39) Revenue and cost of sales

	2022	2021
Revenue from main operation (a)	31,697,342,623	29,672,697,265
Revenue from other operations (b)	474,223,001	494,108,112
	<u>32,171,565,624</u>	<u>30,166,805,377</u>
	2022	2021
Cost of main operation (a)	(20,038,520,561)	(18,774,779,956)
Cost of other operations (b)	(279,414,261)	(316,350,788)
	<u>(20,317,934,822)</u>	<u>(19,091,130,744)</u>

(a) Revenue and cost of main operation

	2022		2021	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	31,697,342,623	(20,038,520,561)	29,672,697,265	(18,774,779,956)

Please refer to Note 7 for the revenue by operating regional segments.

(b) Revenue and cost of other operations

	2022		2021	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Catering related	149,022,244	(88,104,394)	170,562,110	(92,010,112)
Sale of packaging materials	111,872,944	(68,119,011)	98,292,673	(65,599,509)
Sale of raw materials	19,611,707	(17,968,787)	67,143,548	(66,718,470)
Construction and equipment installations	33,741,464	(25,107,916)	28,913,854	(25,278,665)
Others	159,974,642	(80,114,153)	129,195,927	(66,744,032)
	<u>474,223,001</u>	<u>(279,414,261)</u>	<u>494,108,112</u>	<u>(316,350,788)</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(40) Taxes and surcharges

	2022	2021	Tax base
Consumption tax	1,792,707,139	1,746,675,547	Note 3
City maintenance and construction tax	250,307,469	236,125,669	Note 3
Education surcharges	186,637,842	178,032,865	Note 3
Real estate tax	65,177,298	64,212,810	
Land use tax	57,084,421	59,328,139	
Stamp duty	32,258,349	27,378,481	
Others	6,552,805	7,082,234	
	<u>2,390,725,323</u>	<u>2,318,835,745</u>	

(41) Selling and distribution Expenses

	2022	2021
Employee benefits expenses	2,389,948,026	2,342,850,291
Advertising related expenses	1,278,343,155	1,169,677,689
Administrative expenses	104,647,783	130,269,726
Labor expense	90,091,390	91,062,250
Operating lease payments	85,371,520	90,947,902
Depreciation and amortization charges	81,618,274	96,403,107
Material consumptions	42,057,653	61,047,550
Repair expenses	41,981,378	47,812,406
Other expenses	85,443,568	66,803,204
	<u>4,199,502,747</u>	<u>4,096,874,125</u>

(42) General and administrative expenses

	2022	2021
Employee benefits expenses	768,793,255	855,122,650
Depreciation and amortization charges	218,266,753	205,222,474
Share-based payment fees	172,559,895	245,427,734
Administrative expenses	70,528,882	95,988,369
Agency fees	43,866,559	65,320,822
Repair expenses	42,162,912	43,738,673
Fire control expenses to guards	29,935,462	33,959,683
Insurance expenses	23,504,442	22,454,236
Disabled security fund	16,041,793	16,101,485
Labor expenses	8,729,080	9,508,280
Material consumption	8,693,897	9,144,521
Other expenses	70,285,074	90,556,319
	<u>1,473,368,004</u>	<u>1,692,545,246</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(43) Research and development expenses

	2022	2021
Employee benefits expenses and labor expenses	34,363,960	22,267,682
Material consumptions	8,173,658	2,244,628
Depreciation charges	5,634,632	2,266,225
Share-based payment fees	4,571,086	-
Others	10,211,563	4,111,710
	<u>62,954,899</u>	<u>30,890,245</u>

(44) Financing Expenses

	2022	2021
Interest payment	9,237,800	22,685,367
Less: Interest income	(459,661,656)	(315,648,307)
Exchange (gain)/loss	(12,203,291)	8,719,388
Discounted interest on long-term employee compensation payable	30,000,464	30,307,520
Interest expense on lease liabilities	7,443,683	6,407,633
Other	4,377,460	4,340,634
	<u>(420,805,540)</u>	<u>(243,187,765)</u>

(45) 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:

	2022	2021
Raw materials, packaging materials and consumables used	14,577,634,987	12,876,022,879
Changes in inventories of finished goods and work in progress	(660,419,510)	(245,516,515)
Employee benefits expenses	5,195,671,548	5,224,159,918
Handling and transportation expenses	1,716,989,614	1,779,235,722
Advertising related expenses	1,278,343,155	1,169,677,689
Finished goods purchased from outside	1,248,299,493	1,188,322,993
Depreciation and amortization charges	1,117,704,289	1,135,971,137
Repair expenses (i)	402,007,180	409,786,780
Labor expenses	217,311,892	234,341,892
Share-based payment fees	177,130,981	245,427,734
Administrative expenses	180,641,785	234,239,621
Operating lease payments (ii)	148,534,802	138,269,052
Auditors' remuneration — audit services	8,094,340	8,094,340
Other expenses	445,815,916	513,407,118
	<u>26,053,760,472</u>	<u>24,911,440,360</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(45) Expenses by nature (continued)

- (i) For the daily repair expenses that do not meet the conditions for capitalization of fixed assets, the Company includes the expenses related to the production and processing of inventories into the cost of inventories, and carries them forward to the operating costs accordingly. Expenses related to the research and development department, administration department and sales department are included in research and development expenses, administrative expenses and selling and distribution expenses, respectively.
- (ii) As mentioned in Note 2 (25), the Group directly included the rental expenses for short-term leases in the current profit and loss. The amount for 2022 is RMB148,534,802 (2021: RMB138,269,052).

According to the described situation influence in Cai Kuai [2021] No. 9, the lessor reduced the Company's rent with the amount of RMB325,362 from January to June in 2022 (2021: RMB26,505). The Company has offset the concession with the current rental expenses according to the simplified treatment.

(46) Asset impairment losses

	2022	2021
Impairment losses of fixed assets	<u>26,123,742</u>	<u>189,060,479</u>

(47) Credit impairment losses

	2022	2021
Reversals of bad debts of accounts receivable	(251,648)	(648,339)
(Reversal)/Losses of bad debts of other receivables	(11,067,235)	10,560,448
Losses of bad debts of other current assets	<u>174,349</u>	<u>2,739,564</u>
	<u>(11,144,534)</u>	<u>12,651,673</u>

(48) Other income

	2022	2021	Related to assets/ income
Grant for relocation projects	235,865,301	363,280,860	Assets/ Income
Grant for company development	149,439,493	92,074,277	Income
Grant for technology improvement projects	16,870,612	16,499,461	Assets
Grant for other production and operation	<u>141,103,378</u>	<u>84,085,854</u>	Assets/ Income
	<u>543,278,784</u>	<u>555,940,452</u>	

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(49) Investment income

	2022	2021
Investment income from interbank deposit	138,194,867	150,405,860
Investment income from long-term equity investments accounted for using the equity method	19,873,379	20,561,728
Investment income from the disposal of financial assets held for trading	10,175,358	14,290,866
Others	1,660,053	806,950
	<u>169,903,657</u>	<u>186,065,404</u>

There is no significant restriction on transferring funds in the form of investment income.

(50) Profits arising from changes in fair value

	2022	2021
Financial assets at fair value through profit or loss — Debt instruments	<u>164,354,223</u>	<u>253,436,734</u>

(51) Gains on disposals of assets

	2022	2021
Losses on disposal of fixed assets	(12,935,494)	(92,650,310)
Gains on disposal of intangible assets	2,622,931	573,550,215
Gains on disposal of right-of-use assets	794,805	607,362
	<u>(9,517,758)</u>	<u>481,507,267</u>

For the year ended 31 December 2022, all gains on disposals of assets have been regarded as non-recurring profit or loss in the current year.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(52) Non-operating income

	2022	2021
Gains on unpaid debts	11,263,451	23,411,255
Penalty gains	1,879,070	1,394,755
Others	7,202,652	7,904,472
	<u>20,345,173</u>	<u>32,710,482</u>

For the year ended 31 December 2022, all non-operating income has been regarded as non-recurring profit or loss in the current year.

(53) Non-operating expenses

	2022	2021
Donations	5,938,258	2,980,564
Compensations, defaults and overdue fines	3,497,997	4,190,050
Others	5,692,699	1,519,145
	<u>15,128,954</u>	<u>8,689,759</u>

For the year ended 31 December 2022, all non-operating expenses have been regarded as non-recurring profit or loss in the current year.

(54) Income tax expense

	2022	2021
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,243,044,901	1,594,799,457
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	1,641,044	4,952,893
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	669,150	(128,631)
Deferred income tax	(43,935,287)	(376,892,124)
	<u>1,201,419,808</u>	<u>1,222,731,595</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(54) 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:

	2022	2021
Total profit	<u>5,006,141,286</u>	<u>4,478,975,465</u>
Income tax expense calculated at applicable tax rates	1,249,649,535	1,117,233,479
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	17,289,977	28,006,248
Income not subject to tax	(19,119,069)	(24,038,882)
Impact of utilisation of deductible tax losses and temporary differences from previously unrecognised deferred tax assets	(109,323,388)	(59,424,949)
Deductible temporary differences of currently unrecognised deferred tax assets	13,016,263	76,005,193
Deductible tax losses of currently unrecognised deferred tax assets	<u>49,906,490</u>	<u>84,950,506</u>
Income tax expense	<u>1,201,419,808</u>	<u>1,222,731,595</u>

(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:

	2022	2021
Consolidated net profit attributable to shareholders of the Company	3,710,628,593	3,155,455,810
Less: Cash dividend of restricted shares expected to be vested in the future	<u>(9,779,624)</u>	<u>(10,028,999)</u>
Consolidated net profit attributable to ordinary shareholders of the Company	3,700,848,969	3,145,426,811
Weighted average numbers of ordinary shares outstanding	<u>1,352,799,223</u>	<u>1,350,982,795</u>
Basic earnings per share	<u>2.736</u>	<u>2.328</u>
Including:		
— Basic earnings per share from continuing operations	2.736	2.328

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(55) Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of the Company's ordinary shares outstanding. In 2022, the restricted share incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	2022	2021
Consolidated net profit attributable to ordinary shareholders of the Company	3,710,628,593	3,155,455,810
Weighted average number of ordinary shares outstanding	1,352,799,223	1,350,982,795
Weighted average number of ordinary shares increased due to share-based payment	7,609,171	6,950,904
Weighted average number of ordinary shares outstanding after dilution	<u>1,360,408,394</u>	<u>1,357,933,699</u>
Diluted earnings per share	<u>2.728</u>	2.324
Including:		
Diluted earnings per share from continuing operations:	2.728	2.324

(56) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2022	2021
Government grants	458,772,650	430,058,977
Guarantee deposits	458,699,173	522,744,061
Others	<u>208,078,489</u>	<u>143,392,616</u>
	<u>1,125,550,312</u>	<u>1,096,195,654</u>

(b) Cash paid relating to other operating activities

	2022	2021
Marketing and promotion expenses	1,155,616,188	1,054,530,347
Advertising related expenses	1,026,935,799	1,047,190,895
Administrative expenses	315,720,859	354,378,027
Guarantee deposits	249,656,117	245,814,871
Lease expenses	130,179,279	117,607,679
Others	<u>202,118,242</u>	<u>170,396,077</u>
	<u>3,080,226,484</u>	<u>2,989,917,896</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(56) Notes to consolidated cash flow statement (continued)

(c) Cash received relating to other investing activities

	2022	2021
Interest income of Finance Company's deposits	318,407,699	335,595,268
Bidding deposits and others received	17,629,912	27,359,912
	<u>336,037,611</u>	<u>362,955,180</u>

(d) Cash paid relating to other investing activities

	2022	2021
Deposit reserve paid by Finance Company	95,990,000	96,160,000
Bidding deposits and others paid	30,270,121	25,715,573
	<u>126,260,121</u>	<u>121,875,573</u>

(e) Cash paid relating to other financing activities

	2022	2021
Repayment of lease liabilities	55,262,005	56,288,820
Payment of restricted shares repurchase and cancellation	2,430,082	2,612,163
	<u>57,692,087</u>	<u>58,900,983</u>

For the year ended 31 December 2022, total cash outflows related to lease paid by the Group is 185,441,284 (For the year ended 31 December 2021: 173,896,499). 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 2022

(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:

	2022	2021
Net profit	3,804,721,478	3,256,243,870
Add: Provision for asset impairment	26,123,742	189,060,479
(Reversal)/Losses for credit impairment	(11,144,534)	12,651,673
Depreciation of fixed assets and investment properties	890,838,923	901,928,172
Depreciation of right-of-use assets	48,064,767	53,102,837
Amortization of intangible assets	144,953,106	154,702,259
Amortization of long-term prepaid expenses	41,622,449	34,606,748
Share-based payment expenses	177,130,981	245,427,734
Losses/(Gains) on disposal of assets	9,517,758	(481,507,267)
Profits arising from changes in fair value	(164,354,223)	(253,436,734)
Finance expenses	(447,006,732)	(270,133,840)
Investment income	(169,903,657)	(186,065,404)
Increase in deferred tax assets	(74,654,915)	(380,725,611)
Amortization of deferred income	(350,460,704)	(418,017,313)
Increase in deferred tax liabilities	30,719,628	3,833,487
Increase in inventories	(662,012,006)	(219,590,217)
(Increase)/Decrease in operating receivables	(106,274,452)	25,268,994
Increase in operating payables	1,690,889,713	3,375,761,588
Net cash flows from operating activities	<u>4,878,771,322</u>	<u>6,043,111,455</u>

Net(decrease)/increase in cash and cash equivalents

	2022	2021
Cash and cash equivalents at end of the year	12,839,870,784	11,813,753,792
Less: Cash and cash equivalents at beginning of the year	<u>(11,813,753,792)</u>	<u>(17,643,123,424)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,026,116,992</u>	<u>(5,829,369,632)</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(57) Supplementary information to consolidated cash flow statement (continued)

(b) Cash and cash equivalents

	31 December 2022	31 December 2021
Cash and cash equivalents (Note 4(1))	12,839,870,784	11,813,753,792
Including: Cash on hand	203,052	190,330
Cash at bank that can be readily drawn on demand	12,836,413,403	11,810,545,903
Cash at non-financial institutions that can be readily drawn on demand	3,254,329	3,017,559
Cash and cash equivalents at end of the year	12,839,870,784	11,813,753,792

(58) Foreign currency items

	31 December 2022		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and on hand —			
USD	17,508,173	6.9646	121,937,422
HKD	50,050,058	0.8933	44,709,717
MOP	50,376,018	0.8680	43,726,384
VND	4,292,083,450	0.0003	1,287,625
EUR	12,161	7.4229	90,270
			211,751,418
Accounts receivable —			
HKD	60,510,919	0.8933	54,054,404
USD	4,763,735	6.9646	33,177,509
EUR	2,476,066	7.4229	18,379,590
MOP	3,388,278	0.8680	2,941,025
GBP	247,074	8.3941	2,073,964
CAD	255,390	5.1385	1,312,322
VND	105,361,885	0.0003	31,609
			111,970,423
Other receivables —			
HKD	1,248,120	0.8933	1,114,946
MOP	337,752	0.8680	293,169
VND	332,000,000	0.0003	99,600
			1,507,715

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(58) Foreign currency items (continued)

	31 December 2022		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Short-term borrowings —			
HKD	250,000,000	0.8933	223,325,000
Accounts payable —			
HKD	28,198,394	0.8933	25,189,625
VND	16,950,682,533	0.0003	5,085,205
MOP	2,473,181	0.8680	2,146,721
			<u>32,421,551</u>
Other payables —			
USD	537,000	6.9646	3,739,990
HKD	3,626,201	0.8933	3,239,285
MOP	2,000,742	0.8680	1,736,644
			<u>8,715,919</u>
Current portion of non-current liabilities —			
MOP	1,527,152	0.8680	1,325,568
HKD	99,746	0.8933	89,103
			<u>1,414,671</u>
Lease liabilities —			
MOP	404,914	0.8680	351,465
HKD	50,964	0.8933	45,526
			<u>396,991</u>

Foreign currency monetary item mentioned above refers to all currencies other than RMB (the scope is different from the foreign currency items in Note 11(1)(a)).

5 Changes in consolidation scope

For the year ended 31 December 2022, there is no change in consolidation scope of the Company.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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 RMB	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
Tsingtao Brewery (Langfang) Co., Ltd. (“Langfang Company”)	Langfang, the PRC	Langfang, the PRC	Manufacturing	99,000,000	80.80%	19.20%	Establishment or investment

Notes to Financial Statements

For the year ended 31 December 2022

(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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery Xi'an Han's Group Co., Ltd. ("Xi'an Han's")	Shaanxi, the PRC	Xi'an, the PRC	Manufacturing and Wholesale and retail sale	287,903,022	100%	-	Establishment or investment
Tsingtao Brewery Baoji Co., Ltd. ("Baoji Company")	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 International Trade Co., Ltd. ("International Trade")	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
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 Company")	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 Company")	Yulin, the PRC	Yulin, the PRC	Manufacturing	55,000,000	-	100%	Establishment or investment

Notes to Financial Statements

For the year ended 31 December 2022

(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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
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 Sales Company")	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
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. ("Electornic 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 Sales Company")	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
Vietnam Company	Vietnam, the PRC	Vietnam, the PRC	Wholesale and retail sale	1,000,000USD	-	100%	Establishment or investment
Tsingtao Brewery (Zaozhuang) Co., Ltd. ("Zaozhuang Company")	Zaozhuang, the PRC	Zaozhuang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment

Notes to Financial Statements

For the year ended 31 December 2022

(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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (West Coast) Cultural Tourism Development Co., Ltd. ("West Coast Cultural Tourism")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale and services	240,000,000	96.25%	3.75%	Establishment or investment
Tsingtao Brewery Fashion Industry Development Co., Ltd.	Qingdao, the PRC	Qingdao, the PRC	Services	100,000,000	-	100%	Establishment or investment
Tsingtao Brewery Technology Research and Development Center Co., Ltd. ("Research and Development Center")	Qingdao, the PRC	Qingdao, the PRC	Technology promotion and application services	380,000,000	100%	-	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 Company")	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
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 Company")	Suizhou, the PRC	Suizhou, the PRC	Manufacturing	24,000,000	-	90%	Business combination not under common control

Notes to Financial Statements

For the year ended 31 December 2022

(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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Fuzhou) Co., Ltd. ("Fuzhou Company")	Fuzhou, the PRC	Fuzhou, the PRC	Manufacturing	26,828,100USD	-	100%	Business combination not under common control
Tsingtao Brewery (Zhangzhou) Co., Ltd. ("Zhangzhou Company")	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 Culture Communication Co., Ltd. ("Culture Communication Company")	Qingdao, the PRC	Qingdao, the PRC	Services	73,500,000	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
Hangzhou Company	Jiande, the PRC	Jiande, the PRC	Manufacturing	230,000,000	100%	-	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	90%	-	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

Notes to Financial Statements

For the year ended 31 December 2022

(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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery Shanghai Songjiang Manufacturing Co., Ltd. ("New Songjiang Manufacturing Company")	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	50,000,000	-	100%	Business combination not under common control
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. ("Pengcheng Company")	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	155,000,000	-	100%	Business combination not under common control
Tsingtao Brewery (Xuzhou) Co., Ltd. ("Xuzhou Company")	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	39,336,899	-	100%	Business combination not under common control
Tsingtao Brewery (Yangzhou) Co., Ltd. ("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 Company")	Kunshan, the PRC	Kunshan, the PRC	Manufacturing	731,535,952	-	100%	Business combination not under common control
Tsingto Brewery (Lianyungang) Co., Ltd. ("Lianyungang Company")	Lianyungang, the PRC	Lianyungang, the PRC	Manufacturing	166,093,523	-	100%	Business combination not under common control
Tsingto Brewery (Minhang) Co., Ltd. ("Shanghai Minhang Company")	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. None of the Company's subsidiaries has issued shares or bonds.

There are no restrictions on using the assets of the Group or settling the liabilities of the Group.

Notes to Financial Statements

For the year ended 31 December 2022

(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

Name of subsidiaries	Share proportion of non-controlling interests	Non-controlling interests for the year ended 31 December 2022	Total dividends distributed to the minority shareholders in 2022	Non-controlling interests as at 31 December 2022
Shenzhen Asahi	49%	37,514,981	(44,183,300)	221,604,510

Summarised financial information of significant non-wholly owned subsidiaries is as follows:

	As at 31 December 2022					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Shenzhen Asahi	300,100,055	405,939,507	706,039,562	(234,416,183)	(19,123,259)	(253,539,442)

	As at 31 December 2021					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Shenzhen Asahi	292,245,627	418,573,183	710,818,810	(230,700,561)	(15,185,435)	(245,885,996)

	Year ended 31 December 2022			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	812,477,802	76,742,171	76,742,171	158,181,795

	Year ended 31 December 2021			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	811,775,159	90,169,333	90,169,333	159,225,736

Financial information above represents the amounts of subsidiaries excluding elimination in the Group. The dividends declared to be distributed to minority shareholders in 2022 have been paid in current year.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(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
Joint Ventures —						
Hebei Jiahe Company	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	Yes	50%	-
Associates —						
Yantai Beer Company	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	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

The equity investments above are accounted for using the equity method.

(b) Summarised financial information of the joint venture

	Hebei Jiahe Company	
	31 December 2022	31 December 2021
Current assets	112,511,689	75,344,724
Including: cash and cash equivalents	84,379,253	45,472,108
Non-current assets	86,504,247	89,549,234
Total assets	199,015,936	164,893,958
Current liabilities	(45,910,734)	(21,668,969)
Total liabilities	(45,910,734)	(21,668,969)
Total equity attributable to shareholders of the Company	153,105,202	143,224,989
Adjusted fair value of the identifiable net assets when obtained	60,125,362	66,344,171
Adjusted total equity attributable to shareholders of the Company	213,230,564	209,569,160
The share of net assets calculated based on the shareholding proportion (i)	106,615,282	104,784,580
Adjusting item — goodwill	113,928,609	113,928,609
— unrealized profits of internal transaction	218,353	-
Carry amount of investment on the joint venture	220,762,244	218,713,189

There is no quoted market price for the joint venture investment of the Group.

Notes to Financial Statements

For the year ended 31 December 2022

(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)

	Hebei Jiahe Company	
	2022	2021
Revenue	360,406,421	309,539,863
Finance expenses	(1,301,414)	(687,009)
Income tax expense	(6,933,181)	(3,392,618)
Net profit	19,880,213	11,992,204
Total comprehensive income	19,880,213	11,992,204
Adjusted fair value of the identifiable net assets when obtained	(6,218,809)	(6,497,442)
Adjusted total comprehensive income attributable to shareholders of the Company	13,661,404	5,494,762
Dividends received from the joint venture in the current year	5,000,000	7,000,000

- (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.

Notes to Financial Statements

For the year ended 31 December 2022

(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

	31 December 2022				31 December 2021			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	336,442,666	142,448,209	25,013,940	27,232,601	352,321,767	159,570,735	43,901,414	27,394,870
Including: cash and cash equivalents	116,102,837	3,846,999	2,204,320	6,397,768	80,313,996	324,075	3,110,021	11,241,802
Non-current assets	429,892,160	1,449,713	829,224	167,735	374,358,217	2,595,552	2,927,026	258,953
Total assets	766,334,826	143,897,922	25,843,164	27,400,336	726,679,984	162,166,287	46,828,440	27,653,823
Current liabilities	(416,243,239)	(96,183,721)	(29,489,004)	(19,272,424)	(316,467,019)	(122,348,006)	(47,425,445)	(20,455,530)
Non-current liabilities	(52,139,677)	-	-	-	(109,406,808)	(150)	-	-
Total liabilities	(468,382,916)	(96,183,721)	(29,489,004)	(19,272,424)	(425,873,827)	(122,348,156)	(47,425,445)	(20,455,530)
Total equity attributable to shareholders of the Company	297,951,910	47,714,201	(3,645,840)	8,127,912	300,806,157	39,818,131	(597,005)	7,198,293
Adjusted fair value of the identifiable net assets when obtained	23,629,770	-	-	-	25,167,353	-	-	-
Adjusted total equity attributable to shareholders of the Company	321,581,680	47,714,201	(3,645,840)	8,127,912	325,973,510	39,818,131	(597,005)	7,198,293
The share of net assets calculated based on the shareholding proportion (i)	125,416,855	14,314,260	(1,093,752)	3,251,165	127,129,669	11,945,439	(179,102)	2,879,317
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealized profits of internal transaction	(5,256,737)	-	-	-	(4,268,209)	-	-	-
— Unrecognized excess loss	-	-	1,093,752	-	-	-	179,102	-
Carry amount of investments on Associates	129,800,797	14,314,260	-	3,251,165	132,502,139	11,945,439	-	2,879,317

There is no quoted market price for the investments in associates of the Group.

Notes to Financial Statements

For the year ended 31 December 2022

(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)

	2022				2021			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	892,407,663	275,740,910	56,602,437	92,459,295	887,133,724	247,219,800	64,014,261	66,412,237
Net profit/(loss)	30,187,874	7,871,573	(3,048,835)	694,417	36,713,469	10,334,951	(560,403)	738,870
Other comprehensive income	-	-	-	235,202	-	-	-	(766,924)
Total comprehensive income	30,187,874	7,871,573	(3,048,835)	929,619	36,713,469	10,334,951	(560,403)	(28,054)
Total comprehensive income attributable to shareholders of the Company	30,187,874	7,871,573	(3,048,835)	929,619	36,713,469	10,334,951	(560,403)	(28,054)
Adjusted fair value of the identifiable net assets when obtained	(1,537,583)	-	-	-	2,858,846	-	-	-
Adjusted total comprehensive income attributable to shareholders of the Company	28,650,291	7,871,573	(3,048,835)	929,619	39,572,315	10,334,951	(560,403)	(28,054)
Dividends received from the associates in the current year	12,886,427	-	-	-	12,379,306	9,172,857	-	-

- (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. None of the assets involved in transactions between the Group and its joint ventures constitute business.

(d) Excess losses of associate

	Accumulated unrecognized losses at the beginning of the period	Unrecognized loss in the current year	Accumulated unrecognized losses at the end of the period
Liaoning Shenqing	179,102	914,650	1,093,752

The Group has no unrecognized commitment related to joint venture investment and no contingent liability related to investment in associates.

Notes to Financial Statements

For the year ended 31 December 2022

(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 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 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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2022 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	19,338,419,626	2,724,838,170	5,892,008,341	2,562,248,581	916,259,041	714,565,660	15,549,095	7,677,110	-	32,171,565,624
Inter-segment revenue	3,395,887,277	767,816,685	2,078,280,801	292,369,336	8,140,643	468,822,296	13,578,067	32,001,040	(7,056,896,145)	-
Cost of sales	(15,329,233,273)	(2,381,882,901)	(5,620,814,292)	(2,106,126,887)	(672,550,224)	(1,026,845,834)	(79,630)	(38,163,207)	6,857,761,426	(20,317,934,822)
Selling and distribution expenses	(2,680,340,912)	(399,978,506)	(574,957,115)	(339,173,233)	(143,800,854)	(61,252,127)	-	-	-	(4,199,502,747)
Interest income	89,228,055	29,686,723	61,500,794	13,760,934	3,464,239	2,512,824	383,612,384	109,479,093	(233,583,390)	459,661,656
Interest expenses	(4,826,967)	(3,179,252)	(1,812,549)	(15,865,083)	(2,806,838)	(4,985,631)	(236,148,459)	-	260,386,979	(9,237,800)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	19,873,379	-	19,873,379
Credit impairment reversals/(losses)	8,953,081	(250)	(181,084)	-	-	(31,390)	2,240,697	(71,136,520)	71,300,000	11,144,534
Asset impairment losses	(16,892,457)	(2,468,331)	(3,470,556)	(2,747,218)	(202,284)	-	(157,799)	(185,097)	-	(26,123,742)
Depreciation and amortization	(489,420,835)	(146,147,337)	(231,590,174)	(141,231,208)	(33,628,736)	(4,224,497)	(2,013,484)	(77,222,974)	-	(1,125,479,245)
Total profit/(losses)	3,189,088,389	347,000,617	1,200,126,219	41,986,966	51,759,291	102,052,009	340,797,720	(91,922,058)	(174,747,867)	5,006,141,286
Income tax expense	(744,428,993)	(96,443,367)	(311,428,869)	(6,852,713)	(2,699,194)	(23,766,039)	(86,206,710)	59,845,422	10,560,655	(1,201,419,808)
Net profit/(losses)	2,444,659,396	250,557,250	888,697,350	35,134,253	49,060,097	78,285,970	254,591,010	(32,076,636)	(164,187,212)	3,804,721,478
Total assets	21,547,694,779	4,433,402,734	9,414,096,472	3,425,443,410	934,711,794	636,519,598	21,131,091,092	9,332,543,763	(20,543,803,846)	50,311,699,796
Total liabilities	14,986,490,257	2,276,582,449	5,224,981,460	2,919,947,039	595,806,172	624,318,289	17,791,759,358	177,009,639	(20,557,507,402)	24,039,387,261
Non-cash expenses other than depreciation and amortization	26,271,928	971,132	5,276,376	1,294,217	164,638	120,691	-	3,345,165	-	37,444,147
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	368,128,466	-	368,128,466
Additions of non-current assets (i)	1,389,197,364	73,078,204	182,426,118	86,256,530	10,288,889	2,201,190	686,954	97,003,257	(31,385,867)	1,809,752,639

(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 2022

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(b) 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	Southeast China Region	Hong Kong, Macau and other overseas Regions	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 reversals/(losses)	(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.

Notes to Financial Statements

For the year ended 31 December 2022

(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 summarized as follows:

Revenue from external customers	2022	2021
Mainland China	31,283,510,679	29,305,534,454
Hong Kong and Macau SAR	179,831,863	191,195,211
Other overseas regions	708,223,082	670,075,712
	32,171,565,624	30,166,805,377
Total non-current assets	31 December 2022	31 December 2021
Mainland China	16,044,851,478	15,457,991,487
Hong Kong and Macau SAR	13,685,515	14,420,196
	16,058,536,993	15,472,411,683

8 Related parties and related party transactions

(1) Information of parent company

The parent company of the Company is Tsingtao Brewery Group Co., Ltd. ("Tsingtao Brewery Group"), which is registered in Qingdao, Shandong Province, China, with a registered capital of RMB1,163.72 million. Its main business is the operation and investment of state-owned assets. As of 31 December 2022, the shareholding ratio was 32.51% (December 31, 2021: 32.50%).

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government, the main business location is in Qingdao.

(2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6(1).

(3) 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
Tsingtao Brewery (Guangzhou) General Agency Co., Ltd.	Associate

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(4) Information of other related parties

Company name	Relationship with the Group
Tsingtao Brewery Youjia Health Drinks Co., Ltd. (“Youjia Health”) (i)	Tsingtao Brewery Group’s subsidiaries
Tsingtao Brewery Youjia Health Drinks (Shanghai) Co., Ltd. (“Youjia Shanghai”) (i)	Tsingtao Brewery Group’s subsidiaries
Yunnan Dashan Beverage Co., Ltd. (“Yunnan Dashan”) (i)	Tsingtao Brewery Group’s subsidiaries
Qingdao Smart Chain Success Delivery Technology Co., Ltd. (“Smart Chain Success Delivery”) (i)	Tsingtao Brewery Group’s subsidiaries
Shanghai Dasheng Smart Supply Chain Co., Ltd. (“Dasheng Smart Chain”) (i)	Tsingtao Brewery Group’s subsidiaries
Tsingtao Brewery Real Estate Co., Ltd. (“Tsingtao Brewery Real Estate”) (i)	Tsingtao Brewery Group’s subsidiaries

- (i) On 13 January 2022, the Company issued the announcement of Tsingtao Brewery Co., Ltd. on signing the related party transaction framework agreement and daily related party transaction with the controlling shareholder and its subsidiaries. The Company has considered and approved the signing of the 2022 entrusted production framework agreement with Youjia Health, the 2022 supply chain business service framework agreement with Smart Chain Success Delivery and the comprehensive service framework agreement with Tsingtao Brewery Group at the 4th meeting of the 10th board of directors. On 26 August 2022, the announcement of Tsingtao Brewery Co., Ltd. on adjusting the annual upper limit amount of daily related party transaction of the Company in 2022 was released.

(5) Related party transactions

(a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	2022	2021
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices refer to the market prices	886,717,190	874,420,653
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices refer to the market prices	358,319,157	307,073,772
Smart Chain Success Delivery(i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	277,658,372	488,229,407
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices refer to the market prices	239,896,209	198,174,485
Smart Chain Success Delivery(i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	14,094,534	2,506,501
Zhaoshang Logistics	Receiving warehousing service	Mutually-agreed prices refer to the market prices	498,151	-
			<u>1,777,183,613</u>	<u>1,870,404,818</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods and providing services

Name of related party	Nature of transaction	Pricing policies	2022	2021
European Company	Sale of beer and materials	Mutually-agreed prices refer to the market prices	86,056,545	67,191,960
Liaoning Shenqing	Sale of beer and materials	Mutually-agreed prices refer to the market prices	44,812,582	55,189,238
Youjia Shanghai (ii)	Provide consignment processing	Mutually-agreed prices refer to the market prices	1,489,174	266,013
Youjia Health (ii)	Provide consignment processing	Mutually-agreed prices refer to the market prices	388,768	-
Yantai Brewery Company	Provide equipment engineering services	Mutually-agreed prices refer to the market prices	17,267,152	8,053,097
Tsingtao Brewery Group (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	5,820,139	3,306,977
Youjia Health (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	3,748,969	5,234,785
Smart Chain Success Delivery (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,840,532	1,454,444
Yunnan Dashan (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	300,713	-
Tsingtao Brewery Real Estate (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	272,589	251,500
Dasheng Smart Chain (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	214,417	247,731
Youjia Shanghai (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	176,988	-
Dasheng Smart Chain (ii)	Provide warehousing services	Mutually-agreed prices refer to the market prices	252,294	147,171
Youjia Health (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	54,691,332
Youjia Shanghai (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	1,906,247
Yunnan Dashan (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	1,239,414
			162,640,862	199,179,909

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions

(b) Sales of goods and providing services (continued)

- (i) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates receiving labor service from Smart Chain Success Delivery.
- (ii) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates sale of product and provide services among with Youjia Health, Youjia Shanghai, Yunnan Dashan, Tsingtao Brewery Group, Smart Chain Success Delivery, Tsingtao Brewery Real Estate and Dasheng Smart Chain.

(c) Absorbed deposits from related parties

	2022	2021
Yantai Brewery Company	<u>1,057,559,072</u>	<u>972,533,453</u>

(d) Interest expense paid to related parties

	2022	2021
Yantai Brewery Company	<u>79,630</u>	<u>41,287</u>

(e) Financial services fee received from related parties

	2022	2021
Yantai Brewery Company	<u>14,345</u>	<u>16,573</u>

(f) Key management compensation

	2022	2021
Key management compensation paid	13,188,748	13,750,712
Share-based payment	<u>11,957,074</u>	<u>15,089,198</u>
	<u>25,145,822</u>	<u>28,839,910</u>

- (g) For the year ended 31 December 2022 and 2021, there is no loan provided to the key management from the Group.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Receivable and payable balances with related parties

Receivables from related parties:

		31 December 2022		31 December 2021	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	European Company	18,379,591	-	9,192,250	-
	Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
		29,625,375	(11,245,784)	20,438,034	(11,245,784)

		31 December 2022	31 December 2021
Other receivables	Yantai Brewery Company	13,927,300	-

Payables to related parties:

		31 December 2022	31 December 2021
Accounts payable	Yantai Brewery Company	101,392,362	154,212,943
	Smart Chain Success Delivery	94,521,463	131,474,295
	Zhaoshang Logistics	52,093,973	52,109,543
	Hebei Jiahe Company	746,199	1,883,672
		248,753,997	339,680,453
Other payables	Yantai Brewery Company	78,883,149	420,530
Contract liabilities and other current liabilities	Liaoning Shenqing	18,293,604	30,677,083
	European Company	8,389	7,218
	Youjia Health	-	6,532,739
	Yantai Brewery Company	-	328,248
	Youjia Shanghai	-	45,941
		18,301,993	37,591,229

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(7) 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 2022 are set out below:

Name	Emoluments in respect of a person's services as a director						Housing funds	Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total	Share-based payment (Number of shares)
	Fees	Salary and allowance	Bonus	Social pension (excluding retirement plan contributions)	Retirement plan contributions and other post-employment benefits					
Executive directors:										
Huang Kexing	-	606,384	246,776	20,999	58,206	40,044	-	972,409	150,000	
Jiang Zongxiang (i)	-	513,570	251,426	20,999	56,206	40,044	-	882,245	110,000	
Wang Ruiyong	-	507,312	211,179	20,999	57,206	40,044	-	836,740	110,000	
Yu Zhuming (ii)	-	244,896	216,561	10,958	29,103	19,080	-	520,598	110,000	
Hou Qiuyan (iii)	-	241,116	-	10,713	27,931	20,964	-	300,724	60,000	
Non-executive director:										
Shi Kun (iv)	-	-	-	-	-	-	-	-	-	
Independent directors:										
Rania Zhang	120,000	-	-	-	-	-	-	120,000	-	
Jiang Xinglu	120,000	-	-	-	-	-	-	120,000	-	
Xiao Geng	120,000	-	-	-	-	-	-	120,000	-	
Sheng Leiming	120,000	-	-	-	-	-	-	120,000	-	
Song Xuebao (v)	60,000	-	-	-	-	-	-	60,000	-	
Supervisors:										
Li Yan	80,000	-	-	-	-	-	-	80,000	-	
Wang Yaping	80,000	-	-	-	-	-	-	80,000	-	
Huang Zuijiang	-	570,000	41,200	20,999	57,206	40,044	-	729,449	-	
Sun Lihong	-	480,000	54,100	20,999	57,206	40,044	-	652,349	-	
Meng Qingshang	-	530,000	34,600	20,999	57,206	40,044	-	682,849	-	
Guo Xiuzhang (vi)	-	-	-	-	-	-	-	-	-	
Yao Yu (vii)	-	-	-	-	-	-	-	-	-	
	<u>700,000</u>	<u>3,693,278</u>	<u>1,055,842</u>	<u>147,665</u>	<u>400,270</u>	<u>280,308</u>	-	<u>6,277,363</u>	<u>540,000</u>	

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions *(continued)*

(7) Benefits and interests of directors *(Continued)*

(a) Directors' and CEO's emoluments *(Continued)*

- (i) Appointed as executive director on 18 July 2022.
- (ii) Resigned from executive director on 21 June 2022.
- (iii) Appointed as executive director on 18 July 2022.
- (iv) Resigned from non-executive director on 7 June 2022.
- (v) Appointed as independent director on 28 June 2022.
- (vi) Resigned from Supervisor on 13 April 2022.
- (vii) Resigned from Supervisor on 7 June 2022.

In 2022, the executive directors (including Huang Kexing, Jiang Zongxiang, Wang Ruiyong, Yu Zhuming and Hou Qiuyan) and the supervisors (including Huang Zujiang, Sun Lihong, and Meng Qingshang) 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. Bonuses are formulated by the Remuneration Committee and are in line with the Company's relevant remuneration policies.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(7) 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 2021 are set out below:

Name	Emoluments in respect of a person's services as a director						Housing funds	Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total	Share-based payment (Number of shares)
	Fees	Salary and allowance	Bonus	Social pension contributions (excluding retirement plan contributions)	Retirement plan contributions and other post-employment benefits					
Executive directors:										
Huang Kexing	-	576,924	768,912	21,827	53,954	36,828	-	1,458,445	150,000	
Yu Zhuming	-	476,834	688,554	21,827	53,954	36,828	-	1,277,997	110,000	
Wang Ruiyong	-	476,834	675,308	21,827	53,954	36,828	-	1,264,751	110,000	
Non-executive director:										
Shi Kun	-	-	-	-	-	-	-	-	-	
Independent directors:										
Rania Zhang (i)	60,000	-	-	-	-	-	-	60,000	-	
Yu Zengbiao (ii)	60,000	-	-	-	-	-	-	60,000	-	
Jiang Xinglu	120,000	-	-	-	-	-	-	120,000	-	
Xiao Geng	120,000	-	-	-	-	-	-	120,000	-	
Sheng Leiming	120,000	-	-	-	-	-	-	120,000	-	
Supervisors:										
Guo Xiuzhang (iii)	-	-	-	-	-	-	-	-	-	
Yao Yu	-	-	-	-	-	-	-	-	-	
Li Gang (iv)	30,000	-	-	-	-	-	-	30,000	-	
Wang Yaping	80,000	-	-	-	-	-	-	80,000	-	
Li Yan	80,000	-	-	-	-	-	-	80,000	-	
Huang Zujiang	-	557,000	28,400	21,827	53,954	36,828	-	698,009	-	
Meng Qingshang	-	497,000	21,800	21,827	53,954	36,828	-	631,409	-	
Sun Lihong	-	450,000	37,000	21,827	53,954	36,828	-	599,609	-	
	670,000	3,034,592	2,219,974	130,962	323,724	220,968	-	6,600,220	370,000	

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions *(continued)*

(7) Benefits and interests of directors *(Continued)*

(a) Directors' and CEO's emoluments *(Continued)*

- (i) Appointed as independent director on 28 June 2021.
- (ii) Resigned from independent director on 28 June 2021.
- (iii) Appointed as Supervisor on 28 May 2021.
- (iv) Resigned from Supervisor on 9 April 2021.

In 2021, the executive directors (including Huang Kexing, Yu Zhuming and Wang Ruiyong) and the supervisors (including Sun Lihong, Huang Zujiang and Meng Qingshang) 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.

Bonuses are formulated by the Remuneration Committee and are in line with the Company's relevant remuneration policies.

- (b) For the year ended 31 December 2022, except for the retirement plan contributions and other post-retirement benefits disclosed in the above table, the Group has not incurred other retirement benefits due to directors' services or other services (2021: nil).
- (c) For the year ended 31 December 2022, there are no termination benefits for the directors (2021: nil).
- (d) For the year ended 31 December 2022, there is no consideration provided to third parties for obtaining available directors' services (2021: nil).
- (e) For the year ended 31 December 2022, there are no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate of directors and connected entities of directors, and no guarantee or security in connected with loans, quasi-loans or credit transaction provided to directors, controlled bodies corporate of directors and connected entities of directors (2021: nil).
- (f) 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 2022 (2021:nil).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(8) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year (except for share-based payment) include three directors (2021: three directors) whose emoluments are reflected in the analysis shown in the Note 8(7). The emoluments paid to the remaining two (2021: two) during the year is listed below:

	2022	2021
Salary and allowance	3,309,502	3,247,740
Bonus	1,628,504	1,383,067
Social pension (Excluding retirement plan contributions)	41,998	43,654
Retirement plan contributions and other post-employment benefits	115,412	104,908
Housing funds	80,088	73,656
	<u>5,175,504</u>	<u>4,853,025</u>
Share-based payment (number of shares)	240,000	240,000
	Number of individuals	
	2022	2021
Emoluments bands (Except for share-based payment):		
HKD0 – 1,000,000 (equivalent to approximately RMB0 – 890,000)	1	1
HKD4,500,001 – 5,000,000 (equivalent to approximately RMB4,020,000 – 4,470,000)	1	1

9 Commitments

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet

	31 December 2022	31 December 2021
Buildings, machinery and equipment	<u>306,243,253</u>	<u>635,041,772</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

10 Events after the balance sheet date

(1) Explanation of profit distribution

	Amount
Profit to be distributed	<u>2,455,619,022</u>

As is stated in Note 4(38), in accordance with the resolution at the Board of Directors' meeting dated on 22 March 2023, the Board proposed that the Company distribute a dividend of RMB2,455,619,022 to all shareholders. The undistributed dividend has not been recognized as a liability in the financial statements.

11 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity 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. These departments identify, evaluate and avoid 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 USD). The Group's continuously monitors transactions denominated in foreign currencies and the scale of assets and liabilities to minimise the foreign exchange risk. For this purpose, 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 2022 and 2021, the Group did not enter into any forward exchange contracts or currency swap contracts.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(1) Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2022 and 2021, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarized as below:

	31 December 2022		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	118,454,829	90,890	118,545,719
Receivables	33,177,509	48,627,751	81,805,260
	<u>151,632,338</u>	<u>48,718,641</u>	<u>200,350,979</u>
Financial liabilities denominated in foreign currency —			
Other payables	3,739,990	-	3,739,990
	<u>3,739,990</u>	<u>-</u>	<u>3,739,990</u>
	31 December 2021		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	143,610,727	40,632,350	184,243,077
Receivables	30,041,992	38,307,053	68,349,045
	<u>173,652,719</u>	<u>78,939,403</u>	<u>252,592,122</u>
Financial liabilities denominated in foreign currency —			
Other payables	10,628,681	56,314	10,684,995
	<u>10,628,681</u>	<u>56,314</u>	<u>10,684,995</u>

As at 31 December 2022, 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 4,437,000 (31 December 2021: 4,891,000) higher or lower.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

11 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 2022, there was no long-term bank borrowings (31 December 2021: nil). 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. In 2022 and 2021, the Group has no interest rate swap. 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 2022, 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 RMB932,000 (31 December 2021: approximately RMB1,024,000).

(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 2022 and 31 December 2021, 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, other receivables and debt instrument investments at fair value through profit or loss that are not included in the scope of impairment assessment 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.

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable and other receivables. 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 2022, the Group held no significant collateral and other credit enhancements because of the debtor's mortgage.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

11 Financial instrument and risk (continued)

(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 2022				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	228,030,776	-	-	-	228,030,776
Notes payable	198,056,961	-	-	-	198,056,961
Accounts payable	3,463,768,573	-	-	-	3,463,768,573
Other payables	3,394,613,087	-	-	-	3,394,613,087
Current portion of non-current liabilities	53,188,814	-	-	-	53,188,814
Lease liabilities	-	42,511,596	43,366,619	26,120,713	111,998,928
	<u>7,337,658,211</u>	<u>42,511,596</u>	<u>43,366,619</u>	<u>26,120,713</u>	<u>7,449,657,139</u>
	31 December 2021				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	246,372,691	-	-	-	246,372,691
Notes payable	170,028,474	-	-	-	170,028,474
Accounts payable	3,127,872,424	-	-	-	3,127,872,424
Other payables	3,069,741,775	-	-	-	3,069,741,775
Current portion of non-current liabilities	55,007,907	-	-	-	55,007,907
Lease liabilities	-	44,380,055	55,997,836	33,462,120	133,840,011
	<u>6,669,023,271</u>	<u>44,380,055</u>	<u>55,997,836</u>	<u>33,462,120</u>	<u>6,802,863,282</u>

Bank borrowings are analysed by repayment terms as follows:

	31 December 2022	31 December 2021
Within 1 year	<u>223,325,000</u>	<u>245,280,000</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

12 Share-based payment

(a) Restricted A Share Incentive Plan

As at 8 June 2020, the Company held the 2019 Annual General Meeting of Shareholders and the first meeting of A-share and H-share shareholders in 2020, and approved the Proposal of Tsingtao Brewery Co., Ltd. A Share Restricted shares Incentive Plan (Draft) and its summary, the Proposal of the Implementation of Evaluation and Management Measures for the A-share Restricted Share Incentive Plan of Tsingtao Brewery Co., Ltd. and the Proposal for the general meeting of shareholders to authorize the Board to handle matters related to the restricted A-share incentive plan. On 29 June 2020, the Company held the eighth extraordinary meeting of the ninth board of directors in 2020, and approved the Proposal of Tsingtao Brewery Co., Ltd. on the First Grant of A-Share Restricted Share to Incentive Participants (“Incentive Plan”). According to the incentive plan, the Company granted 13.2 million restricted shares to 627 incentive participants. The grant date was 29 June 2020, and the grant price was RMB21.18 per share. The unlocking periods for restricted shares granted are 24 months, 36 months, and 48 months from the equity registration date. According to the Company’s performance appraisal and personal performance appraisal, 1/3, 1/3, and 1/3 of restricted shares will be unlocked respectively. According to the Incentive Plan, if the incentive object resigns before the expiration of the unlocking period, the stocks shall not be unlocked, and the Company must repurchase and cancel the restricted shares at the corresponding repurchase price.

According to the Incentive Plan, the Company has collected the subscription of RMB279,576,000 from participants in 2020, and has recognized liabilities of RMB279,576,000 and treasury shares of RMB279,576,000 for the obligation to repurchase restricted shares.

As at 22 March 2021, the Company held the first extraordinary meeting of the ninth Board of Directors in 2021, and approved the Proposal on granting reserved part of A restricted shares to incentive recipients (Plan for granting reserved restricted shares). According to the plan for granting reserved restricted shares, the Company granted 300,000 restricted shares to 35 incentive recipients, with the grant date of 22 March 2021 and the grant price of RMB21.18 per share. The unlocking periods for the restricted shares granted are 24 months, 36 months and 48 months from the equity registration date. According to the Company’s performance assessment and individual performance assessment, 1/3, 1/3 and 1/3 of the restricted shares will be unlocked respectively. According to the plan of granting reserved restricted shares, if the incentive participants resign before the expiration of the unlocking period, the shares shall not be unlocked, and the Company must repurchase and cancel the corresponding restricted shares at the corresponding repurchase price. Among the 35 incentive recipients to be granted, 1 incentive recipient has waived the subscription for personal reasons.

According to the Incentive Plan, the Company has collected the subscription of RMB6,226,920 from participants in 2021, and has recognized liabilities of RMB6,226,920 and treasury shares of RMB6,226,920 for the obligation to repurchase restricted shares.

According to the resolution of the 2020 annual general meeting of shareholders, a cash dividend of RMB10,028,999 was distributed to the above-mentioned participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

The Company held the second interim meeting of 2021 of the tenth Board of Directors on 29 September 2021. On the meeting, the Company considered and approved the Company’s Repurchase and Cancellation of Some Restricted A-Share under the Incentive Plan. As of this meeting of the Board of Directors, 12 incentive participants in the incentive plan have reached the statutory retirement age or resigned for personal reasons, resulting in changes in their personal circumstances, which triggered the conditions for repurchase and cancellation of restricted shares. In 2021, the Company cancelled 122,002 restricted shares, and offset the repurchase obligation liabilities of RMB2,584,002 and treasury shares of RMB2,584,002.

As at 31 December 2021, the restricted A share incentive plan recognized a total of RMB273,189,919 in liabilities for repurchase obligations and RMB273,189,919 in treasury shares.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

12 Share-based payment (continued)

(a) Restricted A Share Incentive Plan (continued)

In 2022, a cash dividend of RMB14,483,492 was distributed to the above-mentioned participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

The Company held the 2022 eighth extraordinary meeting of the tenth Board of Directors on 28 September 2022, considered and approved the “Proposal on the Company’s Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan”. From 1 September 2021 to the date of this meeting of the Board of Directors, 14 incentive participants in the incentive plan have reached the statutory retirement age or resigned for personal reasons, resulting in changes in their personal circumstances, which triggered the conditions for repurchase and cancellation of restricted shares. In 2022, the Company cancelled 122,003 restricted shares, and offset the repurchase obligation liabilities of RMB2,584,024 and treasury shares of RMB2,584,024.

As at 31 December 2022, the restricted A share incentive plan recognized a total of RMB171,854,660 in liabilities for repurchase obligations and RMB171,854,660 in treasury shares.

According to the authorization of the 2019 annual shareholders’ meeting and the first A share and H share class shareholders’ meeting in 2020, at the sixth extraordinary meeting of 2022 of the tenth session of the Board of Directors 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. On 25 July 2022, the Company unlocked 4,359,428 restricted shares, offsetting repurchase obligation liabilities of RMB 84,267,743 and treasury shares of RMB 84,267,743.

(b) Changes in restricted shares during the current year

	2022	2021
Restricted shares (shares) issued at the beginning of the year	13,371,998	13,200,000
Restricted shares (shares) exercised this year	(4,359,428)	-
Restricted shares (shares) expired this year	(122,003)	(122,002)
Restricted shares (shares) granted this year	-	294,000
	<u>8,890,567</u>	<u>13,371,998</u>
Restricted shares (shares) issued at the end of the year		
Share-based payment expenses this year	177,130,981	245,427,734
Accumulated share-based payment expenses	550,153,798	373,022,817

(c) As at 31 December 2022, the remaining period of the plan granting in 2020 is until 24 July 2026, for 3.56 years. The remaining period of the plan granting in 2021 is until 26 May 2027, for 4.40 years.

(d) Method for determining the fair value of restricted shares on the grant date

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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: Unadjusted quoted prices 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 2022, the assets measured at fair value on a recurring basis are analysed below:

	Level 3
Financial assets held for trading — Debt instrument	2,683,817,846
Other non-current financial assets — Equity instrument	<u>600,000</u>
	<u>2,684,417,846</u>

As at 31 December 2021, the assets measured at fair value on a recurring basis are analysed below:

	Level 3
Financial assets held for trading — Debt instrument	2,778,400,866
Other non-current financial assets — Equity instrument	<u>600,000</u>
	<u>2,779,000,866</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.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

13 Fair value estimation (continued)

(1) Assets measured at fair value on a recurring basis (continued)

Changes of the above Level 3 financial assets are analysed below:

	31 December 2021	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss(a)	31 December 2022	Assets still held on 31 December 2022 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2022 — Profit or loss from changes in fair value
Financial assets						
— Debt instrument	2,778,400,866	8,449,998,000	(8,719,110,601)	174,529,581	2,683,817,846	3,817,846
Other non-current financial assets						
— Equity instrument	600,000	-	-	-	600,000	-
	<u>2,779,000,866</u>	<u>8,449,998,000</u>	<u>(8,719,110,601)</u>	<u>174,529,581</u>	<u>2,684,417,846</u>	<u>3,817,846</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

13 Fair value estimation (continued)

(1) Assets measured at fair value on a recurring basis (continued)

	31 December 2020	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss(a)	31 December 2021	Assets still held on 31 December 2021 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2021 — Profit or loss from changes in fair value
Financial assets						
— Debt instrument	1,888,862,835	13,600,000,000	(12,978,189,569)	267,727,600	2,778,400,866	28,400,866
Other non-current financial assets						
— Equity instrument	600,000	-	-	-	600,000	-
	<u>1,889,462,835</u>	<u>13,600,000,000</u>	<u>(12,978,189,569)</u>	<u>267,727,600</u>	<u>2,779,000,866</u>	<u>28,400,866</u>

- (a) Gains recognized in the current profit and loss is 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, other current assets, debt investment, short-term borrowings, notes payable and accounts payable. The difference between the carrying amount and fair value of those financial assets and liabilities not measured by fair value is small.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

14 Capital management

The Group's objectives when 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 2022, 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 short-term borrowing. The cash balance as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	<u>12,839,870,784</u>	<u>11,813,753,792</u>
Less: Short-term borrowings	<u>(225,411,423)</u>	<u>(245,780,575)</u>
Cash balance after deducting borrowings	<u>12,614,459,361</u>	<u>11,567,973,217</u>

15 Notes to the Company's financial statements

(1) Account receivable

	31 December 2022	31 December 2021
Accounts receivable	<u>1,917,095,063</u>	<u>1,456,219,322</u>
Less: Provision for bad debts	<u>(56,440,758)</u>	<u>(56,423,665)</u>
	<u>1,860,654,305</u>	<u>1,399,795,657</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 2022

(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 2022	31 December 2021
Within 1 year	1,453,471,200	935,354,806
1 to 2 years	151,056,579	165,922,299
2 to 3 years	74,843,768	103,061,180
3 to 4 years	51,305,027	36,928,593
4 to 5 years	19,133,009	79,043,620
Over 5 years	167,285,480	135,908,824
	<u>1,917,095,063</u>	<u>1,456,219,322</u>

(b) As at 31 December 2022, 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>893,004,562</u>	<u>-</u>	<u>47%</u>

(c) As at 31 December 2022, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2021: 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 2022, accounts receivable (i) 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	<u>11,245,784</u>	100%	<u>(11,245,784)</u>	Notes 4(4)(d)

(ii) As at 31 December 2022, accounts receivable (ii) that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group – Subsidiaries

As at 31 December 2022, accounts receivable from subsidiaries of the Company is 1,810,863,160. The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

(d) Provision for bad debts (continued)

(ii) Group — Dealers

	31 December 2022			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime		Amount	Lifetime	
		ECL ratio	Amount		ECL ratio	Amount
Not overdue	49,466,378	-	-	44,642,714	-	-
Overdue within 1 year	341,860	5%	(17,093)	-	5%	-
Overdue 2 years or more	45,177,881	100%	(45,177,881)	45,177,881	100%	(45,177,881)
	<u>94,986,119</u>		<u>(45,194,974)</u>	<u>89,820,595</u>		<u>(45,177,881)</u>

(iii) The provision for bad debts in the current year is 17,093. The collecting or reversal of provisions for bad debts is 300,000 (provision for bad debts of 300,000 was written off in previous years and is recovered in the current year), the corresponding carrying amount is 300,000.

(2) Other receivables

	31 December 2022	31 December 2021
Receivables of disposals of land	584,155,232	584,155,232
Receivables from subsidiaries	45,842,444	50,994,267
Dividends receivable from subsidiaries	19,000,000	19,000,000
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Guarantee deposits	15,927,286	16,077,774
Reservation fund	7,190,124	9,981,728
Others	14,705,766	24,070,446
	<u>704,262,499</u>	<u>721,721,094</u>
Less: Provision for bad debts	<u>(37,556,352)</u>	<u>(49,158,318)</u>
	<u>666,706,147</u>	<u>672,562,776</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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 based is analysed below:

	31 December 2022	31 December 2021
Not overdue	666,370,101	672,504,110
Overdue within 1 year	352,958	53,783
Overdue 1-2 years	1,288	14,599
Overdue over 2 years	37,538,152	49,148,602
	<u>704,262,499</u>	<u>721,721,094</u>

(b) Movement in provision for bad debts and carrying amount

	Stage one		Stage three		Total
	Next 12 months ECL (Groups)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2021	68,382	(9,717)	49,148,601	(49,148,601)	(49,158,318)
Increase in the current year	506,053	(26,062)	-	-	(26,062)
Reversals in the current year	(220,189)	17,579	(11,099,779)	11,099,779	11,117,358
Written off in the current year	-	-	(510,670)	510,670	510,670
31 December 2022	<u>354,246</u>	<u>(18,200)</u>	<u>37,538,152</u>	<u>(37,538,152)</u>	<u>(37,556,352)</u>

As at 31 December 2022, the Company has no other receivables in the stage two. The analysis of other receivables in the stage one and stage three is as follows:

- (i) As at 31 December 2022, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follow:

Stage three	Ending balance	Next 12 months ECL ratio interval	Provision for bad debts	
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4 (6)
Receivables from other entities	20,096,505	100%	(20,096,505)	Note 4 (6)
	<u>37,538,152</u>		<u>(37,538,152)</u>	

Notes to Financial Statements

For the year ended 31 December 2022

(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 bad debts and carrying amount (continued)

- (ii) As at 31 December 2022 and 31 December 2021, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2022			31 December 2021		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Receivables from other entities	354,246	(18,200)	5%-50%	68,382	(9,717)	5%-50%
	354,246	(18,200)		68,382	(9,717)	

- (c) The provision for bad debts in the current year is 26,062. The reversal of provision for bad debts is 11,117,358 and its corresponding carrying amount is 11,319,968.
- (d) In the current year, carrying amount and bad debt of other receivables of 510,670 was written off.
- (e) As at 31 December 2022, the top five other receivables are analysed as follows:

Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1 Receivables of disposals of land	584,155,232	Within one year	82.9%	-
No.2 Payment on behalf for social security	26,129,319	Within one year	3.7%	-
No.3 Payment on behalf for recycling bottles	10,003,025	More than five years	1.4%	-
No.4 Refundable cost of land	8,584,437	More than five years	1.2%	(8,584,437)
No.5 Receivables of deposit	3,486,180	Within one year	0.5%	-
	632,358,193		89.7%	(8,584,437)

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(3) Inventories

	31 December 2022			31 December 2021		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	371,456,754	-	371,456,754	166,210,826	-	166,210,826
Packaging materials	59,173,223	(662,025)	58,511,198	117,724,452	(662,025)	117,062,427
Low-value consumables	30,987,839	-	30,987,839	29,766,754	-	29,766,754
Outsourced processing materials	2,689,445	-	2,689,445	-	-	-
Work in progress	113,034,116	-	113,034,116	81,465,189	-	81,465,189
Finished goods	1,591,250,866	-	1,591,250,866	1,245,111,914	-	1,245,111,914
	<u>2,168,592,243</u>	<u>(662,025)</u>	<u>2,167,930,218</u>	<u>1,640,279,135</u>	<u>(662,025)</u>	<u>1,639,617,110</u>

(4) Debt investment

	31 December 2022	31 December 2021
Entrusted loans to subsidiaries	138,600,000	134,800,000
Plus: Interest on debt investment	173,793	169,193
Less: Debt investment impairment provisions	<u>(133,100,000)</u>	<u>(61,800,000)</u>
	<u>5,673,793</u>	<u>73,169,193</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 2022	31 December 2021
Subsidiaries (a)	12,653,153,110	12,387,019,470
Joint ventures (b)	220,762,244	218,713,189
Associates (c)	<u>145,335,057</u>	<u>145,667,578</u>
	<u>13,019,250,411</u>	<u>12,751,400,237</u>
Less: Provision for impairment of long-term equity investments	<u>(1,781,808,870)</u>	<u>(1,781,808,870)</u>
	<u>11,237,441,541</u>	<u>10,969,591,367</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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 2021	Movements in the current year			31 December 2022	Provision for impairment (recognized) in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
		Increased investment	Decreased investment	Share-based payment (ii)				
Shenzhen Asahi	128,718,701	-	-	253,343	128,972,044	-	-	90,170,000
Chenzhou Company	64,427,190	-	-	234,153	64,661,343	-	-	-
Huanan Sales Company	51,544,505	-	-	397,895	51,942,400	-	-	100,000,000
Chenzhou Sales Company	3,013,873	-	-	67,356	3,081,229	-	-	-
Huanan Holding Company	208,790,000	-	-	-	208,790,000	-	-	-
Zhuhai Company	2,171,938	-	-	255,927	2,427,865	-	-	-
Sanshui Company	1,576,985	-	-	204,937	1,781,922	-	-	-
Suizhou Company	2,240,978	-	-	139,927	2,380,905	-	-	-
Nanning Company	1,687,650	-	-	219,319	1,906,969	-	-	-
Huadong Holding Company	96,855,102	-	-	-	96,855,102	-	(96,855,102)	-
Shouguang Company	62,595,159	-	-	116,776	62,711,935	-	-	-
Five Star Company	25,926,503	-	-	102,956	26,029,459	-	(24,656,410)	-
Three Ring Company	70,871,763	-	-	34,101	70,905,864	-	(69,457,513)	-
Beifang Sales Company	87,978,606	-	-	641,218	88,619,824	-	(83,984,000)	-
Xi'an Han's Company	405,757,027	-	-	872,229	406,629,256	-	-	300,000,000
Baoji Company	2,739,347	-	-	(24,167)	2,715,180	-	-	-
Gansu Nongken Company	1,856,779	-	-	241,246	2,098,025	-	-	-
Wuwei Company	2,189,197	-	-	(150,124)	2,039,073	-	-	-
Yulin Company	2,463,796	-	-	340,956	2,804,752	-	-	-
Weinan Company	16,405,529	-	-	380,708	16,786,237	-	-	-
Anshan Company	31,946,355	-	-	331,967	32,278,322	-	-	-
Xingkaihu Company	202,037,027	-	-	59,178	202,096,205	-	(129,430,000)	-
Mishan Company	118,520,000	-	-	-	118,520,000	-	(118,520,000)	-
Harbin Company	215,515,910	-	-	258,135	215,774,045	-	(109,940,000)	-
Penglai Company	30,000,000	-	-	-	30,000,000	-	(30,000,000)	-
Rongcheng Company	67,211,112	-	-	321,022	67,532,134	-	(65,103,434)	-
International trading 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	-	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	-	5,760,000	-	-	-
Dongnan Sales Company	297,416,922	-	-	646,446	298,063,368	-	-	-
Xiamen Company	1,743,567	-	-	262,979	2,006,546	-	-	-
Fuzhou Company	2,454,071	-	-	222,653	2,676,724	-	-	-
Zhangzhou Company	1,503,590	-	-	(184,285)	1,319,305	-	-	-
Changsha Company	48,796,082	-	-	26,851	48,822,933	-	-	-
Jinan Company	562,395,592	-	-	169,159	562,564,751	-	-	40,000,000
Guangrunlong Logistics	16,465,405	-	-	-	16,465,405	-	-	-
Cultural Communication Company	77,983,296	-	-	387,706	78,371,002	-	-	-
Chengdu Company	282,029,281	-	-	282,594	282,311,875	-	(118,855,583)	-

Notes to Financial Statements

For the year ended 31 December 2022

(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)

	Movements in the current year			31 December 2022	Provision for impairment (recognized) in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
	31 December 2021	Increased investment	Decreased investment				
Rizhao Company	341,471,931	-	-	357,342	341,829,273	-	-
Weifang Company	75,698,244	-	-	241,359	75,939,603	-	-
Dezhou Company	24,171,411	-	-	119,908	24,291,319	-	-
Construction Company	3,873,320	-	-	179,769	4,053,089	-	-
Langfang Company	81,364,591	-	-	279,244	81,643,835	-	-
Heze Company	127,195,763	-	-	(24,648)	127,171,115	(51,301,600)	-
Tengzhou Company	49,683,928	-	-	64,385	49,748,313	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	-	1,570,000	-	-
Wuhu Company	274,428,332	-	-	33,690	274,462,022	(274,290,000)	-
Huadong Sales Company	97,300,000	-	-	-	97,300,000	(47,300,000)	-
Maanshan Company	82,154,847	-	-	211,381	82,366,228	-	-
Shijiazhuang Company	323,250,980	-	-	253,931	323,504,911	-	80,000,000
Taiyuan Company	202,384,523	-	-	326,656	202,711,179	-	50,000,000
Chengyang Sales Company	8,000,000	-	-	-	8,000,000	-	300,000,000
Finance Company	1,003,025,087	-	-	423,330	1,003,448,417	-	-
Immense Brewery Company	1,411,523,538	-	-	923,761	1,412,447,299	-	-
Hangzhou Company	188,167,613	60,967,355	-	328,550	249,463,518	-	59,427,045
Jieyang Company	151,833,166	-	-	239,069	152,072,235	-	-
Beverage Company	31,350,184	-	-	270,486	31,620,670	-	-
Shaoguan Company	201,338,145	-	-	212,329	201,550,474	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	-	8,000,000	-	-
Pingdu Sales Company	5,000,000	-	-	-	5,000,000	-	400,000,000
Jiujiang Company	181,687,650	-	-	219,319	181,906,969	-	655,533
Xuzhou Enterprise Management	10,000,000	-	-	-	10,000,000	(10,000,000)	-
Xuecheng Company	1,481,784	-	-	147,012	1,628,796	-	-
Luoyang Company	202,132,217	-	-	251,448	202,383,665	-	-
Shanghai Industrial Company	200,895,228	-	-	-	200,895,228	(200,895,228)	-
Nanjing Sales Company	4,809,413	-	-	763,653	5,573,066	-	-
Shanghai Sales Company	4,519,444	-	-	689,316	5,208,760	-	-
Luzhou Company	120,180,758	-	-	351,310	120,532,068	-	-
Zhangjiakou Company	201,991,814	-	-	103,119	202,094,933	-	-
Lulansa Company	561,245,893	-	-	277,338	561,523,231	-	7,430,506
Huangshi Company	165,473,133	-	-	241,529	165,714,662	-	-
Yingcheng Company	43,757,650	-	-	219,319	43,976,969	-	-
Hanzhong Company	28,025,579	-	-	157,280	28,182,859	-	-
Shanghai Investing Company	1,920,654,036	-	-	-	1,920,654,036	-	-
Xuzhou Company	1,780,254	-	-	32,203	1,812,457	-	-
Pengcheng Company	2,390,441	-	-	3,277	2,393,718	-	-

Notes to Financial Statements

For the year ended 31 December 2022

(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)

	Movements in the current year				31 December 2022	Provision for impairment (recognized) in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (iii)
	31 December 2021	Increased investment	Decreased investment	Share-based payment (ii)				
New Songjiang Manufacturing Company	2,499,715	-	-	379,891	2,879,606	-	-	-
Shanghai Minhang Company	1,589,703	-	-	310,262	1,899,965	-	-	-
Kunshan Company	1,636,193	-	-	343,380	1,979,573	-	-	-
Lianyungang Company	1,728,035	-	-	313,663	2,041,698	-	-	-
Yangzhou Company	102,240,979	-	-	281,799	102,522,778	-	-	-
Shanghai Yangpu Co., Ltd.	200,000,000	-	-	-	200,000,000	-	(200,000,000)	-
Suqian Company	76,825,982	-	-	237,296	77,063,278	-	-	-
Zaozhuang Company	201,070,956	-	-	290,168	201,361,124	-	-	-
West Coast Cultural Tourism (i)	133,000,000	98,000,000	-	-	231,000,000	-	-	-
Research and Development Center (i)	50,000,000	90,000,000	-	-	140,000,000	-	-	-
	<u>12,387,019,470</u>	<u>248,967,355</u>	<u>-</u>	<u>17,166,285</u>	<u>12,653,153,110</u>	<u>-</u>	<u>(1,780,588,870)</u>	<u>1,427,683,084</u>

(i) The Company increased the capital of West Coast Cultural Tourism and Research and Development Center.

(ii) The Company is obliged to settle the share payment of the employees of the Company's subsidiaries for restricted A share incentives. The Company recognizes the long-term equity investment of 17,166,285 according to the settle obligation.

(iii) The cash dividends declared this year are distributed to all shareholders of the Company.

(b) Joint venture

	Movements in the current year				31 December 2022	Balance of provision for impairment at end of year
	31 December 2021	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Hebei Jiahe Company	<u>218,713,189</u>	<u>7,049,055</u>	<u>-</u>	<u>(5,000,000)</u>	<u>220,762,244</u>	<u>-</u>

Details of equity interests in the joint venture are disclosed in Note 6(2)(b).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(c) Associates

	Movements in the current year				31 December 2022	Balance of provision for impairment at end of year
	31 December 2021	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Brewery Company	132,502,139	10,185,085	-	(12,886,427)	129,800,797	-
Zhaoshang Logistics	11,945,439	2,361,472	7,349	-	14,314,260	-
Liaoning Shenqing	-	-	-	-	-	-
Others	1,220,000	-	-	-	1,220,000	(1,220,000)
	<u>145,667,578</u>	<u>12,546,557</u>	<u>7,349</u>	<u>(12,886,427)</u>	<u>145,335,057</u>	<u>(1,220,000)</u>

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 2021	Increase in the current year	Written off in the current year	31 December 2022
Subsidiaries (i)	(1,780,588,870)	-	-	(1,780,588,870)
Associates	(1,220,000)	-	-	(1,220,000)
	<u>(1,781,808,870)</u>	<u>-</u>	<u>-</u>	<u>(1,781,808,870)</u>

(6) Fixed assets

	31 December 2022	31 December 2021
Fixed assets (a)	2,477,967,563	2,110,599,248
Fixed assets pending for disposal (b)	<u>334,667</u>	<u>320,492</u>
	<u>2,478,302,230</u>	<u>2,110,919,740</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

(a) Fixed assets

2022

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2021	1,219,665,928	2,781,988,921	90,267,827	392,804,353	4,484,727,029
Increases in the current year					
Purchase	-	2,237,025	6,911,550	31,794,064	40,942,639
Transfer from construction in process	202,396,572	400,905,893	-	17,079,409	620,381,874
Decreases in the current year					
Disposal	(8,119,727)	(28,678,454)	(4,847,156)	(4,555,472)	(46,200,809)
Transfer to construction in process	(21,293,425)	(90,759,406)	-	-	(112,052,831)
31 December 2022	1,392,649,348	3,065,693,979	92,332,221	437,122,354	4,987,797,902

Accumulated depreciation

31 December 2021	(371,750,381)	(1,606,771,544)	(70,526,921)	(293,722,404)	(2,342,771,250)
Increases in the current year-accrual					
	(36,376,646)	(150,357,486)	(4,258,118)	(27,637,317)	(218,629,567)
Decreases in the current year					
Disposal	1,885,655	24,057,953	4,611,594	4,317,691	34,872,893
Transfer to construction in process	5,575,556	41,871,005	-	-	47,446,561
31 December 2022	(400,665,816)	(1,691,200,072)	(70,173,445)	(317,042,030)	(2,479,081,363)

Provision for impairment

31 December 2021	(5,857,281)	(24,496,683)	(183,364)	(819,203)	(31,356,531)
Increases in the current year-accrual					
	(5,055,934)	(4,048,607)	(361,215)	(675,030)	(10,140,786)
Decreases in the current year-disposal					
	6,345,365	4,121,706	157,623	123,647	10,748,341
31 December 2022	(4,567,850)	(24,423,584)	(386,956)	(1,370,586)	(30,748,976)

Carrying amount

31 December 2022	987,415,682	1,350,070,323	21,771,820	118,709,738	2,477,967,563
31 December 2021	842,058,266	1,150,720,694	19,557,542	98,262,746	2,110,599,248

Notes to Financial Statements

For the year ended 31 December 2022

(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)

2021

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2020	1,239,541,932	2,787,177,726	92,430,783	363,771,953	4,482,922,394
Increases in the current year					
Purchase	-	4,093,238	3,216,589	30,898,137	38,207,964
Transfer from construction in process	86,815,593	86,176,083	-	5,881,232	178,872,908
Decreases in the current year					
Disposal	(2,317,915)	(74,119,070)	(5,379,545)	(7,746,969)	(89,563,499)
Transfer to construction in process	(103,014,570)	(21,339,056)	-	-	(124,353,626)
Transfer to Investment real estate	(1,359,112)	-	-	-	(1,359,112)
31 December 2021	1,219,665,928	2,781,988,921	90,267,827	392,804,353	4,484,727,029
Accumulated depreciation					
31 December 2020	(368,930,112)	(1,520,478,538)	(70,133,419)	(276,459,750)	(2,236,001,819)
Increases in the current year-accrual					
	(33,537,065)	(146,280,677)	(5,249,201)	(24,629,933)	(209,696,876)
Decreases in the current year					
Disposal	211,027	52,503,631	4,855,699	7,367,279	64,937,636
Transfer to construction in process	30,505,769	7,484,040	-	-	37,989,809
31 December 2021	(371,750,381)	(1,606,771,544)	(70,526,921)	(293,722,404)	(2,342,771,250)
Provision for impairment					
31 December 2020	(1,618,803)	(38,840,889)	(234,939)	(116,951)	(40,811,582)
Increases in the current year-accrual					
	(6,345,366)	(3,202,955)	(183,364)	(819,204)	(10,550,889)
Decreases in the current year-disposal					
	2,106,888	17,547,161	234,939	116,952	20,005,940
31 December 2021	(5,857,281)	(24,496,683)	(183,364)	(819,203)	(31,356,531)
Carrying amount					
31 December 2021	842,058,266	1,150,720,694	19,557,542	98,262,746	2,110,599,248
31 December 2020	868,993,017	1,227,858,299	22,062,425	87,195,252	2,206,108,993

Notes to Financial Statements

For the year ended 31 December 2022

(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 2022, the Company's fixed assets with carrying amount of 64,606,270 (cost of 112,052,831 accumulated depreciation of 47,446,561) are transferred to construction in progress to be upgraded due to the requirements of technology renewal.

As at 31 December 2022, there are no fixed assets pledged as collateral for borrowings (31 December 2021: nil).

For the year ended 31 December 2022, accrued depreciation of fixed assets are 218,629,567 (2021: 209,696,876), of which 184,781,396, 2,550,847, 25,662,692, and 5,634,632 (2021: 182,688,811, 2,743,559, 21,998,281 and 2,266,225) 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 620,381,874 (2021: 178,872,908).

As at 31 December 2022, the ownership certificates of certain fixed assets (buildings) with carrying amount of approximately 29,043,000 have not been obtained by the Company (31 December 2021: 31,723,000) (Note 4(11)(a)).

(b) Fixed assets pending for disposal

	31 December 2022	31 December 2021
Machinery and equipment	<u>334,667</u>	<u>320,492</u>

(7) Intangible assets

2022

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2021	248,112,371	190,345,726	320,907,803	547,569,381	1,306,935,281
Increase in the current year — purchase	6,211,645	11,179	-	69,928,752	76,151,576
31 December 2022	254,324,016	190,356,905	320,907,803	617,498,133	1,383,086,857
Accumulated amortization					
31 December 2021	(83,642,864)	(122,624,953)	(290,403,006)	(301,565,655)	(798,236,478)
Increase in the current year — accrual	(5,052,249)	(94,822)	(13,115,660)	(51,665,958)	(69,928,689)
31 December 2022	(88,695,113)	(122,719,775)	(303,518,666)	(353,231,613)	(868,165,167)
Carrying amount					
31 December 2022	165,628,903	67,637,130	17,389,137	264,266,520	514,921,690
31 December 2021	164,469,507	67,720,773	30,504,797	246,003,726	508,698,803

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(7) Intangible assets (continued)

2021

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2020	253,343,186	190,345,726	320,907,803	474,294,137	1,238,890,852
Increase in the current year — purchase	1,788,185	-	-	73,592,308	75,380,493
Decrease in the current year — disposal	(7,019,000)	-	-	(317,064)	(7,336,064)
31 December 2021	248,112,371	190,345,726	320,907,803	547,569,381	1,306,935,281
Accumulated amortization					
31 December 2020	(82,545,136)	(122,541,310)	(277,287,346)	(260,569,653)	(742,943,445)
Increase in the current year — accrual	(5,061,516)	(83,643)	(13,115,660)	(41,303,917)	(59,564,736)
Decrease in the current year — disposal	3,963,788	-	-	307,915	4,271,703
31 December 2021	(83,642,864)	(122,624,953)	(290,403,006)	(301,565,655)	(798,236,478)
Carrying amount					
31 December 2021	164,469,507	67,720,773	30,504,797	246,003,726	508,698,803
31 December 2020	170,798,050	67,804,416	43,620,457	213,724,484	495,947,407

For the year ended 31 December 2022, the amortization amount of intangible assets is 69,928,689 (2021: 59,564,736).

As at 31 December 2022, The Company has no land use rights for which the land use certificate has not been issued (31 December 2021: nil).

As at 31 December 2022, there are no intangible assets pledged as collateral for borrowings (31 December 2021: nil).

For the year ended 31 December 2022, research and development expenditures of 62,954,899 (2021: 30,890,245) are recognized in profit or loss.

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Provision for asset impairment and loss

2022

	31 December 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Reversal	Written-off	
Provision for bad debt of accounts receivable	56,423,665	17,093	(300,000)	300,000	56,440,758
Including: Provision for bad debt recognized individually	11,245,784	-	-	-	11,245,784
Provision for bad debt recognized on groupings	45,177,881	17,093	(300,000)	300,000	45,194,974
Provision for bad debt of other receivables	49,158,318	26,062	(11,117,358)	(510,670)	37,556,352
Debt reserve for debt investment	61,800,000	71,300,000	-	-	133,100,000
Subtotal	167,381,983	71,343,155	(11,417,358)	(210,670)	227,097,110
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term equity investment	1,781,808,870	-	-	-	1,781,808,870
Provisions for impairment of fixed assets	31,356,531	10,140,786	-	(10,748,341)	30,748,976
Subtotal	1,813,827,426	10,140,786	-	(10,748,341)	1,813,219,871
	1,981,209,409	81,483,941	(11,417,358)	(10,959,011)	2,040,316,981

2021

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Reversal	Written-off	
Provision for bad debt of accounts receivable	56,425,268	-	(651,603)	650,000	56,423,665
Including: Provision for bad debt recognized individually	11,245,784	-	-	-	11,245,784
Provision for bad debt recognized on groupings	45,179,484	-	(651,603)	650,000	45,177,881
Provision for bad debt of other receivables	38,423,345	10,968,337	(233,364)	-	49,158,318
Debt reserve for debt investment	58,500,000	3,300,000	-	-	61,800,000
Subtotal	153,348,613	14,268,337	(884,967)	650,000	167,381,983
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term equity investment	1,662,953,287	118,855,583	-	-	1,781,808,870
Provisions for impairment of fixed assets	40,811,582	10,550,889	-	(20,005,940)	31,356,531
Subtotal	1,704,426,894	129,406,472	-	(20,005,940)	1,813,827,426
	1,857,775,507	143,674,809	(884,967)	(19,355,940)	1,981,209,409

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(9) Capital surplus

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium	4,459,905,106	248,439,069	(2,462,021)	4,705,882,154
Other capital surplus —	520,404,887	238,222,140	(248,439,069)	510,187,958
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,182,722)	7,349	-	(10,175,373)
Share-based payment included in shareholders' equity	403,815,521	238,214,791	(248,439,069)	393,591,243
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,980,309,993</u>	<u>486,661,209</u>	<u>(250,901,090)</u>	<u>5,216,070,112</u>
	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium	4,456,434,186	5,932,920	(2,462,000)	4,459,905,106
Other capital surplus —	253,864,761	266,540,126	-	520,404,887
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,186,174)	3,452	-	(10,182,722)
Share-based payment included in shareholders' equity	137,278,847	266,536,674	-	403,815,521
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>4,710,298,947</u>	<u>272,473,046</u>	<u>(2,462,000)</u>	<u>4,980,309,993</u>

Notes to Financial Statements

For the year ended 31 December 2022

(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
As at 31 December 2020	(30,438,000)
Movements for the year ended 31 December 2021	<u>(41,967,000)</u>
As at 31 December 2021	<u>(72,405,000)</u>
Movements for the year ended 31 December 2022	<u>(6,351,000)</u>
As at 31 December 2022	<u>(78,756,000)</u>

(11) Undistributed profits

	2022	2021
Undistributed profits at the beginning of the year	8,298,283,516	7,694,630,032
Add: Net profit in the current year	2,069,341,775	1,626,919,579
Less: Ordinary shares dividends payable	<u>(1,500,564,567)</u>	<u>(1,023,266,095)</u>
Undistributed profits at the end of the year	<u>8,867,060,724</u>	<u>8,298,283,516</u>

The dividends actual paid for the year ended 31 December 2022, 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

	2022	2021
Revenue from main operation (a)	22,023,970,450	20,153,524,762
Revenue from other operations (b)	<u>1,745,075,180</u>	<u>1,362,680,634</u>
	<u>23,769,045,630</u>	<u>21,516,205,396</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(12) Revenue and cost of sales (continued)

	2022	2021
Cost of main operation (a)	(17,421,054,633)	(15,977,798,134)
Cost of other operations (b)	(1,699,665,487)	(1,329,725,248)
	<u>(19,120,720,120)</u>	<u>(17,307,523,382)</u>

(a) Revenue and cost of main operation

	2022		2021	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	<u>22,023,970,450</u>	<u>(17,421,054,633)</u>	<u>20,153,524,762</u>	<u>(15,977,798,134)</u>

(b) Revenue and cost of other operations

	2022		2021	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of raw materials	1,683,040,055	(1,641,192,111)	1,306,803,932	(1,277,902,364)
Others	<u>62,035,125</u>	<u>(58,473,376)</u>	<u>55,876,702</u>	<u>(51,822,884)</u>
	<u>1,745,075,180</u>	<u>(1,699,665,487)</u>	<u>1,362,680,634</u>	<u>(1,329,725,248)</u>

(13) Finance expenses

	2022	2021
Interest income	(110,813,417)	(30,429,087)
Exchange (gains)/losses	(8,509,783)	7,771,211
Discounting impact of the long-term employee benefits payable	19,734,579	20,580,325
Interest expense on lease liabilities	1,610,709	1,364,614
Others	<u>1,565,846</u>	<u>1,674,135</u>
	<u>(96,412,066)</u>	<u>961,198</u>

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(14) 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:

	2022	2021
Raw materials, packaging materials and consumables used	5,973,756,110	5,141,919,092
Changes in inventories of finished goods, work in progress	(269,440,771)	(296,463,151)
Finished goods purchased from outside	11,471,882,448	10,507,649,868
Employee benefits expenses	2,175,054,924	2,198,594,837
Handling and transportation expenses	1,183,011,919	1,216,798,424
Advertising related expenses	1,087,091,618	969,778,894
Depreciation and amortization charges	308,334,236	286,438,354
Share-based payment fees	100,121,397	139,182,276
Administrative expenses	88,109,635	113,968,618
Repair expenses (i)	85,174,203	89,021,836
Operating lease payments (ii)	54,237,062	52,509,598
Labor expenses	37,325,465	41,953,275
Auditors' remuneration — audit service	8,094,340	8,094,340
Other expenses	163,040,953	170,956,452
	<u>22,465,793,539</u>	<u>20,640,402,713</u>

- (i) For the daily repair expenses that do not meet the conditions for capitalization of fixed assets, the Company includes the expenses related to the production and processing of inventories into the cost of inventories, and carries them forward to the operating costs accordingly. Expenses related to the research and development department, administration department and sales department are included in research and development expenses, administrative expenses and selling and distribution expenses, respectively.
- (ii) As mentioned in Note 2(25), the Company directly included the rental expenses for short-term leases and low-value leases in the current profit and loss. The amount for 2022 is RMB54,237,062 (2021: RMB52,509,598).

Due to the impact of the situation described in "Cai Kuai [2021] No. 9, the lessor exempted the Company from rent of RMB0 in 2022 (2021: RMB0), and the Company has offset the above rent reduction amount against the current rental expenses (2021: RMB0).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(15) Asset impairment losses

	2022	2021
Impairment losses of fixed assets	10,140,786	10,550,889
Impairment losses of long-term equity investments	-	118,855,583
	<u>10,140,786</u>	<u>129,406,472</u>

(16) Credit impairment losses

	2022	2021
Reversals of bad debts of accounts receivable	(282,907)	(651,603)
(Reversals)/Losses of bad debts of other receivables	(11,091,296)	10,734,973
Losses of impairment losses of debt investment	71,300,000	3,300,000
	<u>59,925,797</u>	<u>13,383,370</u>

(17) Investment income

	2022	2021
Investment income from long-term equity investment accounted for using the cost method (a)	1,370,805,771	914,426,602
Investment income from long-term equity investment accounted for using the equity method	19,595,612	20,266,180
Investment income from disposal of financial assets held for trading	8,519,123	3,625,261
Interest income from debt investment	5,072,365	4,003,935
Investment income from disposal of long-term equity investment	-	43,158,604
	<u>1,403,992,871</u>	<u>985,480,582</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)).

Notes to Financial Statements

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(18) Profits arising from changes in fair value

	2022	2021
Financial assets at fair value through profit or loss — Debt instruments	<u>125,593,561</u>	<u>193,654,894</u>

(19) Income tax expense

	2022	2021
Current income tax calculated according to tax law and related regulations in mainland China		
— China enterprise income tax	338,342,243	546,749,596
Deferred income tax	<u>(85,527,557)</u>	<u>(241,717,138)</u>
	<u>252,814,686</u>	<u>305,032,458</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:

	2022	2021
Total profit	<u>2,322,156,461</u>	<u>1,931,952,037</u>
Income tax expense calculated at applicable tax rates	580,539,115	482,988,009
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	19,948,546	19,723,533
Income not subject to tax	(347,911,649)	(234,526,104)
Impact of utilisation of previously unrecognized deferred tax assets	(11,729,928)	(663,059)
Deductible temporary differences of currently unrecognized deferred tax assets	<u>11,968,602</u>	<u>37,510,079</u>
Income tax expense	<u>252,814,686</u>	<u>305,032,458</u>

Supplementary Information

For the year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

1 Summary of non-recurring profit or loss

	2022	2021
Government grants recognized in profits	543,278,784	555,940,452
Net profit or loss on disposal of non-current assets	(9,517,758)	481,507,267
Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and the investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	134,112,684	197,853,070
Other non-operating income and expenses other than aforesaid items	5,216,219	24,020,723
	<u>673,089,929</u>	<u>1,259,321,512</u>
Impact of income tax expense	(145,648,227)	(297,092,428)
Impact on the non-controlling interests, net of tax	(25,865,284)	(13,357,469)
	<u>501,576,418</u>	<u>948,871,615</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

	Weighted average return on net assets		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2022	2021	2022	2021	2022	2021
Net profit attributable to ordinary shareholders of the Company	15.30%	14.47%	2.736	2.328	2.728	2.324
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	13.23%	10.12%	2.365	1.626	2.359	1.625

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	refer to	Tsingtao Brewery Company Limited
本集團	指	本公司及其附屬公司	the Group	refers to	the Company and its subsidiaries
董事會	指	本公司董事會	the Board	refers to	Board of Directors of the Company
青啤集團	指	青島啤酒集團有限公司	Tsingtao Group	refers to	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	refers to	State-owned Assets Supervision & Administration Commission of the People's Government of Qingdao
上交所	指	上海證券交易所	SSE	refers to	Shanghai Stock Exchange
香港聯交所	指	香港聯合交易所有限公司	the Stock Exchange	refers to	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(特殊普通合伙)	PwC Zhong Tian	refers to	PricewaterhouseCoopers Zhong Tian LLP
審計委員會	指	本公司第十屆董事會審計與內控委員會	Audit Committee	refers to	Audit & Internal Control Committee under the 10th session of the Board
戰略委員會	指	本公司第十屆董事會戰略與投資委員會	Strategy Committee	refers to	Strategy & Investment Committee under the 10th session of the Board
報告期	指	2022年1月1日至12月31日	Reporting Period	refers to	January 1 to December 31, 2022
《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	refers to	<i>Model Code for Securities Transactions by Directors of Listed Issuers</i>
《上市規則》	指	《香港聯合交易所有限公司證券上市規則》	Listing Rules	refers to	<i>Rules Governing the Listing of Securities on The Stock of Exchange of Hong Kong Limited</i>
《公司章程》	指	青島啤酒股份有限公司章程	Articles of Association	refers to	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	refers to	Tsingtao Brewery Finance LLC
香港公司	指	青島啤酒香港貿易有限公司	Tsingtao HK	refers to	Tsingtao Brewery Hong Kong Trade Company Limited
復星國際	指	復星國際有限公司	Fosun International Limited	refers to	Fosun International Limited
激勵計劃	指	公司A股限制性股票激勵計劃	Incentive Plan	refers to	The A-Share Restricted Stock Incentive Plan of the Company
五星公司	指	北京五星青島啤酒有限公司	Five Star Company	refers to	Beijing Five Star Tsingtao Brewery Co., Ltd
優家健康	指	青島啤酒優家健康飲品有限公司	Youjia Health	refers to	Tsingtao Brewery Youjia Health Beverage Co., Ltd
智鏈順達	指	青島智鏈順達科技有限公司	Zhilan Shunda	refers to	Tsingtao Zhilian Shunda Technology Co., Ltd
優家健康集團	指	優家健康及其附屬公司	Youjia Health Group	refers to	Youjia Health and its subsidiaries
智鏈順達集團	指	智鏈順達及其附屬公司	Zhilan Shunda Group	refers to	Zhilan Shunda and its subsidiaries

公司資料 Company Information

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| 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
聯繫地址：山東省青島市
東海西路35號
青啤大廈
1106室
董事會秘書室
郵政編碼：266071
電話：86-532-85713831
傳真：86-532-85713240 | 3. Company Secretary: ZHANG Rui Xiang
Address: Board Secretary's Office
Room 1106, Tsingtao Beer Tower,
No. 35 Donghai West Road,
Qingdao,
Shandong Province
Postal Code: 266071
Tel: 86-532-85713831
Fax: 86-532-85713240 |
| 4. 註冊地址：山東省青島市登州路56號
辦公地址：山東省青島市
東海西路35號青啤大廈
郵政編碼：266071
公司網址：www.tsingtao.com.cn
電子信箱：info@tsingtao.com.cn | 4. Registered Address: No. 56, Dengzhou Road,
Qingdao, Shandong Province
Business Address: Tsingtao Beer Tower
No. 35 Donghai West Road,
Qingdao, Shandong Province
Postal Code: 266071
Company Website: www.tsingtao.com.cn
E-mail: info@tsingtao.com.cn |
| 5. 公司股票上市交易所：
A股：上海證券交易所
股票簡稱：青島啤酒
代碼：600600
H股：香港聯合交易所
股票簡稱：青島啤酒
代碼：00168 | 5. Stock Exchanges on which the Company's shares are listed:
A share: Shanghai Stock Exchange
Stock Name: 青島啤酒
Stock Code: 600600
H share: The Stock Exchange of Hong Kong Limited
Stock Name: TSINGTAO BREW
Stock Code: 00168 |
| 6. 未上市股票托管機構：中國證券登記結算有限責任公司上海分公司 | 6. Custodian of unlisted shares: 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 Hubin Road, Huangpu District, Shanghai |
| 8. 法律顧問：
(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

(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:
(1) Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

(2) Haiwen & Partners at 20th Floor, Fortune Finance Center, No. 5 Dong San Huan Road Central, Chaoyang District, Beijing |



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青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.



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