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TSINGTAO BREWERY COMPANY LIMITED

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

(Stock Code: 168)

ANNOUNCEMENT ON REPURCHASE AND CANCELLATION OF PART OF THE RESTRICTED A SHARES

Reference is made to the (i) announcement of Tsingtao Brewery Company Limited (the “**Company**”) dated 23 March 2020 in relation to, among other things, the proposed adoption of the Restricted A Shares Incentive Plan (the “**Incentive Plan**”); (ii) circular dated 29 April 2020 in relation to, among other things, the proposed adoption of the Incentive Plan; (iii) announcement dated 8 June 2020 in relation to the poll results of the relevant resolutions in respect of the approval of the Incentive Plan at the Annual General Meeting and the Class Meetings; (iv) announcement dated 29 June 2020 in relation to the First Grant of the Restricted A Shares under the Incentive Plan; (v) announcement dated 27 July 2020 in relation to the results of the First Grant; (vi) announcement dated 22 March 2021 in relation to the Reserved Grant of the Restricted Shares to Participants under the Incentive Plan; (vii) announcement dated 27 May 2021 in relation to the results of the Reserved Grant under the Incentive Plan; and (viii) announcements dated 30 September 2021 and 28 September 2022 in relation to the repurchase and cancellation of part of the Restricted Shares under the Incentive Plan. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the above circular.

On 17 October 2023, the “Resolution in relation to the Repurchase and Cancellation of certain Restricted A Shares of the Company under the Incentive Plan” was considered and approved at the sixth extraordinary meeting of 2023 of the tenth session of the Board of the Company (the “**Current Board Meeting**”) and the third extraordinary meeting of 2023 of the tenth session of the supervisory committee of the Company (the “**Supervisory Committee**”) (the “**Current Supervisory Committee Meeting**”) respectively. The independent Directors of the Company have given independent opinions of consent to the abovementioned resolution.

REASONS FOR PRICE AND QUANTITY OF THE CURRENT REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

1. Reasons for and Quantity of the Repurchase

From 29 September 2022 until the time of convening the Current Board Meeting, there are changes to the individual circumstances of a total of 7 Participants under the Incentive Plan due to negotiations with the Company to terminate the employment relationship, resignation due to personal reasons, passing away due to illness or failure in performance assessment, thereby triggering the repurchase and cancellation conditions specified in chapter 13 of the Incentive Plan. As a result, the Company intends to repurchase and cancel the Restricted A Shares granted to these 7 personnel but not yet unlocked pursuant to the relevant provisions of the Incentive Plan and the mandate granted at the Annual General Meeting and the Class Meetings.

- (1) 3 Participants terminated their employment relationship after negotiations with the Company, the Company will repurchase and cancel their Restricted Shares amounting to a total of 8,334 shares which are granted but not yet unlocked.
- (2) 2 Participants voluntarily resigned due to personal reasons during the term of the employment contracts, the Company will repurchase and cancel their Restricted Shares amounting to a total of 20,001 shares which are granted but not yet unlocked.
- (3) 1 Participant passed away due to illness, the Company will repurchase and cancel their Restricted Shares amounting to a total of 2,667 shares which are granted but not yet unlocked.
- (4) 1 Participant failed the performance assessment, the Company will repurchase and cancel their Restricted Shares amounting to a total of 5,000 shares which are granted but not yet unlocked.

The above proposed number of Restricted A Shares to be repurchased and cancelled amounts to a total of 36,002 shares, accounting for approximately 0.0026% of the Company's total share capital before the repurchase. The source of funds for the repurchase is the Company's own fund.

2. Repurchase Price

Pursuant to chapter 14 of the Incentive Plan, in the event that the Company distributes dividends, etc., adjustment to the repurchase price of the Restricted Shares will be made accordingly. Since the Company has completed the distribution of cash dividend of RMB0.75 per share (tax inclusive) to A-share Shareholders on 10 August 2021, completed the distribution of cash dividend of RMB1.10 per share (tax inclusive) to A-share Shareholders on 19 July 2022 and completed the distribution of cash dividend of RMB1.80 per share (tax inclusive) to A-share Shareholders on 14 July 2023, adjustment was made to the repurchase price of the Restricted Shares at the Current Board Meeting pursuant to the mandate granted at the Annual General Meeting and Class Meetings as follows:

- (1) In relation to the 3 personnel with whom the Company has negotiated the termination of employment relationship, the Company shall conduct the repurchase based on the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China as at the time of repurchase and deduct correspondingly the amount of cash dividend paid, such that the repurchase price was adjusted to RMB17.53/share plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China at the time of repurchase;
- (2) In relation to the 2 resigned personnel due to personal reasons, the repurchase price shall be determined according to the lower of the Grant Price and the market price at the time of repurchase, such that the repurchase price was adjusted from RMB21.18/share to RMB17.53/share;
- (3) In relation to the 1 personnel who passed away due to illness, the Company shall conduct the repurchase based on the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China as at the time of repurchase and deduct correspondingly the amount of cash dividend paid, such that the repurchase price was adjusted to RMB17.53/share plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China at the time of repurchase; and
- (4) In relation to the 1 personnel who failed the performance assessment, the repurchase price shall be determined according to the lower of the Grant Price and the market price at the time of repurchase, such that the repurchase price was adjusted from RMB21.18/share to RMB17.53/share.

3. Changes in the Shareholding Structure after the Repurchase and Cancellation

Unit: share(s)

Class	Before the Change	Change	After the Change
Shares subject to selling restrictions	4,465,198	-36,002	4,429,196
Tradable Shares not subject to selling restrictions	1,359,767,592	0	1,359,767,592
1. Tradable A Shares not subject to selling restrictions	704,698,414	0	704,698,414
2. Tradable H Shares not subject to selling restrictions	<u>655,069,178</u>	<u>0</u>	<u>655,069,178</u>
Total	<u><u>1,364,232,790</u></u>	<u><u>-36,002</u></u>	<u><u>1,364,196,788</u></u>

The above changes in the capital structure shall be subject to the capital structure table issued by the Shanghai Branch of China Securities Depository and Clearing Corporation upon completion of the repurchase and cancellation.

4. Impact of the Repurchase and Cancellation on the Financial Results of the Company

The repurchase and cancellation of part of the Restricted A Shares will not have material impact on the financial results and operating performance of the Company.

5. Procedures Subsequent to the Repurchase and Cancellation Pursuant to the Incentive Plan

The Company shall complete the relevant procedures for the repurchase and cancellation pursuant to the requirements of the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation and perform information disclosure obligations in a timely manner.

6. Opinion of the Independent Director

In respect of the repurchase and cancellation of the Restricted Shares, the independent Directors of the Company expressed the following independent opinions:

1. From 29 September 2022 until the time of the consideration of Current Board Meeting, there are changes to the individual circumstances of a total of 7 Participants under the Incentive Plan. Pursuant to the relevant provisions under chapter 13 of the Incentive Plan, the Company intends to repurchase and cancel the Restricted A Shares amounting to a total of 36,002 shares held by these 7 personnel which have been granted but not yet unlocked with its own resources. The repurchase and cancellation will not affect the continued implementation of the Incentive Plan, the continuity of the Company's operations or be detrimental to the interests of the Company and its Shareholders. All the independent Directors agreed to the repurchase and cancellation of part of the Restricted A Shares of the Company.
2. Pursuant to the mandate granted at the Annual General Meeting and the Class Meetings, the adjustment to the repurchase price of the Restricted Shares was in compliance with the relevant provisions of the "Administrative Measures on Share Incentives of Listed Companies" and the provisions in relation to the adjustment to the repurchase price of the Restricted Shares of the Incentive Plan, and is not detrimental to the interests of the Company and its Shareholders. All the independent Directors agreed with the adjustment to the repurchase price of the Restricted Shares by the Board of the Company.
3. The Board of the Company, in considering the adjustment to the repurchase price and the matters relating to the repurchase and cancellation, considered the verification procedures and voting procedures are in compliance with the existing laws and regulations, and the provisions of the "Articles of Association" of the Company.

In summary, all the independent Directors unanimously agreed to the adjustment to the repurchase price of the Restricted A Shares under the Incentive Plan, and the repurchase and cancellation of a total of 36,002 Restricted A Shares granted to 7 Participants whose individual circumstances have changed but not yet unlocked.

7. Opinion of the Supervisory Committee

The Supervisory Committee expressed the following view after consideration:

The Supervisory Committee is of the view that, from 29 September 2022 until the time of convening the third extraordinary meeting of 2023 of the tenth session of the Supervisory Committee of the Company, there are changes to the individual circumstances of a total of 7 Participants of the Incentive Plan. Pursuant to the relevant provisions of the Incentive Plan and the mandate granted at the Annual General Meeting and the Class Meetings, the Board of the Company will repurchase and cancel the Restricted A Shares amounting to a total of 36,002 shares granted but not yet unlocked with the Company's own resources. The adjustment to the repurchase price is in compliance with the Administrative Measures on Share Incentives of Listed Companies and the relevant provisions of the Incentive Plan, and is not detrimental to the interests of the Company and the Shareholders.

8. Conclusive Opinion in the Legal Opinion

Beijing Haiwen Law Firm has expressed its conclusive opinion that: as at the date of the legal opinion, the repurchase and cancellation have obtained the necessary authorizations and approvals and are in compliance with the relevant provisions of the Incentive Plan and the "Administrative Measures on Share Incentives of Listed Companies". The reasons for, the quantity of and the repurchase price for this repurchase and cancellation comply with the relevant provisions of the Incentive Plan and the "Administrative Measures on Share Incentives of Listed Companies". This repurchase and cancellation are subject to the procedures of reduction of registered capital and share cancellation registration in accordance with requirements under the "Articles of Association" and relevant regulations.

By Order of the Board
Tsingtao Brewery Company Limited
Zhang Rui Xiang
Company Secretary

Qingdao, the People's Republic of China
17 October 2023

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

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

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