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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)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Tsingtao Brewery Company Limited (the “Company”) hereby presents the preliminary consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 (the “Reporting Period”), extracted from the Group’s audited consolidated financial statements made pursuant to China Accounting Standards for Business Enterprises.

I. FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

Consolidated Balance Sheet

ASSETS	Notes	31 December 2024	31 December 2023
Current assets			
Cash at bank and on hand		17,978,772,896	19,282,104,642
Financial assets held for trading		2,021,804,089	1,924,078,158
Accounts receivable	2	102,420,347	100,391,321
Advances to suppliers		241,896,760	210,975,136
Other receivables		83,284,378	184,367,739
Inventories		3,576,387,537	3,539,828,305
Current portion of non-current assets		51,713,930	28,432,377
Other current assets		1,132,635,624	4,341,747,852
Total current assets		25,188,915,561	29,611,925,530
Non-current assets			
Long-term equity investments		391,873,803	364,736,980
Other non-current financial assets		2,498,379,750	1,425,485,550
Investment properties		41,138,918	44,164,870
Fixed assets		11,817,650,634	11,145,718,923
Construction in progress		630,874,619	498,574,959
Right-of-use assets		115,672,625	119,546,878
Intangible assets		2,684,120,584	2,493,069,068
Goodwill		1,307,103,982	1,307,103,982
Long-term prepaid expenses		85,702,449	111,107,655
Deferred tax assets		1,930,039,528	2,025,849,104
Other non-current assets		4,728,913,379	108,727,850
Total non-current assets		26,231,470,271	19,644,085,819
TOTAL ASSETS		51,420,385,832	49,256,011,349

Consolidated Balance Sheet (continued)

LIABILITIES AND EQUITY	<i>Notes</i>	31 December 2024	31 December 2023
Current liabilities			
Notes payable		217,159,673	193,668,205
Accounts payable	3	3,053,514,829	2,952,827,066
Contract liabilities		8,312,560,682	7,691,295,634
Employee benefits payable	4	1,766,787,700	2,096,904,553
Taxes payable		392,937,002	343,503,981
Other payables		3,269,711,751	3,230,505,907
Current portion of non-current liabilities		42,063,828	50,250,346
Other current liabilities		467,595,834	359,524,000
Total current liabilities		17,522,331,299	16,918,479,692
Non-current liabilities			
Lease liabilities		68,236,710	63,393,018
Long-term payables		16,090,646	16,205,766
Long-term employee benefits payable		747,148,699	877,476,618
Deferred income		2,947,288,445	2,887,543,652
Deferred tax liabilities		259,748,022	238,165,428
Total non-current liabilities		4,038,512,522	4,082,784,482
Total liabilities		21,560,843,821	21,001,264,174
Equity			
Share capital		1,364,196,788	1,364,196,788
Capital surplus		4,198,108,121	4,207,455,611
Less: Treasury stock		1,501,239	77,643,806
Other comprehensive income		(153,540,393)	(81,061,345)
Surplus reserve		1,400,704,380	1,400,704,380
General reserve		301,761,292	301,761,292
Undistributed profits	5	21,950,655,578	20,334,065,296
Total equity attributable to shareholders of the Company		29,060,384,527	27,449,478,216
Non-controlling interests		799,157,484	805,268,959
Total equity		29,859,542,011	28,254,747,175
TOTAL LIABILITIES AND EQUITY		51,420,385,832	49,256,011,349

Consolidated Income Statement

	<i>Notes</i>	2024	2023
I. Revenue	6	32,137,830,111	33,936,522,741
<i>Less:</i> Cost of sales	6	19,209,915,823	20,816,889,655
Taxes and surcharges	7	2,328,256,391	2,386,660,732
Selling and distribution expenses		4,602,519,864	4,708,402,798
General and administrative expenses		1,406,578,781	1,519,063,042
Research and development expenses		102,766,675	100,637,006
Finance expenses		(567,771,603)	(457,124,855)
Including: Interest expenses		21,837,054	16,430,590
Interest income		616,771,200	506,376,003
<i>Add:</i> Other income		501,406,284	391,115,874
Investment income		117,791,880	172,044,176
Including: Share of profit of associates and a joint venture		48,272,283	15,798,284
Profits arising from changes in fair value (Losses are listed with “-”)		199,524,435	230,255,010
Credit impairment losses (Losses are listed with “-”)		340,927	(14,306,494)
Asset impairment losses (Losses are listed with “-”)		(35,776,310)	(82,853,720)
Gains on disposals of assets (Losses are listed with “-”)	8	4,267,451	178,576,672
II. Operating profit		5,843,118,847	5,736,825,881
<i>Add:</i> Non-operating income		73,143,904	22,623,304
<i>Less:</i> Non-operating expenses		34,769,751	13,041,883
III. Total profit		5,881,493,000	5,746,407,302
<i>Less:</i> Income tax expenses	9	1,389,716,314	1,398,208,378
IV. Net profit		4,491,776,686	4,348,198,924

Consolidated Income Statement (continued)

	<i>Notes</i>	2024	2023
Classified by continuity of operations			
Net profit from continuing operations		4,491,776,686	4,348,198,924
Net profit from discontinued operations		–	–
Classified by ownership of the equity			
Attributable to shareholders of the Company		4,344,983,858	4,267,851,406
Attributable to non-controlling interests		146,792,828	80,347,518
V. Other comprehensive income, net of tax		<u>(72,106,537)</u>	<u>(4,872,548)</u>
Other comprehensive income attributable to shareholders of the Company, net of tax		(72,479,048)	(5,260,764)
Items that will not be subsequently reclassified to profit or loss		(73,618,000)	(9,369,000)
Changes in remeasurement of defined benefit plan		(73,618,000)	(9,369,000)
Items that will be subsequently reclassified to profit or loss		1,138,952	4,108,236
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss		(164,887)	193,842
Currency translation differences		1,303,839	3,914,394
Other comprehensive income attributable to non-controlling interests, net of tax		372,511	388,216
VI. Total comprehensive income		<u>4,419,670,149</u>	<u>4,343,326,376</u>
Attributable to shareholders of the Company		4,272,504,810	4,262,590,642
Attributable to non-controlling interests		147,165,339	80,735,734
VII. Earnings per share	<i>10</i>		
Basic earnings per share		3.191	3.139
Diluted earnings per share		3.187	3.132

Notes:

1 Basis of preparation

The Group implements China Accounting Standards for Business Enterprises and related regulations issued by the Ministry of Finance. The Group also discloses relevant financial information in accordance with the Compilation Rules No.15 for Information Disclosure by Companies Offering Securities to the Public – General Rules on Financial Reporting (Revised in 2023). In addition, the financial statements include relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Stock Exchange of Hong Kong Ltd.

The Group assessed its ability to continue as a going concern for the period of 12 months from 31 December 2024 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

Significant change in accounting policies

The Ministry of Finance issued the Interpretation No.17 of the Accounting Standards for Business Enterprises (the “Interpretation No.17”) and the Interpretation No.18 of the Accounting Standards for Business Enterprises (the “Interpretation No.18”) on 25 October 2023 and 6 December 2024, respectively.

The Interpretation No.17 stipulates the classification of current and non-current liabilities and is effective from 1 January 2024.

The Interpretation No.18 stipulates the subsequent measurement of investment properties held as underlying items under the floating charge method and the accounting treatment of assurance-type warranties that are not separate performance obligations. The interpretation is effective from 6 December 2024 and permits early application by enterprises since the year of publication.

Upon assessment, the adoption of above interpretations has no significant impact on the financial statements of the Group.

2 Accounts receivable

	31 December 2024	31 December 2023
Accounts receivable	269,289,669	277,721,354
<i>Less:</i> Provision for bad debts	166,869,322	177,330,033
	<u>102,420,347</u>	<u>100,391,321</u>

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

2 Accounts receivable (continued)

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

	31 December 2024	31 December 2023
Within 1 year	102,495,602	100,395,481
1 to 2 years	1,111	–
2 to 3 years	–	38,202
3 to 4 years	38,202	–
4 to 5 years	–	–
Over 5 years	166,754,754	177,287,671
	<u>269,289,669</u>	<u>277,721,354</u>

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

3 Accounts payable

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

	31 December 2024	31 December 2023
Within 1 year	3,046,919,946	2,939,758,192
1 to 2 years	2,676,232	4,211,803
2 to 3 years	1,402,482	3,809,463
Over 3 years	2,516,169	5,047,608
	<u>3,053,514,829</u>	<u>2,952,827,066</u>

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

4 Employee benefits payable

	31 December 2024	31 December 2023
Short-term employee benefits	1,545,440,415	1,678,436,704
Defined contribution plans (<i>Note</i>)	22,713,634	64,061,572
Termination benefits	198,633,651	327,581,277
Supplemental post-employment benefits	–	26,825,000
	<u>1,766,787,700</u>	<u>2,096,904,553</u>

Note: The Group pays the basic pension and unemployment insurance to the local labor and social security departments on a monthly basis, following the demanding proportion and base. The Group has no forfeited contributions that can be deducted against amounts due for employees in the current and future periods.

5 Dividend

Pursuant to the resolution at the Annual General Meeting dated 28 June 2024, the Company approved a cash dividend of RMB 2.00 per share (tax included) to the shareholders of the Company for the year 2023, based on a total number of 1,364,196,788 shares. As of 9 August 2024, a cash dividend amounting to a total of RMB 2,728,393,576 was distributed (2023: a cash dividend of RMB 1.30 per share and a special dividend of RMB 0.50 per share (in total, a cash dividend of RMB 1.80 per share, tax included) were distributed to the shareholders of the Company for the year 2022. Based on a total number of 1,364,232,790 shares, as of 11 August 2023, a cash dividend amounting to RMB 2,455,619,022 was distributed, of which the amount affected by restricted shares is RMB 131,407).

Pursuant to the resolution at the Board meeting dated 28 March 2025, the Board proposes that the Company pay an annual cash dividend of RMB 2.20 per share (tax included) to all shareholders. Based on a total number of 1,364,196,788 shares as of 31 December 2024, a cash dividend amounting to a total of RMB 3,001,232,934 is proposed to be distributed. The above proposal is subject to approval at the forthcoming Annual General Meeting.

6 Revenue and cost of sales

	2024	2023
Revenue from main operation	31,578,857,295	33,405,795,047
Revenue from other operations	558,972,816	530,727,694
	<u>32,137,830,111</u>	<u>33,936,522,741</u>

6 Revenue and cost of sales (continued)

	2024	2023
Cost of main operation	18,911,276,253	20,540,617,406
Cost of other operations	298,639,570	276,272,249
	<u>19,209,915,823</u>	<u>20,816,889,655</u>

7 Taxes and surcharges

	2024	2023
Consumption tax	1,718,332,621	1,773,027,036
City maintenance and construction tax	245,190,377	255,452,674
Education surcharges	181,741,977	189,249,020
Real estate tax	78,644,927	66,395,951
Land use tax	57,939,803	58,097,040
Stamp tax	35,678,483	34,482,986
Others	10,728,203	9,956,025
	<u>2,328,256,391</u>	<u>2,386,660,732</u>

8 Gains/(Losses) on disposals of assets

	2024	2023
Gains/(Losses) on disposals of intangible assets	(2,975,241)	159,381,953
Gains/(Losses) on disposals of fixed assets	5,093,794	18,119,594
Gains/(Losses) on disposals of right-use-of assets	2,148,898	1,075,125
	<u>4,267,451</u>	<u>178,576,672</u>

9 Income tax expenses

	2024	2023
Current income tax calculated according to tax law and related regulations in Chinese mainland – China enterprise income tax	1,279,245,875	1,153,691,861
Current profits tax calculated according to tax law and related regulations in Hong Kong SAR – Hong Kong profits tax	1,666,736	12,838,414
Current profits supplemental tax calculated according to tax law and related regulations in Macau SAR – Macau profits supplemental tax	441,189	430,653
Deferred income tax	108,362,514	231,247,450
	<u>1,389,716,314</u>	<u>1,398,208,378</u>

Reconciliation of income tax expenses to total profit is as follows:

	2024	2023
Total profit	5,881,493,000	5,746,407,302
Income tax (25%) expenses calculated at applicable tax rate	1,470,373,250	1,436,601,826
Effect of subsidiaries applying different tax rates	(2,766,678)	(1,732,536)
Income not subject to tax	(18,508,512)	(16,797,147)
Tax impact of costs, expenses and losses not deductible for tax purpose	15,521,259	28,256,149
Utilization of deductible losses and deductible temporary differences for which deferred tax assets were not recognized in previous periods	(155,696,486)	(92,703,140)
Deductible losses and deductible temporary differences for which no deferred tax assets were recognized in the current period	104,768,342	66,447,389
Super deduction of R&D expenses	(23,974,861)	(21,864,163)
Income tax expenses	<u>1,389,716,314</u>	<u>1,398,208,378</u>

9 Income tax expenses (continued)

(1) China Enterprise income tax

Some of the Company's subsidiaries incorporated and operated in Chinese mainland are small- and low-profit enterprises, and the applicable enterprise income tax rate for the year is 20%. The applicable enterprise income tax rate of the Company and other subsidiaries incorporated and operated in Chinese mainland for the year is 25%.

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

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

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

10 Earnings per share

(1) Basic earnings per share

	2024	2023
Consolidated net profit attributable to shareholders of the Company	4,344,983,858	4,267,851,406
Less: Cash dividends of restricted shares expected to be vested in the future	193,334	7,972,553
Consolidated net profit attributable to ordinary shareholders of the Company	4,344,790,524	4,259,878,853
Weighted average numbers of ordinary shares outstanding	<u>1,361,588,923</u>	<u>1,357,202,238</u>
Basic earnings per share	<u><u>3.191</u></u>	<u><u>3.139</u></u>

Including:

– Basic earnings per share from continuing operations:	3.191	3.139
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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.

10 Earnings per share *(continued)*

(2) *Diluted earnings per share*

	2024	2023
Consolidated net profit attributable to shareholders of the Company	4,344,983,858	4,267,851,406
Weighted average numbers of ordinary shares outstanding	1,361,588,923	1,357,202,238
Weighted average number of ordinary shares increased due to share-based payments	1,884,961	5,266,974
Weighted average number of ordinary shares outstanding after dilution	<u>1,363,473,884</u>	<u>1,362,469,212</u>
Diluted earnings per share	<u>3.187</u>	<u>3.132</u>

Including:

– Diluted earnings per share from continuing operations:	3.187	3.132
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Diluted earnings per share is calculated by dividing 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 ordinary shares outstanding. For the year 2024, the restricted shares incentive plan implemented by the Company has a dilutive effect on earnings per share.

11 Segment reporting

(1) *Basis for determining reportable segments and related accounting policies*

As the Group is mainly engaged in the production and distribution of beer, the reportable segments of the Group are business units operating in different regions. Different region requires different marketing strategies, and the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

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

11 Segment reporting *(continued)*

(1) Basis for determining reportable segments and related accounting policies *(continued)*

The Group identifies 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 SAR, Macau SAR and other overseas region segment, responsible for the distribution in Hong Kong SAR, Macau SAR and other overseas regions
- Finance Company segment, responsible for the financial businesses of wealth management and agency collection and payment for its members

Inter-segment transfer pricing is based on mutually-agreed prices.

Assets are allocated based on the operation of the segments and the physical location of the assets. Liabilities are allocated based on the operation of the segments.

11 Segment reporting (continued)

(2) Financial information of the reporting segments

Segment information for the year 2024 is as follows:

Items	Shandong region	South China region	North China region	East China region	Southeast China region	Hong Kong	Finance Company	Unallocated	Elimination	Total
						SAR, Macau SAR and other overseas region				
Revenue from external customers	20,296,043,089	2,653,836,478	5,687,545,798	2,287,053,480	673,197,305	527,373,681	250,035	12,530,245	-	32,137,830,111
Inter-segment revenue	3,297,513,302	849,114,873	2,248,300,459	314,107,550	8,567,940	224,981,923	6,248,877	170,159,815	(7,118,994,739)	-
Cost of sales	15,352,385,767	2,351,380,265	5,524,783,841	1,851,303,155	534,086,219	578,334,645	180,453,623	181,257,429	(7,344,069,121)	19,209,915,823
Selling and distribution expenses	3,098,612,633	331,607,756	578,970,076	365,831,334	150,662,947	76,835,118	-	-	-	4,602,519,864
Interest income	72,837,682	29,655,851	54,870,215	10,425,004	2,359,114	5,104,631	477,170,246	144,636,582	(180,288,125)	616,771,200
Interest expenses	10,014,295	2,845,142	1,375,877	6,809,409	2,312,012	387,267	195,024,467	-	(196,931,415)	21,837,054
Share of profits of associates and a joint venture	-	-	-	-	-	571,694	-	47,700,589	-	48,272,283
Credit impairment gains/(losses)	176,540	(147,108)	193,094	(1,515,174)	-	(80,090)	1,713,665	2,600,000	(2,600,000)	340,927
Asset impairment losses	(13,926,387)	(5,476,022)	(5,256,989)	(7,602,180)	(2,317,423)	(12,205)	(22,867)	(1,162,237)	-	(35,776,310)
Depreciation and amortization	566,341,971	143,045,002	241,545,333	134,545,975	33,038,570	7,155,044	1,723,077	113,418,754	-	1,240,813,726
Total profit/(loss)	3,672,581,149	485,037,115	1,252,644,978	102,880,323	(63,765,164)	93,726,655	501,053,820	(223,072,151)	60,406,275	5,881,493,000
Income tax expenses	854,312,233	117,544,590	242,867,016	33,071,832	1,668,517	23,574,244	122,497,468	-	(5,819,586)	1,389,716,314
Net profit/(loss)	2,818,268,916	367,492,525	1,009,777,962	69,808,491	(65,433,681)	70,152,411	378,556,352	(223,072,151)	66,225,861	4,491,776,686
Total assets	22,548,264,844	4,321,016,711	8,222,704,351	3,452,819,786	782,979,428	578,211,520	18,792,797,464	6,365,999,118	(15,574,446,918)	49,490,346,304
Total liabilities	14,363,849,239	1,682,158,167	4,635,664,452	2,304,801,109	452,811,029	55,439,960	13,840,801,688	195,412,364	(16,229,842,209)	21,301,095,799
Non-cash expenses other than depreciation and amortization	32,602,523	2,389,596	5,615,788	2,348,948	511,970	273,083	235,321	2,171,001	-	46,148,230
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	391,873,803	-	391,873,803
Additions of non-current assets (Note)	6,247,936,730	101,072,181	209,028,058	199,955,567	40,095,212	12,164,730	759,504	191,570,604	6,172,791	7,008,755,377

Note: Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment reporting (continued)

(2) Financial information of the reporting segments (continued)

Segment information for the year 2023 is as follows:

Items	Shandong region	South China region	North China region	East China region	Southeast China region	Hong Kong	Finance Company	Unallocated	Elimination	Total
						SAR, Macau SAR and other overseas region				
Revenue from external customers	20,866,332,836	2,859,744,421	6,106,656,158	2,503,928,088	892,139,372	698,044,791	366,201	9,310,874	-	33,936,522,741
Inter-segment revenue	3,522,459,866	847,801,438	1,991,780,256	343,047,679	7,132,768	290,056,707	12,294,379	33,152,159	(7,047,725,252)	-
Cost of sales	16,235,240,699	2,522,156,307	5,702,699,057	2,038,137,889	644,744,611	725,428,085	531,826	40,784,702	(7,092,833,521)	20,816,889,655
Selling and distribution expenses	3,070,269,682	393,194,453	646,654,298	368,502,077	153,334,982	76,447,306	-	-	-	4,708,402,798
Interest income	88,128,982	32,004,613	61,918,749	13,591,875	3,369,093	3,785,551	426,602,401	114,956,005	(237,981,266)	506,376,003
Interest expenses	4,128,308	3,756,480	1,569,002	14,979,863	2,807,476	2,727,459	244,035,331	-	(257,573,329)	16,430,590
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	15,798,284	-	15,798,284
Credit impairment gains/(losses)	(4,707,250)	(250)	(15,337,372)	-	-	(5,105)	5,743,483	(3,400,000)	3,400,000	(14,306,494)
Asset impairment losses	(59,440,847)	(4,681,360)	(5,690,455)	(13,016,724)	-	-	-	(212,224,334)	212,200,000	(82,853,720)
Depreciation and amortization	535,122,282	142,663,191	236,564,411	136,288,924	34,891,425	2,850,647	1,741,285	92,061,963	-	1,182,184,128
Total profit/(loss)	3,278,094,311	420,413,959	1,170,296,036	247,358,611	41,860,218	185,251,659	421,514,528	(300,279,372)	281,897,352	5,746,407,302
Income tax expenses	804,978,601	62,560,879	296,234,922	57,348,805	3,605,880	55,030,343	104,098,286	-	14,350,662	1,398,208,378
Net profit/(loss)	2,473,115,710	357,853,080	874,061,114	190,009,806	38,254,338	130,221,316	317,416,242	(300,279,372)	267,546,690	4,348,198,924
Total assets	18,007,882,689	4,525,449,382	9,680,233,695	3,334,096,721	843,958,033	655,122,774	20,910,131,826	10,741,854,412	(19,442,718,183)	49,256,011,349
Total liabilities	13,075,226,259	2,000,683,377	4,762,732,242	2,396,479,253	474,255,218	368,948,301	17,252,657,772	187,781,893	(19,517,500,141)	21,001,264,174
Non-cash expenses other than depreciation and amortization	74,172,778	8,124,346	14,947,374	7,635,482	1,903,973	1,099,762	726,077	3,266,477	-	111,876,269
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	364,736,980	-	364,736,980
Additions of non-current assets (Note)	892,870,476	102,912,843	302,262,913	46,505,387	2,625,097	1,528,694	2,305,668	152,996,834	(20,373,986)	1,483,633,926

Note: Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment reporting (continued)

(3) Revenue from external customers

Revenue from external transactions	2024	2023
Chinese mainland	31,565,199,458	33,046,718,088
Hong Kong and Macau SAR	185,549,504	199,115,083
Other overseas countries and regions	387,081,149	690,689,570
	<u>32,137,830,111</u>	<u>33,936,522,741</u>

(4) Total non-current assets by geographical location

Total non-current assets	31 December 2024	31 December 2023
Chinese mainland	17,193,176,736	16,179,642,528
Hong Kong and Macau SAR	17,725,846	13,108,637
	<u>17,210,902,582</u>	<u>16,192,751,165</u>

In the regional information above, non-current assets are attributable to the region in which the assets are located. Total non-current assets exclude financial assets and deferred tax assets.

II. DISCUSSION AND ANALYSIS MADE BY THE MANAGEMENT

(I) Business Performance Review during the Reporting Period

In 2024, the domestic beer market saw a sluggish recovery in consumption. The annual beer production of enterprises above a designated size reached 35.213 million kiloliters, a year-on-year decline of 0.6% (Source: National Bureau of Statistics; statistical scope: all industrial enterprises with annual main business revenue exceeding RMB 20 million).

During the Reporting Period, facing a complex and ever-changing market environment, the Board led the management and employees in driving high-quality development through innovation. The Company accelerated systematic innovations in brand, product, quality, and marketing models, guided by technological advancements, in a bid to build a new development framework for its beer business. Those efforts led to continuous improvements in the Company's operational performance and brand influence. In 2024, the Company's key operating indicators maintained steady growth. Specifically, its product sales volume reached 7.538 million kiloliters, and operating revenue totaled RMB 32.14 billion. Net profit attributable to shareholders of the listed company amounted to RMB 4.34 billion, marking a year-on-year increase of 1.8%, while net profit attributable to shareholders after deducting non-recurring gains and losses reached RMB 3.95 billion, reflecting a year-on-year increase of 6.2%.

During the Reporting Period, the Company capitalized on the brand and quality strengths of Tsingtao Beer* (青島啤酒) to actively expand its market presence. It consolidated and enhanced the development of its "One Vertical and Two Horizontal" strategic zones and allocated resources to reinforce its dominant position in key markets. The Company introduced innovative market operation models and accelerated the expansion of new commerce and new retails. During the Reporting Period, the Company's online product sales grew by 21% year-on-year, marking 12 consecutive years of growth. Additionally, the Company further advanced its fresh beer delivery service. Tsingtao's Original Beer and Draft products were delivered fresh in 24 cities, meeting consumers' personalized, diversified, and scenario-based demands.

The Company positioned as a high-quality, high-price, and high-visibility brand in the international market and the Company continues to expand product distribution and brand communication in overseas markets. Currently, Tsingtao Beer is available in over 120 countries and regions worldwide. During the Reporting Period, Tsingtao Beer was recognized as The World's Strongest Beer Brand in 2024, ranking first in the annual Brand Strength Index (BSI) by the globally renowned brand valuation consultancy Brand Finance, further solidifying its global brand influence.

During the Reporting Period, the Company continued to implement the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”. By leveraging the leading role of its brands, the Company actively organized brand promotion and product marketing campaigns. Through product innovation, multi-dimensional brand operations, and immersive experiences across diverse scenarios, the company further enhanced its brand influence.

During the Reporting Period, the Company further optimized its brand and product structure, advancing the development of the “1+1+1+2+N” product portfolio, with Tsingtao Beer as the core brand. It strengthened its core products and accelerated the rollout of high-end fresh and ultra-high-end products. The proportions of Tsingtao’s core brands, including Classic and higher-end products, increased steadily. During the Reporting Period, Tsingtao Beer achieved a total sales volume of 4.34 million kiloliters, including 3.154 million kiloliters of mid-to-high-end products.

During the Reporting Period, leveraging the Tsingtao Beer Science and Technology Research and Development Center* (青島啤酒科技研發中心), a leading innovation platform in the global brewing industry, the Company stepped up efforts in new product development and quality improvement. During the year, it launched a series of new products, including Augerta A Series* (奧古特A系列), Nicasi White Beer* (尼卡希白啤), and Non-alcoholic Series* (無醇啤酒系列). These offerings met consumers’ multi-level demands with exceptional quality and innovative flavors.

The Company accelerated its digital transformation and pioneered a green, low-carbon development model. In 2024, Tsingtao Brewery was recognized as the first “Sustainable Lighthouse Factory” in the global food and beverage industry. In addition, the Company has 23 breweries awarded the title of “National Green Factory”, laying a solid foundation for its high-quality development.

(II) Core Competitiveness Analysis during the Reporting Period

The Company’s “Tsingtao Beer” brand is among China’s first batch of Well-known Trademarks and enjoys significant influence and high visibility in both domestic and international markets. In 2024, “Tsingtao Beer” maintained its position as the top brand in the Chinese beer industry, with a brand value of RMB 264.675 billion. Collectively, the brand value of “Tsingtao Beer, Laoshan Beer, and Hans Brewery” owned by the Company exceeded RMB 426.7 billion (Source: World Brand Laboratory).

As China’s longest-standing beer manufacturer, the Company places high priority on product quality. Tsingtao Beer products have consistently secured top honors in both domestic and international quality competitions, earning widespread recognition from customers worldwide. In recent years, the Company has elevated its major production equipment to meet advanced international standards through continuous improvement. Additionally, by enhancing management and control over raw materials, production processes, technologies, and operational procedures, the Company has ensured stringent food safety, superior product quality, and consistent taste across its offerings.

The Company owns the State Key Laboratory of Biological Fermentation Engineering of Beer* (啤酒生物發酵國家重點實驗室), the only national key laboratory in the domestic beer industry. The newly established Tsingtao Beer Science and Technology Research and Development Center* (青島啤酒科技研發中心), built upon this high-level platform, has been put into use. It is expected to further expand and deepen the Company's collaboration with the global innovation, industrial, and supply chains. The Company also boasts a domestic first-class R&D platform, a high-caliber R&D team, and domestic leading capabilities in cultivating key technological fields, strengthening basic research and original innovation. It has developed numerous core technologies with proprietary intellectual property rights, maintaining its technological leadership in the domestic beer market. In recent years, the Company has introduced a range of new products, such as "Century Legend", "Tsingtao Centennial Journey", "Amber Lager", "Augerta", "Hong Yun Dang Tou", "Classic 1903", "Original Beer", "Draft", "Pearson", and "Tsingtao IPA". These distinctive, market-driven products have successfully created new demand through high-end offerings, precisely met consumer needs, and further enhanced the Company's brand image.

The Company has established a comprehensive and systematic innovation engine, guided by scientific and technological advancement, to continuously meet the evolving demand for better life quality. Cultural and tourism complexes, such as The World of Tsingtao* (青島啤酒博物館) and TSINGTAO 1903 Bar, have been consistently innovating and upgrading to deliver exceptional "beer+" experiences for consumers. These initiatives continually redefine consumer experiences, enabling them to immerse themselves in the rich history, culture, and quality charm of Tsingtao Beer, thereby significantly enhancing the brand's influence and product reputation.

The Company boasts production bases all over China, a comprehensive supply chain system, and a network that covers major markets in China with a global reach. Tsingtao Beer is available in over 120 countries and regions worldwide. The Company has continued to strengthen marketing, deepen the development of its sales network, promote collaborative operations between manufacturers, and improve the work allocation of 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 for continual improvement in its market operations and profitability.

(III) Future Prospects

(I) Structure and Trend of the Industry

China's beer market is the largest in the world in terms of both production and consumption. Influenced by economic factors and demographic trends, the country's beer industry has entered a phase of stable development. As regional market competition patterns continue to evolve, the beer market is experiencing a steady increase in concentration.

The rise of mid-to-high-end products, the diversification of consumer demands, and the adoption of diversified development strategies by companies are creating new growth opportunities for the industry. As a result, there is significant potential for enhancing the overall profitability of the beer sector. Beer enterprises are increasingly elevating diversified development to a strategic level. They inject fresh momentum into long-term and stable development by expanding into non-beer businesses through various approaches, such as launching new products, pursuing mergers and acquisitions, and establishing collaborations with other companies.

With the continuous upgrading of the consumption structure, the increasingly fierce competitions in the mid-to-high-end markets, and faster digital and intelligent transformations, domestic beer enterprises are vigorously promoting scientific and technological innovation and digital transformation. Driven by consumer demands, they are speeding up the high-end, intelligent, and green development of the beer industry, increasing production and operational efficiency, improving product quality, and reducing systematic operational costs.

(II) The Company's Development Strategy

The Company will commit to fostering high-quality development through innovation. By centering on consumers' personalized, differentiated, and scenario-based needs, the Company will capitalize on Tsingtao Beer's strengths in branding, quality, product offerings, and technology. Additionally, it will utilize its production facilities and extensive channel network that spans the Chinese market. The Company will implement active growth strategies to ensure stable development and enhance product quality while continuing to make progress.

Guided by its mission of “creating happiness in life” and its development philosophy of “pursuing high quality, ensuring sustainable growth, and keeping abreast of the times”, the Company aims to build a more competitive product portfolio and enhance its brand influence across all fronts. To strengthen and refine its core businesses, the Company will implement a series of strategic measures, including: establishing provincial bases and markets as strategic hubs; accelerating expansion into international markets; enhancing the appeal of high-quality offerings; driving the large-scale, intelligent, smart, and green development of production bases; expanding the scope and scenarios of digital applications; proactively and steadily advancing carbon neutrality goals; and continuously optimizing costs and expenses across the value chain. Through these efforts, the Company will accelerate its transformation into a world-class enterprise renowned for “excellent products, distinguished brands, leading innovations, and modern governance”.

(III) Business Plan

The Company will prioritize the development of its beer business as its core business, leveraging Tsingtao Beer's strengths in brand, quality, and distribution networks to drive market expansion. It will accelerate the growth of its “One Vertical and Two Horizontal” strategic belts, further refine its market network, and enhance operational capabilities to boost profitability.

The Company will continue to execute its brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”, while further optimizing and upgrading its product portfolio to drive brand growth through product development. It will focus on flagship products, premium fresh beers, and ultra-high-end star offerings to ensure full coverage across all product lines and sales channels. For mid-to-high-end products, the Company will enhance market penetration, refine operations, and reinforce branding. Additionally, it will fully leverage “new consumer groups, new demands, new products, new channels, and new scenarios” to unlock new growth opportunities.

The Company will accelerate systematic innovation guided by technological innovation and leverage its world-class R&D platform and continuously cultivate key areas such as beer fermentation yeast research, quality improvement, low-carbon brewing, and product innovation. Through technological innovation, it will build unique competitive edges for its products and brands.

The Company will accelerate its digital transformation, leveraging digital technologies to drive business evolution. It will continue building an integrated “Digital Tsingtao Beer” ecosystem — encompassing whole sensing, full connectivity, omni-scenario applications, and comprehensive data — to maximize system efficiency.

In 2025, the Company will still face pressures from intense market competition and subdued consumer demand; on the other hand, the Company will welcome favorable opportunities arising from China’s push for technological innovation and consumption stimulation to develop new quality productive forces. Under the Board’s leadership, the Company will move forward with confidence, reinforce its strategic positioning, firmly strengthen and improve the beer business, and further expedite high-quality development.

(IV) Potential Business Risks

Potential uncertainties such as the future recovery of consumption and climate change, as well as population ageing, may impact the growth of the domestic beer market.

As China’s beer industry becomes more concentrated, market competition is expected to intensify further. Increasing marketing costs (including advertising and promotions) along with operational pressures from volatile raw material prices, could collectively affect the Company’s future sales volume, revenue, and profitability.

III. SHARE CAPITAL

Neither the Company nor its affiliates purchased, sold, or repurchased 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, “Significant Events” of this announcement.

IV. FINAL DIVIDEND DISTRIBUTION PROPOSAL

The Board proposes the distribution of the final dividend of the Company for the year ended 31 December, 2024, and the amount shall be RMB 2.20 per share in cash (taxes included). Any dividend distribution proposal shall be subject to the consideration and approval at the Company's 2024 annual general meeting. Information in relation to the payment date of the final dividend and the period for the closure of register of members for H-share shareholders of the Company would be set out in the notice of annual general meeting to be published by the Company separately.

V. CORPORATE GOVERNANCE

The Company is committed to maintaining a high level of corporate governance. During the Reporting Period, the Company had always complied with the Code Provisions of the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for deviation from Code Provisions B.2.2 and C.2.1 of the Corporate Governance Code.

Pursuant to Code Provision B.2.2, among other things, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. As disclosed in the announcement of the Company dated 21 June 2024, the terms of office of the tenth session of the Board and the supervisory committee of the Company have expired on 28 June 2024. As the nomination of candidates for the new session of the Board and the supervisory committee of the Company has not been completed, in order to maintain the continuity and stability of the work related to the Board and the supervisory committee of the Company, the re-election and appointment of the tenth session of the Board and the supervisory committee of the Company will be postponed. Meanwhile, the terms of office of the tenth session of each specialized Board committee and senior management officers will also be correspondingly extended. The Company will promote the re-election and appointment of the Board and the supervisory committee as soon as practicable.

Pursuant to Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since 25 December 2024, Mr. Jiang Zong Xiang, an executive director of the Company, has assumed the roles and duties of the Chairman and continues to act as the President of the Company. Although the relevant arrangement deviates from Code Provision C.2.1, the Board considers that under the supervision of other existing members of the Board, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Details of the corporate governance practices of the Company will be set out in the annual report for 2024.

VI. SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (“Deloitte”), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 28 March 2025. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte on the preliminary announcement.

VII. AUDIT AND INTERNAL CONTROL COMMITTEE

The Board of Directors shall establish an audit and internal control committee to comply with the provisions of Article 3.21 of the Listing Rules. The audited financial statements of the Group for the fiscal year ended December 31, 2024 have been reviewed by the audit and internal control committee.

VIII. SIGNIFICANT EVENTS

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

1. At the third extraordinary meeting of 2024 of the tenth session of the Board and the third extraordinary meeting of 2024 of the tenth session of the supervisory committee held by the Company on 16 May 2024, the “Proposal on Fulfillment of the Unlocking Conditions for the Second Unlocking Period under the Reserved Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The second unlocking period under the reserved grant under the Incentive Plan has expired and the corresponding conditions for unlocking the restricted shares under the Incentive Plan have been fulfilled. It is therefore agreed that the Company shall deal with the unlocking matters in relation to the 33 qualified participants with a total of 96,666 restricted shares. The listing and circulation time of the unlocked shares is 27 May 2024.

2. At the sixth extraordinary meeting of 2024 of the tenth session of the Board and the fifth extraordinary meeting of 2024 of the tenth session of the supervisory committee held by the Company on 16 July 2024, the “Proposal on Fulfillment of the Unlocking Conditions for the Third Unlocking Period under the First Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The third unlocking period under the first grant under the Incentive Plan has expired 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 595 qualified participants with a total of 4,235,863 restricted shares. The listing and circulation time of the unlocked shares is 24 July 2024. 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 details of the unlocking and listing of restricted shares under the incentive plan, please refer to the relevant announcements issued by the Company on 16 May 2024, 20 May 2024, 16 July 2024, and 18 July 2024.

(II) Other Significant Events during the Reporting Period

1. *Progress of the new and expansion projects of the subsidiaries*

- 1.1 The one million kiloliter draft beer production base project of Tsingtao Beer Plant II was reviewed and approved by the Board on 22 March 2023. The investment budget of the project is approximately RMB 666.65 million, which was funded by the Company’s financial provisions. The project started construction in March 2024, the main construction of the joint workshop has been completed and is currently undergoing equipment installation.
- 1.2 The operation and second-phase optimization plan of the R&D Innovation Base project of Tsingtao Beer was reviewed and approved by the board of directors on 22 March 2023 and has been put into use in December 2024.
- 1.3 The 600,000 kiloliter relocation and new project of Tsingtao Brewery (Weifang) Co., Ltd. was reviewed and approved by the Board on 27 December 2023 to establish a new company in Weifang, Shandong Province, with a registered capital of RMB 300 million. The new project aims to produce 600,000 kiloliters of beer annually, with an investment budget of RMB 849.23 million. The construction funds were funded by the government’s support funds, and any shortfall would be covered by the registered capital of the new company. With the name of Tsingtao Brewery (Weifang) Manufacturing Co., Ltd., the new company was established on 17 January 2024 and is wholly owned by the Company. The new project started construction in November 2024 and is currently undergoing civil engineering construction.

1.4 Regarding the expansion project of Tsingtao Beer Malt Plant, the construction of the silo has been completed in November 2024, the malt-making tower has been roofed in December 2024, and is currently undergoing equipment installation.

1.5 The relocation and expansion project of Shandong Lulansa Beer Co., Ltd. has been completed and put into operation in August 2024.

After completion of the new and expansion projects mentioned above, the Company's supply capacity for high-end products will be further improved by digitalization and intelligence upgrading of the plants, therefore meeting the increasing demands for personalized products of the market and consumers.

2. Capital increase of Tsingtao Brewery Finance LLC. (“Financial Company”)

The capital increase of the Financial Company was reviewed and approved by the board of directors on 26 March 2024, with its registered capital increasing from RMB 1 billion to RMB 2 billion. It was approved by Qingdao Regulatory Bureau of the State Financial Supervision Administration on 12 July 2024, and the procedures for change of registration at the industrial and commercial administration were completed on 25 July 2024.

3. Acquiring minority equity of the subsidiaries

Regarding the project of acquiring the minority equity of Beijing Tsingtao Brewery Sanhuan Co., Ltd. (“Sanhuan Company”), the Board reviewed and approved the project on 29 August 2024, and the Company was agreed to invest RMB 101.2 million to acquire 46% equity of Sanhuan Company held by Beijing Sonhoshin & Five Star Beer Co., Ltd; the equity acquiring procedures has been completed on 27 November 2024, and the equity structure after change is that the Company holds 75% of the shares and Tsingtao Brewery Hong Kong Trading Co., Ltd. holds the remaining 25% of the shares.

4. Establishing new subsidiaries

The feasibility report on the establishment of a digital technology company of Tsingtao Beer was reviewed and approved by the Board on 29 August 2024. The Company was agreed to solely invest in the establishment of a digital technology company with a registered capital of RMB 50 million. The new company was named as Qingdao Joyo Technology Co., Ltd., and was established on 5 November 2024.

(III) Others

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

On behalf of the Board
Tsingtao Brewery Company Limited
JIANG Zong Xiang
Chairman

Qingdao, the People's Republic of China

March 28, 2025

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

Executive Directors:

*Mr. JIANG Zong Xiang (Chairman), Mr. WANG Rui Yong
and Mr. HOU Qiu Yan*

Independent Non-Executive Directors:

*Mr. XIAO Geng, Mr. SHENG Lei Ming, Ms. Rania ZHANG
and Mr. SONG Xue Bao*

** For identification purposes only*