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TSINGTAO BREWERY COMPANY LIMITED
(a Sino-foreign joint stock limited company established in the People's Republic of China)
(Stock Code: 168)

2021 First Quarterly Report

This announcement is made pursuant to the disclosure requirements of Rule 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and the provisions of inside information (as defined in the Listing Rules) under Section XIVA of Securities and Futures Ordinance (Chapter 571 of Law of Hong Kong).

The 2021 first quarterly report (unaudited, the "Quarterly Report") contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the Board of Directors (the "Board") of Tsingtao Brewery Company Limited (the "Company").

I. IMPORTANT NOTICE

- 1.1 The Board, the Board of Supervisors, directors, supervisors and senior management officers of the Company undertake the authenticity, accuracy and completeness of the contents contained in this Quarterly Report without false representation, misleading statement or material omissions, and they jointly and severally accept full responsibility.
- 1.2 The Quarterly Report of the Company was considered and approved at the sixteenth meeting of the ninth session of the Board (the "Meeting") through written proposals. 8 of the total 8 directors attended the meeting and voted.
- 1.3 Unless otherwise stated in this report, monetary units are denominated in Renminbi.
- 1.4 HUANG Ke Xing, the legal representative of the Company, YU Zhu Ming, the person in charge of the accounting work, and HOU Qiu Yan, the person in charge of the accounting department (accounting director) warrant that the financial statements contained in the Quarterly Report are authentic, accurate and complete.
- 1.5 The Quarterly Report has been reviewed by Audit and Internal Control Committee under the Board, but has not been audited.

II. CHANGES IN MAJOR FINANCIAL DATA AND SHAREHOLDERS OF THE COMPANY

2.1 Major financial data

	<i>Unit: Yuan Currency: RMB</i>		
	As at the end of the reporting period	As at the end of prior year	Increase/Decrease (%)
Total assets	42,978,389,188	41,514,185,835	3.53
Net assets attributable to shareholders of the Company	21,699,240,410	20,621,960,515	5.22
	From the beginning of the year to the end of the reporting period	From the beginning of prior year to the end of the reporting period in prior year	Increase/Decrease (%)
Net cash flows from operating activities	2,465,865,133	619,328,210	298.15
	From the beginning of the year to the end of the reporting period	From the beginning of prior year to the end of the reporting period in prior year	Increase/Decrease (%)
Revenue	8,927,731,306	6,292,946,111	41.87
Net profit attributable to shareholders of the Company	1,022,011,288	537,178,217	90.26
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	910,315,169	461,265,005	97.35
Weighted average return on net asset (%)	4.83	2.78	Increased by 2.05 percentage point
Basic earnings per share (Yuan per share)	0.756	0.398	90.26
Diluted earnings per share (Yuan per share)	0.754	0.398	89.45

Item and amounts of non-recurring profit or loss

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount of this reporting period
Gains/(Losses) on disposal of non-current assets	19,204,799
Government grants recognized in profits/(losses) of the current period, excluding those closely related to the usual operations of the Company, in compliance with the State policies, and continuously received in set amount or quantities by certain standards	124,261,218
Other non-operating income and expenses other than aforesaid items	306,527
Impact on the non-controlling interests, net of tax	-3,217,407
Impact of income tax expense	-28,859,018
Total	111,696,119

2.2 List of total number of shareholders, and particulars of top ten shareholders, top ten holders of listed shares (or holders of shares not subject to sales restriction) as at the end of the reporting period

Unit: share

Total number of shareholders 62,560 shareholders including 62,306 holders of A-share and 254 holders of H-share.

PARTICULARS OF TOP TEN SHAREHOLDERS

Name of shareholder (full name)	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares subject to sales restriction held	Pledged or frozen shares Status	Nature of shareholder
HKSCC Nominees Limited	613,915,667	45.00	0	Unknown	Overseas legal person
Tsingtao Brewery Group Company Limited (“Tsingtao Group”)	443,467,655	32.51	0	Nil	State-owned legal person
China Securities Finance Corporation Company	25,883,117	1.90	0	Nil	State-owned legal person
Hong Kong Securities Clearing Company Limited	18,470,580	1.35	0	Nil	Overseas legal person

Name of shareholder (full name)	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares subject to sales restriction held	Pledged or frozen shares Status	Number	Nature of shareholder
Central Huijin Asset Management Ltd.	10,517,500	0.77	0	Nil	0	State-owned legal person
Industrial Bank Co., Ltd. — ICBCCS Culture & Sports Industry Equity Securities Investment Fund	9,272,023	0.68	0	Nil	0	Other
China Life Insurance Company Limited — Dividends — Individual dividends — 005L — FH002 Shanghai	7,520,682	0.55	0	Nil	0	Other
Agricultural Bank of China Co., Ltd. — E Fund Consumer Industry Equity Securities Investment Fund	5,375,127	0.39	0	Nil	0	Other
Industrial and Commercial Bank of China Limited — Fullgoal Tianhui Select Hybrid Growth Securities Investment Fund (LOF)	5,100,000	0.37	0	Nil	0	Other
Abu Dhabi Investment	5,089,782	0.37	0	Nil	0	Overseas legal person

Particulars of top ten holders of shares not subject to sales restriction

Name of shareholder	Number of listed shares not subject to sales restriction held	Class	Number
HKSCC Nominees Limited	613,915,667	Overseas listed foreign shares	613,915,667
Tsingtao Brewery Group Company Limited	443,467,655	RMB-denominated ordinary shares	405,132,055
		Overseas listed foreign shares	38,335,600
China Securities Finance Corporation Company	25,883,117	RMB-denominated ordinary shares	25,883,117

Name of shareholder	Number of listed shares not subject to sales restriction held	Class and number of shares	
		Class	Number
Hong Kong Securities Clearing Company Limited	18,470,580	RMB-denominated ordinary shares	18,470,580
Central Huijin Asset Management Ltd.	10,517,500	RMB-denominated ordinary shares	10,517,500
Industrial Bank Co., Ltd. — ICBCCS Culture & Sports Industry Equity Securities Investment Fund	9,272,023	RMB-denominated ordinary shares	9,272,023
China Life Insurance Company Limited — Dividends — Individual dividends — 005L — FH002 Shanghai	7,520,682	RMB-denominated ordinary shares	7,520,682
Agricultural Bank of China Co., Ltd.-E Fund Consumer Industry Equity Securities Investment Fund	5,375,127	RMB-denominated ordinary shares	5,375,127
Industrial and Commercial Bank of China Limited — Fullgoal Tianhui Select Hybrid Growth Securities Investment Fund (LOF)	5,100,000	RMB-denominated ordinary shares	5,100,000
Abu Dhabi Investment	5,089,782	RMB-denominated ordinary shares	5,089,782

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| Explanation of associations or actions in concert among the above shareholders | <p>1. The total number of shares held by Tsingtao Group includes 38,335,600 shares of H-share held in the Company by itself and through Hong Kong Xinhaisheng Investment Limited (“Xinhaisheng”), a wholly-owned subsidiary, and 405,132,055 shares of A-share held in the Company by itself.</p> <p>2. 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 A-shares are held by Hong Kong Securities Clearing Company Limited on behalf of different clients as well.</p> |
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Name of shareholder	Number of listed shares not subject to sales restriction held	Class and number of shares	
		Class	Number
	3.	As at the end of the reporting period, five entities under Fosun International Limited hold 144,206,236 H-shares of the Company, accounting for about 10.57% of the Company’s total share capital. The shares were held by HKSCC Nominees Limited on behalf of the five entities of Fosun International Limited.	
		Save as disclosed above, the Company is unaware of whether there are any connected relationships among these top ten shareholders or if they are of the parties acting in concert.	
Explanation of holders of preferred shares with resumed voting right and the number of shares held	N/A.		

2.3 Brief explanation of the overall situation of operating activities of the Company during the reporting period

In the reporting period, guided by the Board's strategy for high quality development and led by the brand, the Company made active steps to expand the product market by increasing the sales volume, adjusting the structure, developing the channels, controlling the costs and boosting the efficiency. All staff members of the Company worked hard to promote the "Spring Ploughing Initiative", proactively built consumption scenarios as well as the immersed experience model, focused resources to vigorously expand online and offline channels and continued to improve the end market deployment to satisfy consumers' demand for diverse varieties, convenience and high efficiency.

The Company gave full play to the brand and quality advantages of Tsingtao Beer, made active steps to drive innovation-driven development and the improvement and upgrading of the product structure, continued to develop new and special products of high quality and accelerated the transformation and upgrade of high value-added products represented by canned beer and craft beer. During the reporting period, the Company's total sales volume of its core brand, Tsingtao Beer, achieved a growth of 44% as compared with the corresponding period in the last year. In the first quarter of 2021, the Company achieved a total of 2.19 million kiloliters of product sales, an increase of 35% as compared with the corresponding period in the last year and realized an operating revenue of RMB8.93 billion, an increase of 41.87% as compared with the corresponding period in the last year and a net profit attributable to shareholders of the Company of RMB1.02 billion, an increase of 90.26% as compared with the corresponding period in the last year. In conclusion, the Company achieved big growth in the sales volume, the revenue and the net profit.

III. SIGNIFICANT EVENTS

3.1 Material changes in major accounting items and financial indicators and the reasons

✓Applicable □ Not applicable

3.1.1 Analysis of fluctuation of main items in balance sheet

Unit: '000 Yuan Currency: RMB					
Items in the balance sheet	As at end of this reporting period	As at the end of the prior year	Increased/Decreased amount	Increased/Decreased percentage (%)	Major causes
Cash at bank and on hand	12,349,342	18,466,881	-6,117,539	-33.13	The decrease in the cash at bank and on hand was caused by the Company's investment in structural deposits and interbank certificates of deposits in the reporting period
Financial assets held for trading	7,931,834	1,888,863	6,042,971	319.93	The increase was caused by the Company's investment in structural deposits in the reporting period
Notes receivable	14,300	5,649	8,651	153.16	The increase was caused by the increase in some subsidiaries' collection of bank acceptance notes in the reporting period
Other receivables	106,047	73,894	32,153	43.51	The increase was caused by the increase in receivables from businesses such as disposed assets receivable at the end of the reporting period
Other current assets	2,653,995	552,410	2,101,585	380.44	The increase was caused by the engagement of Tsingtao Brewery Finance LLC (hereinafter referred to as "Finance Company"), a wholly-owned subsidiary of the Company, in interbank certificates of deposits in the reporting period

Items in the balance sheet	As at end of this reporting period	As at the end of the prior year	Increased/Decreased amount	Increased/Decreased percentage (%)	Major causes
Other non-current assets	102,930	57,673	45,257	78.47	The increase was caused by the increase in some subsidiaries' prepayment for construction and equipment at the end of the reporting period
Taxes payable	1,054,849	548,027	506,822	92.48	The increase was caused by the increase in the income tax payable and the consumption tax payable at the end of the reporting period
Other current liabilities	145,209	296,066	-150,857	-50.95	The decrease was caused by the decrease in some subsidiaries' VAT output tax related to contract liabilities at the end of the reporting period

3.1.2 Analysis of fluctuation in major items in income statement

Unit: '000 Yuan Currency: RMB

Items in income statement	January-March 2021	January-March 2020	Increased/Decreased amount	Increased/Decreased percentage (%)	Major causes
Revenue	8,927,731	6,292,946	2,634,785	41.87	The increase in the sales volume and the improvement in the product variety and structure in the reporting period caused the increase in the revenue of the reporting period as compared with the corresponding period in the last year
Cost of sales	4,898,677	3,771,959	1,126,718	29.87	The increase in the sales volume and the improvement in the product variety and structure in the reporting period caused the increase in the cost of sales of the reporting period as compared with the corresponding period in the last year

Items in income statement	January- March 2021	January- March 2020	Increased/ Decreased amount	Increased/ Decreased percentage (%)	Major causes
Taxes and surcharges	590,915	423,295	167,620	39.60	The increase in the sales volume and the improvement in the product variety and structure in the reporting period caused the increase in the taxes and surcharges of the reporting period, such as consumption tax as compared with the corresponding period in the last year
Selling and distribution expenses	1,986,705	1,341,439	645,266	48.10	The increase was caused by the increases in the transportation expenses due to the increase in the sales volume and the increase of branding costs and employee benefits expenses
General and administrative expenses	338,996	239,265	99,731	41.68	The increase was caused by the increase in the share-based payment expenses recognized due to the implementation of the restricted share incentive plan in the reporting period as compared with the corresponding period in the last year
Financial expenses	-74,351	-114,794	40,443	35.23	The increase was caused by the recognition of the income from the Company's structural deposits into profits arising from changes in fair value in the reporting period
Investment income	21,450	7,191	14,259	198.31	The increase was caused by the increase in the associates' profits in the reporting period as compared with the corresponding period in the last year and increase in the income from the wealth management of Finance Company, a wholly-owned subsidiary of the Company in the reporting period as compared with the corresponding period in the last year

Items in income statement	January- March 2021	January- March 2020	Increased/ Decreased amount	Increased/ Decreased percentage (%)	Major causes
Profits arising from changes in fair value	50,747	14,438	36,309	251.48	The increase was caused by the Company's investment in structural deposits in the reporting period
Credit impairment loss	-638	-25	-613	-2,449.14	The decrease was caused by the increase in some subsidiaries' credit impairment losses for accounts receivable in the reporting period as compared with the corresponding period in the last year
Gains on disposals of assets	19,205	-2,367	21,572	911.25	The increase was caused by the increase in some subsidiaries' gains on disposals of assets, such as land use rights
Non-operating Income	429	946	-517	-54.68	The decrease was caused by the decrease of the revenue not related to routine operations as recognized by some subsidiaries in the reporting period as compared with the corresponding period in the last year
Non-operating expenses	122	22,789	-22,667	-99.46	The Company proactively fulfilled its social responsibility to donate to external parties for fighting against COVID-19 in the comparable period, and the donation decrease in the reporting period.
Income tax expense	343,502	189,829	153,673	80.95	The increase in the profits in the reporting period caused the increase in the income taxes as compared with the corresponding period in the last year

3.1.3 Analysis of fluctuation in major items in cash flow statement

Unit: '000 Yuan Currency: RMB

Item in cash flow statement	January-March 2021	January-March 2020	Increased/Decreased amount	Increased/Decreased percentage (%)	Major causes
Net cash flows from operating activities	2,465,865	619,328	1,846,537	298.15	The increase was caused by the increase in the cash received from sales of goods or rendering service in the reporting period as compared with the corresponding period in the last year due to the increase in the sales volume and the improvement in the product variety and structure in the reporting period
Net cash flows from investing activities	-8,684,781	-640,226	-8,044,555	-1,256.52	The decrease was caused by the Company's investment in structural deposits and interbank negotiable certificates of deposits in the reporting period
Net cash flows from financing activities	-77,980	390,478	-468,458	-119.97	The decrease was caused by the repayment of Finance Company's, a wholly-owned subsidiary of the Company, inter-bank borrowings

3.2 Analysis and explanation on the progress of significant events and their effects and solutions

☒ Applicable ☐ Not applicable

- (1) At the first extraordinary meeting of 2021 of the ninth session of the Board of Directors and the first extraordinary meeting of 2021 of the ninth session of the Board of Supervisors held by the Company on 22 March 2021, the Proposal on Granting Reserved Restricted A Shares to the Participants was considered and approved, with 22 March 2021 approved as the grant date, 300,000 reserved restricted A shares under The Restricted A Share Incentive Plan of Tsingtao Brewery Company Limited (Draft) would be granted to 35 eligible participants at a grant price of RMB 21.18 per share. As at the date when this quarterly report was disclosed, the Company had not completed the registration procedures for the grant of the reserved restricted A shares. For more information, please refer to the announcements published on 23 March 2021 and 8 April 2021 on the website of Shanghai Stock Exchange (www.sse.com.cn) and 22 March 2021 on the website of HKEXnews (www.hkexnews.hk).
- (2) On 9 April 2021, the Company's Board of Supervisors received a written resignation from Mr. LI Gang, Chairman of the ninth session of the Board of Supervisors. Because he had reached the statutory retirement age, he applied for resignation from his positions as Chairman of the ninth session of the Board of Supervisors and Supervisor as Shareholders' Representative. On the same day, the Company held the second extraordinary meeting of the ninth session of the Board of Supervisors, where the Proposal on Electing Mr. GUO Xiu Zhang to be Supervisor as Shareholders' Representative of the Company's ninth session of the Board of Supervisors was considered and approved. According to the approval, Mr. GUO Xiu Zhang was nominated to be Supervisor as Shareholders' Representative of the Company's ninth session of the Board of Supervisors starting from the date when the proposal is approved at the Company's 2021 first extraordinary general meeting to the expiration of the term of the ninth session of the Board of Supervisors. The proposal has yet to be submitted to the Company's extraordinary general meeting for consideration and approval. For more information, please refer to the announcement published on 10 April, 2021 on the website of Shanghai Stock Exchange (www.sse.com.cn) and 9 April, 2021 on the website of HKEXnews (www.hkexnews.hk).

3.3 Commitments that were overdue and not fulfilled in the reporting period

☐ Applicable ☒ Not applicable

☐ Applicable ☒ Not applicable

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

The Company's Directors as at the date of this announcement are:

Non-executive Director: *Mr. SHI Kun*

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