



青島啤酒股份有限公司 TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號 : 168)



2023 年度報告 ANNUAL REPORT

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青島啤酒

百廿華誕

120
YEARS



LIVING IT
UP



1903



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，已行銷世界一百二十個國家和地區。

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 leading position in the domestic beer industry in terms of size and market share with 57 wholly-owned and controlling breweries, and 2 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 in the international market. Products from Tsingtao Brewery has been sold in 120 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

(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，2023年，「青島啤酒」以人民幣2,406.89億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」等品牌總價值已突破人民幣3,800億元（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。

公司投資人民幣6億元建設全球釀酒領域科技研發能力領先的創新平台青島啤酒科技研發中心，加快打造具有國際影響力的啤酒釀造技術研究新高地，高層次國際化啤酒釀造人才培養新高地，多學科啤酒釀造國際學術交流新高地，全球啤酒文化傳播及消費者體驗新高地。公司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。



2. Core Competitiveness Analysis

(II) Core Competitiveness Analysis during the Reporting Period

The brand “Tsingtao Beer”, owned by the Company is one of the first batches of China’s ten well-known trademarks and has strong influence and high visibility in local and international markets. In 2023, “Tsingtao Beer” remained the top brand value in the Chinese beer industry with a brand value of RMB240.689 billion. The overall worth of brands such as “Tsingtao Beer”, “Laoshan Beer”, and “Hans Brewery” owned by the Company has surpassed RMB380 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 domestic and foreign customer recognition. 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 maintained the consistency of product taste.

The Company spent RMB600 million on building the Tsingtao Beer Science and Technology Research and Development Center* (青島啤酒科技研發中心), an innovative platform with leading technology R&D capabilities in the global brewery industry. The Company accelerated the development of a new high ground for beer brewing technology research with global influence, a new high ground for training high-caliber international talents for beer brewing, a new high ground for multi-disciplinary international academic exchanges in beer brewing, and a new high ground for global beer culture communication and consumer experience. The Company possesses 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 beer industry in China. It also has 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 a series of 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”, being innovative products with distinctive characteristics that fit market needs, which led the consumption trend for high-end beer products and further improved the Company’s brand image.

公司業務概要 Business Introduction of the Company

青島啤酒博物館、TSINGTAO1903青島啤酒吧等工業旅遊和消費者體驗基地，讓消費者沉浸式體驗青島啤酒的歷史文化和魅力質量，極大地提升了青島啤酒的品牌影響力和產品美譽度。

公司具有遍佈全國的生產基地、完善的供應鏈體系，覆蓋全國主要市場、輻射全球的網絡佈局，業務遍及全球一百二十個國家和地區，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。

Industrial tourism and consumer experience bases such as The World of Tsingtao* (青島啤酒博物館) and TSINGTAO1903, provide consumers with an immersive experience of Tsingtao Brewery's history, culture, and attractive quality, thereby substantially improving the brand influence and product reputation of Tsingtao.

The Company has production bases across China, a comprehensive supply chain system, and a network that covers the major markets in China with a global reach. Its business has expanded to more than 120 countries and regions globally. The Company has continued to strengthen promotion and deepen the construction of market network, promote collaborative operations between manufacturers, and optimise the division of labor in the marketing chain. It has steadily strengthened its ability to maintain and serve end customers, consolidated its competitive edge in the base market and expanded market share in the emerging markets, raised its growing market share, and pushed for continual improvement in its market operation capacity 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. 本集團二零二三年財務資料

(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：

非流動資產處置損益
除與正常經營業務密切相關、符合國家政策規定、按照確定的標準享有、對公司損益產生持續影響外、計入當期損益的政府補助
除同正常經營業務相關的有效套期保值業務外，持有金融資產和金融負債產生的公允價值變動損益以及處置金融資產和金融負債產生的損益
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 2023

(Unit: RMB'000)

Operating profit	5,736,826
Total profit	5,746,407
Net profit attributable to shareholders of the Company	4,267,851
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	3,720,724
Net cash flows from operating activities	2,777,567

Note: Non-recurring profit or loss items include:

Profit or loss on disposal of non-current assets	178,577
Except for government grants that are closely related to normal business operations, comply with national policies and regulations, determine according to established standards and have a continuous impact on the Company's profit and loss, government grants recognised in profits	391,134
Except for effective hedging operations related to normal business operations, the fair value changes arising from holding financial assets and financial liabilities, and gains or losses from disposing of financial assets and financial liabilities	148,604
Other non-operating income and expenses other than aforesaid items	9,643

Subtotal 727,958

Impact of income tax expense (159,058)
Impact on the non-controlling interest, net of tax (21,773)

Total 547,127

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	2023	2022	2021	2020	2019
營業收入	Revenue	33,936,523	32,171,566	30,166,805	27,759,711	27,983,760
利潤總額	Total profit	5,746,407	5,006,141	4,478,975	3,239,549	2,726,911
歸屬於母公司股東的淨利潤	Net profit attributable to shareholders of the Company	4,267,851	3,710,629	3,155,456	2,201,324	1,852,103
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	3,720,724	3,209,052	2,206,584	1,815,585	1,346,981
基本每股收益	Basic earnings per share	3.139	2.736	2.328	1.629	1.371
稀釋每股收益	Diluted earnings per share	3.132	2.728	2.324	1.627	1.371
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	2.736	2.365	1.626	1.344	0.997
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	2.731	2.359	1.625	1.342	0.997
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	15.55	14.55	13.72	10.67	9.66
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	16.12	15.30	14.47	11.13	9.97
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 (%)	13.55	12.59	9.59	8.80	7.03
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 (%)	14.06	13.23	10.12	9.18	7.25
經營活動產生的現金流量淨額	Net cash flows from operating activities	2,777,567	4,878,771	6,043,111	4,953,422	4,016,553
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)	2.04	3.58	4.43	3.63	2.97
總資產	Total assets	49,256,011	50,311,700	46,563,004	41,514,186	37,312,384
總負債	Total liabilities	21,001,264	24,039,387	22,769,313	20,146,134	17,399,013
歸屬於母公司股東權益	Total equity attributable to shareholders of the Company	27,449,478	25,494,822	23,001,845	20,621,961	19,171,583
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)	20.12	18.69	16.86	15.12	14.19

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443萬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443萬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 4.43 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 4.43 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 Non-controlling interests	股東權益合計 Total shareholders' equity
		Attributable to shareholders of the Company		其他綜合收益		一般風險準備 General reserve	未分配利潤 Undistributed profits	盈餘公積 Surplus reserve		
股本	資本公積	減：庫存股	Other	Less: comprehensive	income				盈餘公積	Surplus reserve
Share capital	Capital surplus	Treasury stock	income	Surplus reserve	General reserve	Undistributed profits				
期初數	Opening balance	1,364,233	4,154,077	(171,855)	(75,800)	1,400,704	295,072	18,528,391	777,491	26,272,313
本期增加	Increase in the current year	-	54,106	-	(5,261)	-	6,689	4,267,851	83,110	4,406,495
本期減少	Decrease in the current year	(36)	(727)	94,211	-	-	-	(2,462,177)	(55,332)	(2,424,061)
期末數	Ending balance	1,364,197	4,207,456	(77,644)	(81,061)	1,400,704	301,761	20,334,065	805,269	28,254,747

(1) 股本：減少原因為回購註銷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離職激勵對象持有的限制性股票所致。

(3) 庫存股：減少原因為激勵計畫限制性股票解鎖、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：增加為本年度提取的一般風險準備；

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 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 resigned incentive participants.

(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 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：增加為本年度實現的歸屬於母公司股東的淨利潤，減少為本年提取一般風險準備以及分配股利；
 - (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，減少為本年對少數股東分配股利所致。
- (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.



董事長報告書 Chairman's Statement

黃克興先生 Mr. HUANG Ke Xing



致各位股東：

2023年，國內啤酒市場呈現消費波動較大的狀況，啤酒行業規模以上企業全年實現產量3,555.5萬千升，同比增長0.3%（資料來源：國家統計局；統計口徑：年主營業務收入人民幣2,000萬元以上的全部工業法人企業）。

報告期內，公司繼續秉承實施高質量發展戰略，以科技創新為引領，加快推進數字化轉型，全面提升創新管理水平，推動高端化、智能化、綠色化以及全價值鏈發展。

Dear shareholders,

In 2023, the domestic beer market presented a status of volatile consumption. Enterprises above designated size in the beer industry produced a total of 35.555 million kiloliters of beer, up 0.3% year-on-year (Data source: National Bureau of Statistics of China; statistic caliber: all industrial corporate enterprises with a principal business revenue of over RMB20 million per year).

During the Reporting Period, the Company continued to implement the high-quality development strategy. Driven by scientific and technological innovation, the Company accelerated digital transformation, enhanced innovative management on all fronts, and promoted high-end, intelligent, green, and whole-value chain development.

董事長報告書 Chairman's Statement

公司充分發揮青島啤酒的品牌、品質優勢積極開拓市場，深耕「一縱兩橫」市場戰略帶，鞏固和提升基地市場優勢地位，積極開拓新興市場，促進區域平衡發展，強化區域網絡建設，持續優化提升管理運營效率以及費用管理有效性，同時積極開源節流，降本增效，多措並舉實現了公司業績的持續穩健增長。報告期內，公司實現產品銷量800.7萬千升；實現營業收入人民幣339.4億元，同比增長5.5%；實現歸屬於上市公司股東的淨利潤人民幣42.7億元，同比增長15%。

報告期內，公司繼續實施青島啤酒主品牌+嶗山啤酒全國性第二品牌的品牌戰略，借助青島啤酒百廿華誕，聚焦資源強化傳播推廣，以「體育營銷+音樂營銷+體驗營銷」為主線開展系列營銷活動，創新推進品牌推廣和消費者體驗，深化和擴展品牌與消費者之間的聯接，全面升級品牌沉浸式體驗模式，持續提升品牌影響力。

公司加快落地青島啤酒主品牌「1+1+1+2+N」產品組合發展，優化產品結構升級，加速打造主力大單品、高端生鮮及超高端明星產品，實現全系列多渠道產品覆蓋，鞏固提升了公司在中高端市場的競爭優勢。報告期內，青島經典、青島白啤等啤酒產品持續快速增長，公司全新推出的青島啤酒1升精品原漿、1升水晶純生高端生鮮產品，以「新鮮直送」模式滿足了消費者對生鮮啤酒的需求，帶動了公司產品結構的不斷提升。報告期內，青島啤酒主品牌共實現產品銷量456萬千升，同比增長2.7%；其中：中高端以上產品實現銷量324萬千升，同比增長10.5%，公司千升酒營業收入同比增長6.4%。



The Company leveraged the brand and quality advantages of Tsingtao Beer* (青島啤酒) to proactively expand the market, deeply cultivated the strategic belt of “One Vertical and Two Horizontal” markets, and consolidated and enhanced its advantaged position of the base market. The Company took active steps to expand the emerging markets, facilitated regional balanced development, strengthened regional network construction, and continuously optimised and improved management operation efficiency and cost management effectiveness. Meanwhile, the Company developed more sources of income and reduce expenditure, cut costs and increase efficiency, and took a combination of measures to achieve sustainable and sound growth of Company’s revenue. During the Reporting Period, the Company achieved sale of 8.007 million kiloliters of products, which generated revenue of RMB33.94 billion, up 5.5% year-on-year. The Company achieved realisation of RMB4.27 billion in net profit attributable to shareholders of the listed Company up 15% year-on-year.

During the Reporting Period, the Company continued to implement the brand strategy of “Tsingtao Beer as Core Brand + Laoshan Beer as Second Brand”. In celebration of the 120th anniversary of Tsingtao Beer, the Company focused on strengthening communication and promotion through resources, carrying out of a series of marketing activities primarily focusing on the sports, music, and experience, creatively facilitated brand promotion and consumer experience, deepened and broadened connections between the brand and consumers, and upgraded the immersive brand experience model in all aspects to continuously increase the brand influence.

The Company expedited the “1+1+1+2+N” product mix development of Tsingtao Beer as the core brand, optimised upgrading of the product structure, and sped up the development of major single products, high-end fresh products, and ultra-high-end star products, thereby enabling a full spectrum of products to cover multiple channels, consolidating and boosting the Company’s competitive edge in mid-to-high-end markets. During the Reporting Period, there was continuous rapid growth in beer products such as Tsingtao Classic* (青島經典) and Tsingtao White Beer* (青島白啤). The Company launched new high-end fresh products, including Tsingtao Original Beer (1L)* (青島啤酒1升精品原漿) and Tsingtao Draft (1L)* (青島啤酒1升水晶純生), and the “Fresh and Direct Delivery” mode satisfied consumers’ demand for fresh beer and propelled the continuous improvement of the Company’s product structure. During the Reporting Period, the Company achieved sale of a total of 4.56 million kiloliters of Tsingtao Beer, up 2.7% year-on-year. In particular, the sales volume of products above mid-to-high-end reached 3.24 million kiloliters, up 10.5% year-on-year, and the Company’s revenue per kiloliter increased by 6.4% year-on-year.

董事長報告書 Chairman's Statement

在國際市場，公司堅持高品質、高價格、高可見度的定位，鞏固提升海外傳統優勢市場，構建覆蓋「一帶一路」沿線國家的全球性戰略版圖，推動國際化傳播，拓展全球市場分銷覆蓋，產品已行銷120個國家和地區，青島啤酒品牌國際影響力持續提升。

報告期內，公司將數字化轉型作為高質量發展的重要引擎，以需求導向、數據驅動、全域賦能為抓手，全面落地數字化解決方案，通過提升渠道領域數字化覆蓋深度以及升級供應鏈、經銷商網絡模式等舉措，營銷數字化實現新突破，不斷提高管理和運營效率。

報告期內，公司堅持創新驅動，加快新舊動能轉換，以高質量項目推動高質量發展，聚焦發揮啤酒行業全球首家工業互聯網燈塔工廠的示範作用，加快規模化、智能化、綠色化工廠建設，年產100萬千升高端特色啤酒生產基地、100萬千升純生啤酒生產基地、25萬噸高端麥芽原料基地等項目相繼啟動建設，為築牢魅力感知質量根基提供了堅實基礎。

董事長
黃克興
中華人民共和國·青島
二零二四年三月二十六日

In the international market, the Company adhered to the positioning of high quality, high prices, and high visibility. It consolidated and improved its position in the overseas traditional advantaged markets, built a global strategic map that covers countries along the “Belt and Road” promoted international communication, and expanded distribution coverage in the global market. The Company’s products have been marketed in 120 countries and regions, continuously boosting the international influence of brand of Tsingtao Beer.

During the Reporting Period, the Company fully implemented digital solutions, with digital transformation as an important driver for high-quality development, oriented by demand, driven by data, and empowered by all forces. The Company made breakthroughs in the digitization of marketing and continuously improved management and operation efficiency by taking measures, including increasing the digital coverage depth for channels and upgrading the supply chain and the distributors’ network model.

During the Reporting Period, the Company persisted in being driven by innovation, accelerated the conversion of old and new growth drivers, and promoted high-quality development through high-quality projects. The Company focused on giving play to the demonstration role of the world’s first industrial internet “Lighthouse Brewery” in the beer industry and sped up the construction of large-scale, intelligent, and green plants. Projects have been commenced one after one, including a high-end and characteristic beer production base with an annual production capacity of 1 million kiloliters, a draft beer production base with an annual production capacity of 1 million kiloliters, and a high-end malt raw material base with an annual production capacity of 250,000 tons providing a solid foundation for the allure of quality.

Chairman
HUANG Ke Xing
Qingdao, the People’s Republic of China
26 March 2024



青島啤酒



TSINGTAO 1903

董事會報告 Report of the Directors



姜宗祥先生 Mr. JIANG Zong Xiang

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。

2023年公司共實現產品銷售量800.7萬千升，實現營業收入人民幣339.4億元，實現歸屬於上市公司股東的淨利潤人民幣42.7億元，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37.2億元。

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 2023, the Company realized 8.007 million kl of sales volume of beer in total, realized RMB33.94 billion of revenue; and realized RMB4.27 billion of net profits attributable to shareholders of the Company, including RMB3.72 billion of net profits attributable to shareholders of the Company after deducting non-recurring gains and losses.

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	236,977	2,750,228	1,537,840	463,346	2,974,142	618,211
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	655,203	482,278	468,492	2,383,658	624,656

2. 報告期內主要供貨商和客戶情況

- (1) 2023年度前五名供應商採購額約300,164萬元(2022年度:285,437萬元),佔年度採購總額18.33%(2022年度:18.66%)。
- (2) 2023年度前五名客戶銷售額約263,043萬元(2022年度:247,624萬元),佔年度銷售總額7.75%(2022年度:7.81%)。

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 5 suppliers in 2023 was approximately RMB3,001.64 million (2022: RMB2,854.37 million), which accounted for 18.33% of its annual purchase amount in aggregate (2022: 18.66%).
- (2) The total amount of the Company's sales of its top 5 clients in 2023 was approximately RMB2,630.43 million (2022: RMB2,476.24 million), which accounted for 7.75% of its annual sales amount in aggregate (2022: 7.81%).

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2023年12月31日止年度派發末期股息每股人民幣2.00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2023年度股東年會審議批准。末期股息預期於2024年8月9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71至89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98至100頁「重要事項」。

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，緊扣「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」的環保使命，不斷完善環境管理體系建設，高度重視資源的合理利用，用精益管理打造領先工廠，積極應對氣候變化，力求實現生產效益與生態文明平衡共進。

II. Profit Distribution and Dividend Payout Policy

The Board proposed a final dividend of RMB2.00 per share (tax included) for the year ended 31 December 2023, and carried 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 9 August 2024 or around the date, will be subject to the consideration and approval at the Company's 2023 Annual General Meeting. The period for closure of register of members for H-share would 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 71 to 89 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 occurred during the Reporting Period are set out in "Significant Events" on pages 98 to 100 of this Annual Report.

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 keeps to the environmental mission of "promoting sustainable development of the Company and achieving harmony with nature through environmental protection, low-carbon management and circular economy". The Company constantly improves the environmental management system, attaches great importance to the reasonable utilization of resources, builds leading factories through lean management, and proactively addresses climate change in a bid to strike a balance between productivity and ecological civilization.

董事會報告 Report of the Directors

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2023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2023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製)附註四(34)(36)(37)(38)(39)。

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 2023, the Group has 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 cooperation partners are the key to its sustainable development. The Group is committed to establishing a close and caring relationship with its 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 2023 Environmental, Social 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(34)(36)(37)(38)(39) 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. 2023年5月26日，本激勵計劃設定的預留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33名激勵對象共計96,667股限制性股票解除限售。
2. 2023年7月24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612名激勵對象共計4,328,702股限制性股票解除限售。
3. 2023年12月21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7名激勵對象持有的已獲授予但尚未解除限售的36,002股限制性股票的回購註銷工作。

V. Changes of Share Capital and Information of Shareholders

- i On 26 May 2023, the first locking period under the reserved grant under the Incentive Plan was 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 96,667 restricted shares.
- ii On 24 July 2023, the first locking period under the first grant under the Incentive Plan was 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 relevant matters in relation to the 612 qualified participants with a total of 4,328,702 restricted shares.
- iii On 21 December 2023, the Company completed the repurchase and cancellation of 36,002 restricted shares granted but not yet unlocked by the 7 participants under the Incentive Plan in Shanghai Branch of China Securities Depository and Clearing Corporation Limited.



董事會報告 Report of the Directors

1. 股東情況

- (1) 報告期末公司股東總數為64,451戶。其中：A股64,208戶，H股243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

1. Shareholders

- (1) As at the end of the Reporting Period, the total number of shareholders of the Company was 64,451 including 64,208 holders of A-share, and 243 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 tradable 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)	64,100	613,993,719	45.01	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	-5,561,485	20,942,776	1.54	無 Nil	A股 A-share
中國證券金融股份有限公司 China Securities Finance Corporation Company	0	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	0	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	2,013,494	12,239,569	0.90	無 Nil	A股 A-share
中國人壽保險股份有限公司－傳統－普通保險產品－005L－ CT001滬 China Life Insurance Company Limited-Traditional-General Insurance Product - 005L-CT001HU	6,956,631	8,957,587	0.66	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－鵬華中證酒交易型開放式指數證券投資基金 China Construction Bank Co., Ltd. – Penghua China Securities Liquor Trading ETF	2,109,836	5,142,062	0.38	無 Nil	A股 A-share
中國建設銀行股份有限公司－匯添富消費行業混合型證券投資基金 China Construction Bank Co., Ltd. – CUAM Consumer Industry Mixed Securities Investment Fund	-	4,800,074	0.35	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	-1,976,353	4,399,167	0.32	無 Nil	A股 A-share

附註：

- 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。

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。

Notes:

- 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.

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2023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 2023, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“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%
Citigroup Inc.	好倉 Long position	H股 H-Share	受控制法團權益/持有保證權益 的人/投資經理/保管人 Interest of controlled corporation/ person having security interest in shares/Investment Manager/ Custodian	2	47,203,173	3.46%	7.20%
	淡倉 Short position	H股 H-Share	受控制法團權益 Interest of controlled corporation	2	1,220,153	0.09%	0.18%
	可供借出的股份 Shares available for lending	H股 H-Share		2	45,284,487	3.32%	6.91%
BlackRock, Inc.	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	3	39,451,813	2.89%	6.02%
FMR LLC	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	4	33,067,499	2.43%	5.05%

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) 被視為Citigroup Inc.享有權益的股份是透過多家由其控制的全資附屬公司持有。
- (3) 被視為BlackRock, Inc.享有權益的股份是透過多家由其控制的全資附屬公司持有。
- (4) 被視為FMR LLC享有權益的股份是透過多家由其控制的全資附屬公司持有。
- (5) 公司主要股東新近的披露權益申報，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。

2. 優先認股權

《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 which were deemed to be interested by SASACQ were held by Hong Kong Xinhaisheng Investment Limited, a wholly-owned subsidiary of Tsingtao Brewery Group Company Limited, which is controlled by SASACQ. According to the latest disclosure of interests filings, SASACQ was interested in 38,335,600 H-Shares.
- (2) The shares in which Citigroup Inc. was deemed to be interested were held through various controlled wholly-owned subsidiaries of Citigroup Inc.
- (3) The shares in which BlackRock, Inc. was deemed to be interested were held through various controlled wholly-owned subsidiaries of BlackRock, Inc.
- (4) The shares in which FMR LLC was deemed to be interested were held through various controlled wholly-owned subsidiaries of FMR LLC.
- (5) 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).

2. Pre-emptive Right

There are no provisions concerning pre-emptive rights in the Articles of Association or any of laws in China, which require the Company to firstly offer new shares on 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：

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	100,000	0.0141	0.0073	50,000	50,000	3,177,000	136,400
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	73,334	0.0103	0.0054	36,667	36,667	2,329,800	102,900
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	73,334	0.0103	0.0054	36,667	36,667	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	40,000	0.0056	0.0029	20,000	20,000	1,270,800	76,000

VI. Directors, Supervisors, Senior Management Officers and Employees

1. Restricted shares granted to directors of the Company

Long positions:

單位：股
Unit: Share

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136,400股，他本人持有A股流通股份86,300股及A股限制性股票50,000股，他的配偶持有A股流通股份100股。
- 3、姜宗祥先生持有102,900股，包括持有A股流通股份66,233股及A股限制性股票36,667股。
- 4、王瑞永先生持有110,000股，包括持有A股流通股份73,333股及A股限制性股票36,667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40,000股及限制性股票20,000股，他的配偶持有A股流通股份10,666股及限制性股票5,334股。

Notes 1. The grant price per restricted share is RMB21.18.

2. Mr. HUANG Ke Xing is deemed to hold 136,400 shares, including 86,300 tradable A-shares and 50,000 restricted shares held by himself and 100 tradable A-shares held by his spouse.
3. Mr. JIANG Zong Xiang is hold 102,900 shares, including 66,233 tradable A-shares and 36,667 restricted shares.
4. Mr. WANG Rui Yong is hold 110,000 shares, including 73,333 tradable A-shares and 36,667 restricted shares.
5. Mr. HOU Qiu Yan is deemed to hold 76,000 shares, including 40,000 tradable A-shares and 20,000 restricted shares held by himself and 10,666 tradable A-shares and 5,334 restricted shares held by his spouse.

2. 監事持股情況

好倉:

2. The shareholding of supervisors

Long positions:

單位：股
Unit: Share

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2023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。

As at 31 December 2023, 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肖耿，經美的集團股份有限公司於2023年10月11日召開的2023年第三次臨時股東大會增選為獨立董事，需待美的集團在香港聯交所發行H股掛牌上市之日起生效。該公司在深圳證券交易所掛牌上市，證券代碼000333。

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 Listing Rules are as follows:

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

- (1) Mr. XIAO Geng, an independent non-executive director of the Company, was elected by Midea Group Co., Ltd. as an independent director at the 3rd extraordinary general meeting of 2023 on 11 October 2023 which shall be effective from the date of the H-shares of Midea Group being listed on the Stock Exchange. Such company is a company listed on the Shenzhen Stock Exchange with stock code 000333.

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 and 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 plan, 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)(人民幣萬元) 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	174.06
姜宗祥 JIANG Zong Xiang	執行董事、黨委副書記、 總裁 Executive Director, Vice Secretary of the Party Committee, CEO	現任 Current	158.06
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	154.37
侯秋燕 HOU Qiu Yan	執行董事、黨委委員、 財務總監 Executive Director, Member of the Party Committee, CFO	現任 Current	79.47
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	12

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)(人民幣萬元) 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	73.52
孫麗紅 SUN Li Hong	職工監事 Supervisor as Employees' Representative	現任 Current	69.89
孟慶尚 MENG Qing Shang	職工監事 Supervisor as Employees' Representative	現任 Current	70.61
蔡志偉 CAI Zhi Wei	營銷總裁 President of Marketing Center	現任 Current	467.75
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	149.97
李輝 LI Hui	副總裁 Vice President	現任 Current	73.92
員水源 YUN Shui Yuan	副總裁、供應鏈總裁 Vice President, President of Supply Chain	現任 Current	73.92
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	現任 Current	81.12
合計 Total			<u>1,702.66</u>

董事會報告 Report of the Directors

註：1、公司執行董事及高管人員2023年薪酬包括退休後福利精算金額。

2、公司部分執行董事和高管人員年度報酬中包括2020年至2022年任期激勵收入。

Notes: 1. The remunerations of the executive directors and executives senior management officers of the Company for 2023 include the amount of post-retirement benefits.

2. The remuneration of some executive directors and senior management officers of the Company includes incentive salary for their terms from 2020 to 2022.

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30,687人。員工專業構成及教育程度如下：

5. Employees

5.1 As at the end of the Reporting Period, the Company (including the subsidiaries) had a total of 30,687 full-time employees. The composition of employees in terms of profession and educational background is as follows:

專業構成

Profession

專業構成類別	Class of Profession	專業構成人數 Number (person)
生產人員	Production personnel	13,716
銷售人員	Sales personnel	9,714
技術人員	Technical personnel	2,368
財務人員	Financial personnel	1,287
行政人員	Administrative personnel	3,602
合計	Total	30,687

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	494
本科生	Undergraduate	7,171
專科生	2-year college	9,858
中專生	Secondary specialized school	5,735
中專以下	Under secondary specialized school	7,429
合計	Total	30,687

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，綜合考慮全員勞動生產率、人事費用率以及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。

2023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。完善多層次養老保險體系，啟動實施企業年金計劃。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

2023年，公司加快實施數字化能力建設，明確三類數字化人才能力要求和培養路徑；以數字化骨幹為核心，通過專題實戰項目為抓手，輻射全員進行數字化能力重塑。

高技能人才佔比持續優化提升，獲得國家級省市級技能榮譽70餘項。立體化技能競賽網絡建設日益完善，推動員工提升技能的主動性，2023年參加全國、省市級技能競賽11項，業務單位組織競賽89項。

持續推廣青啤特色實戰研究模式，聚焦業務重點、難點，全年累計組織實戰研究項目109項，項目成效顯著。

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, total labor productivity, personnel cost rate 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 2023, 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. The Company refined the multi-level pension insurance system and launched the enterprise annuity program. 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 2023, the Company accelerated the development of digital capabilities and specified the ability requirements and development paths for three types of talents in digitization. With key personnel in digitization at its core, the Company reshaped the digital abilities of all staff through monographic and practical projects.

The proportion of highly skilled talents continued to increase. The Company won more than 70 skill awards at national, provincial, and municipal levels. The multi-dimensional skill competition network was refined constantly. Staff proactivity for skill improvements was promoted. In 2023, the Company participated in 11 national, provincial, and municipal skill competitions and 89 competitions organized by business units.

The Company continued to promote its distinctive practical research model and focused on key and difficult points in business. A total of 109 practical research projects were organized throughout the year, and marked achievements were made.

董事會報告 Report of the Directors

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它團體之股份或債券而獲益。

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。

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。

VII. Directors' and Supervisors' Right of Purchasing Shares

Save as disclosed herein, neither the Company nor any of its subsidiaries participated in any arrangements in 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.

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 that the Company and its subsidiaries should 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, neither directors nor supervisors obtained material interests from any contracts entered into with the Company or its subsidiaries within the year.

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 Listing Rules, and still believes that, the aforesaid independent non-executive directors are persons of independence.

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" of this Annual 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.

董事會報告 Report of the Directors

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2023年12月31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。

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

1. 本公司於2023年5月5日召開第十屆董事會2023年第二次臨時會議和第十屆監事會2023年第一次臨時會議，分別審議通過了《關於A股限制性股票激勵計劃預留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預留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33名激勵對象共計96,667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2023年5月26日。

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 2023 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.

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

1. At the second extraordinary meeting of 2023 of the tenth session of the Board and the first extraordinary meeting of 2023 of the tenth session of the Board of Supervisors held by the Company on 5 May 2023, the “Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the Reserved Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The first unlocking period under the reserved grant under the Incentive Plan has expired and the corresponding conditions for unlocking the restricted shares 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 96,667 restricted shares. The listing and circulation time of the unlocked shares is 26 May 2023.

董事會報告 Report of the Directors

2. 本公司於2023年7月10日召開第十屆董事會2023年第五次臨時會議和第十屆監事會2023年第二次臨時會議，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二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二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612名激勵對象共計4,328,702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2023年7月24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2023年5月5日、5月22日、7月10日及7月18日發佈的相關公告。

2. At the fifth extraordinary meeting of 2023 of the tenth session of the Board and the second extraordinary meeting of 2023 of the tenth session of the Board of Supervisors held by the Company on 10 July 2023, the “Proposal on Fulfillment of the Unlocking Conditions for the Second Unlocking Period under the First Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The second unlocking period under the first grant under the Incentive Plan has expired and the corresponding conditions for unlocking the restricted shares have been fulfilled. It is therefore agreed that the Company shall deal with the relevant matters in relation to the 612 qualified participants with a total of 4,328,702 restricted shares. The listing and circulation time of the unlocked shares is 24 July 2023. The directors and senior management of the Company, among the incentive participants, shall abide by the relevant regulations when holding and trading the Company’s shares upon this 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 published on 5 May, 22 May, 10 July and 18 July 2023.

董事會報告 Report of the Directors

(二) 回購註銷部分限制性股票

於2023年10月17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7名激勵對象因公司與之協商解除勞動關係、因個人原因辭職或因病去世或業績考核不合格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7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36,002股。2023年12月21日，上述回購註銷辦理完畢登記手續。公司總股本由1,364,232,790股變更為1,364,196,788股。

有關之詳情，請參閱公司日期為2023年10月17日及2023年12月18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%。截至2023年1月1日及2023年12月31日，並無根據激勵計劃可供授出的限制性股票。

(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 17 October 2023 as 7 Company participants had terminated their labor relationship with the Company upon negotiation, resigned due to personal reasons, died of illness or failure in performance assessment, causing changes to the individual circumstances as the participants of the Company, it was proposed to repurchase or cancel some or all of the Company’s restricted A shares that have been granted to the 7 participants but have not yet been released from lockup in accordance with relevant provisions of the Incentive Plan. There were a total of 36,002 shares. Registration procedures for the aforementioned repurchase and cancellation were completed on 21 December 2023. The Company’s total share capital was reduced from 1,364,232,790 to 1,364,196,788.

For additional information, please refer to the relevant announcements of Company published on 17 October 2023 and 18 December 2023.

(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. As at 1 January 2023 and 31 December 2023, there is no outstanding restricted shares available for grant under the Incentive Plan.

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 period and unlocking schedule of each period 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。激勵計劃的有效期限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2023年 1月1日 尚未行使	年內授出	年內歸屬	年內取消/ 失效	於2023年 12月31日 尚未行使	
Grantees	Date of grant	Vesting date	Outstanding as at 1 January 2023	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2023	Fair value as at date of grant (Note 1) (RMB)
董事								
<i>Director</i>								
黃克興	2020年6月29日	2023年7月24日	100,000	—	50,000	—	50,000	5,455,800
HUANG Ke Xing	29 June 2020	24 July 2023						
姜宗祥	2020年6月29日	2023年7月24日	73,334	—	36,667	—	36,667	4,000,920
JIANG Zong Xiang	29 June 2020	24 July 2023						
王瑞永	2020年6月29日	2023年7月24日	73,334	—	36,667	—	36,667	4,000,920
WANG Rui Yong	29 June 2020	24 July 2023						
侯秋燕	2020年6月29日	2023年7月24日	40,000	—	20,000	—	20,000	3,045,600
HOU Qiu Yan	29 June 2020	24 July 2023						
總薪酬最高的 五名個人(合共) (不包括董事)	2020年6月29日	2023年7月24日	317,334	—	158,666	—	158,668	17,313,072
Five highest paid individuals (total) (excluding Directors)	29 June 2020	24 July 2023						
其他僱員	2020年6月29日及 2021年3月22日	2023年5月26日及 2023年7月24日	8,286,565	—	4,123,369	36,002	4,127,194	637,230,420
Others Employees	29 June 2020 and 22 March 2021	26 May 2023 and 24 July 2023						
總計			8,890,567	—	4,425,369	36,002	4,429,196	671,046,732
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。每股限制性股票授予價格為人民幣21.18元。
2. 緊接首次授予和預留授予日期前的A股股票收市價分別為人民幣72.20元和人民幣79.72元；緊接相關授予股份歸屬日前A股股票的收市價分別為人民幣101.20元及人民幣96.94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. The grant price per restricted share is RMB21.18.
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 closing price of the A shares immediately before the vesting date of the relevant shares granted is RMB101.20 and RMB96.94, respectively.

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2023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2023年1月19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《委託生產及購買產品框架協議》；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2023年1月19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。

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 2023 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 Zhilian Shunda are indirectly wholly-owned subsidiaries of Tsingtao Group and associates of Tsingtao Group. Therefore, Tsingtao Group, Youjia Health and Zhilian Shunda are connected persons of the Company. On 19 January 2023, the Company entered into (i) the Comprehensive Services Framework Agreement with Tsingtao Group; (ii) the Entrusted Production and Product Purchase Framework Agreement with Youjia Health; and (iii) the Supply Chain Services Framework Agreement with Zhilian Shunda. For more details, please refer to the text below and the announcement of the Company dated 19 January 2023. 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.

董事會報告 Report of the Directors

(A) 2023年《綜合服務框架協議》

於2023年1月19日，本公司與青啤集團簽訂協議（「《綜合服務框架協議》」），據此，本集團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；本公司承租青啤集團及其附屬公司的物業。《綜合服務框架協議》的年期由2023年1月1日起至2023年12月31日止。《綜合服務框架協議》項下截至2023年12月31日止年度的實際交易金額為人民幣14,144,091元，未超過截至2023年12月31日止年度上限金額人民幣20,000,000元。

(B) 2023年《委託生產及購買產品框架協議》

於2023年1月19日，本公司與優家健康簽訂協議（「《委託生產及購買產品框架協議》」），據此，(i) 優家健康集團委託本集團生產「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；(ii) 優家健康集團購買本集團產品用於發放職工福利等。《委託生產及購買產品框架協議》的年期由2023年1月1日起至2023年12月31日止。《委託生產及購買產品框架協議》項下截至2023年12月31日止年度的實際交易金額為人民幣966,454元，未超過截至2023年12月31日止年度上限金額人民幣37,020,000元。

(A) *the 2023 Comprehensive Services Framework Agreement*

On 19 January 2023, the Company and Tsingtao Group entered into an agreement (the “Comprehensive Services Framework Agreement”) pursuant to which the Company shall provide health beverage product development services, quality examination services, information network services and human resources services for Tsingtao Group and its subsidiaries. Tsingtao Brewery Group and its subsidiaries shall provide property leasing services to the Company. The Comprehensive Services Framework Agreement was for a term commenced from 1 January 2023 to 31 December 2023. The actual transaction amount under the Comprehensive Services Framework Agreement for the year ended 31 December 2023 was RMB14,144,091, which has not exceeded the annual cap amount of RMB20,000,000 for the year ended 31 December 2023.

(B) *the 2023 Entrusted Production and Product Purchase Framework Agreement*

On 19 January 2023, the Company and Youjia Health entered into an agreement (the “Entrusted Production and Product Purchase Framework Agreement”) pursuant to which (i) Youjia Health Group shall entrust the Group with producing packaged drinking water products and other beverage products of the brand series of “Nestlé Pure Life”, “Pure Life” and “優活家”; (ii) Youjia Health Group shall purchase the Group’s products for the purposes of providing employee benefits, etc. The Entrusted Production and Product Purchase Framework Agreement was for a term commenced from 1 January 2023 to 31 December 2023. The actual transaction amount under the Entrusted Production and Product Purchase Framework Agreement for the year ended 31 December 2023 was RMB966,454, which has not exceeded the annual cap amount of RMB37,020,000 for the year ended 31 December 2023.

董事會報告 Report of the Directors

(C) 2023年《供應鏈業務服務框架協議》

於2023年1月19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，智鏈順達集團為本集團提供(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」）以及購買本集團的啤酒產品（「購買產品」）。

《供應鏈業務服務框架協議》的年期由2023年1月1日起至2023年12月31日止。《供應鏈業務服務框架協議》項下截至2023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、(ii)倉儲租賃服務及(iii)購買啤酒產品的實際交易金額合計為人民幣498,657,225元，未超過截至2023年12月31日止年度有關物流運輸服務、倉儲及增值服務、倉儲租賃服務及購買產品的年度上限金額人民幣508,000,000元。

(C) *the 2023 Supply Chain Services Framework Agreement*

On 19 January 2023, the Company and Zhilian Shunda entered into an agreement (the “Supply Chain Services Framework Agreement”) pursuant to which Zhilian Shunda Group shall provide the Group with (i) logistics and transportation services (transportation services for the Group’s products and materials for the product ecological chain such as raw materials, packaging etc.) (“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”) and purchase the Group’s beer products (“Product Purchase”) simultaneously.

The Supply Chain Services Framework Agreement was for a term commenced from 1 January 2023 to 31 December 2023. The actual transaction amount for (i) the Logistics and Transportation Services and Warehousing and Value-added Services; (ii) the Warehouse Leasing Services; and (iii) Product Purchase under the Supply Chain Services Framework Agreement for the year ended 31 December 2023 was RMB498,657,225, which has not exceeded the annual cap amount of RMB508,000,000 for the Logistics and Transportation Services and Warehousing and Value-added Services; and the Warehouse Leasing Services respectively and Product Purchase for the year ended 31 December 2023.

董事會報告 Report of the Directors

(二) 本公司獨立非執行董事已審閱並確認截至2023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。

(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2023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。

(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 2023 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 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 had been conducted in accordance with the pricing policies under the relevant agreements and the Company's internal control procedures are adequate and effective.

(III) The Company's auditor has reviewed the aforementioned continuing connected transactions and confirmed to the Board that in respect of such transactions, no matter has attracted attention of the auditor that caused the auditor to believe that the continuing connected transactions:

- have not been approved by the Board;
- 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 ordinary and usual 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 under Chapter 14A of the Listing Rules with respect to the continuing connected transactions conducted by the Group during the year ended 31 December 2023.

董事會報告 Report of the Directors

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。

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(54)。

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2023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
二零二四年三月二十六日

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.

XIX. Donations

The amount of charitable and other donations made by the Group during the year is set out in Note 4(54) to 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 tax regulations currently valid and updated from time to time, enjoyed possible tax deductions as the case may be, and shall consult its professional tax and legal consultants for specific payment matters. For details of the withheld and payment of the income tax, please refer to the poll results announcement of the 2023 Annual General Meeting to be issued by the Company.

HUANG Ke Xing
Chairman
Qingdao, the People's Republic of China
26 March 2024

監事會報告 Report of the Supervisors

本人謹此提呈青島啤酒股份有限公司2023年度之監事會報告，敬請各位股東審閱。

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。

一、報告期內監事會的工作情況

(一) 監事會召開情況

報告期內，公司監事會共召開9次會議，其中定期會議6次，臨時會議3次，審議各類議案共計39項。主要議案如下：

1、 審議定期報告：

- (1) 審議公司2022年度財務報告；
- (2) 審議公司2023年第一季度報告；
- (3) 審議公司2023年半年度報告；
- (4) 審議公司2023年第三季度報告。

I hereby present the 2023 Report of Board of Supervisors of Tsingtao Brewery Company Limited for the kind review by all shareholders.

During the Reporting Period, the Board of Supervisors prudentially and seriously performed its duties and responsibilities by strictly abiding by the related provisions in the laws and regulations and Articles of Association for the target 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 powers to ensure the operations of the Company are in compliance.

I. Work of Board of Supervisors during the Reporting Period

(I) Meetings held by Board of Supervisors

During the Reporting Period, the Board of Supervisors held totally 9 meetings, including 6 regular meetings and 3 unscheduled meetings, with a total of 39 different resolutions considered, mainly including the following:

1. Considering regular reports:

- (1) considered the Company's 2022 Annual Financial Report;
- (2) considered the Company's 2023 First Quarterly Report;
- (3) considered the Company's 2023 Interim Report;
- (4) considered the Company's 2023 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》，保持了公司治理的完善及有效運作。通過召開會議，審議通過持續關連交易、限制性股票解除限售期解鎖上市及回購註銷部分限制性股票等議案，共計35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，監事會深入西南市場進行了實地調研。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2023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 issues:

During the Reporting Period, the Company maintained its governance completeness and effective operations by revising the “Order of Meeting for the Supervisory Committee” according to the securities regulations and the Company’s actual situation. By holding meetings, the Company reviewed and approved a total of 35 proposals, including proposals on continuing connected transactions, the unlocking and listing of restricted shares during the unlocking period, and the repurchase and cancellation of some restricted shares.

(II) Surveys conducted by 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 southwest market. The surveys and communication allowed the Board of Supervisors to get first-hand information, providing strong support for it to make scientific decisions and perform effective supervision.

II. Independent Comments made by Board of Supervisors to the related issues in 2023

(I) Compliance operation

The Board of Supervisors is of the view that, the Company carried out various work strictly in compliance with the requirements in the laws, regulations, Articles of Association, and other regulatory regulations, the decision-making process was legal and the operation was standardized.

The Board of Supervisors is of the view that, all directors and senior management officers fulfilled their duties with diligence in accordance with the laws, regulations and related provisions in 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 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2023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2023年度日常關聯交易(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2023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。

(II) Review of the financial situations

After having supervised and audited the financial situation and results of the Company for the year 2023, the Board of Supervisors is of the view that, the Company's financial system is sound and complete, the financial operation is compliant, the financial situation is satisfactory, and the 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 situation of violation of regulations in the management and use of proceeds received from financing activities.

(IV) Continuing connected transactions

The Board of Supervisors is of 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 regular related transaction (continuing connected transaction) matters of 2023 between the Company and Tsingtao Group as well as its affiliates; the terms of related agreements have complied with normal 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 as a whole.

(V) Internal control work report

The Board of Supervisors is of 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, which is effectively implemented. The 2023 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.

監事會報告 Report of the Supervisors

(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。

綜上，監事會在報告期內認真地履行了法律法規和《公司章程》賦予監事會的職責，發揮了監事會的職能作用。借此機會，對各位監事，在報告期內為公司監事會工作所做的貢獻表示衷心的感謝！

公司監事會
二零二四年三月二十五日

(VI) Information on the establishment and implementation of administrative policies on the 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 administrative regulation of information insiders has been improved, and strictly abided by and implemented.

In conclusion, the Board of Supervisors conscientiously performed its duties specified by laws, regulations, and the Articles of Association during the Reporting Period and played a functional role of the Board of Supervisors. We take this opportunity to extend our heartfelt thanks to all supervisors for their contributions to the work of the Board of Supervisors during the Reporting Period.

Board of Supervisors
25 March 2024



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。

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, the Board and Board of Supervisors exercise their respective duties that they make decisions independently but supervise each other, which maintain the balance of power among them. The Board sets up three professional committees, namely, Audit & Internal Control Committee, Strategy & Investment Committee and Nomination & Remuneration Committee, which are mainly comprised of external directors (including independent non-executive directors) who play a positive role in improving the efficiency of decision-making of the Board and promote the effective operation of corporate governance of the Company.

報告期內，本公司已遵守《上市規則》附錄C1載列之《企業管治守則》的守則條文。本公司所採納的企業管治措施如下：

During the Reporting Period, the Company had complied with the 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”), measures taken by the Company for corporate governance are as follows:

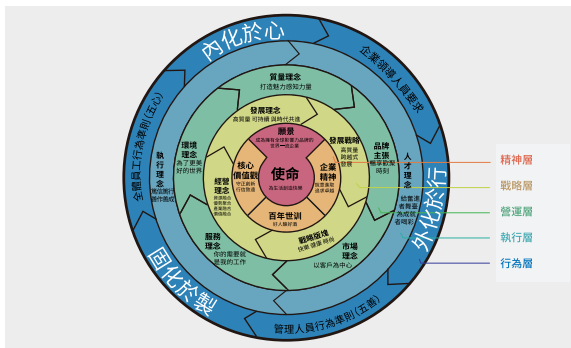
企業文化

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如下。

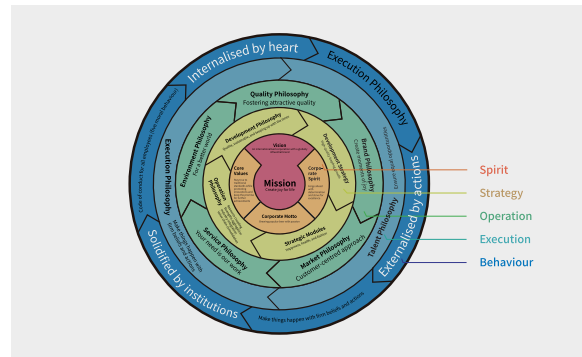
Corporate culture

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. For the strategy pie chart of Tsingtao Brewery’s corporate culture, as shown below.

青島啤酒企業文化戰略圖



Corporate culture and strategy



企業管治報告 Corporate Governance Report

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，已詳細列明了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。

I. The Board

1. Duties and division of labour

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 to realize the maximization of its shareholders' value. It has been stated in details in the Company's newly revised Articles of Association and its appendix - Order of Meeting for Board of Directors, the Board's authorities in the Company's development strategies and management, and its power of supervision and inspection over the Company's development and operation. At the same time, the Board implements its duty of corporate governance by monitoring, evaluating and ensuring the effectiveness and efficiency of the Company's internal control system, and situation of the Company's compliance with the laws and regulations. The Board is responsible for the implementation of 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 appendices. The chairman is responsible for deciding the agenda of each board meeting, including contacting other directors before each meeting for any proposals to be considered at the meeting, and considering whether to include such proposals of other directors into the agenda according to the actual circumstances. 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 plan of the Company, and reporting to the Board about the Company's operation, signing and implementation of significant contracts; exercising the right of the use of funds and assets of the Company within the scope authorized by the Board, and signing the contracts on behalf of the Company. At the same time, the Company clarifies the specific duties and responsibilities, and the division of labour of senior management officers, so as to ensure the undertaking of obligations of integrity and diligence of their own responsibilities.

企業管治報告 Corporate Governance Report

2、 組成

截止2023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(總裁)
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

上述董事的任期為三年，由股東年會通過對其作出的委任後立即開始至本公司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27.17%，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。

2. Composition

As at 31 December 2023, the tenth session of the Board comprises 4 executive directors and 5 independent non-executive directors:

Executive Directors

Mr. HUANG Ke Xing (Chairman)
Mr. JIANG Zong Xiang (President)
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 directors shall serve for a term of three years, with immediate effect following their appointment during the annual general meeting, until the expiration of the term of the tenth session of the Company's 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 members of the Board, the Company considered the diversity of the members of the Board from different aspects including but not limited to age, gender, ethnicity, cultural and educational background, professional experience, skills and knowledge. The Board focused on the candidates' qualification for all appointments, and took into account the benefits of the diversity of the members of the Board based on the 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 27.17% 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 is effective enough to ensure diversity on the Board.

企業管治報告 Corporate Governance Report

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」。

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。

The members of the Board have backgrounds of various industries and possess different professional knowledge, among which one of the independent non-executive directors has the qualification on accounting or related financial management required by the regulatory authorities. All directors have substantial experience in their respective professional fields. The profile of the directors is set out in “Profile of Directors, Supervisors and Senior Management Officers” in this Annual Report.

There are 5 independent non-executive directors in the this session of the Board, accounting for over 1/2 of the total numbers of the Board. The current independent non-executive directors have various professional backgrounds with substantial professional experience in law, accounting, financial investment, marketing and others. Such composition is helpful to the Board in the discussion and analysis of the issues from different aspects to ensure the reasonable decision made by the Board. Since 2005, the independent non-executive directors have been submitting their annual performance review reports for reporting to the shareholders at the annual general meetings.

3、董事會會議

2023年度，本公司共舉行了2次現場會議，1次現場結合視頻會議和9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 審議通過關於修改公司章程的議案；
- 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二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、新增產能及土地收儲項目的可行性報告。

3. Board meeting

In 2023, the Company held 2 on-site meetings, 1 on-site meeting with video conference and 9 meetings of written resolutions held by means of communication voting in total to consider the Company’s operation and financial performance, management structure and investment plan mainly including:

- 3.1 Considering and approving the reports of annual, interim and quarterly results;
- 3.2 Considering and approving the proposal on amendments to the Article of Association;
- 3.3 Considering and approving the proposal on matters related to the second unlocking period under the first grant of the restricted shares under the restricted A share Incentive Plan of the Company and the repurchase of part of the restricted shares;
- 3.4 Considering and approving matters such as the convening of extraordinary general meetings and the annual general meeting;
- 3.5 Considering and approving the feasibility report for the relocation of new construction projects, new production 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 are sent to all directors within a reasonable time, so as to ensure that they can have a fruitful discussion, and make quick and prudential 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 the director	參加董事會情況 Information of attending board meetings					參加股東大會情況 Information of attending general meeting	
	本年應參加董事會次數 Number that should attend in the year	親自出席次數 Number that attend in person	以通訊方式參加次數 Number that attend in form of communications	委托出席次數 Number that being attended by proxy	缺席次數 Number of absence	是否連續兩次未親自參加會議 If not attend in person for two consecutive meetings	出席股東大會的次數 Number of attending general meeting
黃克興 HUANG Ke Xing	12	12	9	0	0	否 No	1
姜宗祥 JIANG Zong Xiang	12	12	9	0	0	否 No	1
王瑞永 WANG Rui Yong	12	12	9	0	0	否 No	1
侯秋燕 HOU Qiu Yan	12	12	9	0	0	否 No	1
肖耿 XIAO Geng	12	12	9	0	0	否 No	1
盛雷鳴 SHENG Lei Ming	12	12	9	0	0	否 No	1
姜省路 JIANG Xing Lu	12	12	9	0	0	否 No	1
張然 Rania ZHANG	12	12	9	0	0	否 No	1
宋學寶 SONG Xue Bao	12	12	9	0	0	否 No	1

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。

The convening and holding of board meetings are strictly subject to the provisions of the Articles of Association and Order of Meeting for 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 fully and completely at the meetings and voted in sequence. The notices of regular meetings are dispatched 14 days before convening 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 the independent non-executive directors could authorize another independent non-executive director to attend and vote on his/her behalf.

企業管治報告 Corporate Governance Report

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 Company's management team is responsible for providing the Board with all related materials and information needed for considering the 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 duties, performing their powers and responsibilities or when being needed by the business, and the reasonable expenses occurred 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(包括執行董事黃克興先生(董事長)、姜宗祥先生、王瑞永先生及侯秋燕先生，以及獨立非執行董事肖耿先生、盛雷鳴先生、姜省路先生、張然女士及宋學寶先生)提供培訓及發展課程，包括(1)為新委任之董事提供就職課程(董事手冊)；(2)為董事提供持續培訓及專業發展課程。

於2023年1月1日至12月31日期間，本公司全體董事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盛雷鳴先生參加了上交所舉辦的獨立董事後續培訓，2023年9月以來，本公司全體獨立非執行董事還通過上海證券交易所獨立董事履職學習平台自學證券法律法規、相關業務規則等。

II. Directors

1. Training for the 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 to the directors (including Executive Directors, being Mr. HUANG Ke Xing (Chairman), Mr. JIANG Zong Xiang, Mr. WANG Rui Yong and Mr. HOU Qiu Yan as well as Independent Non-Executive Directors, being Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu, Ms. Rania ZHANG and Mr. SONG Xue Bao) with trainings and development courses, including (1) induction training (director's manual) for the newly appointed directors; (2) continuing trainings and professional development courses for the directors.

During the period from 1 January 2023 to 31 December 2023, all of the Company's directors 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, Mr. SHENG Lei Ming, an independent non-executive director of the Company, attended the follow-up training for independent directors held by the SSE. Since September 2023, all independent non-executive directors of the Company have also learned securities laws and regulations as well as relevant business rules etc. by themselves through the Shanghai Stock Exchange's independent director performance learning platform.

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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。

Mr. ZHANG Rui Xiang (Board Secretary and Director of the Secretarial Office of the Board 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 Listing Rules and has attended no less than 15 hours of related professional training, including subsequent training and governance courses organized by SSE and The Hong Kong Chartered Governance Institute respectively.

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。

2. Independence of independent non-executive directors

The Company has appointed 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 Listing Rules.

3、董事的證券交易

本公司採納《上市規則》附錄C3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。

3. Securities transaction 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 Model Code set out in Appendix C3 of Listing Rules. The Company confirms that, after having made specific enquiries to all directors, all directors of the Company have been in compliance with the required standards set out in Listing Rules regarding the securities transactions by directors during the Reporting Period.

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。

4. Liability insurance of 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、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製每個財政年度的財務報表,並確保在編製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。

5. Financial reporting and responsibilities taken by directors on financial statements

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

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三. 董事會專門委員會

以下委員會成員組成之披露為截止2023年末的狀況。

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C1之《企業管治守則》及中國證監會頒佈的《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。2023年度審計委員會共舉行了6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：

III. Specific Committees of the Board

The following disclosure on the members of the committees is about the status as of the end of 2023.

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

The duty scope of Audit Committee is determined pursuant to Corporate Governance Code set out in Appendix C1 of Listing Rules and Guidelines for Corporate Governance of China Listing Companies published by China Securities Regulatory Commission, and is revised subject to the latest supervisory changes. Its main duties include: to review the completeness and effectiveness of the Company’s risk management as well as internal control system and regulations, to review the annual, interim and quarterly financial statements, to be in charge of the appointment, the work coordination, and the review of work efficiency and quality of external auditor, and to review and supervise the quality and procedures of the financial reporting of the Company.

Members of the Audit Committee of the tenth session of the Board of Directors include: Ms. Rania ZHANG, Independent Non-executive Director (Chairman of the Audit Committee), Mr. XIAO Geng, Mr. SHENG Lei Ming, Mr. JIANG Xing Lu and Mr. SONG Xue Bao. Among them, Ms. Rania ZHANG has experience and ability in finance and accounting, and she holds PhD and Professorship in Accounting. The 2023 Audit Committee held 6 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 would submit recommendations to the Board of Directors on the important matters discussed. The attendance of each member is as follows:

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委員姓名	Name of member	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(%) Attendance rate (%)
張然 (審計委員會主席)	Rania ZHANG (Chairman of the Audit Committee)	6	6	100
肖耿	XIAO Geng	6	6	100
盛雷鳴	SHENG Lei Ming	6	6	100
姜省路	JIANG Xing Lu	6	6	100
宋學寶	SONG Xue Bao	6	6	100

審計委員會在本年度主要工作包括：

- 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。

Major work of Audit Committee in the year includes:

- Reviewing the Company's annual, interim and quarterly results reports, and financial statements;
- Making proposals to the Board on the re-appointment of auditor of the Company;
- Reviewing the effectiveness of the Company's risk management internal control systems and policies, including whether the resource of the financial reporting, and the qualification and experience of the employees were sufficient or not, and whether the training to 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 & Investment Committee (“Strategy Committee”)

The main duties and responsibilities of Strategy Committee are: to supervise and review the Company's Direction of strategic development, to work out the Company's strategic plan, and to make timely adjustment for the Company's strategic and governance structure.

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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。2023年度戰略委員會共舉行了6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 Zong Xiang, and Independent Non-Executive Directors Mr. SHENG Lei Ming, Ms. Rania ZHANG and Mr. SONG Xue Bao. 6 meetings were held by the Strategy Committee in 2023 in total. The attendance of each member was as follows:

委員姓名	Name of member	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)	6	6	100
姜宗祥	JIANG Zong Xiang	6	6	100
盛雷鳴	SHENG Lei Ming	6	6	100
張然	Rania ZHANG	6	6	100
宋學寶	SONG Xue Bao	6	6	100

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 includes: reviewing the feasibility report on relocation and new construction, and new production capacity, and integration and closure projects of subsidiaries and the feasibility report on the 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，及就個別執行董事及高級管理人員的薪酬待遇及董事委任向董事會提出建議。

3. Nomination & Remuneration Committee

The main duties and responsibilities of Nomination & Remuneration Committee are: to study and consider the remuneration policies and incentive mechanism of the Company's directors and senior management officers, to work out evaluation standards, to study the schemes of improving corporate governance, to appraise the independence of independent non-executive directors and to make proposals to the Board for the remuneration packages of individual executive directors and senior management and 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.

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2023年度提名與薪酬委員會舉行了4次會議，各委員出席會議的情況如下：

委員姓名	Name of member	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)	4	4	100
肖耿	XIAO Geng	4	4	100
盛雷鳴	SHENG Lei Ming	4	4	100
張然	Rania ZHANG	4	4	100
宋學寶	SONG Xue Bao	4	4	100

提名與薪酬委員會在本年度的主要工作包括：

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。

In 2023, the Nomination & Remuneration Committee held 4 meetings, the attendance of each member is as follows:

Major work of the Nomination & Remuneration Committee in the year includes:

Where they reviewed the remuneration information of the directors, supervisors and executives as disclosed in the Annual Report. Furthermore, they also reviewed the qualifications of the candidates for independent non-executive directors to be proposed and recommended their appointment at the annual general meeting.



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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 & Remuneration Committee is responsible for searching, nominating and selecting Board members. According to the nomination policy established by the Company, potential 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 provisions of 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)	3
港幣1,500,001元 – 2,000,000元 (折合人民幣約1,360,000元 – 1,810,000元)	HKD1,500,001 – 2,000,000 (equivalent to approximately RMB1,360,000 – 1,810,000)	1
港幣5,000,001元 – 5,500,000元 (折合人民幣約4,530,000元 – 4,980,000元)	HKD5,000,001 – 5,500,000 (equivalent to approximately RMB4,530,000 – 4,980,000)	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 officers disclosed above refer to the employees other than directors and supervisors.

根據上市規則附錄D2須予披露的董事、監事及高管薪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 D2 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2023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 2023, the tenth session of Board of Supervisors of the Company is comprised of 2 supervisors as shareholders' representative and 3 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.

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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。2023年度，監事會共舉行9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 Company's supervision power to prevent the legal rights and interests of shareholders, the Company and its employees from being infringed. In 2023, the Board of Supervisors totally held 9 meetings to supervise on behalf of shareholders over the Company's finance, legality and compliance of directors and senior management officers on performing their duties and responsibilities, and attended all on-site board meetings and general meetings. Details of the work of 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 Internal Control Guide to Listing Companies of Shanghai Stock Exchange published by SSE, 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 regulations which played corresponding roles in the Company's production and operating activities, and promoted 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 sound and effectively implement the internal control and risk management systems and 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 management is responsible for organizing and leading the ordinary operation of the enterprise's internal control and risk management. Such risks would include, among others, material risks relating to environmental, social and governance ("ESG").

The target of the Company's internal control and risk management systems is to reasonably ensure the lawful and compliant operating management, the assets safety, the authenticity and completeness of financial report and related information, the improvement of operating efficiency and its effects, and the promotion and realization of development strategy. However, due to the existing limitation to 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.

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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 evaluation 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 results of risks evaluation by ways of internal control evaluation, etc. According to 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 the two aspects of the effectiveness of the design and the implementation of internal control to promote the improvement and upgrade of the Company's internal control system. The Internal Audit Department reports to the Audit Committee about the effectiveness and problems existing in the 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 establishes the 3-tier internal control and risk management (including ESG risks) evaluation mechanism which combines the independent internal control and risk management (including ESG risks) evaluation of head office, self-evaluation of functional departments of 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 the regular self-evaluation as required and rectify the problems found.

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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十五次會議審議通過公司2023年度內部控制評價報告，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重大缺陷、重要缺陷。亦未發現公司非財務報告內部控制重大缺陷、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2023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2023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 establishment of the Company's internal control system. The Company had 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 internal control system

The Company's 2023 internal control evaluation report was considered and approved at the fifteenth meeting of the tenth session of the Board. According to the criteria for identifying internal control defects worked out by the Company. During the Reporting Period, the Company did not have any material weakness or significant weakness of internal control in the financial reporting, nor in the non-financial reporting.

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

PwC Zhong Tian was appointed by the Company to audit and appraise the effectiveness of the internal control of financial reporting, who was of the view that, as at 31 December 2023, the Company had maintained effective internal control of financial reporting in all material aspects according to "Basic Standards of Corporate Internal Control" and related regulations.

The full text of the evaluation report to the Company's 2023 internal control and the auditing report of the internal control of financial reporting presented by PwC Zhong Tian are published on the websites of SSE, the Stock Exchange and the Company.

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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。

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製，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22年。2023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。

2.3 In terms of the handling and releasing inside information, the Company has revised the internal systems such as “Administrative Policies for the Registration of Information Insiders” in October 2021, further specifying the range, reporting process, registration and record-keeping, and prohibitive behaviors for inside information and information insiders to strictly control the scope 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. 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 22 consecutive years. In 2023, the Company should pay RMB6.6 million to PwC Zhong Tian for its annual work of auditing the financial statements, and RMB1.98 million for its work of auditing the internal control, as remuneration, of which the Company does not bear the tax, traveling expenses and miscellaneous expenses. The auditor’s responsibilities for auditing the financial statements on the account are set out in the disclosed content 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《公司投資者關係管理制度》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 Relation 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 meeting

The Company has been devoting to protecting the legal rights and interests of all shareholders. The convening and holding of general meetings are strictly pursuant to the provisions of the Articles of Association and Order of Meeting For Shareholders' General Meeting. The Company's general meetings are convened by the Board and hosted by the Chairperson of the Board. The executive directors make reports over proposals at the general meetings, while the representatives of shareholders, representatives of supervisors, witness lawyers, profession accountant from Hong Kong (scrutineers for the vote-taking) jointly inspect and count the votes to the proposals, and have the chairperson of the meeting (Chairman of the Board) announce the voting results and work out the resolution of the meetings formally. The lawyer appointed by the Company would witness the meetings and issue letter of legal opinion.

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。

2023年6月16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年度股東年會，股東年會審議通過了公司2022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及內部控制審計師等六項議案，以及聽取了公司2022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《關於修改公司章程的議案》。

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 general meeting is the highest authority of the Company, which legally exercises its authorities to determine the significant events for the Company. Every year's annual general meeting provides 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 in accordance with the requirements of the Articles of Association, and the Chairman 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 16 June 2023, the Company held the annual general meeting for year of 2022 by way of combining on-site meeting and online voting in Qingdao. At the annual general meeting, six proposals were considered and approved, including the Company's 2022 Report of the Board of Directors, Report of the Board of Supervisors, Financial Report (audited), Profit Distribution Plan, re-appointment of auditor for financial reports and internal audit, and the work report of the independent non-executive directors of 2022 was briefed. At the annual general meeting, the Proposal on Amendments to the Articles of Association was considered and approved in the form of special resolution at the annual general meeting.

For the above resolutions of the general meetings, please refer to the related announcements published by the Company on the newspapers nominated for domestic information disclosure, and 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佈。

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》第七十五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》第四十三條第(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。

3. Shareholders' rights

As one of the measures that secure 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 by way of 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 shares with voting right issued by the Company externally may request in writing the convening of extraordinary general meeting pursuant to Rule 75 of the Articles of Association. Such request must be clearly stated to the general meeting the issues needed to be considered with the signature of the person who makes the request and notifies in writing to the Board. The shareholders should follow the relevant rules and procedures for convening extraordinary general meeting set out in Articles of Association.

Shareholders have the right to inquire the information set out in Rule 43(5) of Articles of Association, and can make inquiry or request for such rights by sending mail to the Company's Secretarial Office of the Board or emailing to the Company's email address of "Investor Relations" (secretary@tsingtao.com.cn). Shareholder who inquires for the related information should provide corresponding written verification document and will be provided with such information after his/her identification as shareholder has been verified by the Company.

企業管治報告 Corporate Governance Report

4、 公司章程修訂

2023年6月16日，本公司召開的2022年度股東年會上審議通過關於修訂公司章程的議案。

上述修改已於2023年6月16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。

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。

2023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，2023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2023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。

4. Amendments to the Articles of Association

On 16 June 2023, the proposal on the amendments to the Articles of Association was considered and approved at the annual general meeting for the year of 2022 held by the Company.

The aforementioned amendments took effect starting from the date when the resolution was made on 16 June 2023.

For the details of the aforementioned amendments to the Articles of Association, please refer to the relevant announcements published by the Company on the website of the Stock Exchange (www.hkexnews.hk) and the website of the SSE (www.sse.com.cn).

5. Investor relations and communications

The Company pays high regards to the management of investor relations, strives to strengthen the communications and interactions 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 have a better understanding of the business situation and prospects of the Company, and carefully listen to the comments and proposals made by investors to improve the Company's corporate governance and operating management consistently.

In 2023, the Company continued to strengthen communications and interactions with investors by taking flexible measures, such as teleconferencing and online meetings. The Company held more than 100 meetings with investors in 2023, making its stocks gain broad recognition from the capital market. In addition, as a response to the call of the Qingdao Securities Regulatory Bureau and the China Association for Public Companies Qingdao for strengthening the education and protection of investors, the Company participated in interaction activities with investors, such as the 2023 "Online Collective Investor Reception Day" of 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 concerned by the investors such as the Company's development strategies and operating conditions.

企業管治報告 Corporate Governance Report

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。

6. Other stakeholders

The Company is of the view that, it should insist on the operation with integrity and serious fulfillment of social responsibilities, and establishing a harmonic, win-win and long-term cooperation relationship with stakeholders of the Company to ensure its long-lasting existence and continuous operation. For years, the Company has been insisting on making full payment of taxes in accordance with the law, operating with integrity, rewarding the society and actively participating in the social charity activities and environmental protection with the steady growth of its operating results.

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 the good corporate governance. Therefore, the Board will be dedicated to the continuous improvement of efficiency and quality of decision-making, so as to promote the steady development of the Company and improve shareholders' value.

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	33,936,523	32,171,566	5.49
營業成本	Cost of sales	20,816,890	20,317,935	2.46
銷售費用	Selling and distribution expenses	4,708,403	4,199,503	12.12
管理費用	General and administrative expenses	1,519,063	1,473,368	3.10
財務費用	Finance expenses	-457,125	-420,806	
研發費用	Research and development expenses	100,637	62,955	59.86
公允價值變動收益	Profits arising from changes in fair value	230,255	164,354	40.10
信用減值損失 (損失以「-」號填列)	Credit impairment losses (Losses are listed with “-”)	-14,306	11,145	-228.37
資產減值損失 (損失以「-」號填列)	Asset impairment losses (Losses are listed with “-”)	-82,854	-26,124	
資產處置收益 (損失以「-」號填列)	Gains on disposals of assets (Losses are listed with “-”)	178,577	-9,518	
經營活動產生的現金流量 淨額	Net cash flows from operating activities	2,777,567	4,878,771	-43.07
投資活動產生的現金流量 淨額	Net cash flows from investing activities	-3,462,971	-2,199,108	
籌資活動產生的現金流量 淨額	Net cash flows from financing activities	-2,868,066	-1,675,713	

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	741	801	51	-5.24	-0.82	-29.78

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

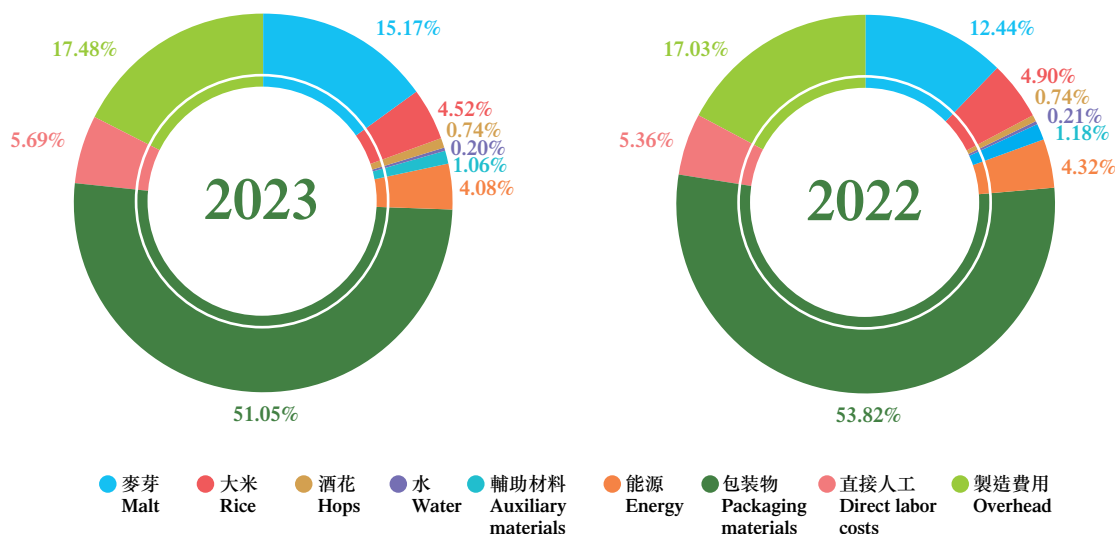
單位：千元 幣種：人民幣
Unit: RMB'000 Currency: RMB

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	13,686,118	66.63	13,323,864	66.49	2.72	
啤酒銷售 Sales of beer	直接人工 Direct labor	1,002,716	4.88	919,323	4.59	9.07	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,716,143	22.96	4,547,034	22.69	3.72	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased from outside	1,135,640	5.53	1,248,300	6.23	-9.03	
合計 Total		20,540,617	100.00	20,038,521	100.00	2.51	
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	13,686,118	66.63	13,323,864	66.49	2.72	
啤酒銷售 Sales of beer	直接人工 Direct labor	1,002,716	4.88	919,323	4.59	9.07	
啤酒銷售 Sales of beer	製造費用及其他 Overhead and others	4,716,143	22.96	4,547,034	22.69	3.72	
啤酒銷售 Sales of beer	外購產成品 Finished goods purchased from outside	1,135,640	5.53	1,248,300	6.23	-9.03	
合計 Total		20,540,617	100.00	20,038,521	100.00	2.51	

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

2023年營業收入同比增加5.49%，主要原因是本年度因品種結構優化使得當期營業收入同比增加所致。

In 2023, revenue increased by 5.49% from the corresponding period in prior year. This was mainly because the current revenue increased from the corresponding period in prior year due to the improvement of the product structure in the year.

(2) 營業成本 Cost of sales

2023年營業成本同比增加2.46%，主要原因是本年度因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 2023, cost of sales increased by 2.46% from the corresponding period in prior year. This was mainly because the current cost of sales increased from the corresponding period in prior year due to 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

2023年銷售費用同比增加12.12%，主要原因是本年度公司加大品牌宣傳力度以及職工薪酬同比增加所致。

In 2023, selling and distribution expenses increased by 12.12% from the corresponding period in prior year. This was mainly because the Company intensified promotional effort in the year and staff remuneration increased from the corresponding period in prior year.

(4) 管理費用

General and administrative expenses

2023年管理費用同比增加3.10%，主要原因是本年度職工薪酬同比增加所致。

In 2023, general and administrative expenses increased by 3.10% from the corresponding period in prior year. This was mainly because staff remuneration increased 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

2023年財務費用同比減少36,319千元，主要原因是本年度利息收入同比增加所致。In 2023, finance expenses decreased by RMB36.319 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.

(6) 研發費用

R&D expenditures

2023年研發費用同比增加59.86%，主要原因是本年度新產品研發支出投入同比增加所致。

In 2023, R&D expenditures increased by 59.86% from the corresponding period in prior year. This was mainly because the R&D expenditures 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

2023年公允價值變動收益同比增加40.10%，主要原因是本年度本公司之全資子公司青啤財務公司購入銀行發行債券所致。

In 2023, profits arising from changes in fair value increased by 40.10% from the corresponding period in prior year. This was mainly because Tsingtao Finance Company, a wholly-owned subsidiary of the Company, purchased bonds from the bank in the year.

(8) 信用減值損失(損失以「-」號填列)

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

2023年信用減值損失同比增加228.37%，主要原因是本年度個別子公司對應收款項計提信用減值損失同比增加所致。

In 2023, credit impairment losses increased by 228.37% from the corresponding period in prior year. This was mainly because some subsidiaries' accrual of credit impairment losses for accounts receivable increased from the corresponding period in prior year.

(9) 資產減值損失(損失以「-」號填列)

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

2023年資產減值損失同比增加56,730千元，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增加所致。

In 2023, asset impairment losses increased by RMB56.73 million from the corresponding period in prior year. This was mainly because some subsidiaries' calculation of fixed asset impairment losses in the year increased from the corresponding period in prior year.



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(10) 資產處置收益 (損失以「-」號填列)
Gains on disposals of assets (losses are listed with “-”)

2023年資產處置收益同比增加188,095千元，主要原因是本年度個別子公司確認的處置土地使用權等長期資產的收益同比增加所致。

In 2023, gains on disposals of assets increased by RMB 188.095 million from the corresponding period in prior year. This was mainly because the income from the disposal of long-term assets such as land use rights as recognized by some subsidiaries in the year increased from the corresponding period in prior year.

(11) 經營活動產生的現金流量淨額變動
Net cash flows from operating activities

2023年經營活動產生的現金流量淨額同比減少43.07%，主要原因是本年度本公司加大品牌推廣和營銷宣傳，以及支付的各項稅費同比增加所致。

In 2023, net cash flows from operating activities decreased by 43.07% from the corresponding period in prior year. This was mainly because the Company beefed up brand promotion and marketing activities in the year and the taxes paid increased from the corresponding period in prior year.

(12) 投資活動產生的現金流量淨額變動
Net cash flows from investing activities

2023年投資活動產生的現金流量淨額同比減少1,263,863千元，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增加所致。

In 2023, net cash flows from investing activities decreased by RMB1,263.863 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.

(13) 籌資活動產生的現金流量淨額變動
Net cash flows from financing activities

2023年籌資活動產生的現金流量淨額同比減少1,192,353千元，主要原因是本年度分配股利支付的現金同比增加，以及個別子公司償還到期借款並不再續借所致。

In 2023, net cash flows from financing activities decreased by RMB1,192.353 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 and some subsidiaries repaid borrowings due and did not renew the borrowings.

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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	R&D expenditures of the Reporting Period	100,637
本期資本化研發投入	R&D expenditures of the Reporting Period capitalised	0
研發投入合計	Total R&D expenditures	100,637
研發投入總額佔營業收入比例(%)	Percentage of total R&D expenditures in revenue (%)	0.30
研發投入資本化的比重(%)	Percentage of R&D expenditures 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	788
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 (%)	2.49

研發人員學歷結構

Educational background of R&D personnel

學歷結構類別	Educational background	學歷結構人數 Number of persons
博士研究生	PhD	13
碩士研究生	Postgraduate	89
本科	Undergraduate	290
專科	2-year college	167
高中及以下	High school and below	229

研發人員年齡結構

Age groups of R&D personnel

年齡結構類別	Age group	年齡結構人數 Number of persons
30歲以下(不含30歲)	Below 30 (not inclusive of 30)	34
30-40歲(含30歲, 不含40歲)	30-40 (inclusive of 30, not inclusive of 40)	202
40-50歲(含40歲, 不含50歲)	40-50 (inclusive of 40, not inclusive of 50)	262
50-60歲(含50歲, 不含60歲)	50-60 (inclusive of 50, not inclusive of 60)	288
60歲及以上	60 and above	2

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 reporting period in prior year		
應收票據	Notes receivable	-	-	4,500	0.01	-100.00
其他應收款	Other receivables	184,368	0.37	682,770	1.36	-73.00
一年內到期的非流動資產	Non-current assets due within one year	28,432	0.06	-	-	-
其他流動資產	Other current assets	4,341,748	8.81	6,222,810	12.37	-30.23
其他非流動金融資產	Other non-current financial assets	1,425,486	2.89	600	-	237,480.93
投資性房地產	Investment property	44,165	0.09	29,056	0.06	52.00
其他非流動資產	Other non-current assets	108,728	0.22	74,235	0.15	46.46
短期借款	Short-term borrowings	-	-	225,411	0.45	-100.00
應交稅費	Taxes payable	343,504	0.70	771,895	1.53	-55.50
租賃負債	Lease liabilities	63,393	0.13	98,401	0.20	-35.58

1) 應收票據本年度期末比期初減少100.00%，主要原因是本年度本公司收到的銀行承兌匯票均已背書轉讓所致。
Notes receivable at the end of the Reporting Period decreased by 100.00% from the amount at the beginning of the Reporting Period. This was mainly because the banker's acceptance bills received by the Company were all endorsed and transferred during the year.

2) 其他應收款本年度期末比期初減少73.00%，主要原因是本年度本公司收回前期處置土地使用權等長期資產的應收款項所致。
Other receivables at the end of the Reporting Period decreased by 73.00% from the amount at the beginning of the Reporting Period. This was mainly because the Company recovered the accounts receivable on long-term assets during the year, such as the previous disposal of land use rights.

管理層討論與分析 Management Discussion and Analysis

- 3) 其他流動資產本年度期末比期初減少30.23%，主要原因是本年度本公司之全資子公司財務公司金融同業存單業務到期收回所致。
Other current assets at the end of the Reporting Period decreased by 30.23% from the amount at the beginning of the Reporting Period. This was mainly because Finance Company, a wholly-owned subsidiary of the Company, recovered inter-bank deposits due during the year.
- 4) 其他非流動金融資產本年度期末比期初增加1,424,886千元，主要原因是本年度本公司之全資子公司財務公司購入銀行發行債券所致。
Other non-current financial assets at the end of the Reporting Period increased by RMB1,424,886,000 from the amount at the beginning of the Reporting Period. This was mainly because Finance Company, a wholly-owned subsidiary of the Company, purchased bonds from the bank during the year.
- 5) 投資性房地產本年度期末比期初增加52.00%，主要原因是本年度部分子公司自用房產轉為出租房產增加所致。
Investment property at the end of the Reporting Period increased by 52.00% from the amount at the beginning of the Reporting Period. This was mainly because some subsidiaries' self-use properties were changed to leased properties during the year.
- 6) 其他非流動資產本年度期末比期初增加46.46%，主要原因是本年度部分子公司預付工程及設備採購款增加所致。
Other non-current assets at the end of the Reporting Period increased by 46.46% from the amount at the beginning of the Reporting Period. This was mainly because some subsidiaries' advance payment for projects and equipment purchases increased during the year.
- 7) 短期借款本年度期末比期初減少100.00%，主要原因是本年度個別子公司償還已到期借款所致。
Short-term borrowings at the end of the Reporting Period decreased by 100.00% from the amount at the beginning of the Reporting Period. This was mainly because some subsidiaries repaid borrowings due during the year.
- 8) 應交稅費本年度期末比期初減少55.50%，主要原因是本年度應交消費稅、增值稅等稅費減少所致。
Taxes payable at the end of the Reporting Period decreased by 55.50% from the amount at the beginning of the Reporting Period. This was mainly because taxes (such as consumption taxes and value-added taxes) payable decreased during the year.
- 9) 租賃負債本年度期末比期初減少35.58%，主要原因是本年度部分尚未支付的租賃付款額轉入一年內到期的非流動負債所致。
Lease liabilities at the end of the Reporting Period decreased by 35.58% from the amount at the beginning of the Reporting Period. This was mainly because some lease payments yet to be made were transferred to non-current liabilities due within one year during 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2023年12月31日的債務資本率為0%(2022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 2023, the Company's debt/capital ratio was 0% (31 December 2022: 0%). The calculation of 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2023年12月31日，本公司無資產抵押。(2022年12月31日：無)

As at 31 December 2023, the Company did not have any mortgages (31 December 2022: 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 fluctuation of exchange rate would indirectly affect the purchase cost of raw materials of the Company; besides, the fluctuation of exchange rate would also directly affect the product export income of the Company as some beer products of the Company are exported for sale; these matters would have impacts on the profitability of the Company in certain extent.

4. 資本性開支

Capital expenses

2023年度本公司資本性新建、搬遷及改擴建項目共投入約16.18億元。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 2023, the Company invested in approximately RMB1.618 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2023年度財務報表附註。

Refer to the Notes to the Financial Statements of 2023 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1,432萬千升，實際產能946萬千升。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 14.32 million kl, of which the actual production capacity is 9.46 million kl. The Company's actual production capacity is the actual annual production capacity that the brewing plants 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)
513	505

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	產量 (千升) Production (kl)	同比(%) Increase/ (Decrease) from the corresponding period in prior year (%)	銷量 (千升) Sales volume (kl)	同比(%) Increase/ (Decrease) from the corresponding period in prior year (%)	產銷率(%) Sales-output Percentage (%)	銷售收入 Sales income	同比(%) Increase/ (Decrease) from the corresponding period in prior year (%)	主要 代表 品牌 Main representative brand
青島品牌 Tsingtao Brand	435萬 4.35 million	-2.13	456萬 4.56 million	2.67	104.80	23,262,985	8.62	青島 Tsingtao
其他品牌 Other brands	306萬 3.06 million	-9.32	345萬 3.45 million	-5.08	112.71	10,142,810	-1.34	崂山 Laoshan
合計 Total	741萬 7.41 million	-5.24	801萬 8.01 million	-0.82	108.07	33,405,795	5.39	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 strong brand impact 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 promoted 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 of the corresponding period exclude the output of the associated and joint investment brewing 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 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	上期採購金額	佔當期總採購額的
		Purchase amount of the Reporting Period	Purchase amount of the corresponding period in prior year	Percentage in total purchase amount of the Reporting Period (%)
釀酒原材料	Raw materials for brewing	3,852,016	4,943,595	27.81
包裝材料	Packaging materials	9,132,647	9,621,494	65.92
能源	Energy	868,863	96,015	6.27

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 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, to 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 carries out product sales and exercises market management by market

region and sub-divided channel, developing and maintaining 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 quickly 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，遠銷全球120個國家及地區，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 realizes sales in overseas markets through overseas subsidiaries and local agents, with products sold to 120 countries and regions. Through distributors and other local resources, the Company attempts to establish localized business development teams to fully exert the brand equity of Tsingtao Brewery, implement brand promotion and build and enhance the upmarket brand image of Tsingtao Brewery in 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	本期銷售收入		本期佔比 (%)	上期銷售量 (千升)		本期佔比 (%)
		本期銷售收入 Sales income of the Reporting Period	上期銷售收入 Sales Income of the corresponding period in prior year		本期銷售量 Sales volume of the Reporting Period (kl)	上期銷售量 Sales volume of the corresponding period in prior year (kl)	
山東地區	Shandong Region	22,868,534	21,367,262	68.45	5,566,302	5,486,035	69.52
華北地區	North China	7,981,434	7,862,659	23.89	1,998,634	2,089,410	24.96
華南地區	South China	3,621,713	3,399,591	10.84	943,489	915,006	11.78
華東地區	East China	2,771,451	2,778,540	8.30	791,864	861,860	9.89
東南地區	South-east China	888,265	916,263	2.66	202,848	226,926	2.53
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	717,183	721,069	2.15	99,787	111,180	1.25
分部間抵消	Elimination between regions	-5,442,785	-5,348,041	-16.29	-1,596,219	-1,618,025	-19.93
合併	Total	33,405,795	31,697,343	100.00	8,006,705	8,072,393	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	11,357	2,954	3,423

經銷商管理情況：

公司秉承「共創、共享、共贏」合作理念，承接公司高質量發展戰略和產品戰略，激發網絡活力和進攻力。因地制宜加快廠商協作分銷模式變革，持續提升網絡運營力。加速渠道數字化建設，讓經銷商更具成長力和競爭力，為公司高質量發展鑄牢網絡根基。

Information on the management of distributors:

Upholding the concept of “Co-creation, Sharing, and Win-win results”, the Company carried on the high-quality development strategy and the product strategy and unleashed network-based vitality and aggressiveness. The Company expedited the reform of the manufacturer-distributor collaboration and distribution model based on different local conditions to continuously improve network operations. The Company accelerated the digitization of channels, providing more strengths for distributors to grow and compete in the market and laying a network-based foundation for high-quality development.



管理層討論與分析 Management Discussion and Analysis

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	23,262,985	8.62	12,904,806	7.15	44.53	增加0.76個百分點 Up 0.76 percentage point
其他品牌	Other brands	10,142,810	-1.34	7,635,811	-4.49	24.72	增加2.49個百分點 Up 2.49 percentage points
小計	Total	33,405,795	-	20,540,617	-	-	-
按地區分部	By regions						
山東地區	Shandong Region	22,868,534	7.03	14,964,444	5.24	34.56	增加1.11個百分點 Up 1.11 percentage points
華北地區	North China	7,981,434	1.51	5,591,960	1.29	29.94	增加0.15個百分點 Up 0.15 percentage point
華南地區	South China	3,621,713	6.53	2,455,542	6.29	32.20	增加0.16個百分點 Up 0.16 percentage point
華東地區	East China	2,771,451	-0.26	1,987,008	-3.46	28.30	增加2.37個百分點 Up 2.37 percentage points
東南地區	South-east China	888,265	-3.06	638,143	-4.44	28.16	增加1.04個百分點 Up 1.04 percentage points
港澳及其他海外 地區	Hong Kong, Macau and other overseas regions	717,183	-0.54	456,266	-3.24	36.38	增加1.78個百分點 Up 1.78 percentage points
分部間抵消	Elimination between regions	-5,442,785		-5,552,746			
小計	Total	33,405,795	-	20,540,617	-	-	-

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

中國啤酒市場作為全球最大的啤酒生產及消費市場，近年來受經濟、人口等因素影響，行業已步入穩定發展階段，行業集中度提升，各區域競爭格局日漸明朗。China's beer market is the world's largest market for beer production and consumption. Affected by factors such as the economy and population, the industry has entered a stage of stable development, with an increasing industrial concentration and an increasingly clear-cut competitive landscape in each region.

國內啤酒企業通過科技創新和數字化轉型升級，以滿足消費需求為出發點，加快推進啤酒行業高端化、智能化、綠色化發展，提高生產運營效率，降低系統運營成本。

Through scientific and technological innovation and digital transformation and upgrade, domestic beer enterprises are accelerating the high-end, intelligent, and green development of the beer industry, improving production and operation efficiency, and cutting system operation costs in a bid to meet consumer demand as starting point.

消費者需求多元化以及消費習慣的變化正使整個啤酒行業的結構發生轉變，啤酒消費渠道和消費場景呈現多元化發展，更適應消費者需求的中高端產品迎來發展契機，保持良好增長勢頭，啤酒行業整體盈利水平仍具相當提升空間。啤酒企業也開始將相關多元化發展提升至戰略層面，通過推出全新產品、尋求並購以及與其他公司合作等方式佈局非啤酒業務，為企業長遠穩定發展提供新的增長動能。

The diversification of consumer demand and the change in consumption habits are causing changes in the structure of the whole beer industry. Beer consumption channels and consumption scenarios are presenting a diversified development. Mid-to-high-end products that better meet consumer demand have been ushered in development opportunities and maintained good momentum for growth. There is substantial room for improvement in the overall profit level of the beer industry. Beer enterprises are also beginning to bring relevant diversified development up to the strategic level. They step into non-beer businesses by ways such as launching new products, seeking mergers and acquisitions, and partnering with other companies, so as to provide new growth drivers for stable development on a long-term basis.

(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，圍繞消費品質化、多樣化、特色化和場景化需求，充分發揮青島啤酒的品牌、產品、科技、覆蓋全國市場的生產基地和渠道網絡等平台資源優勢，採取積極的增長策略，實現穩中求進、進中提質。公司堅持以科技創新推動傳統產業提質增效，加快高端化、智能化、綠色化發展，塑造高質量發展新優勢，運用先進適用技術探索實踐全產業鏈減碳新路徑，持續培育新質生產力，數實融合推進新型工業化。

The Company steadfastly promotes a high-quality development strategy. Targeting demand for high-quality, diversified, featured, and scenario-based consumer consumption, the Company capitalizes on its platforms and resources, including its brands, products, technology, and production bases, channels, and networks that cover the market nationwide, and adopts active growth tactics to make improvements while ensuring stable growth and to improve quality while making improvements. The Company upholds the principle of promoting quality and efficiency for the traditional industry through scientific and technological innovation and shapes new edges for high-quality development through high-end, intelligent, and green development. The Company uses advanced and applicable technologies to explore new paths for reducing carbon throughout the whole industrial chain, continues to foster new quality productive forces, and drives new industrialization through the integration of digital technologies and the real economy.



管理層討論與分析 Management Discussion and Analysis

公司以「為生活創造快樂」為使命，以「高質量、可持續、與時代共進」為發展理念，通過構建更具競爭力的產品組合，全面提升公司品牌影響力，持續打造省級基地市場戰略帶，塑造魅力感知質量，推動生產基地規模化、智能化、智慧型、綠色化發展，積極穩妥推進碳中和、持續優化價值鏈成本費用等舉措做強做優啤酒主業，加力提速企業高質量發展，加快邁向「產品卓越、品牌卓著、創新領先、治理現代」的世界一流企業。

The Company takes “Create Happiness for Life” as its mission and “High Quality, Sustainability, and Advances with the Times” as its development concept. The Company is building more competitive product portfolios to increase its brand influence in all aspects. It continuously develops the base market strategic belt at the provincial level, fosters attractive quality, promotes the large-scale, intelligent, smart, and green development of production bases, proactively and steadily drives carbon neutralization, and constantly optimizes value chain costs etc. By taking these measures, the Company strives to strengthen and improve the beer business as its primary business, further accelerates high-quality corporate development, and expedites the building of a global top enterprise with “Excellent Products, Excellent Brands, Leading Innovation, and Modern Governance”.

(三) 經營計劃

Business Plan

公司將抓住國內市場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、品質優勢，持續推進產品結構調整升級，提升產品品質，積極開拓市場，實現公司持續高質量發展。

The Company will grasp favorable opportunities brought by consumption upgrades in the domestic market, focus on its primary business of selling beer products, capitalize on the brand and quality edges of Tsingtao Beer, proactively drive the upgrading of its product structure, improve product quality, and step up efforts in market expansion to achieve sustainable and high-quality development.

公司將發揮覆蓋全國主要市場的生產、銷售網絡佈局以及完善的供應鏈體系優勢，加速推進「一縱兩橫」戰略帶市場建設與佈局，持續強化市場推廣力度和深化市場銷售網絡建設，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。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, as well as a comprehensive supply chain system, accelerate the development of “One Vertical and Two Horizontal” strategic belts, continuously intensify market promotion, and deepen the building of a market sales network to consolidate its dominant position on the base market and expand its market share of the emerging market, and drive continuous improvement in its market operation capacity and profitability. In the global market, the Company will adhere to high quality, high prices, and high visibility, continue to promote the distribution coverage and brand communication in the foreign markets, and constantly enhance the international brand profile of Tsingtao Beer.

公司將繼續堅定實施青島啤酒+崂山啤酒「1+1」的品牌戰略，促進品牌結構的持續優化和升級，鞏固和提升在中高端市場的競爭優勢。以體育營銷、音樂營銷和體驗營銷為主線，通過沉浸式全方位品牌推廣模式引領消費升級背景下消費場景多元化的營銷新趨勢，持續打造新業態、新模式、新場景，滿足消費者的多層次需求。

The Company will continue to implement the brand strategy of “1+1” (Tsingtao Beer + Laoshan Beer), promoting continuous optimisation and upgrading in brand structure, and consolidate and enhance its competitive edge in mid-to-high-end markets. Focusing on marketing through sports, music, and experience, the Company will lead a new marketing trend for the diversification of consumption scenarios under the backdrop of consumption upgrading through an immersive brand promotion model on all fronts, and further build new business forms, models, and scenarios to meet consumers’ multi-level demands.

管理層討論與分析 Management Discussion and Analysis

公司將以科技創新為引領，強化系統性創新。全面推進數字化轉型，升級提速製造數字化、智能化，加快推動智能製造項目，構建全鏈條、端到端的數字生態以及智慧供應鏈體系，塑造競爭新優勢。公司堅定不移以創新賦能綠色轉型，踐行“為了更美好的世界”環境理念，全力推進環境保護、低碳管理、循環經濟。The Company will strengthen systematic innovation, and take scientific and technological innovation as the guide. It will promote digital transformation on all fronts, upgrade and speed up digitalisation and intellectualisation of manufacturing, accelerate the progress of intelligent manufacturing projects, and build a whole-chain and end-to-end digital ecosystem and a smart supply chain system to shape new competitive edges. The Company will steadfastly enable green transformation through innovation, practice the environmental concept of “For A Better World”, and make every efforts to promote environmental protection, low-carbon management, and a circular economy.

2024年，面對外部市場環境複雜多變、增長緩慢等多重壓力挑戰，公司將在董事會的帶領下堅定信心，篤信篤行、善作善成，抓緊抓實新一輪科技革命和消費變革帶來的機遇，啤酒行業高端化、多元化、個性化趨勢持續等有利時機，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。In 2024, the Company will face multiple pressures and challenges, including the complicated and changeable external market environment and slow growth. In this context, the Company will stay confident under the Board’s leadership, forge ahead, grasp favorable opportunities brought by the new round of technological revolutions and consumption reform, as well as by continuing trends such as the upgrading, diversification, and customization of the beer industry, to resolutely strengthen and optimise its beer business as the primary business, drive continuous improvement in market operation capacity and profitability of the Company, achieve high-quality development, and create higher values for its shareholders.

(四) 可能面對的風險

Potential Business Risks

未來國內啤酒市場的增長可能受到消費、氣候變化等不確定因素的影響。

In the future, the growth of the domestic beer market might be affected by uncertainties such as consumption and climate change.

伴隨國內消費市場對啤酒消費需求呈現多元化、個性化、場景化趨勢，消費者對高品質產品需求不斷增長，企業不斷加大中高端產品投入，研發推出新產品、新包裝，注重產品質量和服務質量的提升，塑造和提升品牌形象。目前國內啤酒市場集中度不斷提升，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，成本變動也將對公司未來銷量、收入和盈利的增長形成影響。

With the diversified, customized, and scenario-based trend of consumption demand for beer in domestic market, consumers’ demand for high-quality products will keep growing. Hence, enterprises will continue to increase spending on the development of mid-to-high-end products, thereby launching new products with new packages. They will prioritize the improvement of product and service quality and build up their brand image. The current increasing domestic beer market concentration will further intensify market competition for domestic mid-to-high-end products, resulting in a continuous increase in advertising, promotion, and other related expenses. Changes in costs will also affect the Company’s future sales volume, 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61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」、全國輕工行業「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 61, 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 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 the Delegate of the 13th Shandong Provincial People's Congress and 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51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及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 51, 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 and president of the Company. He served as deputy general manager of Tsingtao Brewery (Wuhu) Co., Ltd, deputy head of the company's strategic investment management headquarters, head of information management headquarters, head of procurement management headquarters of manufacturing center, assistant to manufacturing president and head of procurement management headquarters of the Company. He has rich experience in production operation and business management. Mr. Jiang is also the Delegate of 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58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 58, holds a master's degree in business administration from Peking University and is a senior engineer. He is the executive director, a member of the Party Committee and the vice president of the Company. His previous positions included: the general manager of Beijing Five Star Tsingtao Brewery Co., Ltd, the general manager of Tsingtao Brewery huaihai Division, the general manager of Shanghai Tsingtao Brewery Huadong Marketing Co., Ltd General, the general manager of Tsingtao Brewery Marketing Center in Shandong Province, the assistant to the President of the Company and the president of Marketing of the Company. He has rich experience in marketing, production operation and enterprise management. Mr. Wang is also the Delegate of the 17th Qingdao People's Congress.



侯秋燕先生，現年57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 57, 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, and deputy director and director of financial management headquarters of the Company, assistant to the president and the head 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 and sale and other operation and financial management of beer companies.



肖耿先生，現年60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，兼任香港特別行政區特首政策組專家組成員，深圳先行示範區專家組成員、深圳市深港澳合作創新研究會理事及副會長、香港國際金融學會董事會主席等職務，並兼任瑞士銀行(中國)有限公司、錦州銀行股份有限公司的獨立董事。也是美的集團股份有限公司的候任獨立董事。

Mr. XIAO Geng, aged 60, holds a Doctorate degree 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). His other positions include: member of the HKSAR Chief Executive's Policy Unit (CEPU) Expert Group; member of the Expert Group for the Shenzhen Pilot Demonstration Zone; member and vice president of the Shenzhen Municipal Board for Shenzhen-Hong Kong-Macao Collaboration and Innovation; President of the Hong Kong Institution for International Finance; independent director of UBS (China) Limited and Bank of Jinzhou Co., Ltd.; and independent director-designate of Midea Group Co., Ltd.

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53歲，華東政法大學法學博士、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的獨立董事。

Mr. SHENG Lei Ming, aged 52, holds a Doctorate degree in law from the East China University of Political Science and Law and is qualified as a 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, 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52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、海南昱林私募基金管理合夥企業(有限合夥)執行事務合夥人。兼任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。

Mr. JIANG Xing Lu, aged 52, 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 Hainan Yulin Private Equity Fund Management Partnership (Limited Partnership). He is also an independent director of Liqun Commercial Group Co., Ltd. and an external supervisor of Bank of Qingdao Co., Ltd.



張然女士，現年46歲，美國科羅拉多大學會計學和計量經濟學博士。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。兼任潛能恒信能源技術股份有限公司獨立董事。

Ms. Rania ZHANG, aged 46, obtained a PhD in accounting and econometrics from University of Colorado at Boulder. She is currently an independent non-executive director of the 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. Now she holds a concurrent post as the independent director of Qianneng Hengxin Energy Technology 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57歲，中國人民大學經濟學博士，現任本公司獨立非執行董事，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。兼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 57, obtained a PhD in economics from Renmin University of China. He is currently an independent non-executive director of the Company, the Associate Professor and doctoral advisor of Department of Marketing, Tsinghua University School of Economics and Management, Secretary of the Party branch of the Department. He also serves as an independent director of Hebei Hengshui Laobaigan Liquor Co., Ltd.

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66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獨立董事。

Ms. LI Yan, aged 66, graduated from the Central Institute of Finance. She is currently tentative convener of the Board of Supervisors of the Company, the professor and the doctoral supervisor of the School of Finance and Taxation of Central University of Finance and Economics, the director of the Institute of Government Budget, the non-practicing member of the Chinese Institute of Certified Public Accountants, the director of China Finance Society, the director of the Finance and Taxation Law Research Society of China Law Society, and an independent director of Qingdao Port International Co., Ltd., BGT Hotels (Group) Co., Ltd., Beijing Caishikou Department Store Co., Ltd.



王亞平先生，現年59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。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 59, 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 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58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 58, 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 is 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48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 48, graduated from the Major of International Economic Law in 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 with substantial experience in law affairs.



孟慶尚先生，現年58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。具有豐富的生產運營及企業管理經驗。

Mr. MENG Qing Shang, aged 58, graduated from the major of electrical and automation of Shandong University of Industry and is qualified as a Senior Engineer. He is currently Supervisor as Employees' Representative of the Company and Secretary of the Party Committee and Director of Tsingtao Brewery Factory. 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56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 56, holds an MBA for senior management personnel at Xiamen University, Senior Engineer. He is currently 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 Center of the Company & General Manager of Sales Management Head Department of Marketing Center, and Executive Vice President of Marketing Center of the Company with substantial management experience in marketing.



徐楠女士，現年56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 56, graduated from Shandong Institute of Light Industry with a bachelor's degree in engineering and is a senior engineer. She is currently the 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 the 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 won the honorary title the third session "Chinese Brewmaster".



李輝先生，現年45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 45, 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47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 Shui Yuan, aged 47, 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59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 59, graduated from Bachelor's Degree at Shandong Normal University, Economist. He is currently Board Secretary & Head of Secretarial Office of the Board, Company Secretary and Authorized Representative of the Company. He also served as Assistant to Director, Deputy Director, and Director of Secretarial Office of the Board & Representative to Securities Affairs of the Company with long-term experience in the operation of listing company, information disclosure and financing in capital market.

重要事項 Significant Events

(一) 報告期內其他重大事項

1. 子公司整合清算項目

應城公司整合清算項目，經由公司董事會於2023年4月24日審議通過。2023年5月完成應城公司增資人民幣5,000萬元手續。2023年6月2日啟動清算程序，完成全體職工的勞動關係解除手續，固定資產及土地尚未處置。

2. 子公司新擴建項目進展情況

- 1) 青島啤酒二廠 100 萬千升純生基地項目，經由公司董事會於2023年3月22日審議通過，該項目投資預算約人民幣66,665萬元，項目資金由公司撥款解決。已完成原有建築物拆除，取得建設工程規劃許可證。
- 2) 青島啤酒五廠100萬千升精釀基地及2,500噸威士忌項目，經由公司董事會於2023年3月22日審議通過，該項目投資預算約人民幣135,853萬元，項目資金由公司撥款解決。已成立項目建設小組，預計2024年3月開工建設。

(I) Other Significant Events during the Reporting Period

1. Integration and Liquidation of a Subsidiary

The project concerning the integration and liquidation of Yingcheng Company was considered and approved by the Board on 24 April 2023. Procedures for the capital increase of RMB50 million for Yingcheng Company were completed in May 2023. The liquidation procedures commenced on 2 June 2023. So far, procedures for the termination of all employees' labor relations with Yingcheng Company have been completed; the fixed assets and land have yet to be disposed of.

2. Progress of a New Expansion Project in Subsidiaries

- 1) Tsingtao Brewery Factory No. 2's project concerning production base of 1 million kiloliters of draft beer was considered and approved by the Board on 22 March 2023. The project budget is approximately RMB666.65 million, and the project fund is allocated by the Company. The original building has been demolished, and the construction planning permit has been obtained.
- 2) Tsingtao Brewery Factory No. 5's projects concerning a production base of 1 million kiloliters of craft beer and 2,500 tons of whiskey were considered and approved by the Board on 22 March 2023. The project budget is approximately RMB1,358.53 million, and the fund is allocated by the Company. The project team has been set up, and construction is expected to commence in March 2024.

重要事項 Significant Events

- 3) 青島啤酒研發創新基地項目運營及二期優化方案，經由公司董事會於2023年3月22日審議通過，該項目投資預算約人民幣20,150萬元，項目所需資金由公司向青島啤酒科技研發中心有限公司增加註冊資本人民幣10,000萬元，其餘資金由公司提供委託貸款解決。報告期內已辦理完畢增資手續。研發創新基地預期於年內投入使用。

上述新擴建項目完成後，可進一步提高公司高端產品供應能力，通過工廠數字化、智能化升級，滿足市場及消費者日益對個性化產品的需求。

3. 公司法人層級壓減項目，經由公司董事會於2023年8月25日審議通過，報告期內公司控股子公司的股權調整情況為：

- 1) 連雲港公司：由本公司對連雲港公司單方增資人民幣21,220萬元，註冊資本由人民幣16,609.3523萬元增加至人民幣37,829.3523萬元。股東變更為：本公司出資人民幣21,220萬元，佔出資比例的56.09%；青島啤酒(上海)投資有限公司出資人民幣16,609.3523萬元，佔出資比例的43.91%。
- 2) 青島啤酒(甘肅)農墾股份有限公司(「甘肅公司」)：青島啤酒西安漢斯集團有限公司將其持有甘肅公司50%的股份按賬面淨值劃轉給本公司。變更後甘肅公司股權結構為：本公司持股佔比50%，本公司附屬公司青島啤酒渭南有限責任公司持股佔比5.06%，其餘三家外部股東合計持股佔比44.94%。

- 3) Tsingtao Brewery's R&D and innovation base project operations and Phase II optimization proposal were considered and approved by the Board on 22 March 2023. The project budget is approximately RMB201.5 million. The requisite fund is provided by the Company by increasing the registered capital of Tsingtao Brewery Science and Technology Research Center Co., Ltd.* (青島啤酒科技研發中心有限公司) by RMB100 million, and the remaining fund is provided by the Company through entrusted loans. During the Reporting Period, procedures for the capital increase have been completed. The R&D and innovation base is expected to be put into use within this year.

Upon completion, the above new construction and expansion projects can further increase the Company's capacity for supplying high-end products. Through the digital and intelligent upgrading of factories, the projects will meet market and consumer demands for customized products.

3. The Company's corporate-level reduction project was considered and approved by the Board on 25 August 2023. Adjustments to the shareholding of the Company's holding subsidiaries during the Reporting Period:

- 1) Lianyungang Company: the Company increased the capital of Lianyungang Company by RMB212.2 million, from RMB166,093,523 to RMB378,293,523. Changes in shareholders: the Company's contribution is RMB212.2 million, accounting for 56.09% of the capital; Tsingtao Brewery (Shanghai) Investment Co.,Ltd.* (青島啤酒(上海)投資有限公司)'s contribution is RMB166,093,523, accounting for 43.91% of the capital.
- 2) Qingdao Beer (Gansu) Agricultural Reclamation Co., Ltd.* (青島啤酒(甘肅)農墾股份有限公司) ("Gansu Company"): Tsingtao Brewery Xi'an Hans Group* (青島啤酒西安漢斯集團有限公司) transferred to the Company 50% of Gansu Company's shares it held at its net book value. Upon the transfer, Gansu Company's share structure is as follows: the Company holds 50% of the shares; Qingdao Beer Weinan Co., Ltd.* (青島啤酒渭南有限責任公司), a subsidiary of the Company, holds 5.06% of the shares; and the other three external shareholders hold 44.94% of the shares.

重要事項 Significant Events

4. 報告期後事項

- 1) 青島啤酒(濰坊)有限公司60萬千升搬遷新建項目，經由公司董事會於2023年12月27日審議通過，同意公司在山東濰坊投資設立一家新公司，註冊資本為人民幣30,000萬元，新建年產60萬千升啤酒項目，投資預算人民幣84,923萬元，建設資金由政府扶持資金解決，不足部分由新公司註冊資金解決。新公司名稱為青島啤酒(濰坊)製造有限公司，已於2024年1月17日設立，由本公司全資擁有。
- 2) 關於收購鞍山公司少數股東所持20%股權項目，經由公司董事會於2024年3月4日審議通過，同意由本公司作價人民幣1,806.5萬元受讓台安八角台建設投資集團有限責任公司(「八角台建投公司」)持有的鞍山公司20%股權。雙方已簽署股權轉讓合同，並於2024年3月15日辦理完畢變更手續。受讓股權交易完成後，本公司持有鞍山公司80%股權，八角台建投公司持有鞍山公司20%股權。

(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。

4. Events after the Reporting Period

- 1) Qingdao Beer (Weifang) Co., Ltd.* (青島啤酒(濰坊)有限公司)'s 600,000-kiloliter relocation and new construction project was considered and approved on 27 December 2023. It is approved that a new branch be established in Weifang, Shandong, with a registered capital of RMB300 million. A new construction project with an annual beer production capacity of 600,000 kiloliters is established. The investment budget is RMB849.23 million. The construction fund comes from government support grants and the deficiency comes from the registered capital of the new company. The name of the new company is Tsingtao Brewery (Weifang) Manufacturing Co., Ltd.* (青島啤酒(濰坊)製造有限公司), which was established on 17 January 2024. It is wholly owned by the Company.
- 2) The project concerning the purchase of 20% of the shares of Anshan Company held by minority shareholders was considered and approved by the Board on 4 March 2024. It is approved that the Company accepted the transfer of 20% of the shares of Anshan Company from Bajiaotai Construction Investment Group Co., Ltd.* (台安八角台建設投資集團有限責任公司) (“Bajiaotai Construction Company”) for consideration of RMB18.065 million. The two parties have entered into a share transfer contract, and procedures for the change were completed on 15 March 2024. Upon the share transfer, the Company holds 80% of the shares of Anshan Company, and Bajiaotai Construction Company holds 20% of the shares of Anshan Company.

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

財務報告 Financial Report

按照中國企業會計準則編製的財務報表

Financial Statements Prepared in Accordance with China Accounting Standards for Business Enterprises

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Auditor's Report



普華永道

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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 company”), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- 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 company as at 31 December 2023, 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 company 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 is the impairment assessment on goodwill about Shandong Xin Immense Brewery Co., Ltd. (“Immense Brewery Company”)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Immense Brewery Company — Impairment assessment on goodwill (Refer to Note 2(27)(a)(i) and Note 4(16) to the financial statements)</p> <p>Tsingtao Brewery company 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 2023.</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>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 management’s internal controls and assessment processes related to the assessment of goodwill impairment and assessed the risks inherent in material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors, including complexity, subjectivity, variability, and management bias and other fraud risk factors; • Assessed the results of prior period assessments of goodwill impairment to evaluate the effectiveness of management’s process for making estimates;

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Key Audit Matter	How our audit addressed the Key Audit Matter
<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>	<ul style="list-style-type: none"> • Tested the effectiveness of key internal controls related to the assessment of goodwill impairment, including management's review and approval of the adoption of key assumptions; • 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 sales growth rate for the forecast period, 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>

Other Information

Management of Tsingtao Brewery company is responsible for the other information. The other information comprises all of the information included in 2023 annual report of Tsingtao Brewery company 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.
- 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, structure and content of the financial statements, including the disclosures, 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

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
Na Jia (Engagement Partner)

Shanghai, the People's Republic of China
26 March 2024

Signing CPA
Li Lili

Consolidated and Company Balance Sheets

As at 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		31 December 2023 Consolidated	31 December 2022 Consolidated	31 December 2023 Company	31 December 2022 Company
ASSETS					
Current assets					
Cash at bank and on hand	(1)	19,282,104,642	17,854,931,855	8,876,231,346	9,469,727,256
Financial assets held for trading	(2)	1,924,078,158	2,683,817,846	1,100,355,616	1,000,452,055
Notes receivable	(3)	-	4,500,000	-	1,500,000
Accounts receivable	(4), 16(1)	100,391,321	119,599,728	1,489,996,291	1,860,654,305
Advances to suppliers	(5)	210,975,136	281,866,630	84,435,261	144,145,684
Other receivables	(6), 16(2)	184,367,739	682,770,179	51,819,117	666,706,147
Including: Interest receivable		-	-	-	-
Dividends receivable		-	-	6,800,000	19,000,000
Inventories	(7), 16(3)	3,539,828,305	4,152,187,132	1,691,282,802	2,167,930,218
Current portion of non-current assets	(10)	28,432,377	-	-	-
Other current assets	(8)	4,341,747,852	6,222,809,869	492,047,233	285,825,979
Total current assets		29,611,925,530	32,002,483,239	13,786,167,666	15,596,941,644
Non-current assets					
Debt investment	16(4)	-	-	170,683	5,673,793
Long-term equity investments	(9), 16(5)	364,736,980	368,128,466	11,460,881,759	11,237,441,541
Other non-current financial assets	(10)	1,425,485,550	600,000	-	-
Investment properties	(11)	44,164,870	29,056,456	25,137,839	26,557,514
Fixed assets	(12), 16(6)	11,145,718,923	11,009,077,139	2,427,838,479	2,478,302,230
Construction in progress	(13)	498,574,959	456,529,051	161,847,027	140,411,513
Right-of-use assets	(14)	119,546,878	154,916,167	50,372,171	59,135,860
Intangible assets	(15), 16(7)	2,493,069,068	2,557,820,344	548,581,977	514,921,690
Goodwill	(16)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(17)	111,107,655	101,670,196	19,183,122	9,651,343
Deferred tax assets	(18)	2,025,849,104	2,250,079,564	1,301,856,358	1,453,644,067
Other non-current assets	(20)	108,727,850	74,235,192	69,572,073	13,924,336
Total non-current assets		19,644,085,819	18,309,216,557	16,065,441,488	15,939,663,887
TOTAL ASSETS		49,256,011,349	50,311,699,796	29,851,609,154	31,536,605,531

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND EQUITY	Note 4 (unless otherwise stated)	As at			
		31 December 2023 Consolidated	31 December 2022 Consolidated	31 December 2023 Company	31 December 2022 Company
Current liabilities					
Short-term borrowings	(21)	-	225,411,423	-	-
Notes payable	(22)	193,668,205	198,056,961	98,099,406	140,524,489
Accounts payable	(23)	2,952,827,066	3,463,768,573	3,440,168,162	3,982,543,102
Contract liabilities	(24)	7,691,295,634	8,909,252,504	6,197,478,683	7,018,357,260
Employee benefits payable	(25)	2,096,904,553	2,180,772,440	897,670,549	888,041,488
Taxes payable	(26)	343,503,981	771,894,656	50,894,110	69,320,070
Other payables	(27)	3,230,505,907	3,394,613,087	1,173,002,823	1,427,296,715
Including: Interest receivable		-	-	-	-
Dividends receivable		-	972,844	-	-
Current portion of non-current liabilities	(28)	50,250,346	49,263,731	23,437,186	19,686,594
Other current liabilities	(24)	359,524,000	478,755,359	322,825,851	410,317,189
Total current liabilities		16,918,479,692	19,671,788,734	12,203,576,770	13,956,086,907
Non-current liabilities					
Lease liabilities	(29)	63,393,018	98,401,477	15,676,430	27,220,061
Long-term payables	(30)	16,205,766	16,283,766	-	-
Deferred income	(31)	2,887,543,652	3,132,390,832	313,334,796	340,710,828
Long-term employee benefits payable	(32)	877,476,618	918,404,801	616,771,558	615,130,389
Deferred tax liabilities	(18)	238,165,428	202,117,651	-	-
Total non-current liabilities		4,082,784,482	4,367,598,527	945,782,784	983,061,278
Total liabilities		21,001,264,174	24,039,387,261	13,149,359,554	14,939,148,185
Equity					
Share capital	(33)	1,364,196,788	1,364,232,790	1,364,196,788	1,364,232,790
Capital surplus	(34), 16(9)	4,207,455,611	4,154,076,977	5,271,029,372	5,216,070,112
Less: Treasury stock	(35)	(77,643,806)	(171,854,660)	(77,643,806)	(171,854,660)
Other comprehensive income	(36), 16(10)	(81,061,345)	(75,800,581)	(87,446,000)	(78,756,000)
Surplus reserve	(37)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(38)	301,761,292	295,071,942	-	-
Undistributed profits	(39), 16(11)	20,334,065,296	18,528,390,855	8,831,408,866	8,867,060,724
Total equity attributable to shareholders of the Company		27,449,478,216	25,494,821,703	16,702,249,600	16,597,457,346
Non-controlling interests		805,268,959	777,490,832	—	—
Total equity		28,254,747,175	26,272,312,535	16,702,249,600	16,597,457,346
TOTAL LIABILITIES AND EQUITY		49,256,011,349	50,311,699,796	29,851,609,154	31,536,605,531

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 2023

(All amounts in RMB yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2023	2022	2023	2022
		Consolidated	Consolidated	Company	Company
Revenue	(40),16(12)	33,936,522,741	32,171,565,624	25,403,774,410	23,769,045,630
<i>Less:</i> Cost of sales	(40),(46),16(12),(14)	(20,816,889,655)	(20,317,934,822)	(19,899,038,207)	(19,120,720,120)
Taxes and surcharges	(41)	(2,386,660,732)	(2,390,725,323)	(691,028,756)	(636,352,310)
Selling and distribution expenses	(42),(46),16(14)	(4,708,402,798)	(4,199,502,747)	(3,210,244,246)	(2,758,556,297)
General and administrative expenses	(43),(46),16(14)	(1,519,063,042)	(1,473,368,004)	(530,968,316)	(523,562,223)
Research and development expenses	(44),(46),16(14)	(100,637,006)	(62,954,899)	(100,637,006)	(62,954,899)
Finance expenses	(45),16(13)	457,124,855	420,805,540	89,819,629	96,412,066
Including: Interest expenses		(16,430,590)	(9,237,800)	(2,197,088)	-
Interest income		506,376,003	459,661,656	117,691,823	110,813,417
<i>Add:</i> Other income	(49)	391,115,874	543,278,784	34,095,387	103,668,782
Investment income	(50),16(17)	172,044,176	169,903,657	1,760,294,094	1,403,992,871
Including: Share of profit of associates and a joint venture		15,798,284	19,873,379	15,697,521	19,595,612
Profits arising from changes in fair value (Losses are listed with "-")	(51),16(18)	230,255,010	164,354,223	133,365,589	125,593,561
Credit impairment losses (Losses are listed with "-")	(48),16(16)	(14,306,494)	11,144,534	(2,698,178)	(59,925,797)
Asset impairment losses (Losses are listed with "-")	(47),16(15)	(82,853,720)	(26,123,742)	(266,617,610)	(10,140,786)
Gains on disposals of assets (Losses are listed with "-")	(52)	178,576,672	(9,517,758)	(5,450,844)	236,559
Operating profit		5,736,825,881	5,000,925,067	2,714,665,946	2,326,737,037
<i>Add:</i> Non-operating income	(53)	22,623,304	20,345,173	7,929,646	5,013,947
<i>Less:</i> Non-operating expenses	(54)	(13,041,883)	(15,128,954)	(5,836,002)	(9,594,523)
Total profit		5,746,407,302	5,006,141,286	2,716,759,590	2,322,156,461
<i>Less:</i> Income tax expense	(55), 16(19)	(1,398,208,378)	(1,201,419,808)	(296,923,833)	(252,814,686)
Net profit		4,348,198,924	3,804,721,478	2,419,835,757	2,069,341,775
Classified by continuity of operations					
Net profit from continuing operations		4,348,198,924	3,804,721,478	2,419,835,757	2,069,341,775
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Attributable to shareholders of the Company		4,267,851,406	3,710,628,593	2,419,835,757	2,069,341,775
Attributable to non-controlling interests		80,347,518	94,092,885	-	-

Consolidated and Company Income Statements (Continued)

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	2023	2022	2023	2022
		Consolidated	Consolidated	Company	Company
Other comprehensive income, net of tax	(36), 16(10)	(4,872,548)	(18,322,498)	(8,690,000)	(6,351,000)
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		(9,369,000)	(7,457,000)	(8,690,000)	(6,351,000)
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		193,842	94,081	-	-
Currency translation differences		3,914,394	(8,805,122)	-	-
Other comprehensive income attributable to non-controlling interests, net of tax		388,216	(2,154,457)	—	—
Total comprehensive income		4,343,326,376	3,786,398,980	2,411,145,757	2,062,990,775
Attributable to shareholders of the Company		4,262,590,642	3,694,460,552	2,411,145,757	2,062,990,775
Attributable to non-controlling interests		80,735,734	91,938,428	—	—
Earnings per share					
Basic earnings per share (RMB yuan)	(56)	3.139	2.736	—	—
Diluted earnings per share (RMB yuan)	(56)	3.132	2.728	—	—

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 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2023 Consolidated	2022 Consolidated	2023 Company	2022 Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		37,880,402,381	37,646,617,995	28,412,272,110	27,722,390,271
Refund of taxes and surcharges		20,475,070	95,255,689	8,740,402	21,118,814
Cash received relating to other operating activities	(57)(a)	893,153,991	1,125,550,312	291,853,925	265,430,794
Sub-total of cash inflows		38,794,031,442	38,867,423,996	28,712,866,437	28,008,939,879
Cash paid for goods and services		(19,808,796,432)	(19,929,376,569)	(21,216,030,788)	(21,146,250,865)
Cash paid to and on behalf of employees		(5,512,802,425)	(5,253,994,081)	(1,967,503,047)	(1,916,587,832)
Payments of taxes and surcharges		(6,242,281,255)	(5,725,055,540)	(1,814,085,074)	(1,836,180,194)
Cash paid relating to other operating activities	(57)(b)	(4,452,584,190)	(3,080,226,484)	(3,307,691,538)	(2,149,182,878)
Sub-total of cash outflows		(36,016,464,302)	(33,988,652,674)	(28,305,310,447)	(27,048,201,769)
Net cash flows from operating activities	(58)(a)	2,777,567,140	4,878,771,322	407,555,990	960,738,110
Cash flows from investing activities					
Cash received from the investment	(57)(c)	16,567,896,400	16,146,453,730	7,734,600,000	6,476,800,000
Cash received from returns on investments		371,486,434	441,384,826	1,915,452,800	1,527,932,916
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		722,373,507	42,140,602	606,342,582	2,693,457
Cash received relating to other investing activities	(57)(e)	376,451,515	336,037,611	4,578,268	2,638,702
Sub-total of cash inflows		18,038,207,856	16,966,016,769	10,260,973,650	8,010,065,075
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,617,742,854)	(1,780,139,656)	(535,716,738)	(618,236,299)
Cash paid to acquire investments	(57)(d)	(19,863,002,985)	(17,258,725,150)	(9,632,990,000)	(8,668,600,000)
Cash paid relating to other investing activities	(57)(f)	(20,433,429)	(126,260,121)	(4,089,048)	(2,246,539)
Sub-total of cash outflows		(21,501,179,268)	(19,165,124,927)	(10,172,795,786)	(9,289,082,838)
Net cash flows from investing activities		(3,462,971,412)	(2,199,108,158)	88,177,864	(1,279,017,763)
Cash flow from financing activities					
Cash received from borrowings		-	228,830,000	-	-
Cash received relating to other financing activities		1,134,071	529,522	268,103	266,397
Sub-total of cash inflows		1,134,071	229,359,522	268,103	266,397

Consolidated and Company Cash Flow Statements (Continued)

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	2023 Consolidated	2022 Consolidated	2023 Company	2022 Company
Cash repayments of borrowings		(219,487,500)	(270,961,875)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(2,534,272,032)	(1,576,418,087)	(2,466,629,398)	(1,505,070,607)
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		(56,295,288)	(65,221,802)	—	—
Cash payments relating to other financing activities	(57)(g)	(115,440,419)	(57,692,087)	(31,913,449)	(30,980,653)
Sub-total of cash outflows		(2,869,199,951)	(1,905,072,049)	(2,498,542,847)	(1,536,051,260)
Net cash flows from financing activities		(2,868,065,880)	(1,675,712,527)	(2,498,274,744)	(1,535,784,863)
Exchange effect on cash and cash equivalents		5,684,639	22,166,355	2,712,095	9,542,896
Net increase/(decrease) in cash and cash equivalents	(58)(a)	(3,547,785,513)	1,026,116,992	(1,999,828,795)	(1,844,521,620)
Add: Cash and cash equivalents at beginning of year		12,839,870,784	11,813,753,792	7,366,468,326	9,210,989,946
Cash and cash equivalents at end of year	(58)(c)	9,292,085,271	12,839,870,784	5,366,639,531	7,366,468,326

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 2023

(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 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	(36)	-	-	-	(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										
Repurchase of restricted shares	(33),(34),(35)	(122,003)	(2,462,021)	2,584,024	-	-	-	-	-	-
Share-based payments	(34),(35)	-	210,070,250	84,267,743	-	-	-	-	11,111,982	305,449,975
Profit distribution										
Appropriation to general reserve	(38)	-	-	-	-	-	218,863	(218,863)	-	-
Profit distribution to shareholders	(35),(39)	-	-	14,483,492	-	-	-	(1,500,564,567)	(66,238,736)	(1,552,319,811)
Others	(34)	-	(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
Balance at 1 January 2023		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
Movements for the year ended 31 December 2023										
Total comprehensive income										
Net profit		-	-	-	-	-	-	4,267,851,406	80,347,518	4,348,198,924
Other comprehensive income	(36)	-	-	-	(5,260,764)	-	-	-	388,216	(4,872,548)
Total comprehensive income for the year		-	-	-	(5,260,764)	-	-	4,267,851,406	80,735,734	4,343,326,376
Shareholder investment and capital reduction										
Repurchase of restricted shares	(33),(34),(35)	(36,002)	(726,520)	762,522	-	-	-	-	-	-
Share-based payments	(34),(35)	-	53,855,539	77,750,719	-	-	-	-	1,828,483	133,434,741
Others		-	-	-	-	-	-	-	546,014	546,014
Profit distribution										
Appropriation to general reserve	(38)	-	-	-	-	-	6,689,350	(6,689,350)	-	-
Profit distribution to shareholders	(35),(39)	-	-	15,697,613	-	-	-	(2,455,487,615)	(55,332,104)	(2,495,122,106)
Others	(34)	-	249,615	-	-	-	-	-	-	249,615
Balance at ended 31 December 2023		1,364,196,788	4,207,455,611	(77,643,806)	(81,061,345)	1,400,704,380	301,761,292	20,334,065,296	805,268,959	28,254,747,175

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 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 16 (unless otherwise stated)	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022		1,364,354,793	4,980,309,993	(273,189,919)	(72,405,000)	1,400,704,380	8,298,283,516	15,698,057,763
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(33),(34),(35)	(122,003)	(2,462,021)	2,584,024	-	-	-	-
Share-based payment	(9),4(35)	-	238,214,791	84,267,743	-	-	-	322,482,534
Profit distribution								
Profit distribution to shareholders	(11),4(35)	-	-	14,483,492	-	-	(1,500,564,567)	(1,486,081,075)
Others	(9)	-	7,349	-	-	-	-	7,349
Balance at 31 December 2022		1,364,232,790	5,216,070,112	(171,854,660)	(78,756,000)	1,400,704,380	8,867,060,724	16,597,457,346
Balance at 1 January 2023		1,364,232,790	5,216,070,112	(171,854,660)	(78,756,000)	1,400,704,380	8,867,060,724	16,597,457,346
Movements for the year ended 31 December 2023								
Total comprehensive income								
Net profit		-	-	-	-	-	2,419,835,757	2,419,835,757
Other comprehensive income	(10)	-	-	-	(8,690,000)	-	-	(8,690,000)
Total comprehensive income for the year		-	-	-	(8,690,000)	-	2,419,835,757	2,411,145,757
Shareholder investment and capital reduction								
Repurchase of restricted shares	4(33),(34),(35)	(36,002)	(726,520)	762,522	-	-	-	-
Share-based payment	(9),4(35)	-	55,684,022	77,750,719	-	-	-	133,434,741
Profit distribution								
Profit distribution to shareholders	(11),4(35)	-	-	15,697,613	-	-	(2,455,487,615)	(2,439,790,002)
Others	(9)	-	1,758	-	-	-	-	1,758
Balance at 31 December 2023		1,364,196,788	5,271,029,372	(77,643,806)	(87,446,000)	1,400,704,380	8,831,408,866	16,702,249,600

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 2023

(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 to 1,364,354,793. In 2022, the Company repurchased and cancelled 122,003 restricted shares. The Company’s total share capital was decreased to 1,364,232,790. In 2023, the Company repurchased and cancelled 36,002 restricted shares. The Company’s total share capital was decreased to 1,364,196,788.

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 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 26 March 2024.

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 and measurement (Note 2(21)), etc.

The areas including significant judgments to determine the critical accounting policies of the Group are disclosed in Note 2(27).

Notes to Financial Statements

For the year ended 31 December 2023

(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 2023 are in compliance with CAS, and truly and completely present the Consolidated and the Company’s financial position as at 31 December 2023 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 Group 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 2023

(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 2023

(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 approximate exchange rates of the transaction dates. The differences arising from the above translation are presented separately in other comprehensive income. The cash flows of overseas operations are translated at the approximate 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, financial liabilities or equity instruments 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 2023

(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 2023

(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”):

Those debt instruments held by the Group that do not meet the criteria for amortised cost or FVOCI 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 of 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, and accounts receivable from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether a significant financing component exists.

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.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(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 at stage 1 and stage 2, and those with low credit risk, 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.

The credit risk characteristics of various financial assets with expected credit losses calculated on single basis are significantly different from those of other financial assets in this category. 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, overdue date as the time for accounting
Accounts receivable combination	Subsidiaries, overdue date as the time for accounting
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 2023

(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) Equity instrument

An equity instrument is a contract that evidences ownership of a party's residual interest in assets after deducting all liabilities.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(9) Financial instruments *(continued)*

(d) 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.

(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. For inventories produced and sold in the same region and with the same or similar end-use, the Group makes a consolidated provision for decline in the value of inventories.

(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 amortization method respectively.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(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.

(a) Determination of investment cost

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(11) Long-term equity investments *(continued)*

(b) Subsequent measurement and recognition of related profit and loss (continued)

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, other comprehensive income, and profit distribution, the Group records its proportionate share directly into capital surplus. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.

Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interests in the investees, based on which the investment income or losses are recognised on the Company's financial statements. When preparing the consolidated financial statements, for the portion of unrealised gains and losses attributable to the Group arising from downstream transactions in which the Group invests or sells assets to the investees, on the basis of the elimination result on the Company's financial statements, the Group should eliminate the portion of unrealised revenue and costs or asset disposal gains and losses attributable to the Group, and adjust investment income or losses accordingly; for the portion of unrealised gains and losses attributable to the Group arising from the upstream transactions in which the investees invest or sell assets to the Group, on the basis of the elimination result on the Company's financial statements, the Group should eliminate the portion of unrealised gains and losses included in the carrying amount of the relevant assets, and adjust the carrying amount of long-term equity investments accordingly. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

(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)).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(12) Investment properties

Investment properties include leased land use rights and buildings that are held for the purpose of leasing, 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 all investment properties. Depreciation or amortization of buildings and land use rights based on their estimated useful lives and net residual values. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the depreciation (amortization) rates of investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
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 carrying amount before transfer is used as initial record value after transfer.

The investment property's estimated useful life, net residual value and depreciation (amortization) method applied are reviewed and adjusted as appropriate at each year end.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(13) Fixed assets (continued)

(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 value	Annual depreciation rate
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.

(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)).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(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.

(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 “TSINGTAO BEER” 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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(16) Intangible assets *(continued)*

(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 to 10 years using the straight-line method.

(d) *Computer software*

Computer software are amortised 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.

(g) *Research and development*

Research and development expenditures mainly include expenditures on materials consumed for the implementation of research and development activities, salaries of employees in the research and development department, depreciation and amortisation of assets such as equipment and software used in research and development, research and development testing and research and development technical service fees.

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;
- 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)).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(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.

(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 and the intangible assets have indefinite useful life are treated 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 impairment test indicates that the recoverable amount of an asset group or a group of assets groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment losses is recognised. 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.

Notes to Financial Statements

For the year ended 31 December 2023

(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

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, unemployment insurance, enterprise annuity, and which belong to supplemental post-employment benefits plan.

As at 31 December 2023, 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.

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.

Enterprise annuity

The Group launched the enterprise annuity plan since 1 October 2023 in accordance with the state's enterprise annuity regulations. After implementation of the enterprise annuity plan, the Group accrue annuity for employees who meet certain criteria according to a certain proportion of total salary apart from basic pension insurance. During the accounting period in which employees provide services, the amount calculated in line with the above-mentioned proportion is recognised as liabilities and is included into profit or loss for the current period.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(19) Employee benefits (continued)

(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 employee benefits payable.

(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. The majority of the Group's domestic sales are made on a pre-payment basis or by granting dealers a credit period of 30 - 100 days and there is no significant financing component.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(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 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.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(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. Corresponding deferred income tax assets and deferred income tax liabilities are not recognised for temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither the accounting profit nor taxable profit (or deductible losses) and whose initial recognition of assets and liabilities does not result in the creation of taxable temporary differences and deductible temporary differences of an equivalent amount. 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.

(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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(24) Share-based payment *(continued)*

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 modifies the terms of the options in a manner favourable to the employees, the Group accounts for the options in accordance with the modified terms of the options; if the Group modifies the terms of the options in a manner unfavourable to the employees, this is not taken into account in the accounting, unless the Group cancels some or all of the equity instruments granted. 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 preagreed 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.

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. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

Notes to Financial Statements

For the year ended 31 December 2023

(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)

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.

When a lease modification is not accounted for as a separate lease, the Group re-establishes the lease term on the effective date of the lease modification and re-measures the lease liability by discounting the modified lease payments using a revised discount rate, except for contractual modifications that can be accounted for using a simplified method as stipulated by the Ministry of Finance. Where a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the carrying value of the right-of-use asset accordingly and recognises the gain or loss related to partial or complete termination of the lease in profit or loss for the current period. If other lease modifications result in the remeasurement of the lease liability, the Group adjusts the carrying value of the right-of-use asset accordingly.

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.

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.

(26) 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 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(27) 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 expectations of future events that are believed to be reasonable.

(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 asset group or group of asset groups is the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 4(16)).

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 revised sales growth rate during the forecasts period is lower than the one currently used, the revised 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 is the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. These calculations require the use of accounting estimates.

For the year ended 31 December 2023, the Group recognized impairment losses of 79,527,094 (2022: 26,123,742) for fixed assets based on such evaluation. As at 31 December 2023, the Group recognized the cumulative provision for fixed assets impairment amounting to 594,456,776 (31 December 2022: 551,176,919) (Note 4(12)).

If management revises the 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 the revised 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 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 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(27) 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 profit and corresponding applicable income tax rates of respective years. The realization of deferred tax assets depends on the realization of sufficient profitability (taxable profit) 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 2023, deferred tax assets of 2,025,849,104 have been recognized in the consolidated balance sheet (31 December 2022: 2,250,079,564). As stated in Note 4(18), at 31 December 2023, the Group had unrecognised deferred tax assets amounting to approximately 717,237,000 (31 December 2022: 863,321,000), 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 ECL based on the exposure at default and ECL rates and determines the expected credit loss rate based on the probability of default and the loss given default (LGD) rate or based on an ageing matrix. 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 2023, 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 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(28) Significant changes in accounting policies

The Ministry of Finance issued the Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises (Interpretation No. 16) in 2022. The Group and the Company implemented the new lease standard with effect from 1 January 2019 and recognised deferred income tax on a net basis relating to temporary differences in lease liabilities and right-of-use assets. From 1 January 2023, the Group and the Company applied Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption. In addition, for the equivalent deductible temporary differences and taxable temporary differences arising from the above-mentioned transactions, the deferred tax assets and deferred tax liabilities are recognized separately and disclosed in the notes. The relevant note disclosures on 31 December 2022 have been adjusted accordingly. The implementation of the above provisions of Interpretation No. 16 has no impact on the Group and the Company's profit and loss for the current period in 2022, and the financial statements of the Group and the Company for the period of 1 January 2022 and 31 December 2022.

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%, 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 ^(c)	Product types and prices	Consumption Tax per Unit
	Beer	
	More than or equal to RMB3,000 per ton	RMB250 per ton
	Less than RMB3,000 per ton	RMB220 per ton
	Other liquor products	10%
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 assessable profit for the year.

Notes to Financial Statements

For the year ended 31 December 2023

(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

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 onetime 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, a Chinese resident enterprise 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 (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 (Announcement [2019] 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 (Announcement [2022] No. 11), and the relevant provisions of the Announcement on Clarifying the Policies on Reduction and Exemption of Value-added Tax and Other Policies for Small-scale Taxpayers of Value-added Tax (Announcement No. [2023] No. 1 issued by the Ministry of Finance and the State Administration of Taxation), part of the Company’s subsidiaries are lifestyle service enterprises, from 1 October 2019 to 31 December 2022, the VAT payable will be offset by adding 15% to the current creditable input tax, and from 1 January 2023 to 31 December 2023, the VAT payable will be offset by adding 10% to the current creditable input tax.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash on hand	90,093	203,052
Bank deposits	4,277,183,058	4,537,704,358
Interbank deposits (i)	13,979,254,429	12,441,894,918
Deposit in central bank (ii)	791,743,445	841,892,213
Other cash balances (iii)	233,833,617	33,237,314
	<u>19,282,104,642</u>	<u>17,854,931,855</u>
Including: cash at bank and on hand overseas(iv)	<u>99,237,540</u>	<u>93,205,699</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 2023, the statutory deposit reserves ratio of Finance Company is 5% (31 December 2022: 5%).

(iii) As at 31 December 2023, other cash balances of 33,279,248 (31 December 2022: 33,157,586) represent housing maintenance fund in the bank; Deposit for investment of 200,474,362 (31 December 2022:nil); the remaining balances are other deposits of 80,007 (31 December 2022: 79,728).

(iv) As at 31 December 2023, cash at bank and on hand overseas represents the cash and bank deposits of Hong Kong Company, Macau Company and Vietnam Company held in Hong Kong, Macau and Vietnam respectively. Cash at bank and on hand overseas has no limitation of remittance.

Cash and cash equivalents presented in cash flow statements:

	31 December 2023	31 December 2022
Cash at bank and on hand	19,282,104,642	17,854,931,855
Deposit in non-financial institutions	2,358,917	3,254,329
Less: Restricted deposit in central bank	(791,743,445)	(841,892,213)
Bank time deposits of more than three months	(8,730,000,000)	(3,900,000,000)
Restricted other cash balances	(33,359,255)	(33,237,314)
Interest receivable on deposits	(437,275,588)	(243,185,873)
	<u>9,292,085,271</u>	<u>12,839,870,784</u>

(2) Financial assets held for trading

	31 December 2023	31 December 2022
Debt instruments	<u>1,924,078,158</u>	<u>2,683,817,846</u>

It represents the structured deposits purchased by the Group. As at 31 December 2023, the fair value is measured based on the estimation of the future cash flow.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(3) Notes receivable

	31 December 2023	31 December 2022
Bank acceptance notes	-	4,500,000

(a) As at 31 December 2023, the Group has no pledged notes receivable (31 December 2022: nil).

(b) As at 31 December 2023, the Group has no endorsed notes receivable that are not yet matured of the Group (31 December 2022: the Group's notes receivable which have been endorsed but not yet matured are derecognized amounting to 3,000,000. There are no discounted bank acceptance notes that are not yet matured (31 December 2022: 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 2023, the Group did not hold bank acceptance notes and therefore did not make provision for bad debts (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 2023	31 December 2022
Accounts receivable	277,721,354	297,637,369
Less: Provision for bad debts	(177,330,033)	(178,037,641)
	<u>100,391,321</u>	<u>119,599,728</u>

The majority of the Group's domestic sales are made by advances from customers or bank acceptance notes. The remainders are accompanied by credit periods ranging from 30 to 100 days.

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

	31 December 2023	31 December 2022
Within 1 year	100,395,481	119,595,685
1 to 2 years	-	38,937
2 to 3 years	38,202	1,300
3 to 4 years	-	-
4 to 5 years	-	-
Over 5 years	177,287,671	178,001,447
	<u>277,721,354</u>	<u>297,637,369</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 2023

(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 2023, 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	57,998,417	(26,242,020)	21%

(c) As at 31 December 2023, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2022: 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.

The Provision of bad debts for accounts receivable is analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision of bad debts		Ending balance		Provision of bad debts	
	Amount	% of total balance	Amount	Accrual ratio	Amount	% of total balance	Amount	Accrual ratio
Individual provision for bad debts (i)	26,242,020	9%	(26,242,020)	100%	26,242,020	9%	(26,242,020)	100%
provision for bad debts on the grouping basis (ii)	251,479,334	91%	(151,088,013)	60%	271,395,349	91%	(151,795,621)	56%
	277,721,354	100%	(177,330,033)	64%	297,637,369	100%	(178,037,641)	60%

(i) As at 31 December 2023 and 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. The Group assessed the cash flows expected to be recovered under different scenarios and made provision for bad debts based on the difference between the cash flows expected to be recovered and receivable from contracts. Therefore full bad debt provision has been made accordingly.

Notes to Financial Statements

For the year ended 31 December 2023

(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) Accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group - Dealers

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	100,312,281	-	-	119,255,860	-	-
Overdue within 1 year	83,200	5%	(4,160)	341,860	5%	(17,093)
Overdue within 1-2 years	-	50%	-	38,202	50%	(19,101)
Overdue 2 years or more	151,083,853	100%	(151,083,853)	151,759,427	100%	(151,759,427)
	<u>251,479,334</u>		<u>(151,088,013)</u>	<u>271,395,349</u>		<u>(151,795,621)</u>

(iii) The provision for bad debts increased in this year is RMB24,206, provision for bad debts of RMB700,000 was written off in previous years and is recovered in the current year, the corresponding carrying amount is 700,000, the amount of bad debts due to currency translation differences increases by RMB6 and the provision for bad debts written off due to uncollectable beer sales is RMB731,820.

(5) Advances to suppliers

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

	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	177,842,045	84.3%	251,558,226	89.2%
1 to 2 years	22,194,647	10.5%	28,362,552	10.1%
2 to 3 years	10,208,526	4.8%	1,510,907	0.5%
Over 3 years	729,918	0.4%	434,945	0.2%
	<u>210,975,136</u>	<u>100%</u>	<u>281,866,630</u>	<u>100%</u>

As at 31 December 2023, the carrying amount of advances to suppliers over 1 year is RMB33,133,091 (31 December 2022: 30,308,404), which have not been required to deliver yet due to production plan.

Notes to Financial Statements

For the year ended 31 December 2023

(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 2023, 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	83,858,634	40%

(6) Other receivables

	31 December 2023	31 December 2022
Receivables of disposals of land (i)	118,061,140	584,155,232
Guarantee deposits	28,278,479	36,163,228
Receivables of refundable cost of land and building	17,441,647	17,441,647
Reservation fund	10,357,435	12,335,117
Receivables on construction and equipment (ii)	8,575,760	18,784,056
Payment on behalf for recycling bottles	-	1,493,555
VAT refund	2,039,915	338,083
Others	75,608,063	77,383,372
	260,362,439	748,094,290
Less: Provision for bad debts	(75,994,700)	(65,324,111)
	184,367,739	682,770,179

The Group does not have the situation where the funds are pooled with other parties and reported to other receivables due to centralized management of funds.

- (i) As at 31 December 2022 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 Beichengfa 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 31 December 2023, the above amount has been fully recovered.

Receivables of disposals of land at the end of 2023 mainly represented amounts receivable from Tsingtao Brewery (Kunshan) Co., Ltd ("Kunshan"), a subsidiary of the Company, as a result of some of its land being taken into custody by the relevant government authorities. Based on the appraisal results issued by a third-party appraisal institution and the consent of the People's Government of Zhoushi Town, Kunshan City to determine the consideration for the storage, the relevant land parcels have been handed over. As at 31 December 2023, an amount of RMB106,800,000 had not been 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 Manufacturing Co., Ltd. ("Equipment Manufacturing Company"), Tsingtao Brewery Equipment Co., Ltd. ("Machinery and Equipment Company"), and Construction Company.

Notes to Financial Statements

For the year ended 31 December 2023

(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)

- (i) As at 31 December 2023, the analysis of other receivables for which a single provision for bad debts is made is as follows:

Stage three	Ending balance	Lifetime ECL ratio	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>57,858,983</u>	100%	<u>(57,858,983)</u>	ii)
	<u>75,300,630</u>		<u>(75,300,630)</u>	

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	Lifetime ECL ratio	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 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 many years or had significant changes in credit risk, the Group judged that credit impairment losses had already occurred and full amount provision for bad debts had been recognized.

Notes to Financial Statements

For the year ended 31 December 2023

(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)

- (ii) As at 31 December 2023 and 31 December 2022, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Guarantee deposits	28,278,479	(5,049)	0.0%	36,163,228	-	-
Receivables from other entities	156,783,330	(689,021)	0.4%	646,768,881	(161,930)	0.0%
	<u>185,061,809</u>	<u>(694,070)</u>		<u>682,932,109</u>	<u>(161,930)</u>	

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

- (c) The provision for bad debts increased in the current year is 15,779,521. The collecting or reversal of provision for bad debts is 180,487, and its corresponding carrying amount is 1,931,831.
- (d) In the current year, carrying amount and bad debt of other receivables of 4,928,445 were written off, and its corresponding carrying amount is 4,928,445.
- (e) As at 31 December 2023, 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	106,800,000	Within one year	41.0%	-
No.2 Refundable cost of land	15,000,000	Within one year	5.8%	(15,000,000)
No.3 Receivables of disposals of land	8,584,437	More than five years	3.3%	(8,584,437)
No.4 Receivables on materials	5,000,000	More than five years	1.9%	(5,000,000)
No.5 Receivables on materials	4,616,730	More than five years	1.8%	(4,616,730)
	<u>140,001,167</u>		<u>53.8%</u>	<u>(33,201,167)</u>

- (f) As at 31 December 2023, the Group does not have government grants recognized as receivable amount.
- (g) As at 31 December 2023 and 31 December 2022, the Group does not have any overdue dividends receivable.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(7) Inventories

(a) Classification of inventories is as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	631,065,277	(867,241)	630,198,036	664,937,960	(899,894)	664,038,066
Packaging materials	764,775,186	(4,611,059)	760,164,127	807,413,158	(2,517,462)	804,895,696
Low-value consumables	77,914,938	-	77,914,938	80,394,118	-	80,394,118
Work in progress-outsourced	-	-	-	2,691,814	-	2,691,814
Work in progress	529,788,219	-	529,788,219	467,738,178	-	467,738,178
Finished goods	1,541,762,985	-	1,541,762,985	2,132,429,260	-	2,132,429,260
	3,545,306,605	(5,478,300)	3,539,828,305	4,155,604,488	(3,417,356)	4,152,187,132

Notes to Financial Statements

For the year ended 31 December 2023

(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:

2023

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Raw materials	664,937,960	4,720,879,095	(4,754,751,778)	631,065,277
Packaging materials	807,413,158	9,132,647,310	(9,175,285,282)	764,775,186
Low-value consumables	80,394,118	770,528,337	(773,007,517)	77,914,938
Work in progress-outsourced	2,691,814	11,130	(2,702,944)	-
Work in progress	467,738,178	5,870,560,433	(5,808,510,392)	529,788,219
Finished goods	2,132,429,260	18,759,321,924	(19,349,988,199)	1,541,762,985
Contract fulfilment costs	-	1,381,007,794	(1,381,007,794)	-
	<u>4,155,604,488</u>			<u>3,545,306,605</u>

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 fulfilment costs	-	1,438,410,535	(1,438,410,535)	-
	<u>3,496,445,237</u>			<u>4,155,604,488</u>

Contract fulfilment costs are mainly transportation costs incurred before the control of the goods transferred to the customer and for the fulfilment of the sales contract. In 2023, the total amount of contract fulfilment costs amortized to cost of sales is RMB1,381,007,794 (2022: RMB1,438,410,535).

Notes to Financial Statements

For the year ended 31 December 2023

(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:

2023

	31 December 2022	Increase in the current year	Decrease in the current year		31 December 2023
			Reversal	Write-off	
Raw materials	(899,894)	-	-	32,653	(867,241)
Packaging materials	(2,517,462)	(3,326,626)	-	1,233,029	(4,611,059)
	<u>(3,417,356)</u>	<u>(3,326,626)</u>	<u>-</u>	<u>1,265,682</u>	<u>(5,478,300)</u>

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)
	<u>(3,447,380)</u>	<u>-</u>	<u>-</u>	<u>30,024</u>	<u>(3,417,356)</u>

(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 disposal income less the estimated expenses and related taxes	Disposed in the current year

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(8) Other current assets

	31 December 2023	31 December 2022
Interbank deposits (i)	3,554,841,231	5,123,445,456
Prepaid Enterprise Income tax	343,170,789	107,569,040
VAT input to be deducted	272,074,959	257,095,733
VAT input to be verified	141,105,029	116,682,992
Dealer credit (i)	12,617,905	-
Treasury bonds reverse repo investment	-	620,611,801
Others	20,354,044	437,698
	<u>4,344,163,957</u>	<u>6,225,842,720</u>
Less: Provision for other current assets	<u>(2,416,105)</u>	<u>(3,032,851)</u>
	<u>4,341,747,852</u>	<u>6,222,809,869</u>

(i) It represents the interbank deposits with maturity of one year purchased by Finance Company, a subsidiary of the Company, and loans granted to dealers. 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, all in the first stage.

(9) Long-term equity investments

	31 December 2023	31 December 2022
Joint venture (a)	216,772,296	220,762,244
Associates (b)	149,184,684	148,586,222
	<u>365,956,980</u>	<u>369,348,466</u>
Less: Provision for impairment of long-term equity investments	<u>(1,220,000)</u>	<u>(1,220,000)</u>
	<u>364,736,980</u>	<u>368,128,466</u>

Notes to Financial Statements

For the year ended 31 December 2023

(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

2023

	31 December 2022	Movements in the current year			Cash dividends declared	31 December 2023	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")	220,762,244	5,010,052	-	-	(9,000,000)	216,772,296	-

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 Company	218,713,189	7,049,055	-	-	(5,000,000)	220,762,244	-

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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(b) Associate

2023

	31 December 2022	Movements in the current year			Cash dividends declared	31 December 2023	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			
Shandong Yantai Brewery Co., Ltd. ("Yantai Brewery Company")	129,800,797	13,296,262	-	-	(10,595,943)	132,501,116	-
Qingdao Zhaoshang Logistics Co., Ltd. ("Zhaoshang Logistics")	14,314,260	2,881,782	-	1,758	(5,280,002)	11,917,798	-
Tsingtao Brewery Europe Trading Co., Ltd. ("European Company")	3,251,165	100,763	193,842	-	-	3,545,770	-
Liaoning Shenqing Tsingtao Brewery Co., Ltd. ("Liaoning Shenqing")	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	148,586,222	16,278,807	193,842	1,758	(15,875,945)	149,184,684	(1,220,000)

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			
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	-
European Company	2,879,317	277,767	94,081	-	-	3,251,165	-
Liaoning Shenqing	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	148,546,895	12,824,324	94,081	7,349	(12,886,427)	148,586,222	(1,220,000)

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 2023, the accumulative unconfirmed investment loss is RMB851,442 (31 December 2022: RMB1,093,752)

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(10) Other non-current financial assets

	31 December 2023	31 December 2022
Debt instruments	1,424,885,550	-
Others	600,000	600,000
	<u>1,425,485,550</u>	<u>600,000</u>

The debt instrument is secondary capital bonds issued by a bank purchased by the Finance Company, a subsidiary of the Company, and the contractual cash flow characteristics are inconsistent with the basic credit arrangement, and are expected to be held for more than one year, and the Group will include them in other non-current financial assets at fair value. For non-current assets that can be recovered within 1 year, they are listed as current portion of non-current assets. The Group's maximum exposure to this investment is the carrying amount of the Group's purchased shares at the balance sheet date.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Investment properties

2023

	Buildings	Land use rights	Total
Original cost			
31 December 2022	78,607,221	8,685,220	87,292,441
Increase in the current year			
— transfer from fixed assets and intangible assets (i)	11,147,646	11,445,096	22,592,742
Decrease in the current year transfer to fixed assets (i)	(2,115,357)	-	(2,115,357)
31 December 2023	87,639,510	20,130,316	107,769,826
Accumulated depreciation			
31 December 2022	(46,022,539)	(2,964,806)	(48,987,345)
Increase in the current year			
— Accrual	(2,012,460)	(396,204)	(2,408,664)
— Transfer from fixed assets and intangible assets (i)	(2,389,509)	(2,117,343)	(4,506,852)
Decrease in the current year — transfer to fixed assets	1,226,305	-	1,226,305
31 December 2023	(49,198,203)	(5,478,353)	(54,676,556)
Provision for impairment			
31 December 2022	(9,248,640)	-	(9,248,640)
Increase in the current year — transfer from fixed assets	(64,749)	-	(64,749)
Decrease in the current year — transfer to fixed assets	384,989	-	384,989
31 December 2023	(8,928,400)	-	(8,928,400)
Carrying amount			
31 December 2023	29,512,907	14,651,963	44,164,870
31 December 2022	23,336,042	5,720,414	29,056,456

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(11) Investment properties (continued)

2022

	Buildings	Land use rights	Total
Original cost			
31 December 2021	71,475,296	1,885,721	73,361,017
Increase in the current year			
— transfer from fixed assets and intangible assets (i)	11,020,104	6,799,499	17,819,603
Decrease in the current year			
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 year			
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 year			
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 year — transfer from fixed assets (i)	(8,215,396)	-	(8,215,396)
Decrease in the current year			
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

- (i) For the year ended 31 December 2023, the self-use buildings with the carrying amount RMB8,693,388 (cost: RMB11,147,646) and the self-use land with the carrying amount RMB9,327,753 (cost: RMB11,445,096) are reclassified to investment properties as they are used for leasing instead of self-use. (In 2022, the self-use buildings with the carrying amount RMB1,096,740 (cost: RMB11,020,104) and the self-use land with the carrying amount RMB5,028,594 (cost: RMB6,799,499) are reclassified to investment properties as they are used for leasing instead of self-use.)

As at 31 December 2023, there is no investment property without ownership certificates (31 December 2022: nil).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Fixed assets

	31 December 2023	31 December 2022
Fixed assets (a)	11,131,822,943	10,995,585,859
Fixed assets pending for disposal (b)	13,895,980	13,491,280
	11,145,718,923	11,009,077,139

(a) Fixed assets

2023

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
As at 31 December 2022	8,068,783,521	11,815,614,003	270,763,103	1,168,657,061	21,323,817,688
Increase in the current year					
Purchase	-	88,226,552	12,021,567	83,973,643	184,221,762
Transfer from construction in progress	448,616,875	717,314,172	-	56,041,100	1,221,972,147
Transfer from investment properties	2,115,357	-	-	-	2,115,357
Decrease in the current year					
Disposal and scrapping	(41,030,049)	(330,161,053)	(31,625,428)	(51,449,775)	(454,266,305)
Transfer to construction in progress	(177,012,714)	(228,131,465)	-	(1,230,374)	(406,374,553)
Transfer to investment properties	(11,147,646)	-	-	-	(11,147,646)
As at 31 December 2023	8,290,325,344	12,062,862,209	251,159,242	1,255,991,655	21,860,338,450
Accumulated depreciation					
As at 31 December 2022	(2,257,787,475)	(6,505,166,495)	(200,325,398)	(813,775,542)	(9,777,054,910)
Increase in the current year					
Accrual	(218,381,847)	(597,739,040)	(13,618,013)	(100,905,602)	(930,644,502)
Transfer from investment properties	(1,226,305)	-	-	-	(1,226,305)
Decrease in the current year					
Disposal and scrapping	22,819,332	265,534,590	28,755,131	47,485,601	364,594,654
Transfer to construction in progress	58,663,842	148,251,189	-	967,792	207,882,823
Transfer to investment properties	2,389,509	-	-	-	2,389,509
As at 31 December 2023	(2,393,522,944)	(6,689,119,756)	(185,188,280)	(866,227,751)	(10,134,058,731)
Provision for impairment					
As at 31 December 2022	(155,257,972)	(388,218,992)	(3,533,952)	(4,166,003)	(551,176,919)
Increase in the current year					
Accrual	(28,306,519)	(48,548,861)	(522,826)	(2,148,888)	(79,527,094)
Transfer from investment properties	(384,989)	-	-	-	(384,989)
Decrease in the current year					
Disposal and scrapping	6,402,817	26,516,450	1,522,973	2,125,237	36,567,477
Transfer to investment properties	64,749	-	-	-	64,749
As at 31 December 2023	(177,481,914)	(410,251,403)	(2,533,805)	(4,189,654)	(594,456,776)
Carrying amount					
As at 31 December 2023	5,719,320,486	4,963,491,050	63,437,157	385,574,250	11,131,822,943
As at 31 December 2022	5,655,738,074	4,922,228,516	66,903,753	350,715,516	10,995,585,859

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Fixed assets (continued)

(a) Fixed assets (continued)

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

For the year ended 31 December 2023, fixed assets of the Group with the carrying amount of RMB198,491,730 (cost: RMB406,374,553; accumulated depreciation: RMB207,882,823) (2022: Carrying value of RMB158,769,556 (cost: RMB301,807,013, accumulated depreciation: RMB143,037,457)) are transferred to construction in progress due to technological updates and other reasons that require upgrades and renovations.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Fixed assets (continued)

(a) Fixed assets (continued)

As at 31 December 2023, there are no fixed assets pledged as collateral for borrowings (31 December 2022:nil).

The Group's fixed assets are for its own use. For the Year ended 31 December 2023, fixed assets accumulated depreciation are RMB930,644,502 (For the year ended 31 December 2022: RMB888,751,257), of which RMB815,900,045, RMB15,583,630, RMB94,989,508 and RMB4,171,319 (For the year ended 31 December 2022: RMB774,955,917, RMB14,862,810, RMB93,297,898 and RMB5,634,632) 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 RMB1,221,972,147 (For the year ended 31 December 2022: RMB1,889,415,977).

In accordance with the accounting policy described in note 2(18), the Group performed impairment tests on fixed assets for which there were indications of impairment as at the balance sheet date, and a provision for impairment of fixed assets amounting to RMB79,527,094 (2022: RMB26,123,742) was made for fiscal year 2023, based on the difference between the fair value of the relevant fixed assets less costs of disposal, and the carrying amount of such fixed assets.

(i) Temporarily idle fixed assets

As at 31 December 2023, the buildings and the machinery and equipment with carrying amount of RMB46,585,546 (cost RMB207,702,119) are temporarily idle for the reason of products update (31 December 2022: carrying amount of RMB33,927,255 (cost RMB203,889,434)). The management planned to reallocate these assets among the Group or upgrade. The details analysis of these assets are as follows:

2023

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	188,298,416	(140,272,019)	(3,527,181)	44,499,216
Buildings	19,403,703	(9,335,619)	(7,981,754)	2,086,330
	<u>207,702,119</u>	<u>(149,607,638)</u>	<u>(11,508,935)</u>	<u>46,585,546</u>

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>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(12) Fixed assets (continued)

(a) Fixed assets (continued)

(ii) Fixed assets without ownership certificates

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

Reason	31 December 2023 Carrying amount	31 December 2022 Carrying amount
In the application process	511,131,000	596,128,000
Unable to obtain	36,787,000	39,304,000
	547,918,000	635,432,000

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 2023	31 December 2022
Machinery and equipment	13,895,980	13,491,280

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Construction in progress

	31 December 2023			31 December 2022		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
R&D Center of Ludong Area	223,807,829	-	223,807,829	134,020,116	-	134,020,116
Production line improvement of Ludong Area	98,416,913	-	98,416,913	12,449,509	-	12,449,509
Construction project of a factory of Luxi Area	53,439,453	-	53,439,453	6,779,718	-	6,779,718
Construction of a production line of Ludong Area	37,186,221	-	37,186,221	21,525,153	-	21,525,153
Production line improvement of Ludong Area	9,733,072	-	9,733,072	1,324,630	-	1,324,630
Production line improvement of Ludong Area	7,476,515	-	7,476,515	292,036	-	292,036
Relocation project of Lunan Area	7,116,349	-	7,116,349	5,662,122	-	5,662,122
Production line improvement of Anhui	6,918,679	-	6,918,679	220,181	-	220,181
Production line improvement of Guangdong	5,912,865	-	5,912,865	428,159	-	428,159
Relocation project of Ludong Area	5,342,740	-	5,342,740	49,985,995	-	49,985,995
Production line improvement of Shanghai	4,967,455	-	4,967,455	1,474,779	-	1,474,779
Production line improvement of Ludong Area	4,009,522	-	4,009,522	101,273,535	-	101,273,535
Production line improvement of Shanghai	3,060,087	-	3,060,087	13,783,695	-	13,783,695
Production line improvement of Jiangsu	2,171,592	-	2,171,592	13,583,993	-	13,583,993
Production line improvement of Beijing	1,970,115	-	1,970,115	16,075,774	-	16,075,774
Production line improvement of Henan	1,945,710	-	1,945,710	8,932,671	-	8,932,671
Production line improvement of Ludong Area	1,905,806	-	1,905,806	1,656,644	-	1,656,644
Other projects	23,194,036	-	23,194,036	67,060,341	-	67,060,341
	498,574,959	-	498,574,959	456,529,051	-	456,529,051

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Construction in progress (continued)

(a) Movement in significant construction in progress

2023

Name	Budget	31 December 2022	Increase in the current year-Purchase	Increase in the current year-Transfer from fixed assets	Transfer to fixed assets	31 December 2023	Expenditures percentage of budget	Completion percentage	Source of funds
R&D Center of Ludong Area	579,460,000	134,020,116	89,787,713	-	-	223,807,829	39%	39%	Self-funding
Production line improvement of Ludong Area	403,277,000	12,449,509	92,944,264	-	(6,976,860)	98,416,913	34%	34%	Self-funding
Construction project of a factory of Luxi Area	445,100,000	6,779,718	49,128,065	-	(2,468,330)	53,439,453	12%	12%	Self-funding
Construction of a production line of Ludong Area	240,406,000	21,525,153	66,598,863	-	(50,937,795)	37,186,221	60%	60%	Self-funding
Production line improvement of Ludong Area	142,798,374	1,324,630	25,071,240	723,557	(17,386,355)	9,733,072	34%	34%	Self-funding
Production line improvement of Ludong Area	58,218,884	292,036	16,861,808	7,570,419	(17,247,748)	7,476,515	69%	69%	Self-funding
Relocation project of Lunan Area	751,680,000	5,662,122	37,382,634	-	(35,928,407)	7,116,349	96%	96%	Self-funding
Production line improvement of Anhui	49,183,507	220,181	15,269,656	4,472,310	(13,043,468)	6,918,679	90%	90%	Self-funding
Production line improvement of Guangdong	14,118,243	428,159	13,818,309	-	(8,333,603)	5,912,865	91%	88%	Self-funding
Relocation project of Ludong Area	326,410,000	49,985,995	203,726,159	736,735	(249,106,149)	5,342,740	79%	79%	Self-funding
Production line improvement of Shanghai	27,423,800	1,474,779	18,456,571	-	(14,963,895)	4,967,455	73%	73%	Self-funding
Production line improvement of Ludong Area	584,920,000	101,273,535	17,683,740	9,587,180	(124,534,933)	4,009,522	96%	96%	Self-funding
Production line improvement of Shanghai	25,838,150	13,783,695	36,347	-	(10,759,955)	3,060,087	91%	71%	Self-funding
Production line improvement of Jiangsu	28,143,167	13,583,993	12,478,969	3,815,727	(27,707,097)	2,171,592	99%	98%	Self-funding
Production line improvement of Beijing	68,696,976	16,075,774	46,373,826	5,027,060	(65,506,545)	1,970,115	98%	98%	Self-funding
Production line improvement of Henan	50,715,335	8,932,671	21,538,941	2,199,993	(30,725,895)	1,945,710	99%	99%	Self-funding
Production line improvement of Ludong Area	13,054,520	1,656,644	8,214,503	633,589	(8,598,930)	1,905,806	80%	80%	Self-funding
Other projects		67,060,341	330,154,717	163,725,160	(537,746,182)	23,194,036			
		456,529,051	1,065,526,325	198,491,730	(1,221,972,147)	498,574,959			

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(13) Construction in progress (continued)

(a) Movement in significant construction in progress (continued)

2022

Name	Budget	31 December 2021	Increase in the current year Purchase	Increase in the current year-Transfer from fixed asset	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	461,378,328	26,621,605	(439,838,989)	101,273,335	91%	91%	Self-funding
Relocation project of Ludong Area	322,300,000	-	49,985,995	-	-	49,985,995	21%	16%	Self-funding
Construction of a production line 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 Henan	50,715,335	7,684,445	19,776,164	16,647,121	(35,175,059)	8,932,671	87%	87%	Self-funding
Construction project of a factory 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			
		<u>762,289,882</u>	<u>1,424,885,590</u>	<u>158,769,556</u>	<u>(1,889,415,977)</u>	<u>456,529,051</u>			

For the year ended 31 December 2023, there are no new increased borrowing costs capitalized (2022: 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 (2022: nil).

For the year ended 31 December 2023, the equipment purchased by the Group amounted to RMB773,355,272 and reached the predetermined design requirements and was usable after installation, commissioning and acceptance in 2023, and was transferred to fixed assets (2022:RMB1,183,181,549). For the year ended 31 December 2023. The RMB448,616,875 factory built by the Group will be completed and accepted in 2023 and will be transferred to fixed assets accordingly (2022:RMB706,234,428).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(14) Right-of-use assets

2023

	Buildings	Land use rights	Machinery and equipments	Others	Total
Original Cost					
31 December 2022	243,333,328	7,210,018	6,167,984	346,913	257,058,243
Increase in the current year	27,613,537	-	-	2,573	27,616,110
Decrease in the current year					
Lease Change	(8,212,588)	-	(647,471)	-	(8,860,059)
Lease Expiration	(26,911,172)	-	(1,089)	-	(26,912,261)
31 December 2023	235,823,105	7,210,018	5,519,424	349,486	248,902,033

Accumulated depreciation

31 December 2022	(96,781,127)	(2,089,236)	(3,143,825)	(127,888)	(102,142,076)
Accrual	(52,579,311)	(539,280)	(905,132)	(101,617)	(54,125,340)
Disposal	26,911,172	-	1,089	-	26,912,261
31 December 2023	(122,449,266)	(2,628,516)	(4,047,868)	(229,505)	(129,355,155)

Carrying amount

31 December 2023	113,373,839	4,581,502	1,471,556	119,981	119,546,878
31 December 2022	146,552,201	5,120,782	3,024,159	219,025	154,916,167

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

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Intangible assets

2023

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Original Cost						
31 December 2022	2,889,935,942	449,743,612	18,629,100	974,935,670	682,547,388	5,015,791,712
Increase in the current year - Purchase	85,028	-	-	-	121,004,910	121,089,938
Decrease in the current year						
Disposal and scrapping	(33,784,143)	-	-	-	(234,509)	(34,018,652)
Transfer to investment properties	(11,445,096)	-	-	-	-	(11,445,096)
31 December 2023	2,844,791,731	449,743,612	18,629,100	974,935,670	803,317,789	5,091,417,902

Accumulated amortization

31 December 2022	(710,475,303)	(381,923,778)	(18,629,100)	(955,185,200)	(391,757,987)	(2,457,971,368)
Increase in the current year - Accrual	(66,952,144)	(2,813,478)	-	(15,476,994)	(67,978,502)	(153,221,118)
Decrease in the current year						
Disposal and scrapping	10,491,800	-	-	-	234,509	10,726,309
Transfer to investment properties	2,117,343	-	-	-	-	2,117,343
31 December 2023	(764,818,304)	(384,737,256)	(18,629,100)	(970,662,194)	(459,501,980)	(2,598,348,834)

Carrying amount

31 December 2023	2,079,973,427	65,006,356	-	4,273,476	343,815,809	2,493,069,068
31 December 2022	2,179,460,639	67,819,834	-	19,750,470	290,789,401	2,557,820,344

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For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Intangible assets (continued)

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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(15) Intangible assets (continued)

For the year ended 31 December 2023, the amortization amount of intangible assets is RMB153,221,118 (2022: RMB144,953,106).

As at 31 December 2023, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately RMB883,894(original cost:RMB1,929,184) (31 December 2022: RMB933,000, original cost:RMB1,929,184) are still in process. The above land is allocated land by some local governments to the former operator. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying amount of the buildings constructed thereon are approximately RMB35,818,000 (31 December 2022: RMB36,509,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

As at 31 December 2023, there are no intangible assets pledged as collateral for borrowings (31 December 2022: nil).

For the year ended 31 December 2023, research and development expenditures of RMB100,637,006 (2022: RMB62,954,899) are recognized in profit or loss(Note 4(44)). As at 31 December 2023, the Company does not have any intangible assets formed through in-house research and development (31 December 2022: nil) .

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Goodwill

2023

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lvlansa Company	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>
Less: Provision for impairment —				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lvlansa Company	-	-	-	-
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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Goodwill (continued)

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 — Lvlansa Company	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 (a)-</i>				
Shandong Region — Immense Brewery Company	-	-	-	-
Shandong Region — Lvlansa Company	-	-	-	-
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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Goodwill (continued)

All goodwill of the Group has been allocated to relevant assets and group of assets combinations on purchase date. The allocation of goodwill of the group has not changed in 2023. The goodwill allocation are summarized by operating segments as follows:

	31 December 2023	31 December 2022
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 2023 and 2022, the Company has assessed the recoverable amount of the asset group (including goodwill), and 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 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 and forecast approved by management. Cash flows beyond the five-year period are estimated by using a fixed growth rate stated below.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(16) Goodwill (continued)

In 2023, the main assumptions applied in calculating discounted future cash flows and the recoverable amount of the asset group by the Group are as follows:

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lvlansa Company		
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%
Gross profit margin	34%	32%	32%	28%
Discount rate	14%	14%	14%	14%

The recoverable amount of the above company is higher than the carrying amount of the asset group (including goodwill).

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

	Shandong Region		Southeast China Region	Other Regions
	Immense Brewery Company	Lvlansa Company		
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%
Gross profit margin	35%	32%	32%	26%
Discount rate	14%	14%	14%	14%

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 and forecast of the approved sales income of the relevant group of assets and group of assets combinations, the expected average growth rate for the five-year period in 2023 is 2%-8%, and the average growth rate for the five-year period in 2022 is 2%-5%, the perpetual growth rate is the growth rate after the five-year forecast period, and is consistent with the forecast data contain in authoritative industry reports and does not exceed the long-term average growth rate of each product.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(17) Long-term prepaid expenses

2023

	31 December 2022	Increase in the current year	Amortization in the current year	31 December 2023
Decoration and renovation expenses	91,369,852	41,787,165	(36,144,559)	97,012,458
Gardening expenses	2,627,926	7,517,388	(3,291,400)	6,853,914
Factory hardening expenses	3,885,311	1,279,657	(1,384,868)	3,780,100
Others	3,787,107	637,753	(963,677)	3,461,183
	<u>101,670,196</u>	<u>51,221,963</u>	<u>(41,784,504)</u>	<u>111,107,655</u>

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>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without offsetting

	31 December 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	126,700,328	31,675,082	49,129,908	12,282,477
Deferred income	1,937,347,340	484,336,835	2,066,799,576	516,699,894
Elimination of intra-group unrealized profit	267,517,592	66,879,398	443,312,004	110,828,001
Accruals of expenses	7,068,643,036	1,767,160,759	7,263,845,096	1,815,961,274
Share-based payment	211,765,240	52,941,310	574,520,476	143,630,119
Lease liability (Note2(28))	113,643,364	28,410,841	125,840,937	31,460,234
	<u>9,725,616,900</u>	<u>2,431,404,225</u>	<u>10,523,447,997</u>	<u>2,630,861,999</u>
Including:				
Expected to reverse within one year (inclusive)		1,900,388,780		1,997,345,134
Expected to be reverse after one year		<u>531,015,445</u>		<u>633,516,865</u>
		<u>2,431,404,225</u>		<u>2,630,861,999</u>

(b) Deferred tax liabilities without offsetting

	31 December 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	372,984,456	93,246,114	407,201,716	101,800,429
Depreciation of fixed assets	2,008,666,984	502,166,746	1,801,169,771	450,292,443
Changes in fair value of financial assets held for trading	55,761,640	13,940,410	3,817,846	954,462
Right-of-use assets (Note2(28))	119,546,878	29,886,720	111,730,116	27,932,529
Others	17,922,236	4,480,559	7,680,892	1,920,223
	<u>2,574,882,194</u>	<u>643,720,549</u>	<u>2,331,600,341</u>	<u>582,900,086</u>
Including:				
Expected to be reverse within one year (inclusive)		42,833,126		33,623,945
Expected to be reverse after one year		<u>600,887,423</u>		<u>549,276,141</u>
		<u>643,720,549</u>		<u>582,900,086</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(18) 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 2023	31 December 2022
Deductible temporary differences	1,683,519,459	1,932,880,934
Deductible losses	1,185,426,967	1,520,403,068
	<u>2,868,946,426</u>	<u>3,453,284,002</u>

Given the loss-making position and unstable profit situation 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 RMB296,357,000 (31 December 2022: RMB380,101,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2024 to 2028. 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 RMB420,880,000 (31 December 2022: RMB483,220,000) 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 2023	31 December 2022
2023	-	546,508,808
2024	294,891,982	295,069,768
2025	191,313,638	200,170,021
2026	271,118,765	279,028,513
2027	198,990,294	199,625,958
2028	229,112,288	—
	<u>1,185,426,967</u>	<u>1,520,403,068</u>

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

	31 December 2023		31 December 2022	
	Offsetting amount	Net amounts	Offsetting amount	Net amounts
Deferred tax assets	405,555,121	2,025,849,104	380,782,435	2,250,079,564
Deferred tax liabilities	405,555,121	238,165,428	380,782,435	202,117,651

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(19) Provision for asset impairment and loss

2023

	31 December 2022	Increase in the current year	Decrease in the current year		Others	31 December 2023
			Reversal	Written-off		
Provision for bad debt of accounts receivable	178,037,641	24,206	(700,000)	(31,820)	6	177,330,033
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	151,795,621	24,206	(700,000)	(31,820)	6	151,088,013
Provision for bad debt of other receivables	65,324,111	15,779,521	(180,487)	(4,928,445)	-	75,994,700
Provision for bad debt of other current asset	3,032,851	2,416,105	(3,032,851)	-	-	2,416,105
Subtotal	246,394,603	18,219,832	(3,913,338)	(4,960,265)	6	255,740,838
Provisions for impairment of inventory	3,417,356	3,326,626	-	(1,265,682)	-	5,478,300
Provisions for impairment of long-term investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	9,248,640	-	-	-	(320,240)	8,928,400
Provisions for impairment of fixed assets	551,176,919	79,527,094	-	(36,567,477)	320,240	594,456,776
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	762,473,654	82,853,720	-	(37,833,159)	-	807,494,215
	1,008,868,257	101,073,552	(3,913,338)	(42,793,424)	6	1,063,235,053

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

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

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 asset	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 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 2023

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4 Notes to the consolidated financial statements (continued)

(20) Other non-current assets

	31 December 2023	31 December 2022
Prepayments for construction and equipment	<u>108,727,850</u>	<u>74,235,192</u>

(21) Short-term borrowings

	Currency	31 December 2023	31 December 2022
Unsecured loan	HKD	-	223,325,000
Interest payable		<u>-</u>	<u>2,086,423</u>
		<u>-</u>	<u>225,411,423</u>

As at 31 December 2023, The Group has no short-term borrowings. (31 December 2022: unsecured loan represents the borrowing from bank to Hong Kong Company, a subsidiary of the Company with RMB223,325,000 (Original foreign currency: HKD250,000,000)).

(22) Notes payable

	31 December 2023	31 December 2022
Trade acceptance notes	<u>98,099,406</u>	110,139,907
Bank acceptance notes	<u>95,568,799</u>	<u>87,917,054</u>
	<u>193,668,205</u>	<u>198,056,961</u>

As at 31 December 2023, there are no cash balances pledged as collateral for the bank acceptance notes of the Group (31 December 2022: nil).

As at 31 December 2023, the Group does not have any notes payable that were due and unpaid (31 December 2022: nil).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(23) Accounts payable

	31 December 2023	31 December 2022
Payable for materials and packing purchase	2,478,199,755	2,940,414,048
Payable for handling and transport costs (i)	306,791,839	348,289,241
Payable for beer purchase due to related parties (Note 8(6))	83,816,715	102,138,561
Payable for promotional goods	83,005,437	65,633,687
Others	1,013,320	7,293,036
	<u>2,952,827,066</u>	<u>3,463,768,573</u>

(i) As at 31 December 2023, payable for handling and transportation costs including payable due to related parties is 150,019,012 (31 December 2022: 146,615,436)(Note 8(6)).

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

	31 December 2023	31 December 2022
Within 1 year	2,939,758,192	3,448,520,398
1 to 2 years	4,211,803	7,146,485
2 to 3 years	3,809,463	912,839
Over 3 years	5,047,608	7,188,851
	<u>2,952,827,066</u>	<u>3,463,768,573</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 2023, accounts payable over 1 year with carrying amount of RMB13,068,874 (31 December 2022: RMB15,248,175) are mainly payables for materials purchase, for which has not yet been completed.

(24) Contract liabilities

	31 December 2023	31 December 2022
Dealer contract liabilities	<u>7,691,295,634</u>	<u>8,909,252,504</u>

A majority of opening balance of contract liabilities has been transferred to revenue in 2023.

As at 31 December 2023, the Group listed the value-added tax corresponding to contract liabilities of RMB358,630,209 in other current liabilities (31 December 2022: RMB477,343,037).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(25) Employee benefits payable

	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	1,678,436,704	1,749,475,431
Defined contribution plans payable (b)	64,061,572	23,871,003
Termination benefits payable (c)	327,581,277	382,451,799
Supplemental post-employment benefits payable (Note 4(32))	26,825,000	24,974,207
	2,096,904,553	2,180,772,440

(a) Short-term employee benefits

2023

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	1,285,406,920	3,758,085,422	(3,847,698,716)	1,195,793,626
Staff welfare	116,457	262,362,119	(262,465,394)	13,182
Social security contributions	10,708,953	285,190,368	(285,183,326)	10,715,995
Including: Medical insurance	7,365,353	262,139,123	(262,015,432)	7,489,044
Work injury insurance	1,722,786	17,635,538	(17,651,918)	1,706,406
Maternity insurance	1,620,814	5,415,707	(5,515,976)	1,520,545
Housing funds	17,164,783	336,499,058	(336,945,888)	16,717,953
Labor union funds and employee education funds	436,078,318	131,735,717	(112,618,087)	455,195,948
	1,749,475,431	4,773,872,684	(4,844,911,411)	1,678,436,704

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
	1,693,577,033	4,666,130,588	(4,610,232,190)	1,749,475,431

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(25) Employee benefits payable (continued)

(b) Defined contribution plans

2023

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Basic pension	19,838,137	523,172,026	(523,964,864)	19,045,299
Unemployment insurance	4,032,866	19,879,597	(20,114,399)	3,798,064
Enterprise annuities	-	41,218,209	-	41,218,209
	<u>23,871,003</u>	<u>584,269,832</u>	<u>(544,079,263)</u>	<u>64,061,572</u>

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>

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 2023	31 December 2022
Early retirement benefits (Note 4(32))	111,296,568	135,916,478
Other termination benefits(i)	216,284,709	246,535,321
	<u>327,581,277</u>	<u>382,451,799</u>

(i) For the year ended 31 December 2023, the Group has paid other termination benefits of RMB43,019,649, due to termination of labor relationship (31 December 2022: RMB16,627,016).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(26) Taxes payable

	31 December 2023	31 December 2022
Enterprise income tax payable	129,745,915	191,112,826
Consumption tax payable	98,244,617	301,361,968
Unpaid VAT	49,144,171	177,211,785
City maintenance and construction tax payable	6,782,264	28,228,183
Education surcharge payable	5,512,040	22,011,510
Others	54,074,974	51,968,384
	<u>343,503,981</u>	<u>771,894,656</u>

(27) Other payables

	31 December 2023	31 December 2022
Guarantee deposits	977,852,099	942,344,214
Payables for equipments and engineering construction	853,124,798	913,091,131
Accruals for advertising and marketing expenses	584,138,424	599,322,874
Compensation collected in advance for demolition project	100,000,000	100,000,000
Restricted shares repurchase obligations (Note 13)	77,643,806	171,854,660
Accruals for labor expenses	46,940,000	62,167,719
Accruals for water, electricity and steam expenses	39,188,946	48,794,295
Accruals for general and administrative expenses	35,590,819	35,742,916
The Finance company absorbed deposits from related parties (i)	29,555,174	78,883,149
Withholding social expenses for staff	19,177,977	16,404,633
Payables for Minority interest	2,677,355	60,967,355
Dividend payable	-	972,844
Others	464,616,509	364,067,297
	<u>3,230,505,907</u>	<u>3,394,613,087</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 2023, other payables over 1 year with carrying amount of RMB782,003,240 (31 December 2022: RMB875,822,603) are mainly liabilities due to restricted shares repurchased obligations, compensation collected in advance for demolition project, payables for equipments and engineering construction.

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(28) Current portion of non-current liabilities

	31 December 2023	31 December 2022
Current portion of lease liabilities (Note 4 (29))	<u>50,250,346</u>	<u>49,263,731</u>

(29) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	113,643,364	147,665,208
Less: Current portion of lease liabilities (Note 4(28))	<u>(50,250,346)</u>	<u>(49,263,731)</u>
	<u>63,393,018</u>	<u>98,401,477</u>

As at 31 December 2023 and 31 December 2022, matters not included in the Group's lease liabilities but which will result in potential future cash outflows include:

As at 31 December 2023, 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 RMB13,156,750 (31 December 2022: RMB7,125,918), all of which are payable within one year.

(30) Long-term payables

	31 December 2023	31 December 2022
Payables for specific projects	<u>16,205,766</u>	<u>16,283,766</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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(31) Deferred income

2023

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023	Reason
Government grants	3,132,390,832	67,497,013	(312,344,193)	2,887,543,652	Grants for relocation and technology improvement projects
			Decrease in the current year		
	31 December 2022	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2023
Government grants items					
Related to assets	3,089,769,364	41,630,981	(262,808,348)	(10,384,610)	2,858,207,387
Related to income	42,621,468	25,866,032	(39,151,235)	-	29,336,265
	3,132,390,832	67,497,013	(301,959,583)	(10,384,610)	2,887,543,652

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
			Decrease in the current year		
	31 December 2021	Increase in the current year	Charged to other income	Charged to gains on disposals of assets	31 December 2022
Government grants items					
Related to assets	3,193,363,561	163,995,892	(261,514,118)	(6,075,971)	3,089,769,364
Related to income	17,442,827	114,125,227	(88,946,586)	-	42,621,468
	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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) Long-term employee benefits payable

	31 December 2023	31 December 2022
Early retirement benefits payable (a)	351,662,633	424,894,797
Supplemental post-employment benefits payable (b)	663,935,553	654,400,689
	<u>1,015,598,186</u>	<u>1,079,295,486</u>
Less: Early retirement benefits payable within one year	(111,296,568)	(135,916,478)
Supplemental post-employment benefits payable within one year	(26,825,000)	(24,974,207)
	<u>(138,121,568)</u>	<u>(160,890,685)</u>
	<u>877,476,618</u>	<u>918,404,801</u>

The above-mentioned benefits to be paid within one year are represented in employee benefits payable (Notes4(25)).

(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 2023	31 December 2022
Discount rate (yield-to-maturity of the government bond with the same term)	2.08%-2.55%	2.10%-2.84%

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

	2023	2022
General and administrative expenses	46,778,619	20,838,001
Finance expenses	7,903,460	10,032,464

(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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

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

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

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

	31 December 2023	31 December 2022
Defined benefit obligations	663,935,553	654,400,689
Less: Fair value of plan assets	-	-
Defined benefit liabilities	663,935,553	654,400,689

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

	Present value of the defined benefit obligation	Fair value of plan assets	Net liabilities of defined benefit plan
As at 1 January 2023	654,400,689	-	654,400,689
Amount charged to profit or loss in the current period			
— Service cost	6,113,000	-	6,113,000
— Interest expense on the net defined benefit obligations	19,258,000	-	19,258,000
Re-measurement amount			
— Actuarial loss (Note 4(36))	9,369,000	-	9,369,000
Payment	(25,205,136)	-	(25,205,136)
As at 31 December 2023	663,935,553	-	663,935,553
	Present value of the defined benefit obligation	Fair value of plan assets	Net liabilities of defined benefit plan
As at 1 January 2022	626,080,361	-	626,080,361
Amount charged to profit or loss in the current period			
— Service cost	24,529,001	-	24,529,001
— Interest expense on the net defined benefit obligations	19,968,000	-	19,968,000
Re-measurement amount			
— Actuarial loss (Note 4(36))	7,457,000	-	7,457,000
Payment	(23,633,673)	-	(23,633,673)
As at 31 December 2022	654,400,689	-	654,400,689

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(32) 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 2023	31 December 2022
Discount rate	<u>2.75%</u>	<u>3.00%</u>

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:

		Impact on present value of defined benefit obligation
Increase in assumption	0.25%	Decrease by 3.28%
Decrease in assumption	0.25%	Increase by 3.46%

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 weighted average duration of the defined benefit obligations is 13.9 years (31 December 2022: 14.7 years).

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

	31 December 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Supplemental post-employment benefits	<u>26,825,000</u>	<u>28,284,000</u>	<u>90,805,000</u>	<u>918,656,000</u>	<u>1,064,570,000</u>

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	<u>24,974,000</u>	<u>26,130,000</u>	<u>84,274,000</u>	<u>1,168,537,000</u>	<u>1,303,915,000</u>

(vi) 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 benefits liabilities.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(33) Share capital

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
RMB-denominated ordinary shares (i)	709,163,612	-	(36,002)	709,127,610
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,232,790</u>	<u>-</u>	<u>(36,002)</u>	<u>1,364,196,788</u>
	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>

(i) For the restricted A share incentive plan carried out by the Group, please refer to Note 13 for details.

(34) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium (i)	3,694,261,490	247,200,320	(726,520)	3,940,735,290
Other capital surplus —	459,815,487	83,135,941	(276,231,107)	266,720,321
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,175,373)	1,758	-	(10,173,615)
Amount included in shareholders' equity in share payments (i)	381,506,262	82,886,326	(276,231,107)	188,161,481
Impact of acquisition of minority interests	(9,799,769)	-	-	(9,799,769)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,946,153	247,857	-	5,194,010
	<u>4,154,076,977</u>	<u>330,336,261</u>	<u>(276,957,627)</u>	<u>4,207,455,611</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(34) Capital surplus (continued)

	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	-	-	(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>

- (i) As described in Note 13, for the year ended 31 December 2023, the Group recognised a total of RMB84,714,809 in administrative expenses and research and development expenses in connection with the restricted stock incentive plan, and included the portion attributable to minority shareholders of RMB1,828,483 in minority interests, with the difference of RMB82,886,326 in capital surplus, and recognised a deferred income tax asset and income tax expense of RMB21,178,702. As at 31 December 2023, deferred income tax assets and capital surplus were eliminated by RMB29,030,787 due to changes in the Company's share price. In addition, the Group adjusted other capital surplus corresponding to the unlocked portion of restricted shares of RMB247,200,320 to share premium. In 2023, due to the departure of the incentive recipients for personal reasons, the Company repurchased and cancelled 36,002 shares of restricted shares, which eliminated the share capital of RMB36,002 and the capital surplus of RMB726,520.

In 2022, the Group recognised administrative expenses of RMB177,130,981 for the restricted stock incentive plan and included the portion attributable to minority shareholders of RMB11,111,982 in minority interests, with the difference of RMB166,018,999 included in capital surplus. The Group recognised deferred income tax assets of RMB97,397,755 in respect of temporary differences arising from the recognition of equity incentive expenses, of which RMB53,346,504 was included in income tax expense and the difference of RMB44,051,251 was included in capital surplus. At the same time, the Group adjusted other capital surplus corresponding to the unlocked portion of restricted shares of RMB248,439,069 to capital premium. Due to the departure of the incentive recipients for personal reasons, the Company repurchased and cancelled 122,003 restricted shares, which resulted in a reduction of capital stock by RMB122,003 and capital surplus by RMB2,462,021.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(35) Treasury stock

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Treasury stock	171,854,660	-	(94,210,854)	77,643,806
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Treasury stock	273,189,919	-	(101,335,259)	171,854,660

The Company has a repurchase obligation for the restricted shares mentioned in Note 13 during the waiting period, as at 31 December 2023, the Company recognized the repurchase obligation as the liability. Therefore, the Company confirmed RMB77,643,806 (2022: RMB171,854,660) 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 2023 the Company issued cash dividend of RMB15,697,613 to incentive objects of restricted stocks that is expected to be unlocked in the future, thereby offsetting RMB15,697,613 of treasury stocks. On May 26, 2023, 96,667 restricted shares were unlocked, and the Company offset treasury shares by RMB1,868,573. On July 24, 2023, 4,328,702 restricted shares were unlocked, and the Company offset treasury shares by RMB75,882,146. The Company repurchased and cancelled 36,002 restricted shares, offsetting RMB762,522 of treasury shares.

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 July 25, 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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(36) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of 2023					
	31 December 2022	Attributable to shareholders of the Company, net of tax	31 December 2023	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(32)(b)(ii))	(82,325,000)	(9,369,000)	(91,694,000)	(9,369,000)	-	-	(9,369,000)	-
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	(798,141)	193,842	(604,299)	193,842	-	-	193,842	-
Currency translation differences	7,322,560	3,914,394	11,236,954	4,302,610	-	-	3,914,394	388,216
	(75,800,581)	(5,260,764)	(81,061,345)	(4,872,548)	-	-	(5,260,764)	388,216

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(36) Other comprehensive income (continued)

	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: Transfer out from which were recognized in other comprehensive income in the previous periods	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(32)(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>-</u>	<u>-</u>	<u>(16,168,041)</u>	<u>(2,154,457)</u>

(37) Surplus reserve

	31 December 2022	Appropriation in the current year	Decrease in the current year	31 December 2023
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380
	31 December 2021	Appropriation in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	1,400,704,380	-	-	1,400,704,380

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 15th meeting of the 10th Board of Directors, the Company would not appropriate the statutory surplus reserve in 2023 (2022: nil).

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(38) General reserve

	31 December 2022	Appropriation in the current year	Decrease in the current year	31 December 2023
General reserve	295,071,942	6,689,350	-	301,761,292
	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

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

(39) Undistributed profits

	2023	2022
Undistributed profits at the beginning of the period	18,528,390,855	16,318,545,692
Add: Net profit attributable to shareholders of the Company for the current period	4,267,851,406	3,710,628,593
Less: appropriated general reserve	(6,689,350)	(218,863)
Ordinary shares dividend payable (a)	(2,455,487,615)	(1,500,564,567)
Undistributed profits at the end of the period	20,334,065,296	18,528,390,855

- (a) Pursuant to the resolution at the Board meeting dated 16 June 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 for the year of 2022, based on a total number of 1,364,232,790 shares as at 31 December 2022. It is estimated that the amount of cash dividends affected by non-unlockable restricted shares in the future is RMB131,407. (2022: cash dividend of RMB1.10 per share (tax included) to the shareholders of the Company, a total of RMB1,500,790,272 for the year of 2021, based on a total number of 1,364,354,793 issued shares. The 2022 cash dividend includes an expected unrevised restricted shares' cash dividend of RMB225,705).
- (b) Pursuant to the resolution of the Board of Directors dated 26 March 2024, the Board of Directors proposed that the Company distribute an annual cash dividend of RMB2.00 per share (tax included) to all shareholders. Based on 1,364,196,788 shares as at 31 December 2023, a total cash dividend of RMB2,728,393,576 is proposed, and the above proposal is subject to the approval of the general meeting of shareholders (Note 11).

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(40) Revenue and cost of sales

	2023	2022
Revenue from main operation (a)	33,405,795,047	31,697,342,623
Revenue from other operations (b)	530,727,694	474,223,001
	<u>33,936,522,741</u>	<u>32,171,565,624</u>
	2023	2022
Cost of main operation (a)	(20,540,617,406)	(20,038,520,561)
Cost of other operations (b)	(276,272,249)	(279,414,261)
	<u>(20,816,889,655)</u>	<u>(20,317,934,822)</u>

(a) Revenue and cost of main operation

	2023		2022	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	33,405,795,047	(20,540,617,406)	31,697,342,623	(20,038,520,561)

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

Revenue from the Group's principal activities is recognised at a point in time.

As at 31 December 2023, the amount of revenue corresponding to the Group's performance obligations that have been contracted for but not yet fulfilled amounted to RMB7,691,295,634 (31 December 2022: RMB8,909,252,504), which the Group expects to recognise in the 2024 financial year.

(b) Revenue and cost of other operations

	2023		2022	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Catering related	217,758,094	(117,069,573)	149,022,244	(88,104,394)
Sale of packaging materials	77,512,352	(40,172,669)	111,872,944	(68,119,011)
Sale of raw materials	9,370,608	(6,457,601)	19,611,707	(17,968,787)
Construction and equipment installations	11,831,992	(11,060,397)	33,741,464	(25,107,916)
Others	214,254,648	(101,512,009)	159,974,642	(80,114,153)
	<u>530,727,694</u>	<u>(276,272,249)</u>	<u>474,223,001</u>	<u>(279,414,261)</u>

In addition to rental income and comprehensive service income, other business income of the Group is recognised at a certain point in time.

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(41) Taxes and surcharges

	2023	2022	Tax base
Consumption tax	1,773,027,036	1,792,707,139	Note 3
City maintenance and construction tax	255,452,674	250,307,469	Note 3
Education surcharges	189,249,020	186,637,842	Note 3
Real estate tax	66,395,951	65,177,298	
Land use tax	58,097,040	57,084,421	
Stamp duty	34,482,986	32,258,349	
Others	9,956,025	6,552,805	
	<u>2,386,660,732</u>	<u>2,390,725,323</u>	

(42) Selling and distribution Expenses

	2023	2022
Employee benefits expenses	2,481,097,389	2,389,948,026
Advertising related expenses	1,638,942,337	1,278,343,155
Administrative expenses	114,090,273	104,647,783
Labor expense	100,483,996	90,091,390
Operating lease payments	85,233,322	85,371,520
Depreciation and amortization charges	80,080,982	81,618,274
Material consumptions	58,528,364	42,057,653
Repair expenses	44,876,710	41,981,378
Other expenses	105,069,425	85,443,568
	<u>4,708,402,798</u>	<u>4,199,502,747</u>

(43) General and administrative expenses

	2023	2022
Employee benefits expenses	831,653,457	768,793,255
Depreciation and amortization charges	231,626,167	218,266,753
Administrative expenses	86,244,463	70,528,882
Share-based payment fees	82,482,894	172,559,895
Agency fees	56,747,599	43,866,559
Repair expenses	50,762,323	42,162,912
Fire control expenses to guards	33,567,947	29,935,462
Insurance expenses	23,744,648	23,504,442
Disabled security fund	21,019,810	16,041,793
Labor expenses	9,518,390	8,729,080
Material consumption	8,447,355	8,693,897
Other expenses	83,247,989	70,285,074
	<u>1,519,063,042</u>	<u>1,473,368,004</u>

Notes to Financial Statements

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4 Notes to the consolidated financial statements (continued)

(44) Research and development expenses

	2023	2022
Employee benefits expenses and labour expenses	58,539,138	34,363,960
Material consumptions	6,872,433	8,173,658
Depreciation charges	4,171,319	5,634,632
Administrative expenses	2,991,798	441,450
Share-based payment fees	2,231,915	4,571,086
Technical collaboration expense	2,114,105	2,020,338
Others	23,716,298	7,749,775
	<u>100,637,006</u>	<u>62,954,899</u>

(45) Financing Expenses

	2023	2022
Interest payment	16,430,590	9,237,800
Less: Interest income	(506,376,003)	(459,661,656)
Exchange loss/gains	2,855,625	(12,203,291)
Discounted interest on long-term employee compensation payable	27,161,460	30,000,464
Other	2,803,473	11,821,143
	<u>(457,124,855)</u>	<u>(420,805,540)</u>

(46) 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:

	2023	2022
Raw materials, packaging materials and consumables used	13,934,364,337	14,577,634,987
Changes in inventories of finished goods and work in progress	528,616,234	(660,419,510)
Employee benefits expenses	5,423,803,171	5,195,671,548
Handling and transportation expenses	1,756,151,188	1,716,989,614
Advertising related expenses	1,638,942,337	1,278,343,155
Depreciation and amortization charges	1,174,649,960	1,117,704,289
Finished goods purchased from outside	1,077,605,964	1,248,299,493
Repair expenses (i)	396,927,619	402,007,180
Labor expenses	225,202,527	217,311,892
Administrative expenses	209,278,155	180,641,785
Operating lease payments (ii)	163,448,594	148,534,802
Share-based payment fees	84,714,809	177,130,981
Auditors' remuneration — audit services	8,094,340	8,094,340
Other expenses	523,193,266	445,815,916
	<u>27,144,992,501</u>	<u>26,053,760,472</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(46) 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 and low-value leases in the current profit and loss. The amount for 2023 is RMB163,448,594 (2022: RMB148,534,802).

(47) Asset impairment losses

	2023	2022
Impairment losses of inventory	3,326,626	-
Impairment losses of fixed assets	79,527,094	26,123,742
	<u>82,853,720</u>	<u>26,123,742</u>

(48) Credit impairment losses

	2023	2022
Reversals of bad debts of accounts receivable	(675,794)	(251,648)
Losses/(Reversals) of bad debts of other receivables	15,599,034	(11,067,235)
(Reversals)/Losses of bad debts of other current assets	(616,746)	174,349
	<u>14,306,494</u>	<u>(11,144,534)</u>

(49) Other income

	2023	2022
Government grants		
— Asset-related	262,808,348	261,514,118
— Revenue-related	128,307,526	281,764,666
	<u>391,115,874</u>	<u>543,278,784</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(50) Investment income

	2023	2022
Investment income from interbank deposit	128,996,975	138,194,867
Investment income from the disposal of financial assets held for trading	25,719,167	10,175,358
Investment income from long-term equity investments accounted for using the equity method	15,798,284	19,873,379
Others	1,529,750	1,660,053
	<u>172,044,176</u>	<u>169,903,657</u>

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

(51) Profits arising from changes in fair value

	2023	2022
Financial assets at fair value through profit or loss — Debt instruments	176,566,669	164,354,223
Non-current assets due within one year — Debt instruments	28,270,491	-
Other non-current financial assets — Debt instruments	25,417,850	-
	<u>230,255,010</u>	<u>164,354,223</u>

(52) Gains on disposals of assets

	2023	2022
Gains on disposal of intangible assets	159,381,953	2,622,931
Gain/(Losses) on disposal of fixed assets	18,119,594	(12,935,494)
Gains on disposal of right-of-use assets	1,075,125	794,805
	<u>178,576,672</u>	<u>(9,517,758)</u>

For Year ended 31 December 2023, 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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(53) Non-operating income

	2023	2022
Gains on unpaid debts	10,051,556	11,263,451
Penalty gains	2,862,456	1,879,070
Others	9,709,292	7,202,652
	<u>22,623,304</u>	<u>20,345,173</u>

For the year ended 31 December 2023, all non-operating income has been regarded as non-recurring profit or loss in the current year.

(54) Non-operating expenses

	2023	2022
Donations	5,940,091	5,938,258
Compensations, defaults and overdue fines	4,148,215	3,497,997
Others	2,953,577	5,692,699
	<u>13,041,883</u>	<u>15,128,954</u>

In addition to carbon emission allowances and other expenses related to production and business operations of RMB79,840 (2022: nil). For the year ended 31 December 2023, all non-operating expenses have been regarded as non-recurring profit or loss in the current year.

(55) Income tax expense

	2023	2022
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,153,691,861	1,243,044,901
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	12,838,414	1,641,044
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	430,653	669,150
Deferred income tax	231,247,450	(43,935,287)
	<u>1,398,208,378</u>	<u>1,201,419,808</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(55) 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:

	2023	2022
Total profit	<u>5,746,407,302</u>	<u>5,006,141,286</u>
Income tax expense calculated at applicable tax rates	1,434,869,290	1,249,649,535
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	28,256,149	17,289,977
Income not subject to tax	(16,797,147)	(19,119,069)
Impact of utilisation of deductible tax losses and temporary differences from previously unrecognised deferred tax assets	(92,703,140)	(109,323,388)
Deductible temporary differences of currently unrecognised deferred tax assets	9,169,317	13,016,263
Deductible tax losses of currently unrecognised deferred tax assets	57,278,072	63,276,802
Research and development expenses are deducted	<u>(21,864,163)</u>	<u>(13,370,312)</u>
Income tax expense	<u>1,398,208,378</u>	<u>1,201,419,808</u>

(56) 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:

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	4,267,851,406	3,710,628,593
Less: Cash dividend of restricted shares expected to be vested in the future	<u>(7,972,553)</u>	<u>(9,779,624)</u>
Consolidated net profit attributable to ordinary shareholders of the Company	4,259,878,853	3,700,848,969
Weighted average numbers of ordinary shares outstanding	<u>1,357,202,238</u>	<u>1,352,799,223</u>
Basic earnings per share	<u>3.139</u>	<u>2.736</u>
Including:		
— Basic earnings per share from continuing operations	3.139	2.736

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(56) 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 2023, the restricted share incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	4,267,851,406	3,710,628,593
Weighted average number of ordinary shares outstanding	1,357,202,238	1,352,799,223
Weighted average number of ordinary shares increased due to share-based payment	5,266,974	7,609,171
Weighted average number of ordinary shares outstanding after dilution	<u>1,362,469,212</u>	<u>1,360,408,394</u>
Diluted earnings per share	<u>3.132</u>	<u>2.728</u>
Including:		
Diluted earnings per share from continuing operations:	3.132	2.728

(57) Notes to consolidated cash flow statement

Except for the interbank lending business of the Group's Finance Company is presented on a net basis due to the characteristics of fast turnover, large amount and short maturity, there is no situation where cash flow is presented on a net basis, and the significant cash flow items are listed as follows:

(a) Cash received relating to other operating activities

	2023	2022
Guarantee deposits	474,017,978	458,699,173
Government grants	146,358,167	458,772,650
Others	<u>272,777,846</u>	<u>208,078,489</u>
	<u>893,153,991</u>	<u>1,125,550,312</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

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

(b) Cash paid relating to other operating activities

	2023	2022
Marketing and promotion expenses	1,724,120,316	1,155,616,188
Advertising related expenses	1,623,248,577	1,026,935,799
Administrative expenses	358,725,394	315,720,859
Guarantee deposits	287,866,170	249,656,117
Lease expenses	139,540,814	130,179,279
Others	319,082,919	202,118,242
	<u>4,452,584,190</u>	<u>3,080,226,484</u>

(c) Cash received relating to investment

	2023	2022
Cash received from the recovery of structured deposits	7,600,000,000	6,400,000,000
Cash received for redemption of interbank certificates of deposit	5,058,921,300	6,206,657,730
Cash received from redemption of treasury bonds reverse repo investment	1,928,976,000	1,419,798,000
Cash received for redemption of wealth management products and funds	1,979,999,100	2,119,998,000
	<u>16,567,896,400</u>	<u>16,146,453,730</u>

(d) Cash paid relating to investment

	2023	2022
Cash paid for the purchase of time and structured deposits	12,530,000,000	8,400,000,000
Cash paid for the purchase of interbank certificates of deposit	3,502,398,800	5,108,835,150
Cash paid for the purchase of bonds	1,399,629,585	-
Cash paid for the purchase of treasury bonds reverse repo investment	1,308,982,000	1,699,892,000
Cash paid for the purchase of wealth management products and funds	1,121,992,600	2,049,998,000
	<u>19,863,002,985</u>	<u>17,258,725,150</u>

(e) Cash received relating to other investing activities

	2023	2022
Interest income of Finance Company's deposits	304,236,716	318,407,699
Recovery of reserve funds of Finance Company	50,130,000	-
Bidding deposits and others received	22,084,799	17,629,912
	<u>376,451,515</u>	<u>336,037,611</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

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

(f) Cash paid relating to other investing activities

	2023	2022
Bidding deposits and others paid	20,433,429	30,270,121
Deposit reserve paid by Finance Company	-	95,990,000
	<u>20,433,429</u>	<u>126,260,121</u>

(g) Cash paid relating to other financing activities

	2023	2022
Purchase of minority shareholders' equity	58,290,000	-
Repayment of lease liabilities	56,640,602	55,262,005
Restricted share repurchase cancellation proceeds paid	509,817	2,430,082
	<u>115,440,419</u>	<u>57,692,087</u>

For the year ended 31 December 2023, total cash outflows related to lease paid by the Group is RMB196,181,416 (For the year ended 31 December 2022: RMB185,441,284). 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 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(58) 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:

	2023	2022
Net profit	4,348,198,924	3,804,721,478
Add: Provision for asset impairment	82,853,720	26,123,742
Losses/(Reversal) for credit impairment	14,306,494	(11,144,534)
Depreciation of fixed assets and investment properties	933,053,166	890,838,923
Depreciation of right-of-use assets	54,125,340	48,064,767
Amortization of intangible assets	153,221,118	144,953,106
Amortization of long-term prepaid expenses	41,784,504	41,622,449
Share-based payment expenses	84,714,809	177,130,981
(Gains)/Losses on disposal of assets	(178,576,672)	9,517,758
Profits arising from changes in fair value	(230,255,010)	(164,354,223)
Finance expenses	(475,936,951)	(447,006,732)
Investment income	(172,044,176)	(169,903,657)
Decrease/(Increase) in deferred tax assets	195,199,673	(74,654,915)
Amortization of deferred income	(301,959,583)	(350,460,704)
Increase in deferred tax liabilities	36,047,777	30,719,628
Decrease/(Increase) in inventories	607,292,623	(662,012,006)
Increase in operating receivables	(204,826,685)	(106,274,452)
(Decrease)/Increase in operating payables	(2,209,631,931)	1,690,889,713
Net cash flows from operating activities	<u>2,777,567,140</u>	<u>4,878,771,322</u>

Net(decrease)/increase in cash and cash equivalents

	2023	2022
Cash and cash equivalents at end of the year	9,292,085,271	12,839,870,784
Less: Cash and cash equivalents at beginning of the year	<u>(12,839,870,784)</u>	<u>(11,813,753,792)</u>
Net(decrease)/increase in cash and cash equivalents	<u>(3,547,785,513)</u>	<u>1,026,116,992</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

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

(b) Changes in liabilities arising from financing activities

	Bank borrowing (including expiration within one year)	Lease liabilities (including expiration within one year)	Dividend	Others (including expiration within one year)	Total
31 December 2022	225,411,423	147,665,208	972,844	232,822,015	606,871,490
Cash inflows from financing activities	-	-	-	1,134,071	1,134,071
Cash outflows from financing activities	(230,834,846)	(56,640,602)	(2,522,924,686)	(58,799,817)	(2,869,199,951)
Interest and dividends accrued during the year	9,260,923	6,233,862	2,510,941,466	-	2,526,436,251
Changes without cash receipts and expenditures	-	16,384,896	-	(93,701,037)	(77,316,141)
Others	(3,837,500)	-	11,010,376	-	7,172,876
31 December 2023	-	113,643,364	-	81,455,232	195,098,596

(c) Cash and cash equivalents

	31 December 2023	31 December 2022
Cash and cash equivalents (Note 4(1))	9,292,085,271	12,839,870,784
Including: Cash on hand	90,093	203,052
Cash at bank that can be readily drawn on demand	9,289,636,261	12,836,413,403
Cash at non-financial institutions that can be readily drawn on demand	2,358,917	3,254,329
Cash and cash equivalents at end of the year	9,292,085,271	12,839,870,784

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(59) Foreign currency items

	31 December 2023		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and cash on hand —			
USD	24,099,793	7.0827	170,691,604
HKD	75,866,492	0.9062	68,750,215
EUR	8,063,533	7.8592	63,372,919
MOP	30,102,731	0.8837	26,601,783
VND	5,656,748,563	0.0003	1,697,025
			331,113,546
Accounts receivable —			
HKD	29,642,927	0.9062	26,862,420
USD	2,786,558	7.0827	19,736,354
EUR	1,591,242	7.8592	12,505,889
MOP	3,507,376	0.8837	3,099,468
GBP	238,912	9.0411	2,160,027
CAD	193,921	5.3673	1,040,832
VND	135,446,994	0.0003	40,634
			65,445,624
Other receivables —			
HKD	1,637,114	0.9062	1,483,553
MOP	393,565	0.8837	347,793
VND	349,000,000	0.0003	104,700
			1,936,046
Accounts payable —			
HKD	53,793,748	0.9062	48,747,894
VND	25,292,602,548	0.0003	7,587,781
MOP	2,724,334	0.8837	2,407,494
			58,743,169

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

4 Notes to the consolidated financial statements (continued)

(59) Foreign currency items (continued)

	31 December 2023		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Other payables —			
USD	674,596	7.0827	4,777,961
HKD	1,770,840	0.9062	1,604,735
MOP	1,029,259	0.8837	909,556
EUR	32,090	7.8592	252,202
VND	296,631,652	0.0003	88,989
			7,633,443
Current portion of non-current liabilities —			
HKD	552,101	0.9062	500,314
MOP	424,572	0.8837	375,194
			875,508
Lease liabilities —			
HKD	57,586	0.9062	52,184

Foreign currency monetary item mentioned above refers to all currencies other than RMB (the scope is different from the foreign currency items in Note 12(1)(a)).

5 Changes in consolidation scope

For the year ended 31 December 2023, there is no change in consolidation scope of the Company.

Notes to Financial Statements

For the year ended 31 December 2023

(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	97,070,000	95.11%	4.89%	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. (“Nanjing Sales Company”)	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%	5.88%	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 2023

(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	236,976,728	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	240,000,000	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")	Pingyuan, the PRC	Pingyuan, 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
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

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(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 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, 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
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

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For the year ended 31 December 2023

(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 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	480,000,000	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	50%	5.06%	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

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For the year ended 31 December 2023

(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. ("Cultural 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
Tsingtao Brewery (Hangzhou) Co., Ltd. ("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
Tsingtao 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 Lvlansa Brewery Co., Ltd. ("Lvlansa Company")	Zibo, the PRC	Zibo, the PRC	Manufacturing	100,000,000	90%	-	Business combination not under common control
Equipment Manufacturing 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 2023

(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
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	378,293,523	56.09%	43.91%	Business combination not under common control
Tsingto Brewery (Minhang) Co., Ltd. ("Shanghai Minhang Company")	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	377,251,025	-	96.48%	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 2023

(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

Taking into account factors such as the proportion of non-controlling interests in the Group's consolidated shareholders' equity and the proportion of net profit attributable to non-controlling interests in the Group's consolidated net profit, the Group has determined the subsidiaries with significant non-controlling interests, which are listed as follows:

Name of subsidiaries	Share proportion of non-controlling interests	Non-controlling interests for the year ended 31 December 2023	Total dividends distributed to the minority shareholders in 2023	Non-controlling interests as at 31 December 2023
Shenzhen Asahi	49%	37,424,947	(37,602,600)	221,670,145

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

	As at 31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	288,291,612	401,973,691	690,265,303	(215,403,106)	(22,308,860)	(237,711,966)
	As at 31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	300,100,055	405,939,507	706,039,562	(234,416,183)	(19,123,259)	(253,539,442)
	Year ended 31 December 2023					
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities		
Shenzhen Asahi	869,890,816	76,296,712	76,296,712	110,908,849		
	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		

Financial information above represents the amounts of subsidiaries excluding elimination in the Group. The dividends declared to be distributed to minority shareholders in 2023 have been paid in current year.

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For the year ended 31 December 2023

(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

The joint ventures and associated enterprises of the Group are listed as follows:

	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 2023	31 December 2022
Current assets	93,119,431	112,511,689
Including: cash and cash equivalents	67,777,905	84,379,253
Non-current assets	83,536,111	86,504,247
Total assets	176,655,542	199,015,936
Current liabilities	(24,820,723)	(45,910,734)
Total liabilities	(24,820,723)	(45,910,734)
Total equity attributable to shareholders of the Company	151,834,819	153,105,202
Adjusted fair value of the identifiable net assets when obtained	53,852,555	60,125,362
Adjusted total equity attributable to shareholders of the Company	205,687,374	213,230,564
The share of net assets calculated based on the shareholding proportion (i)	102,843,687	106,615,282
Adjusting item — goodwill	113,928,609	113,928,609
— unrealized profits of internal transaction	—	218,353
Carry amount of investment on the joint venture	216,772,296	220,762,244

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

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For the year ended 31 December 2023

(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	
	2023	2022
Revenue	363,235,165	360,406,421
Finance expenses	(1,287,465)	(1,301,414)
Income tax expense	(6,000,945)	(6,933,181)
Net profit	16,729,617	19,880,213
Total comprehensive income	16,729,617	19,880,213
Adjusted fair value of the identifiable net assets when obtained	(6,272,807)	(6,218,809)
Adjusted total comprehensive income attributable to shareholders of the Company	10,456,810	13,661,404
Dividends received from the joint venture in the current year	9,000,000	5,000,000

- (i) The share of the net assets of the joint venture was calculated based on the share proportion of the Group, and the equity attributable to shareholders in the consolidated financial statements of the joint venture. And it has been amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

(c) Summarised financial information of associates

The Group determines significant associates by taking into account factors such as the proportion of the carrying value of the associates to the Group's consolidated total assets and the proportion of income from long-term equity investments accounted for under the equity method to the Group's consolidated net profit. The Group does not have any significant associates, and summary information on insignificant associates is set out below:

	2023	2022
Total book value of investments	149,184,684	148,586,222
Aggregate of the following on a percentage of shareholding basis		
Net profit (i)	11,022,070	13,812,852
Other comprehensive income (i)	193,842	94,081
Total comprehensive income	11,215,912	13,906,933

- (i) Both net profit and other comprehensive income have been amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modification for differences in accounting policy.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

6 Interests in other entities (continued)

(2) Interests in the Joint Venture and Associates (continued)

(d) Excess losses of associate

	Accumulated unrecognized losses at the beginning of the year	Net profit shared in the current year	Accumulated unrecognized losses at the end of the year
Liaoning Shenqing	1,093,752	(242,310)	851,442

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

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.

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For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2023 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	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 profit of associates and a joint venture	-	-	-	-	-	-	-	15,798,284	-	15,798,284
Credit impairment (losses)/reversals	(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/(losses)	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 expense	(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/(losses)	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 (i)	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

(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 2023

(All amounts in RMB Yuan unless otherwise stated)

7 Segment information (continued)

(b) 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 2023

(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	2023	2022
Mainland China	33,046,718,088	31,283,510,679
Hong Kong and Macau SAR	199,115,083	179,831,863
Other overseas regions	690,689,570	708,223,082
	33,936,522,741	32,171,565,624
Total non-current assets	31 December 2023	31 December 2022
Mainland China	16,179,642,528	16,044,851,478
Hong Kong and Macau SAR	13,108,637	13,685,515
	16,192,751,165	16,058,536,993

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 RMB1,253.72 million. Its main business is the operation and investment of state-owned assets. As of 31 December 2023, the shareholding ratio was 32.51% (31 December 2022: 32.51%).

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

Notes to Financial Statements

For the year ended 31 December 2023

(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
Qingdao Qiji Urban Distribution Co., Ltd. (“Qiji Chengpei Company”) (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 19 January 2023, 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 2023 entrusted production and purchase of beer framework agreement with Youjia health, the 2023 supply chain business service framework agreement with Smart Chain Success Delivery and the 2023 comprehensive service framework agreement with Tsingtao Brewery Group at the 9th meeting of the 10th board of directors.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions

(a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	2023	2022
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices refer to the market prices	717,172,532	886,717,190
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices refer to the market prices	360,433,432	358,319,157
Smart Chain Success Delivery (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	465,776,330	277,658,372
Qiji Chengpei Company (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	13,512,599	-
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices refer to the market prices	186,829,464	239,896,209
Smart Chain Success Delivery (i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	12,549,293	14,094,534
Qiji Chengpei Company (i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	2,247,648	-
Zhaoshang Logistics	Receiving warehousing service	Mutually-agreed prices refer to the market prices	466,385	498,151
Dasheng Smart Chain (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	2,244	-
Qiji Chengpei Company (i)	Receiving package service	Mutually-agreed prices refer to the market prices	2,998,774	-
Tsingtao Brewery Group	Receiving lease service	Mutually-agreed prices refer to the market prices	485,714	-
			1,762,474,415	1,777,183,613

According to the Announcement of Tsingtao Brewery Co., Ltd. on signing a framework agreement on related party transactions and daily related party transactions with the controlling shareholder and its subsidiaries, the approved transactions between the Company and Smart Chain Success Delivery Company, Qiji Chengpei Company and Dasheng smart chain Company in 2023 include accepting their provision of supply chain business services, warehousing services and value-added services such as secondary packaging and express delivery, providing information consulting services, providing warehouse leasing services to them, selling the Group's beer products for the distribution of welfare liquor and commercial purposes. The approved transaction quota is RMB508,000,000 and the transaction volume in 2023 does not exceed the transaction quota.

Notes to Financial Statements

For the year ended 31 December 2023

(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	2023	2022
European Company	Sale of beer and materials	Mutually-agreed prices refer to the market prices	94,165,304	86,056,545
Liaoning Shenqing	Sale of beer and materials	Mutually-agreed prices refer to the market prices	29,996,214	44,812,582
Tsingtao Brewery Group (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	6,995,067	5,820,139
Youjia health (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	3,788,484	3,748,969
Smart Chain Success Delivery (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	2,207,750	1,840,532
Tsingtao Brewery Real Estate (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	270,973	272,589
Yunnan Dashan (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	215,854	300,713
Youjia Shanghai (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	180,249	176,988
Dasheng Smart Chain (ii)	Provide comprehensive Services	Mutually-agreed prices refer to the market prices	-	214,417
Yantai Brewery Company	Provide equipment engineering services	Mutually-agreed prices refer to the market prices	1,460,177	17,267,152
Smart Chain Success Delivery (ii)	Provide warehouse leasing service	Mutually-agreed prices refer to the market prices	1,300,597	-
Dasheng Smart Chain (ii)	Provide warehouse leasing service	Mutually-agreed prices refer to the market prices	252,294	252,294
Youjia Shanghai (ii)	Provide commission processing	Mutually-agreed prices refer to the market prices	849,861	1,489,174

Notes to Financial Statements

For the year ended 31 December 2023

(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 (continued)

Name of related party	Nature of transaction	Pricing policies	2023	2022
Youjia health (ii)	Provide commission processing	Mutually-agreed prices refer to the market prices	-	388,768
Youjia Shanghai (ii)	Sale of products	Mutually-agreed prices refer to the market prices	81,589	-
Youjia health (ii)	Sale of products	Mutually-agreed prices refer to the market prices	22,697	-
Smart Chain Success Delivery (ii)	Sale of products	Mutually-agreed prices refer to the market prices	17,446	-
Yunnan Dashan (ii)	Sale of products	Mutually-agreed prices refer to the market prices	12,307	-
			<u>141,816,863</u>	<u>162,640,862</u>

(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, Qiji Chengpei Company and Dasheng Smart Chain.

(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 provision of services among Tsingtao Brewery Group, Youjia Health, Smart Chain Success Delivery, Yunnan Dashan, Tsingtao Brewery Real Estate, Dasheng Smart Chain and Youjia Shanghai.

(c) Absorbed deposits from related parties

	2023	2022
Yantai Brewery Company	<u>831,353,435</u>	<u>1,057,559,072</u>

(d) Interest expense paid to related parties

	2023	2022
Yantai Brewery Company	<u>531,826</u>	<u>79,630</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(e) Financial services fee received from related parties

	2023	2022
Yantai Brewery Company	9,047	14,345

(f) Key management compensation

	2023	2022
Key management compensation paid	17,026,560	13,188,748
Share-based payment	4,948,150	11,957,074
	21,974,710	25,145,822

(g) For the year ended 31 December 2023 and 2022, there is no loan provided to the key management from the Group.

(6) Balances with related parties

Receivables from related parties:

		31 December 2023		31 December 2022	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	European Company	12,505,888	-	18,379,591	-
	Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
		23,751,672	(11,245,784)	29,625,375	(11,245,784)
		31 December 2023		31 December 2022	
Other receivables	Yantai Brewery Company	4,435,460		13,927,300	

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

8 Related parties and related party transactions (continued)

(6) Balances with related parties (continued)

Payables to related parties:

		31 December 2023	31 December 2022
Accounts payable	Smart Chain Success		
	Delivery	110,666,835	94,521,463
	Yantai Brewery Company	82,280,320	101,392,362
	Zhaoshang Logistics	37,506,398	52,093,973
	Qiji Chengpei Company	1,845,779	-
	Hebei Jiahe Company	1,536,395	746,199
		<u>233,835,727</u>	<u>248,753,997</u>
Other payables	Yantai Brewery Company	<u>29,555,174</u>	<u>78,883,149</u>
Contract liabilities and	Liaoning Shenqing	13,803,974	18,293,604
Other current	European Company		
liabilities		-	8,389
		<u>13,803,974</u>	<u>18,301,993</u>

Notes to Financial Statements

For the year ended 31 December 2023

(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 2023 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	-	690,544	923,816	23,189	59,717	43,296	-	1,740,562	150,000	
Jiang Zongxiang (i)	-	632,358	822,025	23,189	59,717	43,296	-	1,580,585	110,000	
Wang Ruiyong	-	575,032	842,498	23,189	59,717	43,296	-	1,543,732	110,000	
Hou Qiuyan	-	527,692	140,794	23,189	59,717	43,296	-	794,688	60,000	
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	120,000	-	-	-	-	-	-	120,000	-	
Supervisors:										
Li Yan	80,000	-	-	-	-	-	-	80,000	-	
Wang Yaping	80,000	-	-	-	-	-	-	80,000	-	
Huang Zujiang	-	580,000	29,000	23,189	59,717	43,296	-	735,202	-	
Sun Lihong	-	520,000	52,700	23,189	59,717	43,296	-	698,902	-	
Meng Qingshang	-	550,000	29,900	23,189	59,717	43,296	-	706,102	-	
	760,000	4,075,626	2,840,733	162,323	418,019	303,072	-	8,559,773	430,000	

(i) The Executive Director also holds the position of President.

Notes to Financial Statements

For the year ended 31 December 2023

(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)

In 2023, executive directors Huang Kexing, Jiang Zongxiang, Wang Ruiyong and Hou Qiuyan, as well as employee supervisors Huang Zujiang, Sun Lihong and Meng Qingshang, provided management services to the Company or its subsidiaries. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together. The bonus is set by the Remuneration Committee and is in accordance with the Company's relevant remuneration policies.

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						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	Housing funds			
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 Zujiang	-	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)	-	-	-	-	-	-	-	-	-
	700,000	3,693,278	1,055,842	147,665	400,270	280,308	-	6,277,363	540,000

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For the year ended 31 December 2023

(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) Resigned from 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.

- (b) For the year ended 31 December 2023, 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 (2022: nil).
- (c) For the year ended 31 December 2023, there are no termination benefits for the directors (2022: nil).
- (d) For the year ended 31 December 2023, there is no consideration provided to third parties for obtaining available directors' services (2022: nil).
- (e) For the year ended 31 December 2023, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate of directors and connected entities of directors, and no guarantee or security provided to directors, controlled bodies corporate of directors and connected entities of directors (2022: nil).
- (f) No significant transactions, arrangements or contracts related to the Group's business and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2023 (2022:nil).

Notes to Financial Statements

For the year ended 31 December 2023

(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 (2022: three directors) whose emoluments are reflected in the analysis shown in the Note 8(7). The emoluments paid to the remaining two (2022: two) during the year is listed below:

	2023	2022
Salary and allowance	3,449,232	3,309,502
Bonus	2,475,611	1,628,504
Social pension (Excluding retirement plan contributions)	46,378	41,998
Retirement plan contributions and other post-employment benefits	119,434	115,412
Housing funds	86,592	80,088
	<u>6,177,247</u>	<u>5,175,504</u>
Share-based payment (number of shares)	240,000	240,000
	Number of individuals	
	2023	2022
Emoluments bands (Except for share-based payment):		
HKD0 – 1,000,000 (equivalent to approximately RMB0 – 890,000)	0	1
HKD1,500,001 – 2,000,000 (equivalent to approximately RMB1,360,000 – 1,810,000)	1	0
HKD4,500,001 – 5,000,000 (equivalent to approximately RMB4,020,000 – 4,470,000)	0	1
HKD5,000,001 – 5,500,000 (equivalent to approximately RMB4,530,000 – 4,980,000)	1	0

9 Contingencies

As at 31 December 2023, the Company was not involved in any material contingencies

10 Commitments

Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet

	31 December 2023	31 December 2022
Buildings, machinery and equipment	<u>588,931,900</u>	<u>306,243,253</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

11 Events after the balance sheet date

(1) Explanation of profit distribution

Pursuant to the resolution of the Board of Directors on 26 March 2024, the Board of Directors proposed that the Company distribute dividends of RMB2,728,393,576 to all shareholders, which is yet to be considered and approved by the general meeting of shareholders of the Company, and has not been recognised as a liability in these financial statements (Note 4(39)).

(2) Addition of new subsidiaries

Pursuant to the resolution of the Board of Directors on 27 December 2023, the Board of Directors considered and approved the establishment of Tsingtao Brewery (Weifang) Manufacturing Company Limited (“Weifang Manufacturing Company”), a wholly-owned subsidiary of the Company, with a registered capital of RMB300,000,000. Weifang Manufacturing Company was established in January 2024 and the Company has contributed RMB100,000,000 as at the date of approval of the reporting of these financial statements.

(3) Purchase of minority interest

Pursuant to a resolution of the Board of Directors on 4 March 2024, the Board of Directors considered and approved the transfer of 20% equity interest in Anshan Company held by Taian Bajiaodai Construction and Investment Group Limited Liability Company (“Bajiaodai CIC”) at a price of RMB18,065,000. The parties have signed the equity transfer contract and on 15 March 2024, the formalities for the change of equity interest were completed. Upon completion of the equity transfer transaction, the Company holds 80% of the equity interest in Anshan Company and Bajiao Tai Construction and Investment Company holds 20% of the equity interest in Anshan Company.

12 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 of directors. 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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

12 Financial instrument and risk (continued)

(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 the year ended 31 December 2023, the Group had no foreign currencies borrowings and did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2023 and 2022, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarized as below:

	31 December 2023		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	168,654,213	63,373,548	232,027,761
Receivables	19,736,354	17,970,223	37,706,577
	<u>188,390,567</u>	<u>81,343,771</u>	<u>269,734,338</u>
Financial liabilities denominated in foreign currency —			
Other payables	4,777,961	252,202	5,030,163
	<u>4,777,961</u>	<u>252,202</u>	<u>5,030,163</u>
	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>

As at 31 December 2023, 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 5,508,000 (31 December 2022: 4,437,000) higher or lower.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

12 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 2023, there was no long-term bank borrowings(31 December 2022: 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 2023 and 2022, 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 2023, The Company does not have floating rate borrowings (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).

(c) Other price risk

Other price risk of the Group mainly arises from the debt instruments investment, where risk of price changes exists (include interest rate risk). As at 31 December 2023, if the expected price of the Group's investments in various debt instruments rises or decreases by 0.5% and other factors remain unchanged, the Group's net profit will increase or decrease by approximately RMB12,665,000 (31 December 2022: approximately RMB10,064,000).

(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 and other large and medium-sized commercial banks with high credit rating. Management does not expect that there will be any significant credit losses from non-performance by these counterparties.

The debt instrument investments held by the Group are mainly bonds with high credit ratings. The Group has set the overall investment quota to limit the credit exposure, and reviewed and approved the investment quota annually. The Group will regularly monitor the credit risk exposure of debenture investment, changes in credit ratings of bonds and other relevant information, to ensure the overall credit risk of the Group is manageable.

Sales are mainly settled by advances from customers, and accordingly, there is no significant credit risk related to customers.

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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

12 Financial instrument and risk (continued)

(2) Credit risk (continued)

As at 31 December 2023, the Group held no significant collateral and other credit enhancements because of the debtor's mortgage (31 December 2022: nil).

(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 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Notes payable	193,668,205	-	-	-	193,668,205
Accounts payable	2,952,827,066	-	-	-	2,952,827,066
Other payables	3,230,505,907	-	-	-	3,230,505,907
Lease liabilities	52,359,364	26,248,905	27,931,091	19,323,151	125,862,511
	<u>6,429,360,542</u>	<u>26,248,905</u>	<u>27,931,091</u>	<u>19,323,151</u>	<u>6,502,863,689</u>
	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
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
Lease liabilities	53,188,814	42,511,596	43,366,619	26,120,713	165,187,742
	<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>

Bank borrowings are analysed by repayment terms as follows:

	31 December 2023	31 December 2022
Within 1 year	-	223,325,000

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

13 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 of directors 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 2023

(All amounts in RMB Yuan unless otherwise stated)

13 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.

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 RMB84,267,743 and treasury shares of RMB84,267,743.

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.

In 2023, a cash dividend of RMB15,697,613 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 2023 sixth extraordinary meeting of the tenth Board of Directors on 17 October 2023, considered and approved the “Proposal on the Company’s Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan”. From 29 September 2022 to the date of this meeting of the Board of Directors, 7 incentive participants in the incentive plan resigned for personal reasons, resulting in changes in their personal circumstances, which triggered the conditions for repurchase and cancellation of restricted shares. In 2023, the Company cancelled 36,002 restricted shares, and offset the repurchase obligation liabilities of RMB762,522 and treasury shares of RMB762,522.

At the 2023 second extraordinary meeting of the tenth Board of Directors held by the Company on 5 May 2023, the “Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the Reserve Grant of the Restricted Shares under the Restricted A-share Incentive Plan” was considered and approved. On 26 May 2023, the Company unlocked 96,667 restricted shares, offsetting repurchase obligation liabilities of RMB1,868,573 and treasury shares of RMB1,868,573. On 10 July 2023, the fifth interim meeting of the 10th board of directors of the company in 2023 deliberated and passed the “Proposal on the Achievement of the Second Lifting of the Restriction Period for the First Grant of Restricted Shares under the A-share Restricted Stock Incentive Plan”. On 24 July 2023, the Company unlocked 4,328,702 restricted shares, and offset the repurchase obligation liabilities of RMB75,882,146 and treasury shares of RMB75,882,146.

As at 31 December 2023, the restricted A share incentive plan recognized a total of RMB77,643,806 in liabilities for repurchase obligations and RMB77,643,806 in treasury shares.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

13 Share-based payment (continued)

(b) Changes in restricted shares during the current year

	2023	2022
Restricted shares (shares) issued at the beginning of the year	8,890,567	13,371,998
Restricted shares (shares) unlocked this year	(4,425,369)	(4,359,428)
Restricted shares (shares) cancelled this year	(36,002)	(122,003)
	<u>4,429,196</u>	<u>8,890,567</u>
Restricted shares (shares) issued at the end of the year		
Share-based payment expenses this year	84,714,809	177,130,981
Accumulated share-based payment expenses	634,868,607	550,153,798

Share-based payment expenses for 2023 amounted to RMB84,714,809, including administrative expenses and R&D expenses of RMB82,482,894 and RMB2,231,915 respectively (2022: RMB172,559,895 and RMB4,571,086).

- (c) As at 31 December 2023, the remaining period of the plan granting in 2020 is until 24 July 2026, for 2.56 years. The remaining period of the plan granting in 2021 is until 26 May 2027, for 3.40 years.
- (d) The weighted average share price of the restricted shares unlocked on 26 May 2023 and 24 July 2023 on the unlocking date is RMB110.024 and RMB107.198, respectively.
- (e) **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.

14 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.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

14 Fair value estimation (continued)

(1) Assets measured at fair value on a recurring basis

As at 31 December 2023, the assets measured at fair value on a recurring basis are analysed below:

	Level 2	Level 3
Financial assets held for trading — Debt instrument	-	1,924,078,158
Current portion of non-current assets — Debt instrument	28,432,377	-
Other non-current financial assets — Debt instrument	1,424,885,550	-
Other non-current financial assets — Equity instrument	-	600,000
	<u>1,453,317,927</u>	<u>1,924,678,158</u>

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	600,000
	<u>2,684,417,846</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 2023

(All amounts in RMB Yuan unless otherwise stated)

14 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 2022	Purchase	Disposal	Total current profits — Profits accrued to current profit or loss (a)	31 December 2023	Assets still held on 31 December 2023 are recognized as movement on unrealized gains of profit or loss for the Year ended 31 December 2023 — Profit or loss from changes in fair value
Financial assets held for trading						
— Debt instrument	2,683,817,846	8,821,992,600	(9,784,018,124)	202,285,836	1,924,078,158	2,084,658
Other non-current financial assets						
— Equity instrument	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	600,000	<u>-</u>
	<u>2,684,417,846</u>	<u>8,821,992,600</u>	<u>(9,784,018,124)</u>	<u>202,285,836</u>	1,924,678,158	<u>2,084,658</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

14 Fair value estimation (continued)

(1) Assets measured at fair value on a recurring basis (continued)

	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 held for trading						
— 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>

- (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 2 and 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 financial assets, debt investment, short-term borrowings, notes payables, accounts payables, lease liabilities and long-term payables. 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 2023

(All amounts in RMB Yuan unless otherwise stated)

15 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 2023, 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 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	<u>9,292,085,271</u>	<u>12,839,870,784</u>
Less: Short-term borrowings	<u>-</u>	<u>(225,411,423)</u>
Cash balance after deducting borrowings	<u>9,292,085,271</u>	<u>12,614,459,361</u>

16 Notes to the Company's financial statements

(1) Accounts receivable

	31 December 2023	31 December 2022
Accounts receivable	<u>1,546,441,209</u>	<u>1,917,095,063</u>
Less: Provision for bad debts	<u>(56,444,918)</u>	<u>(56,440,758)</u>
	<u>1,489,996,291</u>	<u>1,860,654,305</u>

The majority of the Group's domestic sales are made by advances from customers and bank acceptance notes. The remains are providing credit terms from 30 to 100 days.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

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

	31 December 2023	31 December 2022
Within 1 year	1,130,550,125	1,453,471,200
1 to 2 years	142,120,371	151,056,579
2 to 3 years	63,923,848	74,843,768
3 to 4 years	43,130,192	51,305,027
4 to 5 years	33,534,045	19,133,009
Over 5 years	133,182,628	167,285,480
	<u>1,546,441,209</u>	<u>1,917,095,063</u>

(b) As at 31 December 2023, 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>495,575,062</u>	-	<u>32%</u>

(c) As at 31 December 2023, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2022: 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.

The Provision of bad debts for accounts receivable is analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision of bad debts		Ending balance		Provision of bad debts	
	Amount	% of total balance	Amount	Accrual ratio	Amount	% of total balance	Amount	Accrual ratio
Individual provision for bad debts (i)	11,245,784	0.7%	(11,245,784)	100.0%	11,245,784	0.6%	(11,245,784)	100.0%
provision for bad debts on the grouping basis (ii)	<u>1,535,195,425</u>	<u>99.3%</u>	<u>(45,199,134)</u>	<u>2.9%</u>	<u>1,905,849,279</u>	<u>99.4%</u>	<u>(45,194,974)</u>	<u>2.4%</u>
	<u>1,546,441,209</u>	<u>100.0%</u>	<u>(56,444,918)</u>	<u>3.6%</u>	<u>1,917,095,063</u>	<u>100.0%</u>	<u>(56,440,758)</u>	<u>2.9%</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

(d) Provision for bad debts (continued)

- (i) As at 31 December 2023 and 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	Reason
Beijing Sales Company	11,245,784	100%	(11,245,784)	Notes 4(4)(d)

- (ii) As at 31 December 2023, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Subsidiaries

As at 31 December 2023, accounts receivable from subsidiaries of the Company is 1,461,941,930 (2022: 1,810,863,160). The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Group — Dealers

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	27,975,321	-	-	49,466,378	-	-
Overdue within 1 year	83,200	5%	(4,160)	341,860	5%	(17,093)
Overdue 2 years or more	45,194,974	100%	(45,194,974)	45,177,881	100%	(45,177,881)
	<u>73,253,495</u>		<u>(45,199,134)</u>	<u>94,986,119</u>		<u>(45,194,974)</u>

- (iii) The provision for bad debts in the current year is RMB4,160. The provision for bad debts of RMB700,000 was written off in previous years and is recovered in the current year, the corresponding carrying amount is RMB700,000.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(2) Other receivables

	31 December 2023	31 December 2022
Receivables from subsidiaries	32,766,510	45,842,444
Guarantee deposits	20,051,420	15,927,286
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Reservation fund	6,944,524	7,190,124
Dividends receivable from subsidiaries	6,800,000	19,000,000
Receivables of disposals of land	-	584,155,232
Others	5,365,386	14,705,766
	<u>89,369,487</u>	<u>704,262,499</u>
Less: Provision for bad debts	(37,550,370)	(37,556,352)
	<u>51,819,117</u>	<u>666,706,147</u>

There is no situation in the Company where receivables are classified as other receivables due to centralized fund management.

(a) The ageing of accounts receivable based is analysed below:

	31 December 2023	31 December 2022
Not overdue	51,680,804	666,370,101
Overdue within 1 year	140,110	352,958
Overdue 1-2 years	10,421	1,288
Overdue over 2 years	37,538,152	37,538,152
	<u>89,369,487</u>	<u>704,262,499</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(b) Movement in provision for bad debts and carrying amount

The Provision of bad debts for other receivables is analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision of bad debts		Ending balance		Provision of bad debts	
	Amount	% of total balance	Amount	Accrual ratio	Amount	% of total balance	Amount	Accrual ratio
Individual provision for bad debts (i)	37,538,152	42.0%	(37,538,152)	100%	37,538,152	5.3%	(37,538,152)	100%
Provision for bad debts on the grouping basis (ii)	51,831,335	58.0%	(12,218)	0.0%	666,724,347	94.7%	(18,200)	0.0%
	89,369,487	100%	(37,550,370)	42.0%	704,262,499	100%	(37,556,352)	5.33%

	Stage one		Stage three		Total
	Next 12 months ECL (Groups)		Lifetime ECL (single) (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2022	666,724,347	(18,200)	37,538,152	(37,538,152)	(37,556,352)
Change in current year	(614,893,012)	5,982	-	-	5,982
31 December 2023	51,831,335	(12,218)	37,538,152	(37,538,152)	(37,550,370)

As of 31 December 2023, 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 2023 and 31 December 2022, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follow:

Stage three	Ending balance	Lifetime ECL	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)
	37,538,152		(37,538,152)	

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 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 2023 and 31 December 2022, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
			Amount			Amount
Receivables from subsidiaries	39,566,510	-	-	64,842,444	-	-
Receivables from other entities	12,264,825	(12,218)	0.0%	601,881,903	(18,200)	0.0%
	51,831,335	(12,218)	0.0%	666,724,347	(18,200)	0.0%

- (c) The provision for bad debts in the current year is RMB11,788. The reversal of provision for bad debts is RMB17,770 and its corresponding carrying amount is RMB343,825.

- (d) There was no provision for bad debts actually written off during the year.

- (e) As at 31 December 2023, the top five other receivables are analysed as follows:

Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1 Payment on behalf for social security	25,919,846	Within one year	29.0%	-
No.2 Receivables of disposals of land	8,584,437	More than five years	9.6%	(8,584,437)
No.3 Current accounts receivable	2,872,995	More than five years	3.2%	-
No.4 Current accounts receivable	2,187,628	Within one year	2.5%	-
No.5 Receivables of deposit	1,418,213	Within one year	1.6%	-
	40,983,119		45.9%	(8,584,437)

- (f) As at 31 December 2023 and 31 December 2022, the Company does not have any overdue dividends receivable.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(3) Inventories

	31 December 2023			31 December 2022		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	338,430,240	-	338,430,240	371,456,754	-	371,456,754
Packaging materials	54,109,212	(662,025)	53,447,187	59,173,223	(662,025)	58,511,198
Low-value consumables	25,051,468	-	25,051,468	30,987,839	-	30,987,839
Outsourced processing materials	-	-	-	2,689,445	-	2,689,445
Work in progress	109,306,082	-	109,306,082	113,034,116	-	113,034,116
Finished goods	1,165,047,825	-	1,165,047,825	1,591,250,866	-	1,591,250,866
	1,691,944,827	(662,025)	1,691,282,802	2,168,592,243	(662,025)	2,167,930,218

(4) Debt investment

	31 December 2023	31 December 2022
Entrusted loans to subsidiaries	136,500,000	138,600,000
Plus: Interest on debt investment	170,683	173,793
Less: Debt investment impairment provisions	(136,500,000)	(133,100,000)
	170,683	5,673,793

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. As at December 31, 2023, the Company had made an impairment provision of RMB136,500,000 for the principal amount of the bond investment in anticipation of the inability of the corresponding subsidiary to repay the principal of the entrusted loan (31 December 2022: provision for impairment of RMB133,100,000).

(5) Long-term equity investments

	31 December 2023	31 December 2022
Subsidiaries (a)	13,092,479,419	12,653,153,110
Joint ventures (b)	216,772,296	220,762,244
Associates (c)	145,638,914	145,335,057
	13,454,890,629	13,019,250,411
Less: Provision for impairment of long-term equity investments (d)	(1,994,008,870)	(1,781,808,870)
	11,460,881,759	11,237,441,541

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(a) Subsidiaries

	31 December 2022	Movements in the current year			31 December 2023	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 (ii)	Share-based payment (ii)				
Shenzhen Asahi	128,972,044	-	-	372,378	129,344,422	-	-	76,740,000
Chenzhou Company	64,661,343	-	-	319,931	64,981,274	-	-	-
Huanan Sales Company	51,942,400	-	-	1,106,646	53,049,046	-	-	-
Chenzhou Sales Company	3,081,229	-	-	500,932	3,582,161	-	-	-
Huanan Holding Company	208,790,000	-	-	-	208,790,000	-	-	50,000,000
Zhuhai Company	2,427,865	-	-	279,493	2,707,358	-	-	-
Sanshui Company	1,781,922	-	-	310,912	2,092,834	-	-	-
Suizhou Company	2,380,905	-	-	298,952	2,679,857	-	-	-
Nanning Company	1,906,969	-	-	319,931	2,226,900	-	-	-
Huadong Holding Company	96,855,102	-	-	-	96,855,102	-	(96,855,102)	-
Shouguang Company	62,711,935	-	-	355,427	63,067,362	-	-	-
Five Star Company	26,029,459	-	-	176,567	26,206,026	-	(24,656,410)	-
Three Ring Company	70,905,864	-	-	197,211	71,103,075	-	(69,457,513)	-
Beifang Sales Company	88,619,824	-	-	796,816	89,416,640	-	(83,984,000)	-
Xi'anHan's Company	406,629,256	-	(50,926,294)	1,995,684	357,698,646	-	-	200,000,000
Baoji Company	2,715,180	-	-	318,358	3,033,538	-	-	-
Gansu Nongken Company (i)	2,098,025	50,926,294	-	346,110	53,370,429	-	-	-
Wuwei Company	2,039,073	-	-	319,931	2,359,004	-	-	-
Yulin Company	2,804,752	-	-	473,680	3,278,432	-	-	-
Weinan Company	16,786,237	-	-	471,910	17,258,147	-	-	-
Anshan Company	32,278,322	-	-	340,052	32,618,374	-	-	-
Xingkaihu Company (i)	202,096,205	40,000,000	-	158,277	242,254,482	-	(129,430,000)	-
Mishan Company	118,520,000	-	-	-	118,520,000	-	(118,520,000)	-
Harbin Company	215,774,045	-	-	378,140	216,152,185	-	(109,940,000)	-
Penglai Company	30,000,000	-	-	-	30,000,000	-	(30,000,000)	-
Rongcheng Company	67,532,134	-	-	478,818	68,010,952	-	(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	298,063,368	-	-	777,663	298,841,031	-	-	-
Xiamen Company	2,006,546	-	-	331,301	2,337,847	-	-	-

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For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(a) Subsidiaries (continued)

	31 December 2022	Movements in the current year			31 December 2023	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 (ii)	Share-based payment (ii)				
Fuzhou Company	2,676,724	-	-	316,028	2,992,752	-	-	-
Zhangzhou Company	1,319,305	-	-	-	1,319,305	-	-	-
Changsha Company	48,822,933	-	-	162,588	48,985,521	-	-	-
Jinan Company	562,564,751	-	-	377,255	562,942,006	-	-	-
Guangrunlong Logistics	16,465,405	-	-	-	16,465,405	-	-	-
Cultural Communication Company	78,371,002	-	-	538,159	78,909,161	-	-	-
Chengdu Company	282,311,875	-	-	349,087	282,660,962	-	(118,855,583)	-
Rizhao Company	341,829,273	-	-	481,394	342,310,667	-	-	-
Weifang Company	75,939,603	-	-	366,339	76,305,942	-	-	-
Dezhou Company	24,291,319	-	-	370,616	24,661,935	-	-	-
Construction Company	4,053,089	-	-	262,238	4,315,327	-	-	-
Langfang Company	81,643,835	-	-	352,003	81,995,838	-	-	-
Heze Company	127,171,115	-	-	398,602	127,569,717	-	(51,301,600)	-
Tengzhou Company	49,748,313	-	-	122,061	49,870,374	-	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	-	1,570,000	-	-	-
Wuhu Company	274,462,022	-	-	157,343	274,619,365	-	(274,290,000)	-
Huadong Sales Company	97,300,000	-	-	-	97,300,000	-	(47,300,000)	-
Maanshan Company	82,366,228	-	-	370,806	82,737,034	-	-	-
Shijiazhuang Company	323,504,911	-	-	463,984	323,968,895	-	-	-
Taiyuan Company	202,711,179	-	-	313,570	203,024,749	-	-	-
Chengyang Sales Company	8,000,000	-	-	-	8,000,000	-	-	-
Finance Company	1,003,448,417	-	-	544,557	1,003,992,974	-	-	-
Immense Brewery Company	1,412,447,299	-	-	1,223,969	1,413,671,268	-	-	800,000,000
Hangzhou Company	249,463,518	-	-	460,627	249,924,145	-	-	-
Jieyang Company	152,072,235	-	-	329,790	152,402,025	-	-	-
Beverage Company	31,620,670	-	-	284,103	31,904,773	-	-	-
Shaoguan Company	201,550,474	-	-	272,329	201,822,803	-	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	-	8,000,000	-	-	-
Pingdu Sales Company	5,000,000	-	-	-	5,000,000	-	-	800,000,000
Jiujiang Company	181,906,969	-	-	319,931	182,226,900	-	-	39,000,000
Xuzhou Enterprise Management	10,000,000	-	-	-	10,000,000	-	(10,000,000)	-
Xuecheng Company	1,628,796	-	-	151,746	1,780,542	-	-	-

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(a) Subsidiaries (continued)

	31 December 2022	Movements in the current year			31 December 2023	Provision for impairment (recognized)/ written off in the current year	Balance of provision for impairment at end of year	Cash dividends declared in the current year (ii)
		Increased investment	Decreased Investment (ii)	Share-based payment (ii)				
Luoyang Company	202,383,665	-	-	351,000	202,734,665	-	-	-
Shanghai Industrial Company	200,895,228	-	-	-	200,895,228	-	(200,895,228)	-
Nanjing Sales Company	5,573,066	-	-	1,004,601	6,577,667	-	-	-
Shanghai Sales Company	5,208,760	-	-	931,512	6,140,272	-	-	-
Luzhou Company	120,532,068	-	-	260,958	120,793,026	-	-	-
Zhangjiakou Company	202,094,933	-	-	206,772	202,301,705	-	-	-
Lvlansa Company	561,523,231	-	-	339,317	561,862,548	-	-	-
Huangshi Company	165,714,662	-	-	344,227	166,058,889	-	-	-
Yingcheng Company (i)	43,976,969	50,000,000	-	13,000	93,989,969	-	-	-
Hanzhong Company	28,182,859	-	-	196,352	28,379,211	-	-	-
Shanghai Investing Company	1,920,654,036	-	-	-	1,920,654,036	-	-	-
Xuzhou Company	1,812,457	-	-	188,812	2,001,269	-	-	-
Pengcheng Company	2,393,718	-	-	333,753	2,727,471	-	-	-
New Songjiang Manufacturing Company	2,879,606	-	-	444,539	3,324,145	-	-	-
Minhang Company	1,899,965	-	-	377,224	2,277,189	-	-	-
Kunshan Company	1,979,573	-	-	377,642	2,357,215	-	-	-
Lianyungang Company (i)	2,041,698	212,200,000	-	293,707	214,535,405	(212,200,000)	(212,200,000)	-
Yangzhou Company	102,522,778	-	-	343,288	102,866,066	-	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd.	200,000,000	-	-	-	200,000,000	-	(200,000,000)	-
Suqian Company	77,063,278	-	-	346,155	77,409,433	-	-	-
Zaozhuang Company	201,361,124	-	-	359,205	201,720,329	-	-	-
West Coast Cultural Tourism	231,000,000	-	-	-	231,000,000	-	-	-
Research and Development Center (i)	140,000,000	110,000,000	-	-	250,000,000	-	-	-
	12,653,153,110	463,126,294	(50,926,294)	27,126,309	13,092,479,419	(212,200,000)	(1,992,788,870)	1,965,740,000

- (i) In 2023, the Company will increase the capital of Xingkaihu Company, Yingcheng Company, Lianyungang Company and Research and Development Center, and increase the capital of Gansu Nongken Company through equity transfer.
- (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 27,126,309 according to the settle obligation.
- (iii) The cash dividends declared this year are distributed to all shareholders of the Company.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(5) Long-term equity investments (continued)

(b) Joint venture

	31 December 2022	Movements in the current year			31 December 2023	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Hebei Jiahe Company	220,762,244	5,010,052	-	(9,000,000)	216,772,296	-

Details of equity interests in the joint venture are disclosed in Note 6(2)(b).

(c) Associates

	31 December 2022	Movements in the current year			31 December 2023	Balance of provision for impairment at end of year
		Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Brewery Company	129,800,797	13,296,262	-	(10,595,943)	132,501,116	-
Zhaoshang Logistics	14,314,260	2,881,782	1,758	(5,280,002)	11,917,798	-
Liaoning Shenqing	-	-	-	-	-	-
Others	1,220,000	-	-	-	1,220,000	(1,220,000)
	145,335,057	16,178,044	1,758	(15,875,945)	145,638,914	(1,220,000)

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 2022	Increase in the current year	Written off in the current year	31 December 2023
Subsidiaries (i)	(1,780,588,870)	(212,200,000)	-	(1,992,788,870)
Associates	(1,220,000)	-	-	(1,220,000)
	(1,781,808,870)	(212,200,000)	-	(1,994,008,870)

- (i) The new provision for impairment of RMB212,200,000 during the year is due to the fact that the carrying amount of the Company's long-term equity investment in Lianyungang Company is lower than the expected recoverable amount of Lianyungang Company, so the provision for impairment of long-term equity investment is made.

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(6) Fixed assets

	31 December 2023	31 December 2022
Fixed assets (a)	2,427,216,661	2,477,967,563
Fixed assets pending for disposal (b)	621,818	334,667
	2,427,838,479	2,478,302,230

(a) Fixed assets

2023

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Total
Original cost					
31 December 2022	1,392,649,348	3,065,693,979	92,332,221	437,122,354	4,987,797,902
Increases in the current year					
Purchase	-	10,902,008	6,955,068	38,773,102	56,630,178
Transfer from construction in process	61,980,837	142,144,038	-	20,917,855	225,042,730
Decreases in the current year					
Disposal and scrapping	(28,848,111)	(107,608,868)	(11,398,482)	(23,409,946)	(171,265,407)
Transfer to construction in process	(18,093,745)	(46,952,088)	-	-	(65,045,833)
31 December 2023	1,407,688,329	3,064,179,069	87,888,807	473,403,365	5,033,159,570

Accumulated depreciation

31 December 2022	(400,665,816)	(1,691,200,072)	(70,173,445)	(317,042,030)	(2,479,081,363)
Increases in the current year-accrual	(39,820,548)	(158,870,668)	(3,774,246)	(34,367,985)	(236,833,447)
Decreases in the current year					
Disposal and scrapping	17,107,128	85,497,303	10,322,996	21,905,959	134,833,386
Transfer to construction in process	10,288,626	36,242,462	-	-	46,531,088
31 December 2023	(413,090,610)	(1,728,330,975)	(63,624,695)	(329,504,056)	(2,534,550,336)

Provision for impairment

31 December 2022	(4,567,850)	(24,423,584)	(386,956)	(1,370,586)	(30,748,976)
Increases in the current year-accrual	(23,989,912)	(29,176,676)	(92,237)	(1,158,785)	(54,417,610)
Decreases in the current year-disposal and scrapping	4,505,948	8,113,780	233,231	921,054	13,774,013
31 December 2023	(24,051,814)	(45,486,480)	(245,962)	(1,608,317)	(71,392,573)

Carrying amount

31 December 2023	970,545,905	1,290,361,614	24,018,150	142,290,992	2,427,216,661
31 December 2022	987,415,682	1,350,070,323	21,771,820	118,709,738	2,477,967,563

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

(a) Fixed assets (continued)

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 and scrapping	(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 and scrapping	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 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

(a) Fixed assets (continued)

For the year ended 31 December 2023, the Company's fixed assets with carrying amount of 18,514,745 (cost of 65,045,833 accumulated depreciation of 46,531,088) (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 2023, there are no fixed assets pledged as collateral for borrowings (31 December 2022: nil).

The Company's fixed assets are for its own use, for the year ended 31 December 2023, accrued depreciation of fixed assets are 236,833,447 (2022: 218,629,567), of which 203,171,342, 2,619,575, 26,871,211, and 4,171,319 (2022: 184,781,396, 2,550,847, 25,662,692, and 5,634,632) 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 225,042,730 (2022: 620,381,874).

(i) Temporarily idle fixed assets

As at 31 December 2023, machinery and equipment with a carrying amount of approximately RMB14,892,995 (original cost of RMB19,854,585) (31 December 2022: carrying amount of RMB605,986 and original cost of RMB4,650,701) were temporarily idle. The specific analysis is as follows:

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment, etc.	19,854,585	(4,961,590)	-	14,892,995

(ii) As at 31 December 2023, the ownership certificates of certain fixed assets (buildings) with carrying amount of approximately 155,374,000 have not been obtained by the Company (31 December 2022: 153,771,000) (Note 4(12) (a)).

(b) Fixed assets pending for disposal

	31 December 2023	31 December 2022
Machinery and equipment	621,818	334,667

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(7) Intangible assets

2023

	Land use rights	Trademarks	Marketing networks	Software and others	Totals
Original cost					
31 December 2022	254,324,016	190,356,905	320,907,803	617,498,133	1,383,086,857
Increase in the current year — purchase	85,028	-	-	115,800,363	115,885,391
31 December 2023	254,409,044	190,356,905	320,907,803	733,298,496	1,498,972,248

Accumulated amortization

31 December 2022	(88,695,113)	(122,719,775)	(303,518,666)	(353,231,613)	(868,165,167)
Increase in the current year — accrual	(5,122,565)	(83,643)	(13,115,660)	(63,903,236)	(82,225,104)
31 December 2023	(93,817,678)	(122,803,418)	(316,634,326)	(417,134,849)	(950,390,271)

Carrying amount

31 December 2023	160,591,366	67,553,487	4,273,477	316,163,647	548,581,977
31 December 2022	165,628,903	67,637,130	17,389,137	264,266,520	514,921,690

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 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(7) Intangible assets (continued)

For the year ended 31 December 2023, the amortization amount of intangible assets is 82,225,104 (2022: 69,928,689).

As at 31 December 2023, The Company has no land use rights for which the land use certificate has not been issued (31 December 2022: nil).

As at 31 December 2023, there are no intangible assets pledged as collateral for borrowings (31 December 2022: nil).

For the year ended 31 December 2023, research and development expenditures of 100,637,006 (2022: 62,954,899) are recognized in profit or loss (Note 4(44)). As of 31 December 2023, the Company did not have any intangible assets formed through internal research and development (31 December 2022: nil).

(8) Provision for asset impairment and loss

2023

	31 December 2022	Increase in the current year	Decrease in the current year		31 December 2023
			Reversal	Written-off	
Provision for bad debt of accounts receivable	56,440,758	4,160	(700,000)	700,000	56,444,918
Including: Provision for bad debt recognized individually	11,245,784	-	-	-	11,245,784
Provision for bad debt recognized on groupings	45,194,974	4,160	(700,000)	700,000	45,199,134
Provision for bad debt of other receivables	37,556,352	11,788	(17,770)	-	37,550,370
Debt reserve for debt investment	133,100,000	3,400,000	-	-	136,500,000
Subtotal	227,097,110	3,415,948	(717,770)	700,000	230,495,288
Provisions for impairment of inventory	662,025	-	-	-	662,025
Provisions for impairment of long-term investment	1,781,808,870	212,200,000	-	-	1,994,008,870
Provisions for impairment of fixed assets	30,748,976	54,417,610	-	(13,774,013)	71,392,573
Subtotal	1,813,219,871	266,617,610	-	(13,774,013)	2,066,063,468
	2,040,316,981	270,033,558	(717,770)	(13,074,013)	2,296,558,756

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

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

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 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

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(9) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium	4,705,882,154	247,200,320	(726,520)	4,952,355,954
Other capital surplus —	510,187,958	84,716,567	(276,231,107)	318,673,418
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,175,373)	1,758	-	(10,173,615)
Share-based payment Included in shareholders' equity	393,591,243	84,714,809	(276,231,107)	202,074,945
Transfer from capital surplus recognized under the previous accounting system	123,006,624	-	-	123,006,624
Others	3,765,464	-	-	3,765,464
	<u>5,216,070,112</u>	<u>331,916,887</u>	<u>(276,957,627)</u>	<u>5,271,029,372</u>
	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>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 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 2021	(72,405,000)
Movements for the year ended 31 December 2022	<u>(6,351,000)</u>
As at 31 December 2022	<u>(78,756,000)</u>
Movements for the year ended 31 December 2023	<u>(8,690,000)</u>
As at 31 December 2023	<u>(87,446,000)</u>

(11) Undistributed profits

	2023	2022
Undistributed profits at the beginning of the year	8,867,060,724	8,298,283,516
Add: Net profit in the current year	2,419,835,757	2,069,341,775
Less: Ordinary shares dividends payable	<u>(2,455,487,615)</u>	<u>(1,500,564,567)</u>
Undistributed profits at the end of the year	<u>8,831,408,866</u>	<u>8,867,060,724</u>

The dividends actual paid for the year ended 31 December 2023, and the dividends proposed but not paid at the end of the year are disclosed in Note 4(39).

(12) Revenue and cost of sales

	2023	2022
Revenue from main operation (a)	23,526,187,984	22,023,970,450
Revenue from other operations (b)	<u>1,877,586,426</u>	<u>1,745,075,180</u>
	<u>25,403,774,410</u>	<u>23,769,045,630</u>
	2023	2022
Cost of main operation (a)	(18,085,563,615)	(17,421,054,633)
Cost of other operations (b)	<u>(1,813,474,592)</u>	<u>(1,699,665,487)</u>
	<u>(19,899,038,207)</u>	<u>(19,120,720,120)</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(12) Revenue and cost of sales (continued)

(a) Revenue and cost of main operation

	2023		2022	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	23,526,187,984	(18,085,563,615)	22,023,970,450	(17,421,054,633)

(b) Revenue and cost of other operations

	2023		2022	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of raw materials	1,812,474,881	(1,752,099,590)	1,683,040,055	(1,641,192,111)
Others	65,111,545	(61,375,002)	62,035,125	(58,473,376)
	1,877,586,426	(1,813,474,592)	1,745,075,180	(1,699,665,487)

(13) Finance expenses

	2023	2022
Interest expense	2,197,088	-
Interest income	(117,691,823)	(110,813,417)
Exchange losses/(gains)	4,986,399	(8,509,783)
Discounting impact of the long-term employee benefits payable	18,919,078	19,734,579
Others	1,769,629	3,176,555
	(89,819,629)	(96,412,066)

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 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:

	2023	2022
Raw materials, packaging materials and consumables used	6,301,885,142	5,973,756,110
Changes in inventories of finished goods, work in progress	429,931,075	(269,440,771)
Finished goods purchased from outside	11,133,792,528	11,471,882,448
Employee benefits expenses	2,282,200,856	2,175,054,924
Advertising related expenses	1,411,197,697	1,087,091,618
Handling and transportation expenses	1,253,409,557	1,183,011,919
Depreciation and amortization charges	351,501,644	308,334,236
Administrative expenses	109,019,879	88,109,635
Repair expenses (i)	76,685,358	85,174,203
Operating lease payments (ii)	65,528,186	54,237,062
Share-based payment fees	48,546,397	100,121,397
Labor expenses	41,595,513	37,325,465
Auditors' remuneration — audit service	8,094,340	8,094,340
Other expenses	227,499,603	163,040,953
	<u>23,740,887,775</u>	<u>22,465,793,539</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 2023 is RMB65,528,186 (2022:RMB54,237,062).

(15) Asset impairment losses

	2023	2022
Impairment losses of long-term equity investments	212,200,000	-
Impairment losses of fixed assets	54,417,610	10,140,786
	<u>266,617,610</u>	<u>10,140,786</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(16) Credit impairment losses

	2023	2022
Reversals of bad debts of accounts receivable	(695,840)	(282,907)
Reversals of bad debts of other receivables	(5,982)	(11,091,296)
Impairment losses of debt investment	3,400,000	71,300,000
	<u>2,698,178</u>	<u>59,925,797</u>

(17) Investment income

	2023	2022
Investment income from long-term equity investment accounted for using the cost method (a)	1,724,237,400	1,370,805,771
Investment income from long-term equity investment accounted for using the equity method	15,697,521	19,595,612
Investment income from disposal of financial assets held for trading	15,102,696	8,519,123
Interest income from debt investment	5,256,477	5,072,365
	<u>1,760,294,094</u>	<u>1,403,992,871</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 16(5)(a)).

(18) Profits arising from changes in fair value

	2023	2022
Financial assets at fair value through profit or loss — Debt instruments	133,365,589	125,593,561

(19) Income tax expense

	2023	2022
Current income tax calculated according to tax law and related regulations in mainland China		
— China enterprise income tax	174,166,911	338,342,243
Deferred income tax	122,756,922	(85,527,557)
	<u>296,923,833</u>	<u>252,814,686</u>

Notes to Financial Statements

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

16 Notes to the Company's financial statements (continued)

(19) Income tax expense (continued)

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:

	2023	2022
Total profit	<u>2,716,759,590</u>	<u>2,322,156,461</u>
Income tax expense calculated at applicable tax rates	679,189,898	580,539,115
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	22,779,450	19,948,546
Income not subject to tax	(435,001,730)	(347,911,649)
Impact of utilisation of previously unrecognized deferred tax assets	-	(11,729,928)
Deductible temporary differences of currently unrecognized deferred tax assets	51,820,378	25,338,914
Deduction of R&D expenses	<u>(21,864,163)</u>	<u>(13,370,312)</u>
Income tax expense	<u>296,923,833</u>	<u>252,814,686</u>

Supplementary Information

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

1 2023 Summary of non-recurring profit or loss

	2023
Net profit or loss on disposal of non-current assets	178,576,672
Except for government grants that are closely related to normal business operations, comply with national policies and regulations, determine according to established standards and have a continuous impact on the company's profit and loss, government grants recognised in profits	391,133,874
Except for effective hedging operations related to normal business operations, the fair value changes arising from holding financial assets and financial liabilities, and gain or losses from disposing of financial assets and financial liabilities	148,603,623
Other non-operating income and expenses other than aforesaid items	9,643,261
	<u>727,957,430</u>
Impact of income tax expense	(159,057,738)
Impact on the non-controlling interests, net of tax	(21,773,062)
	<u>547,126,630</u>

(1) Basis for the preparation of the non-recurring profit and loss statement for 2023

In 2023, the China Securities Regulatory Commission (CSRC) promulgated the Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-Recurring Gains and Losses (Revised in 2023) (hereinafter referred to as the “2023 Explanatory Announcement No. 1”), which will come into force on the date of promulgation. The Group prepared a detailed statement of non-recurring profit and loss for 2023 in accordance with the provisions of the 2023 Explanatory Announcement No. 1.

According to the provisions of the 2023 version of the No. 1 Explanatory Announcement, non-recurring profit or loss refers to the profit or loss arising from transactions and events that are not directly related to the normal business of the company, and are related to the normal business but affect the correct judgment of the company's operating performance and profitability by the user of the statement due to their special and occasional nature.

(2) The implementation of the 2023 version of the Explanatory Announcement No. 1 has no impact on the non-recurring profit and loss in 2022.

Supplementary Information

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

2 2022 Summary of non-recurring profit or loss

	2022
Government grants recognized in profits	543,278,784
Net profit or loss on disposal of non-current assets	(9,517,758)
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
Other non-operating income and expenses other than aforesaid items	5,216,219
	<u>673,089,929</u>
Impact of income tax expense	(145,648,227)
Impact on the non-controlling interests, net of tax	(25,865,284)
	<u>501,576,418</u>

(1) Basis for preparation of summary of non-recurring profit or loss statement for 2022

The Group has prepared a schedule of non-recurring gains and losses for the year 2022 in accordance with the relevant provisions of Interpretative Bulletin No. 1, 2008 Edition.

3 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	
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	16.12%	15.30%	3.139	2.736	3.132	2.728
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	14.06%	13.23%	2.736	2.365	2.731	2.359

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	Means	Tsingtao Brewery Company Limited
本集團	指	本公司及其附屬公司	the Group	Means	the Company and its subsidiaries
董事會	指	本公司董事會	the Board	Means	Board of Directors of the Company
青啤集團	指	青島啤酒集團有限公司	Tsingtao Group	Means	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	Means	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	Means	Shanghai Stock Exchange
香港聯交所	指	香港聯合交易所有限公司	the Stock Exchange	Means	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(特殊普通合夥)	PwC Zhong Tian	Means	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	Means	Audit & Internal Control Committee under the tenth 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	Means	Strategy & Investment Committee under the tenth session of the Board
報告期	指	2023年1月1日至12月31日	Reporting Period	Means	1 January to 31 December 2023
《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	Means	Model Code for Securities Transactions by Directors of Listed Issuers
《上市規則》	指	《香港聯合交易所有限公司證券上市規則》	Listing Rules	Means	Rules Governing the Listing of Securities on The Stock of Exchange of Hong Kong Limited
《公司章程》	指	青島啤酒股份有限公司章程	Articles of Association	Means	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	Means	Tsingtao Brewery Finance LLC
應城公司	指	青島啤酒(應城)有限公司	Yingcheng Company	Means	Tsingtao Brewery (Yingcheng) Co. Ltd.
連雲港公司	指	青島啤酒(連雲港)有限公司	Lianyungang Company	Means	Tsingtao Brewery (Lianyungang) Co. Ltd.
鞍山公司	指	青島啤酒(鞍山)有限公司	Anshan Company	Means	Tsingtao Brewery (Anshan) Co. Ltd.
激勵計劃	指	公司A股限制性股票激勵計劃	Incentive Plan	Means	The A-Share Restricted Stock Incentive Plan of the Company
優家健康	指	青島啤酒優家健康飲品有限公司	Youjia Health	Means	Tsingtao Brewery Youjia Health Beverage Co., Ltd
智鍵順達	指	青島智鍵順達科技有限公司	Zhilian Shunda	Means	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	Means	Youjia Health and its subsidiaries
智鍵順達集團	指	智鍵順達及其附屬公司	Zhilian Shunda Group	Means	Zhilian Shunda and its subsidiaries

公司資料 Company Information

- | | |
|---|--|
| 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: Secretarial Office of the Board
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 of 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. 未上市股票託管機構：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 Hu Bin 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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