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TSINGTAO BREWERY COMPANY LIMITED

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

(Stock Code: 168)

ANNOUNCEMENT IN RELATION TO THE RESERVED GRANT OF THE RESTRICTED SHARES TO PARTICIPANTS UNDER THE RESTRICTED A SHARE INCENTIVE PLAN

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

I. EXPLANATION OF THE BOARD REGARDING COMPLIANCE WITH CONDITIONS OF THE RESERVED GRANT

In accordance with the relevant provisions of the Administrative Measures, the Trial Measures, the Notice and the Incentive Plan, after careful verification, the Board considered that all conditions of the Reserved Grant set out in the Incentive Plan have been satisfied, details of the conditions of the grant are as follows:

1. There is no occurrence of any of the following events on the part of the Company:
 - (1) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant in respect of the financial report for its most recent accounting year;
 - (2) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant in respect of the internal control of the financial report for its most recent accounting year;

- (3) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing;
 - (4) prohibition from implementation of a share incentive plan by laws and regulations;
 - (5) any other circumstances as determined by the CSRC.
2. There is no occurrence of any of the following events on the part of the Participants:
- (1) being subject to any identification as an ineligible personnel by a stock exchange in the last 12 months;
 - (2) being subject to any identification as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (3) imposition of administrative penalties or measures prohibiting the Participants from entering into the market by the CSRC and its resident agencies in the last 12 months due to material breach of laws and regulations;
 - (4) circumstances under which the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - (5) circumstances under which the Participant is not allowed by the laws and regulations to participate in any share incentive plan of a listed company;
 - (6) any other circumstances as determined by the CSRC.
3. The Company has achieved the performance target that the following conditions are satisfied:
- (1) the growth rate of the net profit of the Company for 2018 is not less than 10%;
 - (2) the weighted average return on net assets of the Company for 2018 is not lower than 7.5% and not lower than the 50th percentile of the benchmarking companies;
 - (3) the proportion of the Company's income from principal business to operating income for 2018 is not less than 90%.

Note: The abovementioned “growth rate of the net profit” and “return on net assets” are based on the net profit attributable to the shareholders of the listed company excluding the share-based payment expenses of the Incentive Plan as the accounting basis.

II. PARTICULARS OF THE RESERVED GRANT

1. Grant Date: 22 March 2021
2. Number of Restricted Shares granted: 300,000 A shares
3. Number of persons granted: 35 persons, the allocation of the granted Restricted Shares among the Participants is set out in the table below: (the following percentage calculation results are rounded data)

The Participants	Amount to be granted (0,000 shares)	Proportion in the total no. of shares to be granted	Proportion of the Target Shares in the total share capital
Backbone personnel	30	2.22%	0.02%
Total (35 persons)	30	2.22%	0.02%

All Participants of the Incentive Plan are employed or hired by the Company or the Company's holding subsidiaries during the Validity Period of the Incentive Plan, do not participate in the share incentive plan of any other listed company. Any Shareholder or actual controller, whether individually or jointly, holding more than 5% of the shares of the Company, and their respective spouses, parents and children do not participate in the Incentive Plan.

4. Grant Price: RMB21.18 per share
5. Source of Restricted Shares: the source of the Target Shares under the Incentive Plan is from the issuance of the Company's A shares ordinary shares from the Company to the Participants.
6. Validity Period, Lock-up Periods and Unlocking Arrangements of the Incentive Plan:
 - (1) 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.
 - (2) The Lock-up Period of the Restricted Shares granted under the Incentive Plan shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the Restricted Shares under the corresponding grant. The Restricted Shares granted to the Participants under the Incentive Plan shall not be transferred, pledged or used for repayment of debt during the Lock-up Period.

- (3) The Unlocking Period takes place after the expiry of the Lock-up Period, and unlocking schedule and arrangements for the Restricted Shares granted under the Incentive Plan are set out in the table below:

Unlocking Period	Unlocking Time	Proportion of unlocking shares in the total shares granted
First Unlocking Period	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
Second Unlocking Period	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
Third Unlocking Period	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

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.

III. EXPLANATION IN RELATION TO THE DIFFERENCES BETWEEN THE PRESENT GRANT AND THE INCENTIVE PLAN AS CONSIDERED AND APPROVED AT THE ANNUAL GENERAL MEETING AND CLASS MEETINGS

On 8 June 2020, the Company convened the 2019 Annual General Meeting to consider and approve the Company's 2019 profit distribution (including dividends distribution) proposal. It was approved that the Company shall distribute cash dividend of RMB0.55 per share (tax inclusive), based on the total share capital of 1,350,982,795 shares. The dividends distribution to the A Shares Shareholders of the Company was completed on 24 June 2020.

As stipulated in the Incentive Plan, in the event that, during the period from the date of the announcement of the Incentive Plan to the completion of registration of the Restricted Shares held by a Participant, the Company conducts any dividend distribution, capitalisation issue, bonus issue, share split, rights issue or consolidation of shares, the Grant Price of the Restricted Shares shall be adjusted accordingly and the details are as follows:

$$P = P_0 - V = 21.73 - 0.55 = \text{RMB}21.18/\text{share}$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the Grant Price after adjustment.

On 29 June 2020, the 2020 eighth extraordinary meeting of the ninth session of the Board of the Company considered and approved the resolutions in relation to the adjustment of the Grant Price of the First Grant of Restricted A Shares of the Company under the Incentive Plan, and agreed to adjust the Grant Price of the First Grant from RMB21.73/share to RMB21.18/share.

According to the Incentive Plan, the price of the Reserved Grant is the same as the price of the First Grant, meaning the Grant Price of the Reserved Grant of the Incentive Plan is adjusted from RMB21.73/share to RMB21.18/share.

Save for the aforementioned adjustment, the status of the present grant is in line with the Incentive Plan as considered and approved by the Annual General Meeting and Class Meetings of the Company and there are no other differences. As authorised by the Annual General Meeting and Class Meetings of the Company, the current adjustment is within the scope of the authorisation, can be approved by the Board and are not required to be submitted to the general meeting again for consideration.

IV. OPINION OF THE SUPERVISORY COMMITTEE

Upon verification of whether the Participants of the Reserved Grant of the Incentive Plan fulfilled the conditions of grant, the supervisory committee of the Company is of the view that:

1. The Participants under the present grant do not include independent Directors, supervisors, any Shareholder or actual controller, whether individually or jointly, holding more than 5% of the shares of the Company, and their respective spouses, parents and children.

Upon verification, the Participants of the Reserved Grant of the Incentive Plan are not subject to the following circumstances:

- (1) being subject to any identification as an ineligible personnel by a stock exchange in the last 12 months;
 - (2) being subject to any identification as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (3) imposition of administrative penalties or measures prohibiting the Participants from entering into the market by the CSRC and its resident agencies in the last 12 months due to material breach of laws and regulations;
 - (4) circumstances under which the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - (5) circumstances under which the Participant is not allowed by the laws and regulations to participate in any share incentive plan of a listed company;
 - (6) any other circumstances as determined by the CSRC.
2. The Participants under the present grant have satisfied the employment requirements stipulated under the Company Law, the Administrative Measures, the Trial Measures and other laws and regulations as well as the Articles of Association, have all complied with the conditions of Participants under the Administrative Measures, the Trial Measures and other laws and regulations, are within the scope of Participants of the Incentive Plan and are not subject to any circumstances where a person is prohibited to be a Participant as required under the Administrative Measures and the Trial Measures. The Participants of the Reserved Grant of the Incentive Plan are legally and validly qualified and have satisfied the conditions of grant of the Restricted Shares.

In view of the above, the supervisory committee is of the view that the conditions of the Reserved Grant of the Incentive Plan are satisfied and agree the Company to set the Grant Date of the Reserved Grant of the Incentive Plan to be 22 March 2021 and grant a total of 300,000 Restricted Shares to the 35 Participants who complied with the conditions. The price of the Reserved Grant is the same as the price of the First Grant, which is RMB21.18/share.

V. STATEMENT ON DEALING IN SHARES OF THE COMPANY BY THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL PARTICIPATING IN THE INCENTIVE PLAN DURING THE 6 MONTHS PRIOR TO THE GRANT DATE

The Participants of the Reserved Grant of the Incentive Plan do not include the Directors and senior management personnel of the Company.

VI. IMPACT OF THE GRANT OF RESTRICTED SHARES ON THE FINANCIAL STATUS OF THE COMPANY

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11-Share based Payments (《企業會計準則第11號 — 股份支付》), at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

The fair value of the Restricted Shares shall be the closing price of the A Shares of the Company on the Grant Date and the share-based payment expenses per each Restricted Shares is the difference between the closing price of A Shares on the Grant Date and the Grant Price and the share-based payment expenses of the Incentive Plan will be confirmed subsequently. The costs incurred by the Incentive Plan will be presented as recurring gains and losses.

As at the Grant date, the share-based payment expenses per each Restricted Shares = the closing price of A Shares of the Company on the Grant Date – the Grant Price, which is RMB57.63. Upon calculation, the impact of the Restricted Shares of the Reserved Grant on the costs of each accounting period is shown in the table below:

Unit: RMB0'000

Total cost	2021	2022	2023	2024	2025
1,728.90	485.78	624.33	399.41	187.42	31.97

Note: The above result does not represent the final accounting cost. In addition to the accounting cost related to the Grant Date, Grant Price and number of Restricted Shares granted, they are also related to the actual number of equity that are valid and invalid. The final result of the above impact on the operating performance of the Company shall be subject to the annual audited report issued by the accounting firm.

As estimated by the Company based on the currently available information, without considering the stimulus effects of the Incentive Plan on the performance of the Company, the amortization of the costs of the Restricted Shares has an impact on the net profit of each year during the Validity Period but the impact is not significant. Taking into consideration the positive impact of the Incentive Plan on the development of the Company, it will stimulate the enthusiasm of the management team, improve the operating efficiency, reduce agency costs. It is expected that the performance improvement of the Company brought by the Incentive plan shall far exceed the increase in costs incurred by the Incentive Plan.

VII. THE CONCLUSION OF THE LEGAL OPINION

Beijing Haiwen & Partners has issued the legal opinion in relation to the Reserved Grant of the Incentive Plan and the conclusion of the opinion is as follows: as at the issuance date of the legal opinion, the Company has obtained the required approval and authorisation at this stage for the implementation of the Reserved Grant and the Grant Date and the Participants of the Reserved Grant complied with the relevant requirements under the Administrative Measures and the Incentive Plan. The conditions of grant of the Reserved Grant of the Company are satisfied. The implementation of the Reserved Grant by the Company complied with the relevant requirement under the Administrative Measures and the Incentive Plan.

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

Qingdao, the PRC
22 March 2021

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

Executive Directors: Mr. HUANG Ke Xing (Chairman), Mr. YU Zhu Ming and Mr. WANG Rui Yong

Non-executive Director: Mr. SHI Kun

Independent Non-executive Directors: Mr. YU Zeng Biao, Mr. XIAO Geng, Mr. SHENG Lei Ming and Mr. JIANG Xing Lu