



**TSINGTAO**

青島啤酒

青島啤酒股份有限公司  
TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號: 168)

中期報告  
INTERIM REPORT  
**2022**



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# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		30 June 2022 Consolidated (unaudited)	31 December 2021 Consolidated	30 June 2022 Company (unaudited)	31 December 2021 Company
<b>ASSETS</b>					
<b>Current assets</b>					
Cash at bank and on hand	(1)	17,587,197,778	14,597,590,313	6,873,648,018	9,241,394,971
Financial assets held for trading	(2)	7,504,875,436	2,778,400,866	5,470,252,603	1,000,208,219
Notes receivable	(3)	945,000	200,000	700,000	200,000
Accounts receivable	(4), 14(1)	171,418,869	124,729,816	1,893,673,065	1,399,795,657
Advances to suppliers	(5)	238,783,629	227,987,238	127,862,540	161,219,397
Other receivables	(6), 14(2)	727,901,212	674,818,381	700,225,970	672,562,776
Inventories	(7), 14(3)	2,353,137,795	3,492,997,857	792,036,666	1,639,617,110
Other current assets	(8)	3,314,638,352	7,061,894,939	22,152,043	188,571,308
<b>Total current assets</b>		<b>31,898,898,071</b>	<b>28,958,619,410</b>	<b>15,880,550,905</b>	<b>14,303,569,438</b>
<b>Non-current assets</b>					
Debt investment	14(4)	-	-	73,154,534	73,169,193
Long-term equity investments	(9), 14(5)	367,289,978	366,040,084	11,147,001,446	10,969,591,367
Other non-current financial assets		600,000	600,000	-	-
Investment properties	(10)	25,161,629	25,694,960	27,267,352	27,977,189
Fixed assets	(11)	10,838,699,597	10,148,833,313	2,347,315,507	2,110,919,740
Construction in progress	(12)	507,649,435	762,289,882	156,350,511	104,231,337
Right-of-use assets	(13)	166,702,209	167,762,564	34,194,643	27,158,232
Intangible assets	(14)	2,426,427,039	2,480,748,549	488,801,837	508,698,803
Goodwill	(15)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(16)	111,165,463	127,033,797	6,934,841	7,487,058
Deferred tax assets	(17)	2,278,374,975	2,131,373,398	1,338,833,006	1,307,029,533
Other non-current assets	(19)	148,934,428	86,904,552	19,939,948	59,073,702
<b>Total non-current assets</b>		<b>18,178,108,735</b>	<b>17,604,385,081</b>	<b>15,639,793,625</b>	<b>15,195,336,154</b>
<b>TOTAL ASSETS</b>		<b>50,077,006,806</b>	<b>46,563,004,491</b>	<b>31,520,344,530</b>	<b>29,498,905,592</b>

# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED AND COMPANY BALANCE SHEETS (Cont'd)

AS AT 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

	Note 4	As at			
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
LIABILITIES AND EQUITY		Consolidated (unaudited)	Consolidated	Company (unaudited)	Company
<b>Current liabilities</b>					
Short-term borrowings	(20)	240,044,457	245,780,575	-	-
Notes payable	(21)	249,509,119	170,028,474	149,633,423	165,483,480
Accounts payable	(22)	4,616,023,920	3,127,872,424	6,235,467,088	3,603,456,501
Contract liabilities	(23)	5,946,220,902	8,123,275,272	4,381,616,176	6,359,363,459
Employee benefits payable	(24)	2,263,513,045	2,172,664,930	891,046,257	868,072,245
Taxes payable	(25)	1,703,089,314	854,042,924	403,897,422	246,640,558
Other payables	(26)	5,123,349,904	3,069,741,775	2,709,424,611	1,182,291,449
Current portion of non-current liabilities	(27)	60,789,448	48,428,344	14,443,961	12,997,149
Other current liabilities	(23)	147,363,319	446,808,798	111,596,005	390,233,493
<b>Total current liabilities</b>		<b>20,349,903,428</b>	<b>18,258,643,516</b>	<b>14,897,124,943</b>	<b>12,828,538,334</b>
<b>Non-current liabilities</b>					
Lease liabilities	(28)	97,569,988	112,778,668	16,263,733	11,986,516
Long-term payables	(29)	16,322,766	24,537,343	-	-
Deferred income	(30)	3,180,574,500	3,210,806,388	353,299,665	366,755,691
Long-term employee benefits payable	(31)	945,757,288	991,149,211	597,792,766	593,567,288
Deferred tax liabilities	(17)	183,875,641	171,398,023	-	-
<b>Total non-current liabilities</b>		<b>4,424,100,183</b>	<b>4,510,669,633</b>	<b>967,356,164</b>	<b>972,309,495</b>
<b>Total liabilities</b>		<b>24,774,003,611</b>	<b>22,769,313,149</b>	<b>15,864,481,107</b>	<b>13,800,847,829</b>
<b>Equity</b>					
Share capital	(32)	1,364,354,793	1,364,354,793	1,364,354,793	1,364,354,793
Capital surplus	(33)	4,092,922,042	3,956,209,113	5,110,950,323	4,980,309,993
Less: Treasury stock	(34)	(258,480,721)	(273,189,919)	(258,480,721)	(273,189,919)
Other comprehensive income	(35)	(65,316,287)	(59,632,540)	(72,405,000)	(72,405,000)
Surplus reserve	(36)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(37)	294,853,079	294,853,079	-	-
Undistributed profits	(38)	17,669,849,869	16,318,545,692	8,110,739,648	8,298,283,516
<b>Total equity attributable to shareholders of the Company</b>		<b>24,498,887,155</b>	<b>23,001,844,598</b>	<b>15,655,863,423</b>	<b>15,698,057,763</b>
<b>Non-controlling interests</b>		<b>804,116,040</b>	<b>791,846,744</b>	<b>—</b>	<b>—</b>
<b>Total equity</b>		<b>25,303,003,195</b>	<b>23,793,691,342</b>	<b>15,655,863,423</b>	<b>15,698,057,763</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>50,077,006,806</b>	<b>46,563,004,491</b>	<b>31,520,344,530</b>	<b>29,498,905,592</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
HUANG Ke Xing

Principal in charge of accounting:  
HOU Qiu Yan

Head of accounting department:  
HOU Qiu Yan

# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	Six months ended 30 June			
		2022 Consolidated (unaudited)	2021 Consolidated (unaudited)	2022 Company (unaudited)	2021 Company (unaudited)
<b>1. Revenue</b>		<b>19,272,658,300</b>	18,291,160,751	<b>14,327,163,641</b>	13,217,854,896
Less: Cost of sales	(39),(45),14(6),(7)	<b>(11,930,613,027)</b>	(11,360,084,206)	<b>(11,132,799,158)</b>	(10,270,503,529)
Taxes and surcharges	(40)	<b>(1,320,399,233)</b>	(1,330,624,241)	<b>(358,131,586)</b>	(355,926,223)
Selling and distribution expenses	(41),(45),14(7)	<b>(2,126,216,140)</b>	(2,155,442,052)	<b>(1,092,702,780)</b>	(1,066,015,968)
General and administrative expenses	(42),(45),14(7)	<b>(706,308,797)</b>	(711,549,902)	<b>(254,512,541)</b>	(265,152,435)
Research and development expenses	(43),(45),14(7)	<b>(17,002,004)</b>	(8,248,555)	<b>(14,353,788)</b>	(8,248,555)
Finance expenses	(44)	<b>185,432,485</b>	135,425,576	<b>45,933,253</b>	2,131,918
Including: Interest expenses		<b>(4,675,899)</b>	(11,003,365)	-	-
Interest income		<b>204,593,833</b>	172,412,314	<b>52,694,260</b>	18,428,287
Add: Other income	(46)	<b>243,796,534</b>	221,466,965	<b>74,978,504</b>	25,321,148
Investment income	(47),14(8)	<b>111,473,837</b>	59,948,931	<b>66,995,158</b>	107,778,289
Including: Share of profit of associates and a joint venture		<b>19,239,773</b>	18,854,829	<b>17,464,564</b>	17,877,690
Profits arising from changes in fair value					
(Losses are listed with "-")	(48)	<b>110,885,577</b>	130,474,522	<b>79,622,466</b>	96,868,493
Credit impairment losses					
(Losses are listed with "-")		<b>1,810,099</b>	(1,714,712)	<b>76,934</b>	297,733
Asset impairment losses					
(Losses are listed with "-")		<b>(962,720)</b>	(5,826)	-	-
Gains on disposals of assets					
(Losses are listed with "-")	(49)	<b>20,770,250</b>	10,654,155	<b>264,764</b>	10,684,484
<b>2. Operating profit</b>		<b>3,845,325,161</b>	3,281,461,406	<b>1,742,534,867</b>	1,495,090,251
Add: Non-operating income	(50)	<b>4,300,078</b>	9,882,386	<b>2,026,102</b>	1,935,963
Less: Non-operating expenses	(51)	<b>(4,520,841)</b>	(483,496)	<b>(4,098,265)</b>	(180,661)
<b>3. Total profit</b>		<b>3,845,104,398</b>	3,290,860,296	<b>1,740,462,704</b>	1,496,845,553
Less: Income tax expense	(52)	<b>(936,788,072)</b>	(803,995,081)	<b>(427,216,300)</b>	(369,981,822)
<b>4. Net profit</b>		<b>2,908,316,326</b>	2,486,865,215	<b>1,313,246,404</b>	1,126,863,731

# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED AND COMPANY INCOME STATEMENTS (Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	Six months ended 30 June			
		2022 Consolidated (unaudited)	2021 Consolidated (unaudited)	2022 Company (unaudited)	2021 Company (unaudited)
<b>Classified by continuity of operations</b>					
Net profit from continuing operations		2,908,316,326	2,486,865,215	1,313,246,404	1,126,863,731
Net profit from discontinued operations		-	-	-	-
<b>Classified by ownership of the equity</b>					
Attributable to shareholders of the Company		2,852,094,449	2,415,521,329	1,313,246,404	1,126,863,731
Attributable to non-controlling interests		56,221,877	71,343,886	—	—
<b>5. Other comprehensive income, net of tax</b>	(35)	<b>(5,672,756)</b>	1,450,975	-	-
Other comprehensive income attributable to shareholders of the Company, net of tax					
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					
		(102,868)	(137,707)	-	-
Currency translation differences					
		(5,580,879)	1,588,682	-	-
Other comprehensive income attributable to non-controlling interests, net of tax					
		10,991	-	—	—
<b>6. Total comprehensive income</b>		<b>2,902,643,570</b>	2,488,316,190	<b>1,313,246,404</b>	1,126,863,731
Attributable to shareholders of the Company					
		2,846,410,702	2,416,972,304	1,313,246,404	1,126,863,731
Attributable to non-controlling interests					
		56,232,868	71,343,886	—	—
<b>7. Earnings per share</b>					
Basic earnings per share	(53)	2.100	1.780	—	—
Diluted earnings per share	(53)	2.099	1.780	—	—

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**HUANG Ke Xing**

Principal in charge of accounting:  
**HOU Qiu Yan**

Head of accounting department:  
**HOU Qiu Yan**

**TSINGTAO BREWERY COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

*(All amounts in RMB Yuan unless otherwise stated)*

ITEM	Note 4	Six months ended 30 June			
		2022 Consolidated (unaudited)	2021 Consolidated (unaudited)	2022 Company (unaudited)	2021 Company (unaudited)
<b>Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		19,404,810,532	19,069,797,080	13,627,145,715	13,357,510,815
Refund of taxes and surcharges		67,643,226	10,529,750	7,019,149	10,529,750
Cash received relating to other operating activities	(54)(a)	523,845,034	472,938,811	117,558,121	80,162,193
<b>Sub-total of cash inflows</b>		<b>19,996,298,792</b>	<b>19,553,265,641</b>	<b>13,751,722,985</b>	<b>13,448,202,758</b>
Cash paid for goods and services		(8,913,434,365)	(8,090,098,056)	(8,623,472,383)	(8,642,123,563)
Cash paid to and on behalf of employees		(2,399,541,353)	(2,400,191,192)	(867,711,246)	(848,912,956)
Payments of taxes and surcharges		(2,698,327,142)	(2,759,812,677)	(1,078,430,034)	(886,697,736)
Cash paid relating to other operating activities	(54)(b)	(1,265,983,704)	(1,278,502,464)	(889,197,127)	(778,940,720)
<b>Sub-total of cash outflows</b>		<b>(15,277,286,564)</b>	<b>(14,528,604,389)</b>	<b>(11,458,810,790)</b>	<b>(11,156,674,975)</b>
<b>Net cash flows from operating activities</b>	(55)(a)	<b>4,719,012,228</b>	<b>5,024,661,252</b>	<b>2,292,912,195</b>	<b>2,291,527,783</b>
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments		9,086,457,730	1,776,085,800	1,000,000,000	260,675,368
Cash received from returns on investments		266,646,927	41,707,649	64,273,907	776,833,007
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,875,647	14,074,578	411,890	6,847,302
Cash received relating to other investing activities	(54)(c)	110,004,865	199,654,726	1,375,400	2,755,050
<b>Sub-total of cash inflows</b>		<b>9,484,985,169</b>	<b>2,031,522,753</b>	<b>1,066,061,197</b>	<b>1,047,110,727</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(817,704,619)	(703,675,247)	(236,465,855)	(90,993,631)
Cash paid to acquire investments		(12,393,222,550)	(16,520,809,580)	(7,528,000,000)	(7,566,000,000)
Cash paid relating to other investing activities	(54)(d)	(105,885,747)	(285,307,357)	(1,087,429)	(1,653,700)
<b>Sub-total of cash outflows</b>		<b>(13,316,812,916)</b>	<b>(17,509,792,184)</b>	<b>(7,765,553,284)</b>	<b>(7,658,647,331)</b>
<b>Net cash flows from investing activities</b>		<b>(3,831,827,747)</b>	<b>(15,478,269,431)</b>	<b>(6,699,492,087)</b>	<b>(6,611,536,604)</b>

# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Six months ended 30 June			
		2022 Consolidated (unaudited)	2021 Consolidated (unaudited)	2022 Company (unaudited)	2021 Company (unaudited)
<b>Cash flows from financing activities</b>					
Cash received from investment		-	6,226,920	-	6,226,920
Cash received from borrowings		<b>228,830,000</b>	251,370,000	-	-
Cash received from other financing activities		<b>266,397</b>	4,000	<b>266,397</b>	-
<b>Sub-total of cash inflows</b>		<b>229,096,397</b>	257,600,920	<b>266,397</b>	6,226,920
Cash repayments of borrowings		<b>(245,175,000)</b>	(501,572,470)	-	-
Cash payments for distribution of dividends, profits or interests expenses		<b>(47,946,503)</b>	(65,873,208)	-	-
Including: Cash payments for dividends, profit to minority shareholders of subsidiaries		<b>(44,183,300)</b>	(55,687,148)	-	-
Cash payments relating to other financing activities	(54)(e)	<b>(28,298,530)</b>	(27,931,298)	<b>(7,923,464)</b>	(9,692,907)
<b>Sub-total of cash outflows</b>		<b>(321,420,033)</b>	(595,376,976)	<b>(7,923,464)</b>	(9,692,907)
<b>Net cash flows from financing activities</b>		<b>(92,323,636)</b>	(337,776,056)	<b>(7,657,067)</b>	(3,465,987)
<b>Exchange effect on cash and cash equivalents</b>		<b>9,412,859</b>	(5,023,523)	<b>2,845,640</b>	(3,233,395)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(55)(a)	<b>804,273,704</b>	(10,796,407,758)	<b>(4,411,391,319)</b>	(4,326,708,203)
Add: Cash and cash equivalents at beginning of period		<b>11,813,753,792</b>	17,643,123,424	<b>9,210,989,946</b>	7,469,757,605
<b>Cash and cash equivalents at end of period</b>	(55)(b)	<b>12,618,027,496</b>	6,846,715,666	<b>4,799,598,627</b>	3,143,049,402

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**HUANG Ke Xing**

Principal in charge of accounting:  
**HOU Qiu Yan**

Head of accounting department:  
**HOU Qiu Yan**

# TSINGTAO BREWERY COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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	Treasury shares	Less: Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
<b>Balance at 1 January 2021</b>		1,364,182,795	3,675,291,623	(279,576,000)	(19,851,339)	1,400,704,380	260,344,554	14,220,864,502	746,091,651	21,368,052,166
<b>Movements for the six months ended 30 June 2021 (unaudited)</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,415,521,329	71,343,886	2,486,865,215
Other comprehensive income	(35)	-	-	-	1,450,975	-	-	-	-	1,450,975
Total comprehensive income for the six months ended 30 June 2021		-	-	-	1,450,975	-	-	2,415,521,329	71,343,886	2,488,316,190
Shareholder investment and capital reduction										
Equity incentive capital	(32)/(33)	294,000	5,932,920	(6,226,920)	-	-	-	-	-	-
Share-based payment	(33)	-	157,486,792	-	-	-	-	-	696,173	158,182,965
Profit distribution	(38)									
Profit distribution to shareholders		-	-	10,120,500	-	-	-	(1,023,357,596)	(44,877,199)	(1,058,114,295)
Others	(33)	-	29,073	-	-	-	-	-	-	29,073
<b>Balance at 30 June 2021 (unaudited)</b>		<u>1,364,476,795</u>	<u>3,838,740,408</u>	<u>(275,682,420)</u>	<u>(18,400,364)</u>	<u>1,400,704,380</u>	<u>260,344,554</u>	<u>15,613,028,235</u>	<u>773,254,511</u>	<u>22,956,466,099</u>
<b>Balance at 31 December 2021</b>		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
<b>Balance at 1 January 2022</b>		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
<b>Movements for the six months ended 30 June 2022 (unaudited)</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,852,094,449	56,221,877	2,908,316,326
Other comprehensive income	(35)	-	-	-	(5,683,747)	-	-	-	10,991	(5,672,756)
Total comprehensive income for the six months ended 30 June 2022		-	-	-	(5,683,747)	-	-	2,852,094,449	56,232,868	2,902,643,570
Shareholder investment and capital reduction										
Share-based payment	(33)	-	136,685,813	-	-	-	-	-	219,728	136,905,541
Profit distribution										
Profit distribution to shareholders	(38)	-	-	14,709,198	-	-	-	(1,500,790,272)	(44,183,300)	(1,530,264,374)
Others	(33)	-	27,116	-	-	-	-	-	-	27,116
<b>Balance at 30 June 2022 (unaudited)</b>		<u>1,364,354,793</u>	<u>4,092,922,042</u>	<u>(258,480,721)</u>	<u>(65,316,287)</u>	<u>1,400,704,380</u>	<u>294,853,079</u>	<u>17,669,849,869</u>	<u>804,116,040</u>	<u>25,303,003,195</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**HUANG Ke Xing**

Principal in charge of accounting:  
**HOU Qiu Yan**

Head of accounting department:  
**HOU Qiu Yan**

# TSINGTAO BREWERY COMPANY LIMITED

## COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Share capital	Capital surplus	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>Balance at 1 January 2021</b>		<u>1,364,182,795</u>	<u>4,710,298,947</u>	<u>(279,576,000)</u>	<u>(30,438,000)</u>	<u>1,400,704,380</u>	<u>7,694,630,032</u>	<u>14,859,802,154</u>
<b>Movements for the six months ended 30 June 2021 (unaudited)</b>								
Total comprehensive income								
Net profit		-	-	-	-	-	1,126,863,731	1,126,863,731
Total comprehensive income for the six months ended 30 June 2021		-	-	-	-	-	1,126,863,731	1,126,863,731
Shareholder investment and capital reduction								
Equity incentive capital	(32)/(33)	294,000	5,932,920	(6,226,920)	-	-	-	-
Share-based payment		-	145,417,833	-	-	-	-	145,417,833
Profit distribution								
Profit distribution to shareholders	(38)	-	-	10,120,500	-	-	(1,023,357,596)	(1,013,237,096)
Others		-	1,981	-	-	-	-	1,981
<b>Balance at 30 June 2021 (unaudited)</b>		<u>1,364,476,795</u>	<u>4,861,651,681</u>	<u>(275,682,420)</u>	<u>(30,438,000)</u>	<u>1,400,704,380</u>	<u>7,798,136,167</u>	<u>15,118,848,603</u>
<b>Balance at 31 December 2021</b>		<u>1,364,354,793</u>	<u>4,980,309,993</u>	<u>(273,189,919)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,298,283,516</u>	<u>15,698,057,763</u>
<b>Balance at 1 January 2022</b>		<u>1,364,354,793</u>	<u>4,980,309,993</u>	<u>(273,189,919)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,298,283,516</u>	<u>15,698,057,763</u>
<b>Movements for the six months ended 30 June 2022 (unaudited)</b>								
Total comprehensive income								
Net profit		-	-	-	-	-	1,313,246,404	1,313,246,404
Total comprehensive income for the six months ended 30 June 2022		-	-	-	-	-	1,313,246,404	1,313,246,404
Shareholder investment and capital reduction								
Share-based payment		-	130,640,914	-	-	-	-	130,640,914
Profit distribution								
Profit distribution to shareholders	(38)	-	-	14,709,198	-	-	(1,500,790,272)	(1,486,081,074)
Others		-	(584)	-	-	-	-	(584)
<b>Balance at 30 June 2022 (unaudited)</b>		<u>1,364,354,793</u>	<u>5,110,950,323</u>	<u>(258,480,721)</u>	<u>(72,405,000)</u>	<u>1,400,704,380</u>	<u>8,110,739,648</u>	<u>15,655,863,423</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**HUANG Ke Xing**

Principal in charge of accounting:  
**HOU Qiu Yan**

Head of accounting department:  
**HOU Qiu Yan**

# TSINGTAO BREWERY COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 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 total number of shares of the Company 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 to 1,364,182,795. In 2021, the Company granted 294,000 additional restricted shares to participants, and repurchased and cancelled 122,002 restricted shares. The total number of shares of the Company increased from 1,364,182,795 to 1,364,354,793. As at 30 June 2022, the Company’s total share capital is 1,364,354,793.

The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the production and distribution of beer products.

Subsidiaries which are included in the scope of consolidation in the current period are disclosed in Note 5 and Note 6.

These financial statements have been approved for issue by the Board of the Company on 25 August 2022.

The interim financial statements are not audited.

### 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 assets (Note 2(13), (16) and (25)), revenue recognition (Note 2(21)), etc.

The key judgments, significant accounting estimates and key assumptions used by the Group in determining significant accounting policies are disclosed in Note 2(28).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standard, 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. According to the requirement of Hong Kong Companies Ordinance, there are changes to presentation and disclosures of certain information in the financial statements.

### (2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the six months ended 30 June 2022 are in compliance with CAS, and truly and completely present the Consolidated and the Company’s financial position as at 30 June 2022 and their financial performance, cash flows and other information for the six months then ended.

### (3) Accounting period

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 absorbing 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.

**(5) Business combinations (Cont'd)**

*(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.

**(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 spot exchange rates of the transaction dates. The differences arising from the above translation are presented separately in the shareholders' equity. The cash flows of overseas operations are translated at the spot 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 and meanwhile form a financial liability or equity instrument of another entity. When the Group becomes a party of the contract, relative financial assets or liabilities 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.

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.

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

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 one 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 consistent 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 in current profit or loss. These financial assets are listed as other debt investment. The Group lists other debt investment due within one year (inclusive) 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 (inclusive), are listed as other current assets.

Measured at fair value through profit or loss ("FVTPL"):

The Group lists those debt instruments that do not meet the criteria for amortized cost or FVOCI as financial assets held for trading that 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 recognized in the current profit or loss.

**(9) Financial instruments (Cont'd)**

**(a) Financial assets (Cont'd)**

*(ii) Impairment*

In terms of financial assets measured at amortized cost and investments in debt instruments measured 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, 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.

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 one 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 two and the Group calculates their loss provision based on the lifetime ECL. Financial instruments suffering from credit impairment since initial recognition belong to stage three 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, which the Group assumes their credit risk did not increase significantly after the initial recognition and confirms them as financial instruments at stage one, the Group calculates their loss provision based on the ECL in the next 12 months.

For the financial instruments at stage one and stage two, 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 three, the Group calculates their interest income based on their amortized cost, which is book value less the provision for impairment, and their effective interest rate.

For notes receivable, accounts receivable formed from daily operations such as sales of goods and rendering of services, whether significant financing components exists or not, the Group calculates their loss provision based on the lifetime ECL.

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
Accounts receivable combination	Subsidiaries
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 for the next 12 months or for the lifetime.

**(9) Financial instruments (Cont'd)**

**(a) Financial assets (Cont'd)**

*(ii) Impairment (Cont'd)*

The Group recognizes provision for or reversal of losses in profit or loss for the current period. For debt instruments measured 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.

*(iii) De-recognition of financial assets*

A financial asset is de-recognized 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; or (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 recognized into the current profit or loss.

**(b) Financial liabilities**

Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at initial recognition.

Financial liabilities of the Group are mainly financial liabilities measured at amortized cost, including notes payable and accounts payable, other payables, borrowings, etc. These financial liabilities are recognized initially at fair value minus transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Those with maturities no more than one year (inclusive) are classified as current liabilities; those with maturities over one year but due within one year (inclusive) 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 de-recognized or partly de-recognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the de-recognized part of the financial liability and the consideration paid is recognized in profit or loss.

**(c) Determination of fair value of financial instruments**

The fair value of a financial instrument traded in active market is determined at the quoted price in the active market. The fair value of a financial instrument not traded in active market is determined by using a valuation technique. The Group adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, and selects the characteristics of the assets or liabilities considered by market participants in the transaction of the relevant assets or liabilities, and prefers relevant observable input values. 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, packaging 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 completion costs, sales expenses and related taxes.

**(d) The Group adopts the perpetual inventory system.**

**(e) Amortization methods of low value consumables and packaging materials**

Low-value consumables are amortized using the one-time write-off method, and packaging materials are amortized using the fractional amortization method.

**(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: 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.

**(11) Long-term equity investments (Cont'd)**

***(b) Subsequent measurement and recognition of related profit or 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 recognized in the current profit and the cost of the long-term equity investment is adjusted upwards accordingly.

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 recognizing 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 recognizing the expected losses and the provisions. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus other comprehensive income, and profit distribution. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealized profit or loss arising from the intra-group transactions amongst the Group and its investees is eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment income is recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss can't be 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 related 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)).

**(12) Investment properties**

Investment properties are land use rights already leased and buildings for lease purposes, which are initially measured at 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 when they are occurred.

The Group adopts the cost method for subsequent measurement of investment properties. Land use rights are amortized on the straight-line basis over their approved useful period of 50 years. Buildings are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation 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.

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

An investment property is de-recognized 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, 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 of 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 de-recognized. All the other subsequent expenditures are recognized in profit or loss in the period when they are occurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (13) Fixed assets (Cont'd)

#### (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%
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 appropriately at the end of each year.

(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 de-recognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of disposal income from the sale, transfer, scrap or damage of fixed assets after deducting its carrying amount and related taxes and expenses is recognized in the current profit or loss.

### (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)).

### (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 related 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 the current profit or loss. 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.

**(15) Borrowing costs (Cont'd)**

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 know-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 amortized 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 amortized over their estimated useful lives ranging from 5 to 10 years.

**(c) Marketing networks**

Marketing networks are the distribution channel identified in the process of business combination of the Company, which are amortized over their estimated useful lives with a range of 5 - 10 years on the straight-line basis.

**(d) Computer software**

Computer software are amortized over their estimated useful lives ranging from 5 to 10 years on the straight-line basis.

**(e) Technology know-how**

Technology know-how is amortized on the straight-line basis over their estimated useful lives of 10 years.

**(16) Intangible assets (Cont'd)**

*(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 the end of each year, with adjustment made as appropriate.

*(g) Research and development*

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

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 product technology has been sufficiently proved by the technical team;
- The budget related to the product technology improvement has been approved by the management;
- It can be demonstrated that the products due to product technology improvement have potential market from previous marketing investigation;
- There are adequate technical and financial resources for improvement of the product technology and the large-scale production; and
- The expenditure attributable to the improvement of beer technology during its development phase can be measured accurately.

Other development expenditures that do not meet the conditions above are recognized in the current profit or loss in which they are incurred. Development costs previously recognized in expenses are not recognized as an asset in the subsequent period. Capitalized expenditure on the development phase is listed 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)).

**(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 in expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are listed 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 yet, 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 test indicates that the recoverable amount of a group of assets or group of assets combinations, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. 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 recognition in the current profit or loss or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

**(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's post-employment benefits mainly include defined contribution plans such as basic pension and unemployment insurance, which belong to supplemental post-employment benefits plan.

(19) Employee benefits (Cont'd)

(b) *Post-employment benefits (Cont'd)*

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 organized 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. During the accounting period in which the employees provide services, the Group recognizes the payable amount calculated according to the above basic pension insurance regulations as a liability, and recognizes it in the current profit or loss or the cost of related assets.

*Supplemental post-employment benefits*

In addition to the basic pension insurance, 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 in the current profit or loss or the cost of related assets, and actuarial gains or losses arising from re-measurement of net defined benefit obligation is recognized as other comprehensive income.

(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 recognition in the current 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 when they are occurred.

The termination benefits expected to be paid within one year since the balance sheet date is listed as current liabilities.

**(20) Dividends distribution**

Cash dividend is recognized as a liability for the period in which the dividend is approved by the 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 or services.

***Sale of goods***

The Group manufactures and sells beer and other 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.

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.

**(22) Government Grants**

Government grants are monetary or non-monetary assets obtained by the Group from the government free of charge, including relocation compensation, refund of taxes 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 recognized 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 the current profit or loss.

The Group adopts the consistent presentation method for similar government grants in the financial statements.

Government grants that are related to daily activities are recognized in the operating profit, otherwise, that are not related to daily activities are recognized in the non-operating income.

**(22) Government Grants (Cont'd)**

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.

For the policy loans with favorable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favorable interest rates. The fiscal interest discounts directly received by the group offset the relevant borrowing expenses.

**(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. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). 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 recovered 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 participants.

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.

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 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 or 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 pre agreed repurchase price, the Group shall recognize the liabilities and treasury stocks according to the number of restricted shares and the corresponding repurchase price.

**(25) Leases**

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 a lessee***

The Group recognizes the right-of-use assets at the beginning 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 payments when actually incurred. The Group lists the lease liabilities paid within one year (inclusive) from the balance sheet date as current portion of non-current liabilities.

(25) Leases (Cont'd)

*The Group as a lessee (Cont'd)*

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, 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. When the recoverable amount is lower than the book value of the right-of-use assets, the Group writes down the book value to the recoverable amount.

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 in the current profit or loss or the cost of relevant assets on the straight-line basis 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.

The Group re-determines the lease term on the effective date of the lease change, uses the revised discount rate to discount the lease payment after the change, and remeasures the lease liabilities when the change is not accounted for as a separate lease. Unless the contract changes directly caused by the COVID-19 situation, the simplified method shall be adopted. If the change causes the scope of the lease to be narrowed or the term of the lease to be shortened, the Group will correspondingly reduce the book value of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease shall be included in the current profit or loss. If other changes cause the lease liabilities to be remeasured, the Group adjusts the book value of the right-of-use asset accordingly.

For the rent reduction before 30 June 2022 that related to COVID-19 situation, the Group adopts the simplified method. The undiscounted amount of deduction shall be included in the current profit or loss when an agreement is reached to relieve the original payment obligation, and the lease liability shall be adjusted 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 and equipment 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. The Group will include variable rents determined based on a certain percentage of sales into rental income when they actually occur.

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) Held for sale and discontinued operations**

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets and deferred tax assets) that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less the costs to sell is recognized as asset impairment losses.

Such non-current assets and assets/liabilities included in disposal groups as classified as held for sale are accounted for as current assets or liabilities and are presented separately in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

**(27) 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.

**(28) 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:

(28) Critical accounting estimates and judgments (Cont'd)

(a) Critical accounting estimates and key assumptions (Cont'd)

(i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of groups of assets or groups of asset combinations is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 4(15)).

If management revises the sales growth rate during the forecast period, the sustainable growth rate, the gross margin or the pre-tax discount rate that is used in the calculation of the future cash flows of groups of assets or groups of asset combinations, and the sales growth rate during the forecast period is lower than the one currently used, the revised sustainable growth rate is lower than the one currently used, the 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, the sustainable growth rate and the gross margin is higher or the pre-tax discount rate is lower than the 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 have been determined based present value of the expected future cash flow to sell. These calculations require the use of accounting estimates.

For the six months ended 30 June 2022, the Group recognized impairment losses of 962,720 (For six months ended 30 June 2021: 5,826) for fixed assets based on such evaluation. As at 30 June 2022, the Group recognized the cumulative provision for fixed assets impairment amounting to 581,081,029 (31 December 2021: 638,704,017) (Note 4(11)).

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 asset groups of fixed 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.

(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 30 June 2022, deferred tax assets of 2,278,374,975 have been recognized in the Group's balance sheet. As stated in Note 4(17), the Group has unrecognized deferred tax assets aggregated to approximately 955,520,000 as at 30 June 2022, which is mainly attributable to the 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.

**(28) Critical accounting estimates and judgments (Cont'd)**

**(a) Critical accounting estimates and key assumptions (Cont'd)**

*(iv) Post-retirement 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*

Based on the default risk exposure and the ECL rate, the Group calculates the ECL and determines the ECL rate based on the default probability and the default loss rate. When determining the ECL 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 ECL, including the risk of economic downturn, external market environment, changes in customer conditions, gross domestic product and consumer price index, etc. For the six months ended 30 June 2022, the Group has considered the uncertainty caused by COVID-19 and has updated relevant assumptions and parameters accordingly.

**(29) Significant changes in accounting policies**

In 2021, the Ministry of Finance issued the “Q&A on the Implementation of Accounting Standards for Business Enterprises”. The Group has prepared the 2021 annual financial statements and the financial statements for the six months ended 30 June 2022 with the above Q&A. The impacts on the financial statements of the Group and the Company for the six months ended 30 June 2021 are as follows.

**(a) List of Transportation Costs**

Contents and reasons of the changes of accounting policies	The line items affected	The amounts affected The six months ended 30 June 2021	
		Consolidated (unaudited)	Company (unaudited)
The Group and the Company reclassified transportation costs, incurred in the course of fulfilling sales contracts, before the control of the goods transferred to the customer, from “Selling and distribution expenses” to “Cost of sales”	Selling and distribution expenses	(1,189,710,255)	(564,473,524)
	Cost of sales	1,189,710,255	564,473,524

### 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% and 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
<b>Consumption tax</b>	<b>Sales Price of Beer</b>	<b>Consumption Tax per Unit</b>
	More than or equal to RMB3,000 per ton	RMB250 per ton
	Less than RMB3,000 per ton	RMB220 per ton
City maintenance and construction tax	Amount of VAT, business tax and consumption tax paid	5% and 7%
Education surcharge	Amount of VAT, business tax and consumption tax paid	5%

(a) *Enterprise income tax*

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

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"), the Company's subsidiaries, 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 Reporting Period. Macau profits supplemental tax is imposed on the estimated taxable profit for the Reporting Period at a progressive rate scale ranging from 3% to 12%. Vietnam enterprise income tax is calculated and paid at a tax rate of 20% based on the estimated taxable income for the Reporting Period.

(ii) *China Enterprise income tax*

Some of the Company's subsidiaries incorporated and operated in mainland China are Micro and Small Enterprises, and the applicable enterprise income tax rate is 20%. The applicable enterprise income tax rate of the Company and other subsidiaries incorporated and operated in mainland China is 25%.

(iii) 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 [2021] 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.

(1) The main categories and rates of taxes applicable to the Group are set out below: (Cont'd)

(b) *VAT*

For the six months ended 30 June 2022 and in 2021, 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 LLC. (“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.

According to “Further Strengthening the Implementation of the VAT Refund Policy” (Cai Shui [2022] No. 14), “Further Accelerating the Implementation of the VAT Refund Policy Announcement” (Cai Shui [2022] No. 17) and “Further Continuing to Accelerate the Implementation of the VAT Refund Policy” (Cai Shui [2022] No. 19) and other relevant regulations jointly issued by the Ministry of Finance and the State Administration of Taxation, eligible small and micro enterprises and enterprises in permitted industries can apply to the competent tax authority for a refund of the incremental tax credit from the tax filing period in April 2022. Eligible micro-enterprises can apply to the competent tax authority for a one-time refund of the existing tax credits from the tax filing period in April 2022. Eligible small enterprises and medium-sized enterprises in permitted industries can apply to the competent tax authority for a one-time refund of the existing tax credits from the tax filing period in May 2022. Eligible large-scale enterprises in permitted industries can apply to the competent tax authority for a one-time refund of the existing tax credits starting from the tax filing period from 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.

## (1) Cash at bank and on hand

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Cash on hand	<b>201,103</b>	190,330
Bank deposits	<b>2,537,521,612</b>	2,836,366,452
Interbank deposits (i)	<b>14,185,841,985</b>	10,981,934,590
Deposit in central bank (ii)	<b>830,458,664</b>	745,859,241
Other cash balances (iii)	<b>33,174,414</b>	33,239,700
	<b><u>17,587,197,778</u></b>	<b><u>14,597,590,313</u></b>
Including: cash at bank and on hand overseas (iv)	<b><u>110,318,555</u></b>	<b><u>113,132,828</u></b>

- (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 30 June 2022, the statutory deposit reserves ratio of Finance Company is 5% (31 December 2021: 5%).
- (iii) As at 30 June 2022, other cash balances of 33,094,826 (31 December 2021: 33,020,250) represent housing maintenance fund in the bank; the remaining balances are other deposits of 79,588 (31 December 2021: 219,450).
- (iv) As at 30 June 2022, cash at bank and on hand overseas represents the cash, bank deposits and its interest receivable of Hong Kong Company, Macau Company and Vietnam Company held in Hong Kong, Macau and Vietnam respectively.

Cash and cash equivalents presented in cash flow statements:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Cash at bank and on hand	<b>17,587,197,778</b>	14,597,590,313
Other receivables — deposit in non-financial institutions	<b>4,793,159</b>	3,017,559
Less: Restricted deposit in central bank	<b>(830,458,664)</b>	(745,859,241)
Restricted deposit in bank	<b>(3,900,000,000)</b>	(1,900,000,000)
Restricted other cash balances	<b>(33,174,414)</b>	(33,239,700)
Interest receivable on deposits	<b>(210,330,363)</b>	(107,755,139)
	<b><u>12,618,027,496</u></b>	<b><u>11,813,753,792</u></b>

**(2) Financial assets held for trading**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Debt instruments (i)	<u><b>7,504,875,436</b></u>	<u>2,778,400,866</u>

(i) It is a debt instrument purchased by the Group. As at 30 June 2022, its fair value is determined based on the estimation of future cash flow.

**(3) Notes receivable**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Bank acceptance notes	<u><b>945,000</b></u>	<u>200,000</u>

(a) As at 30 June 2022, the Group has no pledged notes receivable (31 December 2021: nil).

(b) As at 30 June 2022, the Group's notes receivable which have been endorsed but not yet matured are de-recognized amounting to 55,879,286 (31 December 2021: 77,886,878). There are no discounted bank acceptance notes that are not yet matured (31 December 2021: nil).

(c) Provision for bad debts

For notes receivable, irrespective of whether there is significant financing component, the Group measures loss provision according to the ECL of the lifetime.

As at 30 June 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**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Accounts receivable	<b>352,364,504</b>	305,736,992
Less: Provision for bad debts	<u><b>(180,945,635)</b></u>	<u>(181,007,176)</u>
	<u><b>171,418,869</b></u>	<u>124,729,816</u>

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

## (4) Accounts receivable (Cont'd)

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

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Within 1 year	171,491,624	124,729,905
1 to 2 years	2,050	2,050
3 to 4 years	1,230	1,230
4 to 5 years	65,926	65,926
Over 5 years	180,803,674	180,937,881
	<b>352,364,504</b>	<b>305,736,992</b>

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

(b) As at 30 June 2022, the top five accounts receivable are analyzed as follows:

	<b>Amount (unaudited)</b>	<b>Provision of bad debts (unaudited)</b>	<b>% of total balance</b>
Total amount of the top five accounts receivable	77,388,812	(26,242,020)	22%

(c) As at 30 June 2022, there are no accounts receivable de-recognized due to the transfer of financial assets (31 December 2021: 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.

(i) As at 30 June 2022, accounts receivable with amounts that are individually subject to separate assessment for provision are analyzed as follows:

	<b>Ending balance (unaudited)</b>	<b>Lifetime ECL ratio</b>	<b>Provision for bad debts (unaudited)</b>
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)
	<b>26,242,020</b>	100%	<b>(26,242,020)</b>

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, therefore full bad debt provision has been made accordingly.

**(4) Accounts receivable (Cont'd)****(d) Provision for bad debts (Cont'd)**

- (ii) As at 30 June 2022, accounts receivable that are subject to provision for bad debts on the grouping basis are analyzed as follows:

Group — Dealers

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	169,997,574	-	-	124,689,168	-	-
Overdue within 1 year	1,496,100	5%	(74,805)	42,787	5%	(2,139)
Overdue 2 years or more	154,628,810	100%	(154,628,810)	154,763,017	100%	(154,763,017)
	<b>326,122,484</b>		<b>(154,703,615)</b>	<b>279,494,972</b>		<b>(154,765,156)</b>

- (iii) The provision for bad debts increased in the current period is 72,644. There is no collecting or reversal of provisions for bad debts. The amount of bad debts due to currency translation differences increased in the current period is 22, and the provision for bad debts written off due to uncollectable beer sales is 134,207.

**(5) Advances to suppliers**

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

	30 June 2022 (unaudited)		31 December 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	215,638,432	90.3%	221,794,039	97.3%
1 to 2 years	21,945,828	9.2%	5,477,999	2.4%
2 to 3 years	681,055	0.3%	218,751	0.1%
Over 3 years	518,314	0.2%	496,449	0.2%
	<b>238,783,629</b>	<b>100%</b>	<b>227,987,238</b>	<b>100%</b>

As at 30 June 2022, the carrying amount of advances to suppliers over 1 year is 23,145,197 (As at 31 December 2021: 6,193,199), which have not been required to deliver yet due to production plan and other reasons.

- (b) As at 30 June 2022, the total amount of top five advances to suppliers are analyzed as follows:

	Amount (unaudited)	% of total balance
Total amount of the top five advances to suppliers	<b>145,784,556</b>	<b>61.1%</b>

## (6) Other receivables

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Receivables of disposals of land (i)	584,155,232	584,155,232
Guarantee deposits	36,330,403	37,832,122
Receivables on construction and equipment (ii)	18,773,496	2,158,973
Receivables of refundable cost of land and building	17,446,767	17,446,767
Reservation fund	16,369,543	14,225,811
Dividends receivable (Note 4(9))	12,886,427	-
Payment on behalf for recycling bottles	4,761,160	1,899,399
Export tax rebate	1,687,712	3,466,849
Others	111,582,406	90,553,499
	<b>803,993,146</b>	751,738,652
Less: Provision for bad debts	<b>(76,091,934)</b>	(76,920,271)
	<b>727,901,212</b>	674,818,381

- (i) 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 2021, 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, which has not been received as of 30 June 2022.
- (ii) It represents receivables on construction and equipment business due from third 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.
- (a) The ageing of other receivables is analyzed as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Not overdue	727,435,810	673,563,148
Overdue within 1 year	304,491	1,075,236
Overdue within 1 - 2 years	354,308	431,078
Overdue 2 years or more	75,898,537	76,669,190
	<b>803,993,146</b>	751,738,652

## (6) Other receivables (Cont'd)

## (b) Movement in provision for losses and carrying amount

	Stage one (unaudited)		Stage three (unaudited)		Total (unaudited) Provision for bad debts
	Next 12 months ECL (Group)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2021	1,506,314	(251,081)	76,669,190	(76,669,190)	(76,920,271)
Increase in the current period	798,246	(119,266)	10,421	(10,421)	(129,687)
Reversal in the current period	(1,631,965)	170,052	(284,202)	284,202	454,254
Written off in the current period	-	-	(510,668)	510,668	510,668
Transfer to stage three	(13,796)	6,898	13,796	(6,898)	-
Provision for bad debts increased in the current period	—	-	—	(6,898)	(6,898)
30 June 2022	<b>658,799</b>	<b>(193,397)</b>	<b>75,898,537</b>	<b>(75,898,537)</b>	<b>(76,091,934)</b>

As at 30 June 2022, the Group has no other receivables in stage two. The analysis of other receivables in stage one and stage three is as follows:

- (i) As at 30 June 2022, other receivables with amounts that are individually subject to separate assessment for provision are analyzed as follows:

Stage three	Ending balance (unaudited)	ECL ratio for the lifetime	Provision for bad debts (unaudited)	Reason
Receivables of refundable cost of land use rights and building	17,441,647	100%	(17,441,647)	i)
Receivables from other entities	58,456,890	100%	(58,456,890)	ii)
	<b>75,898,537</b>		<b>(75,898,537)</b>	

- i) A land use right of the Company was expropriated by the government years ago. The government committed rendering another new land use right instead. 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 2 years or more, the Group judged that credit impairment losses had already occurred and full amount provision for bad debts had been recognized.

**(6) Other receivables (Cont'd)****(b) Movement in provision for losses and carrying amount (Cont'd)**

- (ii) As at 30 June 2022 and 31 December 2021, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Provision for bad debts	Amount	% of total balance
Guarantee deposits	20,000	(10,000)	5% - 50%	446,435	(96,419)	5% - 50%
Receivables from other entities	638,799	(183,397)	5% - 50%	1,059,879	(154,662)	5% - 50%
	<u>658,799</u>	<u>(193,397)</u>		<u>1,506,314</u>	<u>(251,081)</u>	

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

- (c) The provision for bad debts increased in the current period is 136,585. The collecting or reversal of provision for bad debts is 454,254, and its corresponding carrying amount is 1,916,167.
- (d) The carrying amount and bad debt provision of other receivables actually written off in the current period is 510,668.
- (e) As at 30 June 2022, the top five other receivables are analyzed as follows:

	Nature	Amount (unaudited)	Ageing	% of total balance	Provision for bad debts (unaudited)
No.1	Receivables of disposals of land	584,155,232	Within 1 year	73%	-
No.2	Dividends receivable	12,886,427	Within 1 year	2%	-
No.3	Receivables on malt	10,924,205	2 to 3 years	1%	(10,924,205)
No.4	Refundable cost of land	8,584,437	More than 5 years	1%	(8,584,437)
No.5	Receivables on materials	5,000,000	More than 5 years	1%	(5,000,000)
		<u>621,550,301</u>		<u>78%</u>	<u>(24,508,642)</u>

## (7) Inventories

(a) Classification of inventories is as follows:

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	642,931,482	(929,918)	642,001,564	434,582,336	(929,918)	433,652,418
Packaging materials	713,619,480	(2,517,462)	711,102,018	1,026,552,531	(2,517,462)	1,024,035,069
Low-value consumables	90,559,212	-	90,559,212	95,562,443	-	95,562,443
Work in progress	420,616,403	-	420,616,403	402,783,085	-	402,783,085
Finished goods	488,858,598	-	488,858,598	1,536,964,842	-	1,536,964,842
	<u>2,356,585,175</u>	<u>(3,447,380)</u>	<u>2,353,137,795</u>	<u>3,496,445,237</u>	<u>(3,447,380)</u>	<u>3,492,997,857</u>

(b) The movements of inventories are as follows:

## 30 June 2022

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Raw materials	434,582,336	2,528,414,783	(2,320,065,637)	642,931,482
Packaging materials	1,026,552,531	4,829,268,742	(5,142,201,793)	713,619,480
Low-value consumables	95,562,443	298,987,046	(303,990,277)	90,559,212
Work in progress-outsourced	-	3,428,194	(3,428,194)	-
Work in progress	402,783,085	2,894,983,344	(2,877,150,026)	420,616,403
Finished goods	1,536,964,842	9,844,982,589	(10,893,088,833)	488,858,598
Contract performance costs	-	1,105,893,317	(1,105,893,317)	-
	<u>3,496,445,237</u>			<u>2,356,585,175</u>

## 30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Raw materials	563,890,545	2,324,871,337	(2,354,920,488)	533,841,394
Packaging materials	946,154,798	4,577,651,393	(4,791,597,327)	732,208,864
Low-value consumables	74,320,823	249,498,741	(236,938,312)	86,881,252
Work in progress-outsourced	5,922,378	74,575,448	(70,808,547)	9,689,279
Work in progress	425,004,935	2,960,375,623	(2,992,060,871)	393,319,687
Finished goods	1,269,226,477	9,291,070,168	(10,099,119,071)	461,177,574
Contract performance costs	-	1,189,710,255	(1,189,710,255)	-
	<u>3,284,519,956</u>			<u>2,217,118,050</u>

Contract performance costs are mainly transportation costs for the performance of the sales contract incurred before the control of the goods is transferred to the customer. For the six months ended 30 June 2022, the amortization of contract performance costs to operating cost is 1,105,893,317 (For the six months ended 30 June 2021: 1,189,710,255).

## (7) Inventories (Cont'd)

(c) Provisions for decline in the value of inventories are analyzed as follows:

## 30 June 2022

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period		30 June 2022 (unaudited)
			Reversal (unaudited)	Write-off (unaudited)	
Raw materials	(929,918)	-	-	-	(929,918)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	<u>(3,447,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,447,380)</u>

## 30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period		30 June 2021 (unaudited)
			Reversal (unaudited)	Write-off (unaudited)	
Raw materials	(968,968)	-	-	9,351	(959,617)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	<u>(3,486,430)</u>	<u>-</u>	<u>-</u>	<u>9,351</u>	<u>(3,477,079)</u>

(d) Provisions for decline in the value of inventories are as follows:

	Basis for net realizable value	Reason for reversals or writing-off in the current period
Raw materials and packaging materials	Estimated sales price less the estimated completion costs, sales expenses and related taxes	Not applicable

## (8) Other current assets

	30 June 2022 (unaudited)	31 December 2021
Interbank deposits (i)	2,928,584,881	6,306,415,440
Treasury bonds reverse repo investment	240,022,230	340,066,143
VAT input to be verified	97,196,799	105,485,119
VAT input to be deducted	39,290,833	270,337,548
Prepaid Enterprise Income tax	9,135,075	35,564,789
Credit and factoring business	1,001,867	6,462,244
Others	700,095	422,158
	<u>3,315,931,780</u>	<u>7,064,753,441</u>
Less: Provision for other current assets	<u>(1,293,428)</u>	<u>(2,858,502)</u>
	<u>3,314,638,352</u>	<u>7,061,894,939</u>

**(8) Other current assets (Cont'd)**

- (i) It represents the interbank deposits purchased by Finance Company, a subsidiary of the Company. 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.

**(9) Long-term equity investments**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Joint Venture (a)	<b>222,049,173</b>	218,713,189
Associates (b)	<b>146,460,805</b>	148,546,895
	<b>368,509,978</b>	367,260,084
Less: Provision for impairment of long-term equity investments	<b>(1,220,000)</b>	(1,220,000)
	<b>367,289,978</b>	366,040,084

**(a) Joint Venture****30 June 2022**

	Movements in the current period (unaudited)					30 June 2022 (unaudited)	Balance of provision for impairment at end of period (unaudited)
	31 December 2021	Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends or profit declared		
Hebei Jiahe Beer Co., Ltd. ("Hebei Jiahe Company")	218,713,189	8,335,984	-	-	(5,000,000)	222,049,173	-

**30 June 2021**

	Movements in the current period (unaudited)					30 June 2021 (unaudited)	Balance of provision for impairment at end of period (unaudited)
	31 December 2020	Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends or or profit declared		
Hebei Jiahe Company	222,529,920	1,486,980	-	-	(7,000,000)	217,016,900	-

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).

There is no adjustment for the long-term equity investment at the beginning of the period due to the implementation of new financial instruments, new revenue and new lease standards by the joint venture in 2021.

## (9) Long-term equity investments (Cont'd)

## (b) Associates

30 June 2022

	Movements in the current period (unaudited)				30 June 2022 (unaudited)	Balance of provision for impairment at end of period (unaudited)	
	31 December 2021	Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			Cash dividends or profit declared
Shandong Yantai Brewery Co., Ltd. ("Yantai Brewery Company")	132,502,139	8,236,681	-	-	(12,886,427)	127,852,393	-
Qingdao Zhaoshang Logistics Co., Ltd. ("Zhaoshang Logistics")	11,945,439	891,899	-	(584)	-	12,836,754	-
Tsingtao Brewery Europe Trading Co., Ltd. ("European Company")	2,879,317	1,775,209	(102,868)	-	-	4,551,658	-
Liaoning Shenqing Tsingtao Brewery Co., Ltd. ("Liaoning Shenqing")	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>148,546,895</u>	<u>10,903,789</u>	<u>(102,868)</u>	<u>(584)</u>	<u>(12,886,427)</u>	<u>146,460,805</u>	<u>(1,220,000)</u>

30 June 2021

	Movements in the current period (unaudited)				30 June 2021 (unaudited)	Balance of provision for impairment at end of period (unaudited)	
	31 December 2020	Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes			Cash dividends or profit declared
Yantai Brewery Company	130,899,019	14,382,317	-	-	(12,379,306)	132,902,030	-
Zhaoshang Logistics	18,014,359	2,008,393	-	1,981	-	20,024,733	-
European Company	2,890,539	977,139	(137,707)	-	-	3,729,971	-
Liaoning Shenqing	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>153,023,917</u>	<u>17,367,849</u>	<u>(137,707)</u>	<u>1,981</u>	<u>(12,379,306)</u>	<u>157,876,734</u>	<u>(1,220,000)</u>

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 30 June 2022, the accumulative unconfirmed investment loss is 823,834 (31 December 2021: 179,102).

The Group does not adjust the long-term equity investment at the beginning of the period due to the implementation of new financial instruments, new revenue and new lease standards by the associate in 2021.

## (10) Investment properties

30 June 2022

	Buildings	Land use rights	Total
<b>Original cost</b>			
31 December 2021	71,475,296	1,885,721	73,361,017
Increase in the current period			
— transfer from fixed assets (unaudited)	1,109,376	-	1,109,376
Decrease in the current period			
— transfer to fixed assets (unaudited)	(2,321,164)	-	(2,321,164)
<b>30 June 2022 (unaudited)</b>	<b>70,263,508</b>	<b>1,885,721</b>	<b>72,149,229</b>
<b>Accumulated depreciation</b>			
31 December 2021	(44,819,251)	(969,374)	(45,788,625)
Increase in the current period (unaudited)			
— accrual (unaudited)	(911,451)	(18,857)	(930,308)
— transfer from fixed assets (unaudited)	(438,079)	-	(438,079)
Decrease in the current period			
— transfer to fixed assets (unaudited)	1,343,080	-	1,343,080
<b>30 June 2022 (unaudited)</b>	<b>(44,825,701)</b>	<b>(988,231)</b>	<b>(45,813,932)</b>
<b>Provision for impairment</b>			
31 December 2021	(1,877,432)	-	(1,877,432)
Increase in the current period			
— transfer from fixed assets (unaudited)	(92,218)	-	(92,218)
Decrease in the current period			
— transfer to fixed assets (unaudited)	795,982	-	795,982
<b>30 June 2022 (unaudited)</b>	<b>(1,173,668)</b>	<b>-</b>	<b>(1,173,668)</b>
<b>Carrying amount</b>			
<b>30 June 2022 (unaudited)</b>	<b>24,264,139</b>	<b>897,490</b>	<b>25,161,629</b>
31 December 2021	24,778,613	916,347	25,694,960

**(10) Investment properties (Cont'd)**

30 June 2021

	Buildings	Land use rights	Total
<b>Original cost</b>			
31 December 2020	66,401,478	6,146,966	72,548,444
Decrease in the current period			
— transfer to intangible assets (unaudited)	-	(4,261,245)	(4,261,245)
30 June 2021 (unaudited)	66,401,478	1,885,721	68,287,199
<b>Accumulated depreciation</b>			
31 December 2020	(42,051,671)	(1,435,907)	(43,487,578)
Increase in the current period			
— accrual (unaudited)	(936,784)	(18,858)	(955,642)
Decrease in the current period			
— transfer to intangible assets (unaudited)	-	504,247	504,247
30 June 2021 (unaudited)	(42,988,455)	(950,518)	(43,938,973)
<b>Provision for impairment</b>			
31 December 2020	(1,877,432)	-	(1,877,432)
30 June 2021 (unaudited)	(1,877,432)	-	(1,877,432)
<b>Carrying amount</b>			
30 June 2021 (unaudited)	21,535,591	935,203	22,470,794
31 December 2020	22,472,375	4,711,059	27,183,434

- (i) As at 30 June 2022, the self-use land with the carrying amount 579,079 (original cost: 1,109,376) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 30 June 2022, there is no investment property without ownership certificates (31 December 2021: nil).

**(11) Fixed assets**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Fixed assets (a)	<b>10,825,336,431</b>	10,148,131,382
Fixed assets pending for disposal (b)	<b>13,363,166</b>	701,931
	<b><u>10,838,699,597</u></b>	<b><u>10,148,833,313</u></b>

## (11) Fixed assets (Cont'd)

## (a) Fixed assets

30 June 2022

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Original cost					
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 period (unaudited)					
Purchase	-	354,234	5,887,736	19,111,342	25,353,312
Transfer from construction in progress	418,412,396	702,555,280	-	26,088,938	1,147,056,614
Transfer from investment properties	2,321,164	-	-	-	2,321,164
Decrease in the current period (unaudited)					
Disposal	(4,281,194)	(302,730,197)	(17,418,841)	(21,325,042)	(345,755,274)
Transfer to construction in progress	(21,946,995)	(67,920,483)	-	(1,247,512)	(91,114,990)
Transfer to investment properties	(1,109,376)	-	-	-	(1,109,376)
<b>30 June 2022 (unaudited)</b>	<b>7,921,678,666</b>	<b>11,752,986,267</b>	<b>274,873,259</b>	<b>1,082,471,801</b>	<b>21,032,009,993</b>
Accumulated depreciation					
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 period (unaudited)					
Accrual	(103,677,088)	(284,774,467)	(8,565,868)	(39,701,871)	(436,719,294)
Transfer from investment properties	(1,343,080)	-	-	-	(1,343,080)
Decrease in the current period (unaudited)					
Disposal	1,766,131	232,798,573	15,976,382	19,745,956	270,287,042
Transfer to construction in progress	8,469,668	40,939,020	-	759,176	50,167,864
Transfer to investment properties	438,079	-	-	-	438,079
<b>30 June 2022 (unaudited)</b>	<b>(2,203,438,636)</b>	<b>(6,439,150,806)</b>	<b>(201,470,762)</b>	<b>(781,532,329)</b>	<b>(9,625,592,533)</b>
Provision for impairment					
31 December 2021	(166,103,890)	(465,598,117)	(3,614,195)	(3,387,815)	(638,704,017)
Increase in the current period (unaudited)					
Accrual	-	(681,942)	(60,634)	(220,144)	(962,720)
Transfer from investment properties	(795,982)	-	-	-	(795,982)
Decrease in the current period (unaudited)					
Disposal	2,467,466	55,259,841	801,225	760,940	59,289,472
Transfer to investment properties	92,218	-	-	-	92,218
<b>30 June 2022 (unaudited)</b>	<b>(164,340,188)</b>	<b>(411,020,218)</b>	<b>(2,873,604)</b>	<b>(2,847,019)</b>	<b>(581,081,029)</b>
Carrying amount					
<b>30 June 2022 (unaudited)</b>	<b>5,553,899,842</b>	<b>4,902,815,243</b>	<b>70,528,893</b>	<b>298,092,453</b>	<b>10,825,336,431</b>
31 December 2021	5,253,086,435	4,527,015,384	73,908,893	294,120,670	10,148,131,382

## (11) Fixed assets (Cont'd)

## (a) Fixed assets (Cont'd)

30 June 2021

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
<b>Original cost</b>					
31 December 2020	7,500,331,895	11,328,511,203	314,061,622	992,771,926	20,135,676,646
Increase in the current period (unaudited)					
Purchase	-	29,686,286	5,251,786	22,093,198	57,031,270
Transfer from construction in progress	164,329,566	486,506,322	-	22,361,579	673,197,467
Decrease in the current period (unaudited)					
Disposal	(24,967,460)	(89,850,898)	(17,120,678)	(4,138,545)	(136,077,581)
Transfer to construction in progress	(60,790,643)	(47,873,075)	-	(388,749)	(109,052,467)
30 June 2021 (unaudited)	7,578,903,358	11,706,979,838	302,192,730	1,032,699,409	20,620,775,335
<b>Accumulated depreciation</b>					
31 December 2020	(2,062,850,078)	(6,296,074,336)	(221,700,887)	(725,734,849)	(9,306,360,150)
Increase in the current period — Accrual (unaudited)	(100,842,471)	(294,926,816)	(10,693,056)	(36,705,010)	(443,167,353)
Decrease in the current period (unaudited)					
Disposal	18,441,458	63,073,073	15,519,086	3,616,906	100,650,523
Transfer to construction in progress	15,405,121	29,013,878	-	322,616	44,741,615
30 June 2021 (unaudited)	(2,129,845,970)	(6,498,914,201)	(216,874,857)	(758,500,337)	(9,604,135,365)
<b>Provision for impairment</b>					
31 December 2020	(141,771,916)	(382,996,441)	(2,718,111)	(325,803)	(527,812,271)
Increase in the current period (unaudited)	-	(5,826)	-	-	(5,826)
Decrease in the current period (unaudited)	658,496	16,705,325	1,063,610	275,622	18,703,053
30 June 2021 (unaudited)	(141,113,420)	(366,296,942)	(1,654,501)	(50,181)	(509,115,044)
<b>Carrying amount</b>					
30 June 2021 (unaudited)	5,307,943,968	4,841,768,695	83,663,372	274,148,891	10,507,524,926
31 December 2020	5,295,709,901	4,649,440,426	89,642,624	266,711,274	10,301,504,225

**(11) Fixed assets (Cont'd)****(a) Fixed assets (Cont'd)**

For the six months ended 30 June 2022, fixed assets of the Group with the carrying amount of 40,947,126 (original cost: 91,114,990; accumulated depreciation: 50,167,864) are transferred to construction in progress to be upgraded due to technology renewal and the likes.

As at 30 June 2022, there are no fixed assets pledged as collateral for borrowings (31 December 2021: nil).

For the six months ended 30 June 2022, fixed assets accumulated depreciation are 436,719,294 (For the six months ended 30 June 2021: 443,167,353), of which 379,569,902, 7,356,070, 48,592,912 and 1,200,410 (For the six months ended 30 June 2021: 395,970,078, 6,429,808, 39,685,075 and 1,082,392) have been recognized in operating cost, 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 1,147,056,614 (For the six months ended 30 June 2021: 673,197,467).

**(i) Temporarily idle fixed assets**

As at 30 June 2022, the buildings and the machinery and equipment with carrying amount of 26,495,653 (original cost: 142,016,148) are temporarily idle for the reason of products update (31 December 2021: carrying amount: 34,050,821, original cost: 185,664,061). The management planned to reallocate these assets among the Group or upgrade. The detailed analysis of these assets is as follows:

**30 June 2022**

	Cost (unaudited)	Accumulated depreciation (unaudited)	Provision for impairment (unaudited)	Carrying amount (unaudited)
Machinery and equipment	122,612,445	(98,002,025)	(436,421)	24,173,999
Buildings	19,403,703	(9,100,295)	(7,981,754)	2,321,654
	<u>142,016,148</u>	<u>(107,102,320)</u>	<u>(8,418,175)</u>	<u>26,495,653</u>

**31 December 2021**

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	163,350,840	(121,592,994)	(10,194,760)	31,563,086
Buildings	22,313,221	(9,811,670)	(10,013,816)	2,487,735
	<u>185,664,061</u>	<u>(131,404,664)</u>	<u>(20,208,576)</u>	<u>34,050,821</u>

## (11) Fixed assets (Cont'd)

## (a) Fixed assets (Cont'd)

## (ii) Provision for impairment

According to the accounting policies stated in Note 2(18), the Group performs impairment testing on buildings, machinery and equipment with impairment indicator at the balance sheet date, and impairment of 962,720 has been recognized for the six months ended 30 June 2022.

## (iii) Fixed assets without ownership certificates

The ownership certificates of the Group's certain buildings have not been obtained. The analysis is as follows:

Reason for not obtaining the ownership certificates	<b>30 June 2022</b> <b>Carrying amount (unaudited)</b>	31 December 2021 <b>Carrying amount</b>
In the application process	<b>478,799,000</b>	448,111,000
Unable to obtain	<b>38,222,000</b>	39,837,000
	<b><u>517,021,000</u></b>	<b><u>487,948,000</u></b>

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

	<b>30 June 2022</b> <b>(unaudited)</b>	31 December 2021
Machinery and equipment	<b><u>13,363,166</u></b>	<b><u>701,931</u></b>

## (12) Construction in progress

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Industrial park project of Ludong Area	124,845,057	-	124,845,057	115,968,101	-	115,968,101
Production line improvement of Ludong Area	88,396,606	-	88,396,606	52,912,591	-	52,912,591
Relocation project of Lu'nan Area	64,339,059	-	64,339,059	391,050,385	-	391,050,385
R&D Center of Ludong Area	43,385,544	-	43,385,544	743,049	-	743,049
Production line improvement of Ludong Area	33,662,186	-	33,662,186	32,951,800	-	32,951,800
Production line improvement of Shanghai	16,237,553	-	16,237,553	5,710,084	-	5,710,084
Building project of Ludong Area	15,936,648	-	15,936,648	520,708	-	520,708
Production line improvement of Ludong Area	11,355,907	-	11,355,907	9,614,250	-	9,614,250
Production line improvement of Jiangsu	10,270,860	-	10,270,860	18,890,518	-	18,890,518
Production line improvement of Guangdong	9,653,281	-	9,653,281	798,996	-	798,996
Production line improvement of Jiangsu	8,747,442	-	8,747,442	3,080,737	-	3,080,737
Production line improvement of Guangdong	8,038,452	-	8,038,452	11,623,815	-	11,623,815
Production line improvement of He'nan	7,720,236	-	7,720,236	7,684,445	-	7,684,445
Relocation project of Shaanxi Area	7,368,192	-	7,368,192	8,161,394	-	8,161,394
Production line improvement of ShaanXi Area	6,559,041	-	6,559,041	1,734,819	-	1,734,819
Production line improvement of Ludong	6,043,605	-	6,043,605	55,319,327	-	55,319,327
Other projects	45,089,766	-	45,089,766	45,524,863	-	45,524,863
	<u>507,649,435</u>	<u>-</u>	<u>507,649,435</u>	<u>762,289,882</u>	<u>-</u>	<u>762,289,882</u>

## (12) Construction in progress (Cont'd)

## (a) Movement in significant construction in progress

30 June 2022

Name	Budget	31 December 2021	Increase in the current period – Purchase (unaudited)	Increase in the current period – Transfer from fixed assets (unaudited)	Transfer to fixed assets (unaudited)	30 June 2022 (unaudited)	Expenditures percentage of budget	Completion percentage	Source of funds
Industrial park project									
of Ludong Area	271,850,000	115,968,101	57,017,143	-	(48,140,187)	124,845,057	64%	64%	Self-funding
Production line improvement of Ludong Area	594,095,000	52,912,591	313,355,861	20,431	(277,892,277)	88,396,606	63%	62%	Self-funding
Relocation project of Lu'nan Area	647,860,000	391,050,385	192,973,191	-	(519,684,517)	64,339,059	90%	90%	Self-funding
R&D Center of Ludong Area	343,600,000	743,049	42,642,495	-	-	43,385,544	13%	13%	Self-funding
Production line improvement of Ludong Area	135,056,953	32,951,800	40,770,170	-	(40,059,784)	33,662,186	59%	59%	Self-funding
Production line improvement of Shanghai	25,838,150	5,710,084	10,527,469	-	-	16,237,553	92%	63%	Self-funding
Building project of Ludong Area	51,620,000	520,708	15,415,940	-	-	15,936,648	37%	31%	Self-funding
Production line improvement of Ludong Area	24,323,187	9,614,250	13,396,156	-	(11,654,499)	11,355,907	95%	95%	Self-funding
Production line improvement of Jiangsu	28,143,167	18,890,518	3,736,409	-	(12,356,067)	10,270,860	82%	79%	Self-funding
Production line improvement of Guangdong	14,285,127	798,996	7,081,349	4,261,381	(2,488,445)	9,653,281	85%	85%	Self-funding
Production line improvement of Jiangsu	12,815,608	3,080,737	6,715,613	-	(1,048,908)	8,747,442	92%	76%	Self-funding
Production line improvement of Guangdong	31,957,956	11,623,815	13,782,250	324,232	(17,691,845)	8,038,452	93%	80%	Self-funding
Production line improvement of He'nan	33,977,948	7,684,445	11,714,323	14,098,416	(25,776,948)	7,720,236	99%	99%	Self-funding
Relocation project of shaanxi Area	551,976,250	8,161,394	7,893,073	-	(8,686,275)	7,368,192	99%	99%	Self-funding
Production line improvement of Shaanxi Area	13,048,220	1,734,819	7,490,357	-	(2,666,135)	6,559,041	71%	71%	Self-funding
Production line improvement of Ludong	86,124,539	55,319,327	11,054,956	1,211,262	(61,541,940)	6,043,605	98%	98%	Self-funding
Other projects		45,524,863	95,902,286	21,031,404	(117,368,787)	45,089,766			Self-funding
		<u>762,289,882</u>	<u>851,469,041</u>	<u>40,947,126</u>	<u>(1,147,056,614)</u>	<u>507,649,435</u>			

## (12) Construction in progress (Cont'd)

## (a) Movement in significant construction in progress (Cont'd)

30 June 2021

Name	Budget	31 December 2020	Increase in the current period – Purchase (unaudited)	Increase in the current period – Transfer from fixed assets (unaudited)	Transfer to fixed assets (unaudited)	30 June 2021 (unaudited)	Expenditures percentage of budget	Completion percentage	Source of funds
Relocation project of Lunan Area	751,860,000	2,834,650	60,552,934	-	-	63,387,584	22%	22%	Self-funding
Industrial park project of Ludong Area	246,620,000	-	56,682,729	-	-	56,682,729	35%	34%	Self-funding
Production line improvement of Ludong Area	185,484,703	1,865,595	18,175,068	34,412,703	(18,290,664)	36,162,702	98%	98%	Self-funding
Relocation project of Shaanxi	546,976,250	248,125,700	271,416,951	-	(484,603,679)	34,938,972	95%	95%	Self-funding
Production line improvement of Ludong Area	48,356,933	16,867,976	3,305,142	-	(1,008,340)	19,164,778	80%	80%	Self-funding
Production line improvement of Hu'nan	26,096,302	7,147,614	15,814,517	6,788	(4,824,197)	18,144,722	88%	88%	Self-funding
Production line improvement of Ludong Area	27,018,124	656,637	14,667,408	547,551	(3,156,275)	12,715,321	59%	56%	Self-funding
Production line improvement of Jiangsu	14,459,531	11,620,055	1,994,461	-	(3,696,389)	9,918,127	99%	94%	Self-funding
Production line improvement of Fujian	13,661,168	2,637,704	1,719,559	9,310,348	(6,394,245)	7,273,366	82%	81%	Self-funding
Production line improvement of Guangdong	14,810,918	-	8,106,253	366,253	(1,758,235)	6,714,271	96%	57%	Self-funding
Production line improvement of Luzhong Area	16,863,700	530,006	10,951,794	14,750	(5,651,486)	5,845,064	69%	65%	Self-funding
Production line improvement of Guangdong	10,916,802	1,218,166	7,340,069	327,198	(3,353,576)	5,531,857	93%	81%	Self-funding
Production line improvement of Hebei	17,633,391	924,567	6,154,998	-	(1,912,684)	5,166,881	56%	40%	Self-funding
Production line improvement of Liaoning	7,024,455	2,891,483	3,275,162	152,265	(1,686,141)	4,632,769	90%	90%	Self-funding
Production line improvement of Ludong Area	10,684,000	709,928	6,203,232	1,162,627	(3,779,779)	4,296,008	76%	69%	Self-funding
Production line improvement of ShaanXi	67,201,292	2,416,815	12,962,442	-	(11,571,292)	3,807,965	23%	23%	Self-funding
Production line improvement of Shanghai	3,836,000	-	3,807,239	-	-	3,807,239	99%	99%	Self-funding
Other projects		39,358,473	96,002,257	18,010,369	(121,510,485)	31,860,614			
		<u>339,805,369</u>	<u>599,132,215</u>	<u>64,310,852</u>	<u>(673,197,467)</u>	<u>330,050,969</u>			

For the six months ended 30 June 2022, there are no new increased borrowing costs capitalized (For the six months ended 30 June 2021: 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 (For the six months ended 30 June 2021: nil).

## (13) Right-of-use assets

## 30 June 2022

	Buildings	Land use rights	Machinery and equipment	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 period and renewal (unaudited)	22,713,297	-	-	6,021	22,719,318
Decrease in the current period (unaudited)					
Lease expiration	(19,564,164)	-	-	-	(19,564,164)
Lease change and others	(23,365)	-	-	(59)	(23,424)
<b>30 June 2022 (unaudited)</b>	<b>243,687,325</b>	<b>8,911,656</b>	<b>3,677,046</b>	<b>1,657,490</b>	<b>257,933,517</b>

## Accumulated depreciation

31 December 2021	(80,583,013)	(3,106,823)	(2,161,342)	(1,188,045)	(87,039,223)
Accrual in the current period (unaudited)	(22,636,033)	(517,794)	(360,224)	(242,198)	(23,756,249)
Decrease in the current period (unaudited)					
Lease expiration	19,564,164	-	-	-	19,564,164
<b>30 June 2022 (unaudited)</b>	<b>(83,654,882)</b>	<b>(3,624,617)</b>	<b>(2,521,566)</b>	<b>(1,430,243)</b>	<b>(91,231,308)</b>

## Carrying amount

<b>30 June 2022 (unaudited)</b>	<b>160,032,443</b>	<b>5,287,039</b>	<b>1,155,480</b>	<b>227,247</b>	<b>166,702,209</b>
31 December 2021	159,978,544	5,804,833	1,515,704	463,483	167,762,564

## 30 June 2021

	Buildings	Land use rights	Machinery and equipment	Others	Total
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## Original cost

31 December 2020	207,456,032	8,911,656	3,677,046	1,647,744	221,692,478
Increase in the current period and renewal (unaudited)	29,284,292	-	-	7,744	29,292,036
Decrease in the current period (unaudited)					
Lease expiration	(11,860,970)	-	-	(304)	(11,861,274)
Lease change and others	(3,713,155)	-	-	(1,218)	(3,714,373)
<b>30 June 2021 (unaudited)</b>	<b>221,166,199</b>	<b>8,911,656</b>	<b>3,677,046</b>	<b>1,653,966</b>	<b>235,408,867</b>

## Accumulated depreciation

31 December 2020	(49,218,680)	(2,071,235)	(1,440,894)	(632,622)	(53,363,431)
Accrual in the current period (unaudited)	(24,122,669)	(517,794)	(360,224)	(291,325)	(25,292,012)
Decrease in the current period (unaudited)					
Lease expiration	11,860,970	-	-	304	11,861,274
<b>30 June 2021 (unaudited)</b>	<b>(61,480,379)</b>	<b>(2,589,029)</b>	<b>(1,801,118)</b>	<b>(923,643)</b>	<b>(66,794,169)</b>

## Carrying amount

<b>30 June 2021 (unaudited)</b>	<b>159,685,820</b>	<b>6,322,627</b>	<b>1,875,928</b>	<b>730,323</b>	<b>168,614,698</b>
31 December 2020	158,237,352	6,840,421	2,236,152	1,015,122	168,329,047

## (14) Intangible assets

## 30 June 2022

	Land use rights	Trademarks	Technology know-how	Marketing networks	Software and others	Total
<b>Original Cost</b>						
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 period						
— Purchase (unaudited)	-	-	-	-	19,053,847	19,053,847
Decrease in the current period						
— Disposal (unaudited)	(1,815,871)	-	-	-	(851,670)	(2,667,541)
<b>30 June 2022 (unaudited)</b>	<b>2,745,470,500</b>	<b>449,743,612</b>	<b>18,629,100</b>	<b>974,935,670</b>	<b>627,912,656</b>	<b>4,816,691,538</b>

## 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 period						
— Accrual (unaudited)	(32,179,187)	(2,647,006)	-	(10,099,830)	(26,677,353)	(71,603,376)
Decrease in the current period						
— Disposal (unaudited)	832,590	-	-	-	62,970	895,560
<b>30 June 2022 (unaudited)</b>	<b>(679,423,302)</b>	<b>(380,517,039)</b>	<b>(18,629,100)</b>	<b>(945,085,370)</b>	<b>(366,609,688)</b>	<b>(2,390,264,499)</b>

## Carrying amount

<b>30 June 2022 (unaudited)</b>	<b>2,066,047,198</b>	<b>69,226,573</b>	<b>-</b>	<b>29,850,300</b>	<b>261,302,968</b>	<b>2,426,427,039</b>
31 December 2021	2,099,209,666	71,873,579	-	39,950,130	269,715,174	2,480,748,549

## 30 June 2021

	Land use rights	Trademarks	Technology know-how	Marketing networks	Software and others	Total
<b>Original Cost</b>						
31 December 2020	2,727,839,600	449,743,612	18,629,100	974,935,670	522,371,518	4,693,519,500
Increase in the current period (unaudited)						
Purchase	27,959,280	-	-	-	25,729,627	53,688,907
Transfer from investment properties	4,261,245	-	-	-	-	4,261,245
Decrease in the current period — Disposal (unaudited)	(1,023,424)	-	-	-	(325,277)	(1,348,701)
<b>30 June 2021 (unaudited)</b>	<b>2,759,036,701</b>	<b>449,743,612</b>	<b>18,629,100</b>	<b>974,935,670</b>	<b>547,775,868</b>	<b>4,750,120,951</b>

## Accumulated amortization

31 December 2020	(604,484,978)	(366,414,798)	(18,629,100)	(900,368,992)	(299,778,644)	(2,189,676,512)
Increase in the current period (unaudited)						
Accrual	(32,233,287)	(8,072,847)	-	(24,516,717)	(21,093,708)	(85,916,559)
Transfer from investment properties	(504,247)	-	-	-	-	(504,247)
Decrease in the current period — Disposal (unaudited)	566,295	-	-	-	315,165	881,460
<b>30 June 2021 (unaudited)</b>	<b>(636,656,217)</b>	<b>(374,487,645)</b>	<b>(18,629,100)</b>	<b>(924,885,709)</b>	<b>(320,557,187)</b>	<b>(2,275,215,858)</b>

## Carrying amount

<b>30 June 2021 (unaudited)</b>	<b>2,122,380,484</b>	<b>75,255,967</b>	<b>-</b>	<b>50,049,961</b>	<b>227,218,681</b>	<b>2,474,905,093</b>
31 December 2020	2,123,354,622	83,328,814	-	74,566,678	222,592,874	2,503,842,988

**(14) Intangible assets (Cont'd)**

For the six months ended 30 June 2022, the amortization amount of intangible assets is 71,603,376 (For the six months ended 30 June 2021: 85,916,559).

As at 30 June 2022, there are no intangible assets pledged as collateral for borrowings (31 December 2021: nil).

As at 30 June 2022, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately 957,000 (31 December 2021: 981,000) are still in process. In addition, buildings of certain subsidiaries of the Group were located on parcels of allocated land owned by certain local municipal governments. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying amount of the buildings constructed thereon are approximately 36,622,000 as at 30 June 2022 (31 December 2021: 30,949,000). The Company's directors consider that there is no significant impact on the operations of the Group.

Development expenditures are set out as follows:

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)		30 June 2022 (unaudited)
			Recognized in profit or loss	Recognized as intangible assets	
Beer technology improvement project	-	17,002,004	(17,002,004)	-	-

For the six months ended 30 June 2022, research and development expenditures of 17,002,004 (For the six months ended 30 June 2021: 8,248,555) is recognized in the current profit or loss.

## (15) Goodwill

## 30 June 2022

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	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 — Lulansa Brewery	-	-	-	-
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><u>1,307,103,982</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,307,103,982</u></u>

## (15) Goodwill (Cont'd)

30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Goodwill —				
Shandong Region — Immense Brewery Company	958,868,617	-	-	958,868,617
Shandong Region — Lulansa Brewery	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 — Lulansa Brewery	-	-	-	-
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>

All goodwill of the Group has been allocated to relevant assets and asset group combinations on purchase date. The goodwill allocation is summarized by operating segments as follows:

	30 June 2022 (unaudited)	31 December 2021
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>

**(15) Goodwill (Cont'd)**

The recoverable amount of asset group and asset group portfolio is based on the five-year budget approved by the management, and then estimated based on the fixed growth rate and calculated by cash flow forecasting method.

**(16) Long-term prepaid expenses****30 June 2022**

	31 December 2021	Increase in the current period (unaudited)	Amortization in the current period (unaudited)	30 June 2022 (unaudited)
Decoration and renovation expenses	118,143,094	3,398,848	(19,783,078)	101,758,864
Factory hardening expenses	3,660,011	324,462	(563,681)	3,420,792
Gardening expenses	550,588	1,890,509	(425,366)	2,015,731
Others	4,680,104	37,060	(747,088)	3,970,076
	<u>127,033,797</u>	<u>5,650,879</u>	<u>(21,519,213)</u>	<u>111,165,463</u>

**30 June 2021**

	31 December 2020	Increase in the current period (unaudited)	Amortization in the current period (unaudited)	30 June 2021 (unaudited)
Decoration and renovation expenses	78,361,374	21,140,345	(12,447,397)	87,054,322
Factory hardening expenses	3,584,280	1,032,584	(690,753)	3,926,111
Gardening expenses	930,894	-	(191,282)	739,612
Others	3,381,786	-	(621,010)	2,760,776
	<u>86,258,334</u>	<u>22,172,929</u>	<u>(13,950,442)</u>	<u>94,480,821</u>

## (17) Deferred tax assets and deferred tax liabilities

*(a) Deferred tax assets without offsetting*

	30 June 2022 (unaudited)		31 December 2021	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	88,067,744	22,016,936	55,075,004	13,768,751
Deferred income	2,141,995,692	535,498,923	2,212,969,796	553,242,449
Elimination of intra-group unrealized profit	38,056,196	9,514,049	304,942,508	76,235,627
Accruals of expenses	7,600,210,268	1,900,052,567	6,661,788,500	1,665,447,125
Share-based payment	710,578,400	177,644,600	529,367,864	132,341,966
	<u>10,578,908,300</u>	<u>2,644,727,075</u>	<u>9,764,143,672</u>	<u>2,441,035,918</u>
Including:				
Expected to reverse within one year (inclusive)		1,939,994,221		1,727,623,686
Expected to reverse after one year		704,732,854		713,412,232
		<u>2,644,727,075</u>		<u>2,441,035,918</u>

*(b) Deferred tax liabilities without offsetting*

	30 June 2022 (unaudited)		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	421,924,992	105,481,247	433,936,488	108,484,122
Depreciation of fixed assets	1,666,947,716	416,736,929	1,454,655,697	363,663,924
Changes in fair value of financial assets held for trading	104,875,436	26,218,859	28,400,866	7,100,216
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	7,162,824	1,790,706	7,249,124	1,812,281
	<u>2,200,910,968</u>	<u>550,227,741</u>	<u>1,924,242,175</u>	<u>481,060,543</u>
Including:				
Expected to reverse within one year (inclusive)		45,717,822		28,711,321
Expected to reverse after one year		504,509,919		452,349,222
		<u>550,227,741</u>		<u>481,060,543</u>

## (17) Deferred tax assets and deferred tax liabilities (Cont'd)

- (c) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analyzed as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Deductible temporary differences	<b>1,987,892,343</b>	1,986,196,439
Deductible losses	<b>1,834,186,103</b>	1,961,812,717
	<b><u>3,822,078,446</u></b>	<b><u>3,948,009,156</u></b>

Given the loss-making position 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 458,547,000 (31 December 2021: 490,453,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the period from 2022 to 2027. 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 496,973,000 (31 December 2021: 496,549,000) arising from the deductible temporary differences resulting from the impact of provision for impairment losses.

- (d) Deductible losses that are not recognized as deferred tax assets will be overdue in the following years:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
2022	<b>319,592,578</b>	485,174,995
2023	<b>556,254,948</b>	560,273,898
2024	<b>308,750,714</b>	302,166,479
2025	<b>229,964,521</b>	274,395,322
2026	<b>283,942,675</b>	339,802,023
2027	<b>135,680,667</b>	—
	<b><u>1,834,186,103</u></b>	<b><u>1,961,812,717</u></b>

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

	<b>30 June 2022 (unaudited)</b>		31 December 2021	
	<b>Offsetting amount</b>	<b>Net amounts</b>	Offsetting amount	Net amounts
Deferred tax assets	<b>366,352,100</b>	<b>2,278,374,975</b>	309,662,520	2,131,373,398
Deferred tax liabilities	<b>366,352,100</b>	<b>183,875,641</b>	309,662,520	171,398,023

**(18) Provision for asset impairment and loss****30 June 2022**

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)		Others (unaudited)	30 June 2022 (unaudited)
			Reversal	Write-off		
Provision for bad debt of accounts receivable	181,007,176	72,644	-	(134,207)	22	<b>180,945,635</b>
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	<b>26,242,020</b>
Provision for bad debt recognized on grouping basis	154,765,156	72,644	-	(134,207)	22	<b>154,703,615</b>
Provision for bad debt of other receivables	76,920,271	136,585	(454,254)	(510,668)	-	<b>76,091,934</b>
Provision for bad debt of other current asset	2,858,502	1,293,428	(2,858,502)	-	-	<b>1,293,428</b>
Subtotal	260,785,949	1,502,657	(3,312,756)	(644,875)	22	<b>258,330,997</b>
Provision for impairment of inventory	3,447,380	-	-	-	-	<b>3,447,380</b>
Provision for impairment of long-term equity investment	1,220,000	-	-	-	-	<b>1,220,000</b>
Provision for impairment of investment properties	1,877,432	-	-	-	(703,764)	<b>1,173,668</b>
Provision for impairment of fixed assets	638,704,017	962,720	-	(59,289,472)	703,764	<b>581,081,029</b>
Provision for impairment of goodwill	197,410,739	-	-	-	-	<b>197,410,739</b>
Subtotal	842,659,568	962,720	-	(59,289,472)	-	<b>784,332,816</b>
	<u>1,103,445,517</u>	<u>2,465,377</u>	<u>(3,312,756)</u>	<u>(59,934,347)</u>	<u>22</u>	<u><b>1,042,663,813</b></u>

**30 June 2021**

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)		Others (unaudited)	30 June 2021 (unaudited)
			Reversal	Write-off		
Provision for bad debt of accounts receivable	183,437,647	27,990	(316,719)	(1,821,205)	(72)	181,327,641
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	157,195,627	27,990	(316,719)	(1,821,205)	(72)	155,085,621
Provision for bad debt of other receivables	68,006,160	52,603	(136,996)	(1,626,458)	-	66,295,309
Provision for bad debt of other current asset	118,938	2,087,834	-	-	-	<b>2,206,772</b>
Subtotal	251,562,745	2,168,427	(453,715)	(3,447,663)	(72)	249,829,722
Provision for impairment of inventory	3,486,430	-	-	(9,351)	-	3,477,079
Provision for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provision for impairment of investment properties	1,877,432	-	-	-	-	1,877,432
Provision for impairment of fixed assets	527,812,271	5,826	-	(18,703,053)	-	509,115,044
Provision for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	731,806,872	5,826	-	(18,712,404)	-	713,100,294
	<u>983,369,617</u>	<u>2,174,253</u>	<u>(453,715)</u>	<u>(22,160,067)</u>	<u>(72)</u>	<u>962,930,016</u>

**(19) Other non-current assets**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Prepayments for construction and equipment	<u><b>148,934,428</b></u>	<u>86,904,552</u>

**(20) Short-term borrowings**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Unsecured loan (i)	<b>239,456,000</b>	245,280,000
Interest payable	<u><b>588,457</b></u>	<u>500,575</u>
	<u><b>240,044,457</b></u>	<u>245,780,575</u>

- (i) As at 30 June 2022, the short-term loan is a borrowing denominated in HKD issued by the bank to Hong Kong Company, a subsidiary of the Company. The principal is HKD280,000,000, equivalent to RMB239,456,000 (As at 31 December 2021: principal HKD300,000,000, equivalent to RMB245,280,000).

As at 30 June 2022, the interest rate of short-term borrowings is from 0.89% to 1.11% (31 December 2021: from 0.89% to 1.31%).

**(21) Notes payable**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Trade acceptance notes	<b>38,801,584</b>	74,110,945
Bank acceptance notes	<u><b>210,707,535</b></u>	<u>95,917,529</u>
	<u><b>249,509,119</b></u>	<u>170,028,474</u>

As at 30 June 2022, there are no cash balances pledged are pledged as collateral for the bank acceptance notes of the Group (As at 31 December 2021: nil).

**(22) Accounts payable**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Payable for materials and packing purchase	<b>3,393,774,807</b>	2,469,333,592
Payable for handling and transportation costs	<b>812,947,434</b>	427,643,498
Payable for beer purchase due to related parties <i>(Note 8(6))</i>	<b>270,236,201</b>	156,096,615
Payable for promotional goods	<b>128,174,753</b>	62,546,888
Others	<b>10,890,725</b>	12,251,831
	<b><u>4,616,023,920</u></b>	<b><u>3,127,872,424</u></b>

- (i) As at 30 June 2022, payable for handling and transportation costs including payable due to related parties is 212,147,528 (31 December 2021: 183,583,838) (Note 8(6)).
- (ii) Accounts payable are mainly recorded based on the dates of transactions and the ageing based on their recording dates is analyzed as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Within 1 year	<b>4,603,245,191</b>	3,116,430,995
1 to 2 years	<b>4,721,822</b>	1,957,747
2 to 3 years	<b>1,894,498</b>	3,068,726
Over 3 years	<b>6,162,409</b>	6,414,956
	<b><u>4,616,023,920</u></b>	<b><u>3,127,872,424</u></b>

- (iii) As at 30 June 2022, accounts payable over 1 year with carrying amount of 12,778,729 (31 December 2021: 11,441,429) are mainly payables for materials purchase, for which has not yet been completed.

Accounts payable are mainly recorded based on the date of business occurrence, and the ageing listed on the entry date is basically the same as the ageing listed on the invoice date.

**(23) Contract liabilities**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Dealer contract liabilities	<b><u>5,946,220,902</u></b>	<b><u>8,123,275,272</u></b>

As at 30 June 2022, a majority of opening balance of contract liabilities has been transferred to revenue.

As at 30 June 2022, the Group listed the value-added tax corresponding to contract liabilities of RMB147,318,355 in other current liabilities (31 December 2021: 446,207,884).

## (24) Employee benefits payable

	<b>30 June 2022</b>	31 December 2021
	<b>(unaudited)</b>	
Short-term employee benefits payable (a)	<b>1,791,335,414</b>	1,693,577,033
Defined contribution plans (b)	<b>22,937,830</b>	22,129,771
Termination benefits payable (c)	<b>426,090,475</b>	433,567,053
Supplemental post-employment benefits payable (Note 4(31))	<b>23,149,326</b>	23,391,073
	<b><u>2,263,513,045</u></b>	<b><u>2,172,664,930</u></b>

## (a) Short-term employee benefits payable

## 30 June 2022

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	<b>30 June 2022</b>
				<b>(unaudited)</b>
Wages and salaries, bonus, allowances and subsidies	1,268,357,805	1,725,775,433	(1,650,365,368)	<b>1,343,767,870</b>
Staff welfare	59,215	102,690,481	(102,661,014)	<b>88,682</b>
Social security contributions	10,822,955	126,474,567	(127,392,190)	<b>9,905,332</b>
Including:				
Medical insurance	7,537,954	117,657,990	(117,703,166)	<b>7,492,778</b>
Work injury insurance	1,682,282	5,919,540	(6,806,589)	<b>795,233</b>
Maternity insurance	1,602,719	2,897,037	(2,882,435)	<b>1,617,321</b>
Housing funds	17,202,809	148,279,000	(148,445,995)	<b>17,035,814</b>
Labor union funds and employee education funds	397,134,249	61,768,784	(38,365,317)	<b>420,537,716</b>
	<b><u>1,693,577,033</u></b>	<b><u>2,164,988,265</u></b>	<b><u>(2,067,229,884)</u></b>	<b><u>1,791,335,414</u></b>

## 30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021
				(unaudited)
Wages and salaries, bonus, allowances and subsidies	1,031,381,421	1,633,733,528	(1,651,945,400)	1,013,169,549
Staff welfare	38,500	111,453,561	(111,436,922)	55,139
Social security contributions	10,598,905	126,857,084	(126,973,443)	10,482,546
Including:				
Medical insurance	7,303,944	118,062,319	(118,218,000)	7,148,263
Work injury insurance	1,653,425	5,507,422	(5,449,315)	1,711,532
Maternity insurance	1,641,536	3,287,343	(3,306,128)	1,622,751
Housing funds	17,908,635	146,564,508	(147,524,227)	16,948,916
Labor union funds and employee education funds	362,334,832	58,271,493	(40,548,689)	380,057,636
	<b><u>1,422,262,293</u></b>	<b><u>2,076,880,174</u></b>	<b><u>(2,078,428,681)</u></b>	<b><u>1,420,713,786</u></b>

## (24) Employee benefits payable (Cont'd)

*(b) Defined contribution plans***30 June 2022**

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Basic pension insurance	18,145,975	240,533,596	(239,739,452)	<b>18,940,119</b>
Unemployment insurance	3,983,796	9,109,333	(9,095,418)	<b>3,997,711</b>
	<u>22,129,771</u>	<u>249,642,929</u>	<u>(248,834,870)</u>	<u><b>22,937,830</b></u>

## 30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Basic pension insurance	17,600,339	226,374,721	(225,441,946)	18,533,114
Unemployment insurance	4,053,767	8,711,290	(8,707,471)	4,057,586
	<u>21,654,106</u>	<u>235,086,011</u>	<u>(234,149,417)</u>	<u>22,590,700</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 periods.

*(c) Termination benefits payable*

	30 June 2022 (unaudited)	31 December 2021
Early retirement benefits payable ( <i>Note 4(31)</i> )	<b>146,525,333</b>	152,699,292
Other termination benefits payable ( <i>i</i> )	<u><b>279,565,142</b></u>	<u>280,867,761</u>
	<u><b>426,090,475</b></u>	<u>433,567,053</u>

- (i) For the six months ended 30 June 2022, the Group has paid other termination benefits payable of 6,427,679, mainly due to termination of labor relationship. (For the six months ended 30 June 2021: 6,374,982).

**(25) Taxes payable**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Enterprise income tax payable	668,674,631	474,541,348
Consumption tax payable	472,044,747	197,112,247
Unpaid VAT	414,714,037	107,504,952
City maintenance and construction tax payable	55,264,285	14,765,397
Education surcharge payable	41,714,965	11,325,982
Others	50,676,649	48,792,998
	<b><u>1,703,089,314</u></b>	<b><u>854,042,924</u></b>

**(26) Other payables**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Dividends payable ( <i>Note 4(38)</i> )	1,500,790,272	-
Payables for equipment and engineering construction	996,002,782	810,320,567
Guarantee deposits	963,396,791	922,208,855
Accruals for advertising and marketing expenses	720,580,049	423,072,168
Restricted shares repurchase obligations ( <i>Note 11</i> )	258,480,721	273,189,919
Accruals for labor expenses	118,029,183	73,299,282
Compensation collected in advance for demolition project	100,000,000	100,000,000
Accruals for general and administrative expenses	73,229,037	32,634,597
Accruals for water, electricity and steam expenses	67,632,483	48,168,282
Withholding social expenses for staff	16,970,533	18,567,210
Absorbed deposits from related parties and interests payables ( <i>i</i> )	447,408	420,530
Others	307,790,645	367,860,365
	<b><u>5,123,349,904</u></b>	<b><u>3,069,741,775</u></b>

- (i) It represents the principal and interest of deposits absorbed from the Company's associates by Finance Company, a subsidiary of the Company.

As at 30 June 2022, other payables over 1 year with carrying amount of 916,145,496 (31 December 2021: 942,435,827) are mainly liabilities due to arising from restricted shares repurchase obligations, compensation collected in advance for demolition project, payables for equipment and engineering construction and acquisition of subsidiaries.

**(27) Current portion of non-current liabilities**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Current portion of lease liabilities ( <i>Note 4(28)</i> )	<b><u>60,789,448</u></b>	<b><u>48,428,344</u></b>

**(28) Lease liabilities**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Lease liabilities	<b>158,359,436</b>	161,207,012
<i>Less: Current portion of lease liabilities (Note 4(27))</i>	<b>(60,789,448)</b>	(48,428,344)
	<b><u>97,569,988</u></b>	<b><u>112,778,668</u></b>

As at 30 June 2022, the matters that will lead to future cash outflows but are not recognized as lease liabilities include:

- (i) As at 30 June 2022, the minimum amount of lease payable for the short-term lease contracts that are simplified by the Group according to the new lease standards is 31,706,686, all of which will be paid within one year.

**(29) Long-term payables**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Payables for specific projects	<b><u>16,322,766</u></b>	<b><u>24,537,343</u></b>

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.

**(30) Deferred income****30 June 2022**

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)	Reason	
Government grants	<u>3,210,806,388</u>	<u>117,256,957</u>	<u>(147,488,845)</u>	<u>3,180,574,500</u>	Grants for relocation and technology improvement projects	
Government grants items	31 December 2021	Increase in the current period (unaudited)	Recognized in other income (unaudited)	Recognized in gains on disposals of assets (unaudited)	30 June 2022 (unaudited)	Related to assets/income
<b>Relocation projects</b>						
Relocation project of Shaanxi	489,773,710	-	(16,379,639)	-	473,394,071	Assets
Relocation project of Lu'nan area	448,803,000	8,175,577	(11,793,107)	-	445,185,470	Assets/Income
Relocation project of Ludong area	343,315,396	-	(10,997,001)	-	332,318,395	Assets
Relocation project of Luxi area	145,071,660	-	(3,111,404)	-	141,960,256	Assets
Relocation project of Hebei	130,175,960	-	(4,897,286)	-	125,278,674	Assets
Relocation project of Lu'nan area	129,124,579	-	(4,639,528)	-	124,485,051	Assets
Relocation project of Hubei	125,456,459	-	(4,925,373)	-	120,531,086	Assets
Relocation project of Gansu	110,969,854	-	(5,339,998)	(74,841)	105,555,015	Assets
Relocation project of Shaanxi	109,621,786	-	(5,815,939)	-	103,805,847	Assets
Relocation project of Lu'nan area	105,761,696	-	(5,105,462)	-	100,656,234	Assets
Relocation project of Ludong area	-	100,000,000	-	-	100,000,000	Assets/Income
Relocation project of Luxi area	100,773,822	-	(4,569,178)	-	96,204,644	Assets
Other relocation projects	618,062,237	39,000	(44,975,232)	(341,021)	572,784,984	Assets/Income
<b>Technology improvement projects</b>						
Technology improvement projects of Luxi area	134,791,844	-	(4,798,982)	-	129,992,862	Assets
Technology improvement projects of Anhui	25,016,395	2,000,000	(1,232,060)	-	25,784,335	Assets
Other Technology improvement projects	41,198,167	2,000,000	(2,414,423)	(4,724,209)	36,059,535	Assets
<b>Other projects</b>	<u>152,889,823</u>	<u>5,042,380</u>	<u>(11,354,162)</u>	<u>-</u>	<u>146,578,041</u>	
	<u>3,210,806,388</u>	<u>117,256,957</u>	<u>(142,348,774)</u>	<u>(5,140,071)</u>	<u>3,180,574,500</u>	

## (30) Deferred income (Cont'd)

30 June 2021

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)	Reason	
Government grants	<u>2,899,626,024</u>	<u>210,764,314</u>	<u>(151,961,819)</u>	<u>2,958,428,519</u>	Grants for relocation and technology improvement projects	
Government grants items	31 December 2020	Increase in the current period (unaudited)	Recognized in other income (unaudited)	Recognized in gains on disposals of assets (unaudited)	30 June 2021 (unaudited)	Related to assets/income
<b>Relocation projects</b>						
Relocation project of Shaanxi	349,555,427	134,816,597	(19,710,436)	-	464,661,588	Assets/Income
Relocation project of Ludong area	368,020,769	-	(11,631,844)	-	356,388,925	Assets
Relocation project of Lu'nan area	104,284,124	67,522,784	(3,530,519)	-	168,276,389	Assets/Income
Relocation project of Luxi area	158,523,140	-	(9,772,001)	-	148,751,139	Assets
Relocation project of Hebei	141,917,867	-	(6,844,621)	-	135,073,246	Assets
Relocation project of Lu'nan area	139,782,895	-	(5,329,158)	-	134,453,737	Assets
Relocation project of Hubei	137,638,083	-	(5,723,034)	-	131,915,049	Assets
Relocation project of Gansu	122,222,918	-	(5,348,041)	(556,981)	116,317,896	Assets
Relocation project of Shaanxi	121,253,665	-	(5,815,939)	-	115,437,726	Assets
Relocation project of Lu'nan area	116,266,623	-	(5,194,003)	-	111,072,620	Assets
Relocation project of Luxi area	112,848,238	-	(4,631,057)	(2,874,181)	105,343,000	Assets
Relocation project of Jiangsu	106,630,092	-	(4,775,141)	-	101,854,951	Assets
Other relocation projects	542,462,120	33,000	(33,423,298)	(2,957,513)	506,114,309	Assets/Income
<b>Technology improvement projects</b>						
Technology improvement projects of Luxi area	144,159,955	-	(4,574,591)	-	139,585,364	Assets
Other Technology improvement projects	41,976,430	5,000,000	(2,275,036)	-	44,701,394	Assets
<b>Other projects</b>	<u>192,083,678</u>	<u>3,391,933</u>	<u>(16,994,425)</u>	<u>-</u>	<u>178,481,186</u>	
	<u>2,899,626,024</u>	<u>210,764,314</u>	<u>(145,573,144)</u>	<u>(6,388,675)</u>	<u>2,958,428,519</u>	

**(31) Long-term employee benefits payable**

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Early retirement benefits payable (a)	<b>480,692,246</b>	541,159,215
Supplemental post-employment benefits payable (b)	<b>634,739,701</b>	626,080,361
	<b>1,115,431,947</b>	1,167,239,576
Less: Early retirement benefits payable within 1 year	<b>(146,525,333)</b>	(152,699,292)
Supplemental post-employment benefits payable within 1 year	<b>(23,149,326)</b>	(23,391,073)
	<b>(169,674,659)</b>	(176,090,365)
	<b>945,757,288</b>	991,149,211

The above-mentioned benefits to be paid within 1 year are represented in employee benefits payable.

**(a) Early retirement benefits payable**

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:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
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Discount rate (yield-to-maturity of the government bond with the same term)	<b>1.95% - 2.82%</b>	2.24% - 2.77%
-----------------------------------------------------------------------------	----------------------	---------------

Early retirement benefits recognized in the current profit or loss:

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
General and administrative expenses	<b>9,547,697</b>	(6,729,935)
Finance expenses	<b>5,331,746</b>	4,771,843

## (31) Long-term employee benefits payable (Cont'd)

## (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 Board and the President's office. The benefits they can receive depend on their positions and seniorities. As at 31 December 2021, 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.

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

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Defined benefit obligations	<b>634,739,701</b>	626,080,361
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<b><u>634,739,701</u></b>	<b><u>626,080,361</u></b>

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

	<b>Present value of the defined benefit obligation</b>
1 January 2022	626,080,361
Amount charged to profit or loss in the current period (unaudited)	
— Service cost	10,022,398
— Interest expense on the net defined benefit obligations	9,983,916
Re-measurement amount (unaudited)	
— Actuarial gain (Note 4(35))	-
Payment (unaudited)	<u>(11,346,974)</u>
<b>30 June 2022 (unaudited)</b>	<b><u>634,739,701</u></b>
	<b>Present value of the defined benefit obligation</b>
1 January 2021	561,480,851
Amount charged to profit or loss in the current period (unaudited)	
— Service cost	15,249,265
— Interest expense on the net defined benefit obligations	10,261,667
Re-measurement amount (unaudited)	
— Actuarial loss (Note 4(35))	-
Payment (unaudited)	<u>(10,865,805)</u>
30 June 2021 (unaudited)	<b><u>576,125,978</u></b>

**(31) Long-term employee benefits payable (Cont'd)****(b) Supplemental post-employment benefits payable (Cont'd)**

- (iii) The significant actuarial assumptions for the present value of the defined benefit obligations of the Group are as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Discount rate	<b>3.25%</b>	3.25%

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 analyzed as follows:

	<b>Change in assumption</b>	<b>Impact on defined benefit obligation</b>	
		<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	0.25%	Decrease 3.59%	Increase 3.80%

The sensitivity analyzes above are based on a change in an assumption while holding all other assumptions constant. However, various assumptions may be correlated in practice. When calculating the sensitivity analyzes of present value of the defined benefit obligation, the same method, projected unit credit method, has been applied as well.

- (v) The Group has not invested in any plan assets, and no separate trustee-administered assets to reimburse the payment of the defined benefit obligation of the Group (31 December 2021: nil).
- (vi) The weighted average duration of the defined benefit obligations is 14.8 years (31 December 2021: 14.8 years).

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 benefit liabilities.

**(32) Share capital**

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
RMB-denominated ordinary shares	709,285,615	-	-	709,285,615
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,354,793</u>	<u>-</u>	<u>-</u>	<u>1,364,354,793</u>
	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
RMB-denominated ordinary shares	709,113,617	294,000	-	709,407,617
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,182,795</u>	<u>294,000</u>	<u>-</u>	<u>1,364,476,795</u>

(i) For the restricted share incentive plan carried out by the Group, please refer to Note 11 for details.

**(33) Capital surplus**

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Share premium	3,448,284,442	-	-	3,448,284,442
Other capital surplus —	507,924,671	136,712,929	-	644,637,600
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,182,722)	(584)	-	(10,183,306)
Amount included in shareholders' equity in share-based payments (i)	419,875,081	136,685,813	-	556,560,894
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,894,098	27,700	-	4,921,798
	<u>3,956,209,113</u>	<u>136,712,929</u>	<u>-</u>	<u>4,092,922,042</u>

## (33) Capital surplus (Cont'd)

	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Share premium (i)	3,444,813,522	5,932,920	-	3,450,746,442
Other capital surplus —	230,478,101	157,515,865	-	387,993,966
Share of changes of equity other than comprehensive income and profits distribution of investees accounted for using the equity method	(10,186,174)	1,981	-	(10,184,193)
Amount included in shareholders' equity in share-based payments (i)	142,725,847	157,486,792	-	300,212,639
Transfer of capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,600,214	27,092	-	4,627,306
	<u>3,675,291,623</u>	<u>163,448,785</u>	<u>-</u>	<u>3,838,740,408</u>

- (i) As stated in Note 11, for the six months ended 30 June 2022, the Group recognized a general and administrative expenses of RMB118,637,734 for the restricted share incentive plan and increased the capital surplus accordingly. At the same time, the Group recognized deferred income tax assets of RMB45,302,634 for temporary differences arising from the recognition of equity incentive expenses, including RMB18,048,079 recognized as capital surplus (For the six months ended 30 June 2021: the Company received a total of RMB6,226,920 of capital contributions from 34 incentive participants of the restricted share incentive plan. After the recognition of the share capital of RMB294,000, the difference of RMB5,932,920 is recognized as the capital surplus. The Group recognized a general and administrative expenses of RMB123,108,005 for the restricted share incentive plan and increased the capital surplus accordingly. Meanwhile, the Group recognized deferred income tax assets of RMB63,049,774 for temporary differences arising from the recognition of equity incentive expenses, including RMB34,378,787 recognized as capital surplus).

## (34) Treasury stock

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Treasury stock (i)	<u>273,189,919</u>	<u>-</u>	<u>(14,709,198)</u>	<u>258,480,721</u>
	31 December 2020	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Treasury stock (i)	<u>279,576,000</u>	<u>6,226,920</u>	<u>(10,120,500)</u>	<u>275,682,420</u>

## (34) Treasury stock (Cont'd)

- (i) Because the Company has the obligation to repurchase the restricted shares mentioned in Note 11 during the vesting period. In accordance with the dividend distribution resolution of the annual general meeting on 28 June 2022, the Company will distribute cash dividends of RMB14,709,198 to shareholders of restricted shares that are expected to be unlocked in the future, offsetting treasury stock of RMB14,709,198 (For the six months ended 30 June 2021: RMB10,120,500). As at 30 June 2022, the Company recognized liabilities for the repurchase obligation. Based on the number of restricted shares and the corresponding repurchase price, the Company calculated and recognized treasury stock and other payables of RMB258,480,721 (31 December 2021: RMB273,189,919).

## (35) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of six months ended 30 June 2022					
	31 December 2021	Attributable to shareholders of the Company, net of tax (unaudited)	30 June 2022 (unaudited)	The pre-tax amount (unaudited)	Less: Transfer out from which were recognized in other comprehensive income in the current period (unaudited)	Less: Income tax expense (unaudited)	Attributable to shareholders of the Company, net of tax (unaudited)	Attributable to the non-controlling interests, net of tax (unaudited)
Items that will not be subsequently reclassified to profit or loss								
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(31)(b)(ii))	(74,868,000)	-	(74,868,000)	-	-	-	-	-
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)	(102,868)	(995,090)	(102,868)	-	-	(102,868)	-
Currency translation differences	16,127,682	(5,580,879)	10,546,803	(5,569,888)	-	-	(5,580,879)	10,991
	(59,632,540)	(5,683,747)	(65,316,287)	(5,672,756)	-	-	(5,683,747)	10,991

## (35) Other comprehensive income (Cont'd)

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of six months ended 30 June 2021					
	31 December 2020	Attributable to shareholders of the Company, net of tax (unaudited)	30 June 2021 (unaudited)	The pre-tax amount (unaudited)	Less: Transfer out from which were recognized in other comprehensive income in the current period (unaudited)	Less: Income tax expense (unaudited)	Attributable to shareholders of the Company, net of tax (unaudited)	Attributable to the non-controlling interests, net of tax (unaudited)
Items that will not be subsequently reclassified to profit or loss								
Changes arising from re-measurement of defined benefit plan liabilities (Note 4(31)(b)(ii))	(31,571,000)	-	(31,571,000)	-	-	-	-	-
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	(585,452)	(137,707)	(723,159)	(137,707)	-	-	(137,707)	-
Currency translation differences	12,305,113	1,588,682	13,893,795	1,588,682	-	-	1,588,682	-
	<u>(19,851,339)</u>	<u>1,450,975</u>	<u>(18,400,364)</u>	<u>1,450,975</u>	<u>-</u>	<u>-</u>	<u>1,450,975</u>	<u>-</u>

## (36) Surplus reserve

	31 December 2021	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>
	31 December 2020	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>

In accordance with the Company Law and the Articles of Association of the Company, 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.

## (37) General reserve

	31 December 2021	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
General reserve	294,853,079	-	-	294,853,079
	31 December 2020	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2021 (unaudited)
General reserve	260,344,554	-	-	260,344,554

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, appropriated general reserve by 1.5% of the ending balance of the risk assets every year based on its risk consideration.

## (38) Undistributed profits

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Undistributed profits at the beginning of the period	16,318,545,692	14,220,864,502
<i>Add:</i> Net profit attributable to shareholders of the Company for the current period	2,852,094,449	2,415,521,329
<i>Less:</i> Ordinary shares dividend payable (a)	(1,500,790,272)	(1,023,357,596)
Undistributed profits at the end of the period	17,669,849,869	15,613,028,235

- (a) In accordance with the resolution at the Annual General Meeting dated 28 June 2022, the Company approved a cash dividend for the year of 2021, with RMB1.10 per share (tax included) to the shareholders of the Company. Based on a total number of 1,364,354,793 shares, the Company paid a total cash dividend of RMB1,500,790,272 on 19 July 2022 (2021: cash dividend of RMB0.75 per share (tax included) to the shareholders of the Company with RMB1,023,357,596 for the year of 2020, based on a total number of 1,364,476,795 shares).

No interim dividend for the six months ended 30 June 2022 has been proposed by the Board (For the six months ended 30 June 2021: nil).

**(39) Revenue and cost of sales**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Revenue from main operation (a)	<b>19,067,953,700</b>	18,031,065,721
Revenue from other operations (b)	<b>204,704,600</b>	260,095,030
	<b><u>19,272,658,300</u></b>	<b><u>18,291,160,751</u></b>
	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Cost of main operation (a)	<b>(11,807,931,128)</b>	(11,183,329,142)
Cost of other operations (b)	<b>(122,681,899)</b>	(176,755,064)
	<b><u>(11,930,613,027)</u></b>	<b><u>(11,360,084,206)</u></b>

**(a) Revenue and cost of main operation**

	<b>Six months ended 30 June 2022 (unaudited)</b>		Six months ended 30 June 2021 (unaudited)	
	<b>Revenue from main operation</b>	<b>Cost of main operation</b>	Revenue from main operation	Cost of main operation
Sales of beer, etc.	<b><u>19,067,953,700</u></b>	<b><u>(11,807,931,128)</u></b>	<u>18,031,065,721</u>	<u>(11,183,329,142)</u>

The information about revenue recognized by business area segment, please refer to Note 7.

**(b) Revenue and cost of other operations**

	<b>Six months ended 30 June 2022 (unaudited)</b>		Six months ended 30 June 2021 (unaudited)	
	<b>Revenue from other operations</b>	<b>Cost of other operations</b>	Revenue from other operations	Cost of other operations
Catering related	60,551,609	(36,239,858)	45,940,202	(26,361,010)
Sale of packaging materials	54,529,961	(34,748,477)	60,757,242	(39,211,282)
Construction and equipment installations	19,554,619	(12,903,007)	19,677,643	(17,919,121)
Sale of raw materials	4,706,745	(4,573,606)	58,246,953	(57,578,632)
Others	65,361,666	(34,216,951)	75,472,990	(35,685,019)
	<b><u>204,704,600</u></b>	<b><u>(122,681,899)</u></b>	<u>260,095,030</u>	<u>(176,755,064)</u>

**(40) Taxes and surcharges**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)	Tax base
Consumption tax	968,654,742	989,768,837	Note 3
City maintenance and construction tax	155,931,831	148,689,170	Note 3
Education surcharges	116,003,091	112,221,175	Note 3
Real estate tax	31,999,649	31,494,264	
Land use tax	28,305,827	30,066,824	
Stamp duty	16,185,827	14,852,508	
Others	3,318,266	3,531,463	
	<u><b>1,320,399,233</b></u>	<u><b>1,330,624,241</b></u>	

**(41) Selling and distribution expenses**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Employee benefits expenses	1,119,276,584	1,055,156,817
Advertising related expenses	695,240,950	723,449,008
Labor expenses	74,632,822	73,358,666
Administrative expenses	70,272,879	92,840,489
Operating lease expenses	42,600,892	46,945,768
Depreciation and amortization charges	42,378,948	53,474,747
Material consumptions	16,619,381	37,952,289
Other expenses	65,193,684	72,264,268
	<u><b>2,126,216,140</b></u>	<u><b>2,155,442,052</b></u>

**(42) General and administrative expenses**

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Employee benefits expenses	359,831,414	337,067,752
Share-based payment expenses	118,637,734	123,108,005
Depreciation and amortization charges	110,424,369	100,800,970
Administrative expenses	24,088,087	40,408,138
Repair expenses	19,432,245	15,319,576
Agency fees	17,427,529	21,229,242
Guard fire fees	12,479,032	13,850,766
Insurance expenses	3,977,457	4,082,217
Material consumption	3,827,806	3,704,005
Other expenses	36,183,124	51,979,231
	<u>706,308,797</u>	<u>711,549,902</u>

**(43) Research and development expenses**

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Employee benefits expenses and labor expenses	11,598,060	5,493,281
Depreciation and amortization charges	1,280,624	1,082,392
Material consumption	737,584	440,046
Other expenses	3,385,736	1,232,836
	<u>17,002,004</u>	<u>8,248,555</u>

**(44) Finance expenses**

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest payment	4,675,899	11,003,365
<i>Less: Interest income</i>	<i>(204,593,833)</i>	<i>(172,412,314)</i>
Exchange (gains)/losses	(6,668,484)	5,066,278
Discounting impact of the long-term employee benefits payable	15,315,662	15,033,510
Interest expense on lease liabilities	3,969,750	3,855,069
Others	1,868,521	2,028,516
	<u>(185,432,485)</u>	<u>(135,425,576)</u>

## (45) 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:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Raw materials, packaging materials and consumables used	7,354,775,788	6,967,172,141
Employee benefits expenses	2,439,326,348	2,326,860,497
Handling and transportation expenses	1,153,557,038	1,245,707,713
Changes in inventories of finished goods and work in progress	1,027,766,092	839,734,151
Advertising related expenses	695,240,950	723,342,765
Finished goods purchased outside	627,067,029	582,626,314
Depreciation and amortization charges	550,594,918	564,939,358
Repair expenses (i)	189,156,678	178,316,824
Labor expenses	140,450,338	146,918,124
Share-based payment expenses	118,637,734	123,108,005
Amortization expenses of packaging materials	111,803,055	97,701,204
Administrative expenses	95,936,933	136,263,976
Operating lease expenses (ii)	69,117,209	88,486,122
Other expenses	206,709,858	214,147,521
	<b>14,780,139,968</b>	<b>14,235,324,715</b>

- (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 or loss. The amount for the six months ended 30 June 2022 is 69,117,209 (For the six months ended 30 June 2021: 88,486,122).

According to the "Notice on adjustment of the Application Scope of the Regulations of Accounting Treatment of the COVID 19-related Rent Concession" (Cai Kuai [2021] No. 9) issued by the Ministry of Finance in 2021, due to the impact of the COVID-19, the lessor reduced the Company's rent with the amount of 332,239 in the six months ended 30 June 2022 (For the six months ended 30 June 2021: nil). The Company has offset the concession with the current rental expenses according to the simplified treatment.

**(46) Other incomes**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)	Related to assets/income
Grant for relocation projects	122,549,147	121,729,092	Assets/Income
Grant for company development	78,761,608	52,216,903	Income
Grant for technology improvement projects	8,445,465	6,849,627	Assets
Grant for other production and operation	34,040,314	40,671,343	Assets/Income
	<u>243,796,534</u>	<u>221,466,965</u>	

**(47) Investment income**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Interbank negotiable certificates of deposit investment income	88,844,892	38,306,182
Investment income from long-term equity investments accounted for using the equity method	19,239,773	18,854,829
Others	3,389,172	2,787,920
	<u>111,473,837</u>	<u>59,948,931</u>

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

**(48) Profit arising from changes in fair value**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Financial assets at fair value through profit or loss — Debt instruments	<u>110,885,577</u>	<u>130,474,522</u>

**(49) Gains on disposals of assets**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Gains/(Losses) on disposal of fixed assets	17,880,192	(891,001)
Gains on disposal of intangible assets	2,394,093	11,337,200
Gains on disposal of right of use assets	495,965	207,956
	<u>20,770,250</u>	<u>10,654,155</u>

For the six months ended 30 June 2022, all asset disposal gains and losses have been recognized in the current non-recurring profit or loss.

**(50) Non-operating income**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Gains on unpaid debts	1,223,847	4,911,992
Penalty gains	737,108	819,248
Others	2,339,123	4,151,146
	<u>4,300,078</u>	<u>9,882,386</u>

For the six months ended 30 June 2022, all non-operating income has been regarded as non-recurring profit or loss in the current period.

**(51) Non-operating expenses**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Donations	3,604,230	11,800
Compensations, defaults and overdue fines	632,194	164,372
Others	284,417	307,324
	<u>4,520,841</u>	<u>483,496</u>

For the six months ended 30 June 2022, all non-operating expenses have been recognized in the current non-recurring profit or loss.

**(52) Income tax expense**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Current income tax calculated according to tax law and related regulations in mainland China —		
China enterprise income tax	1,051,988,909	1,061,024,567
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	1,046,702	2,474,238
Current profits supplemental tax calculated according to tax law and related regulations in Macau —		
Macau profits supplemental tax	228,341	(158,016)
Deferred income tax	(116,475,880)	(259,345,708)
	<u>936,788,072</u>	<u>803,995,081</u>

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:

**(52) Income tax expense (Cont'd)**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Total profit	<b>3,845,104,398</b>	3,290,860,296
Income tax expense calculated at applicable tax rates	<b>960,519,461</b>	820,899,615
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	<b>12,466,476</b>	17,094,061
Income not subject to tax	<b>(12,244,515)</b>	(13,484,454)
Impact of utilisation of deductible tax losses and temporary differences from previously unrecognized deferred tax assets	<b>(70,909,122)</b>	(58,165,322)
Deductible temporary differences of currently unrecognized deferred tax assets	<b>13,035,605</b>	8,746,820
Deductible tax losses of currently unrecognized deferred tax assets	<b>33,920,167</b>	28,904,361
Income tax expense	<b><u>936,788,072</u></b>	<b><u>803,995,081</u></b>

**(53) 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:

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Consolidated net profit attributable to shareholders of the Company	<b>2,852,094,449</b>	2,415,521,329
Less: Cash dividend of restricted shares expected to be vested in the future	<b>(14,709,198)</b>	(10,120,500)
Consolidated net profit attributable to ordinary shareholders of the Company	<b>2,837,385,251</b>	2,405,400,829
Weighted average numbers of ordinary shares outstanding	<b>1,350,982,795</b>	1,350,982,795
Basic earnings per share	<b><u>2.100</u></b>	<u>1.780</u>
Including:		
— Basic earnings per share from continuing operations	<b>2.100</b>	1.780

**(53) Earnings per sharee (Cont'd)****(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average numbers of ordinary shares outstanding. For the six months ended 30 June 2022, the restricted shares incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	<b>Six months ended 30 June 2022 (unaudited)</b>
Consolidated net profit attributable to ordinary shareholders of the Company	<b>2,852,094,449</b>
Weighted average numbers of ordinary shares outstanding	<b>1,350,982,795</b>
Weighted average number of ordinary shares increased due to share-based payments	<b>8,024,178</b>
Weighted average numbers of ordinary shares outstanding after dilution	<b>1,359,006,973</b>
Diluted earnings per share	<b>2.099</b>
Including:	
— Diluted earnings per share from continuing operations	<b>2.099</b>

The restricted shares incentive plan implemented by the Company has no dilutive effect on earnings per share for the six months ended 30 June 2021, so diluted earnings per share equals to basic earnings per share.

**(54) Notes to consolidated cash flow statement****(a) Cash received relating to other operating activities**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Guarantee deposits	<b>270,848,231</b>	307,232,251
Government grants	<b>205,307,708</b>	106,629,401
Others	<b>47,689,095</b>	59,077,159
	<b>523,845,034</b>	472,938,811

## (54) Notes to consolidated cash flow statement (Cont'd)

*(b) Cash paid relating to other operating activities*

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Marketing and promotion expenses	452,155,251	411,600,122
Advertising related expenses	388,172,709	449,027,986
Administrative expenses	117,745,182	138,012,589
Guarantee deposits	135,318,274	113,745,689
Others	172,592,288	166,116,078
	<b><u>1,265,983,704</u></b>	<b><u>1,278,502,464</u></b>

*(c) Cash received relating to other investing activities*

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Interest income of Finance Company's deposits	99,483,114	181,948,020
Bidding deposits and others received	10,521,751	17,706,706
	<b><u>110,004,865</u></b>	<b><u>199,654,726</u></b>

*(d) Cash paid relating to other investing activities*

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Deposit reserve paid by Finance Company	84,600,000	271,300,000
Bidding deposits and others paid	21,285,747	14,007,357
	<b><u>105,885,747</u></b>	<b><u>285,307,357</u></b>

## (54) Notes to consolidated cash flow statement (Cont'd)

*(e) Cash paid relating to other financing activities*

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Repayment of lease liabilities	<u>28,298,530</u>	<u>27,931,298</u>

For the six months ended 30 June 2022, total cash outflows related to lease paid by the Group is 87,463,566. Other cash outflows are recognized in operating activities except repayment of lease liabilities recognized in financing activities mentioned above.

## (55) Supplementary information to consolidated cash flow statements

*(a) Supplementary information to consolidated cash flow statements*

Reconciliation from net profit to cash flows from operating activities:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net profit	2,908,316,326	2,486,865,215
Add: Provision for asset impairment	962,720	5,826
(Reversals)/Losses for credit impairment	(1,810,099)	1,714,712
Depreciation of fixed assets and investment properties	437,649,602	444,122,995
Depreciation of right-of-use assets	23,756,249	25,292,012
Amortization of intangible assets	71,603,376	85,916,559
Amortization of long-term prepaid expenses	21,519,213	13,950,442
Expense on Share-based payment	118,637,734	123,108,005
Gains on disposals of fixed assets and intangible assets	(20,770,250)	(10,654,155)
Profit arising from changes in fair value	(110,885,577)	(130,474,522)
Financial expenses	(198,412,872)	(148,932,204)
Investment income	(111,473,837)	(59,948,931)
Increase in deferred tax assets	(128,733,770)	(271,260,958)
Amortization of deferred income	(142,348,774)	(145,573,144)
Decrease/(Increase) in deferred tax liabilities	12,477,618	(3,569,851)
Decrease in inventories	1,133,332,764	1,066,352,506
Decrease in operating receivables	186,004,897	237,372,311
Increase in operating payables	<u>519,186,908</u>	<u>1,310,374,434</u>
Net cash flows from operating activities	<u>4,719,012,228</u>	<u>5,024,661,252</u>

## (55) Supplementary information to consolidated cash flow statements (Cont'd)

## (a) Supplementary information to consolidated cash flow statements (Cont'd)

Net increase in cash and cash equivalents

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Cash and cash equivalents at end of the period	12,618,027,496	6,846,715,666
Less: Cash and cash equivalents at beginning of the period	<u>(11,813,753,792)</u>	<u>(17,643,123,424)</u>
Net increase in cash and cash equivalents	<u>804,273,704</u>	<u>(10,796,407,758)</u>

## (b) Cash and cash equivalents

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Cash and cash equivalents (Note 4(1))	12,618,027,496	6,846,715,666
Including: Cash on hand	201,103	241,528
Cash at bank that can be readily drawn on demand	12,613,033,234	6,843,350,089
Cash at non-financial institutions that can be readily drawn on demand	<u>4,793,159</u>	<u>3,124,049</u>
Cash and cash equivalents at end of the period	<u>12,618,027,496</u>	<u>6,846,715,666</u>

## (56) Foreign currency items

	30 June 2022 (unaudited)		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and cash on hand —			
USD	13,436,182	6.7114	90,175,592
HKD	74,432,459	0.8552	63,654,639
MOP	50,421,387	0.8295	41,824,541
EUR	1,234,510	7.0084	8,651,940
VND	4,945,186,130	0.0003	1,483,556
			<b>205,790,268</b>
Accounts receivable —			
HKD	60,722,099	0.8552	51,929,539
USD	4,921,755	6.7114	33,031,867
EUR	3,027,616	7.0084	21,218,744
GBP	1,200,760	8.1365	9,769,984
MOP	3,927,470	0.8295	3,257,836
CAD	91,040	5.2058	473,936
			<b>119,681,906</b>
Other receivables —			
HKD	1,339,413	0.8552	1,145,466
MOP	337,855	0.8295	280,251
VND	338,900,000	0.0003	101,670
			<b>1,527,387</b>
Short-term borrowings —			
HKD	280,000,000	0.8552	239,456,000
Accounts payable —			
HKD	25,721,624	0.8552	21,997,133
VND	11,824,937,902	0.0003	3,547,481
MOP	3,365,485	0.8295	2,791,670
			<b>28,336,284</b>

## (56) Foreign currency items (Cont'd)

	30 June 2022 (unaudited)		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Other payables —			
USD	1,866,684	6.7114	12,528,063
HKD	2,627,446	0.8552	2,246,992
MOP	656,164	0.8295	544,288
EUR	7,800	7.0084	54,666
			<u>15,374,009</u>
Non-current liability within one year —			
MOP	1,457,781	0.8295	1,209,229
HKD	308,360	0.8552	263,709
			<u>1,472,938</u>
Lease liability —			
MOP	1,149,317	0.8295	953,358
HKD	19,423	0.8552	16,611
			<u>969,969</u>

Foreign currency monetary item mentioned above refers to all currencies other than RMB (the scope is different from the foreign currency items in Note 10(1)(a)).

## 5 CHANGES IN CONSOLIDATION SCOPE

For the six months ended 30 June 2022, there is no changes in consolidation scope of the Company.

## (1) Interests in subsidiaries

## (a) The structure of the Group

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	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, 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	47,070,000	89.91%	10.09%	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.	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%	5.58%	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
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	287,903,022	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")	Fixi, the PRC	Jixi, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment

## (1) Interests in subsidiaries (Cont'd)

## (a) The structure of the Group (Cont'd)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
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")	Dezhou, the PRC	Dezhou, 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 (Hangzhong) Co., Ltd. ("Hangzhong Company")	Hangzhong, the PRC	Hangzhong, 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, 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
Tsingtao Brewery Chenzhou Sales Co., Ltd.	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. ("Electronic Commerce")	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

## 6 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interests in subsidiaries (Cont'd)

#### (a) The structure of the Group (Cont'd)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
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, retail sale and Services	240,000,000	96.25%	3.75%	Establishment or investment
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	R&D	380,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Sanshui) Co., Ltd.	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, 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

## 6 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interests in subsidiaries (Cont'd)

#### (a) The structure of the Group (Cont'd)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
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	-	55.06%	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, the PRC	Suizhou, the PRC	Manufacturing	24,000,000	-	90%	Business combination not under common control
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, 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. ("Culture Communication Company")	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	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
Shandong Xin Immense Brewery Co., Ltd. ("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

## 6 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interests in subsidiaries (Cont'd)

#### (a) The structure of the Group (Cont'd)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingtao Brewery (Hangzhou) Co., Ltd. ("Hangzhou Company")	Jiande, the PRC	Jiande, the PRC	Manufacturing	230,000,000	80%	-	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 Lulansa Brewery Co., Ltd. ("Lulansa Company")	Zibo, the PRC	Zibo, the PRC	Manufacturing	100,000,000	90%	-	Business combination not under common control
Equipment Manufacture 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
Tsingtao Brewery Shanghai Songjiang Manufacturing Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	50,000,000	-	100%	Business combination not under common control
Tsingtao Brewery (Suqian) Co., Ltd. ("Suqian Company")	Suqian, the PRC	Suqian, the PRC	Manufacturing	100,000,000	75%	25%	Business combination not under common control
Tsingtao Brewery (Xuzhou) Pengcheng Co., Ltd.	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	155,000,000	-	100%	Business combination not under common control
Tsingto Brewery (Xuzhou) Co., Ltd.	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	39,336,899	-	100%	Business combination not under common control
Tsingto Brewery (Yangzhou) Co., Ltd. ("Yangzhou Company")	Yangzhou, the PRC	Yangzhou, the PRC	Manufacturing	200,000,000	50%	50%	Business combination not under common control
Tsingto Brewery (Kunshan) Co., Ltd.	Kunshan, the PRC	Kunshan, the PRC	Manufacturing	731,535,952	-	100%	Business combination not under common control

## (1) Interests in subsidiaries (Cont'd)

## (a) The structure of the Group (Cont'd)

Name	Place of operation	Place of incorporation	Principal activities	Registered capital	Share proportion		Acquisition method
					Directly	Indirectly	
Tsingto Brewery (Lianyungang) Co., Ltd.	Lianyungang, the PRC	Lianyungang, the PRC	Manufacturing	166,093,523	-	100%	Business combination not under common control
Tsingto Brewery (Minhang) Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	377,251,025	-	96.50%	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 stocks or bonds.

There are no restrictions on using the assets of the Group or settling the liabilities of the Group.

## (b) Subsidiaries with significant non-controlling interests

Name of subsidiaries	Share proportion of non-controlling interests	Non-controlling interests for the six months ended 30 June 2022 (unaudited)	Total dividends distributed to the minority shareholders in six months ended		Non-controlling interests as at 30 June 2022 (unaudited)
			30 June 2022 (unaudited)	30 June 2022 (unaudited)	
Shenzhen Asahi	49%	19,237,961	(44,183,300)		201,873,584

Summarized financial information of significant non-wholly owned subsidiaries is as follows:

	30 June 2022 (unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	259,541,971	414,761,111	674,303,082	(244,747,732)	(14,853,366)	(259,601,098)

  

	31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	292,245,627	418,573,183	710,818,810	(230,700,561)	(15,185,435)	(245,885,996)

  

	Six months ended 30 June 2022 (unaudited)			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	405,098,599	39,297,197	39,297,197	92,817,218

## 6 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interests in subsidiaries (Cont'd)

#### (b) Subsidiaries with significant non-controlling interests (Cont'd)

	Six months ended 30 June 2021 (unaudited)			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	409,907,224	49,024,876	49,024,876	76,627,521

Financial information above is the amounts before elimination among subsidiaries in the Group.

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

#### (a) Fundamental information of the significant Joint Venture and Associates

	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 Brewery Company	Yantai, the PRC	Yantai, the PRC	Manufacturing	Yes	39%	-
Zhaoshang Logistics	Qingdao, the PRC	Qingdao, the PRC	Logistics	Yes	30%	-
Liaoning Shengqing	Shenyang, the PRC	Shenyang, the PRC	Wholesale and retail sale	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

The equity investments above are accounted for with the equity method.

## (2) Interests in the Joint Venture and Associates (Cont'd)

## (b) Summarized financial information of the joint venture

	<b>Hebei Jiahe Company</b>	
	<b>30 June 2022 (unaudited)</b>	31 December 2021
Current assets	<b>156,657,317</b>	75,344,724
Including: cash and cash equivalents	<b>77,365,690</b>	45,472,108
Non-current assets	<b>89,661,508</b>	89,549,234
Total assets	<b>246,318,825</b>	164,893,958
Current liabilities	<b>(93,309,568)</b>	(21,668,969)
Total liabilities	<b>(93,309,568)</b>	(21,668,969)
Total equity attributable to shareholders of the Company	<b>153,009,257</b>	143,224,989
Adjusted fair value of the identifiable net assets when obtained	<b>63,231,871</b>	66,344,171
Adjusted total equity attributable to shareholders of the Company	<b>216,241,128</b>	209,569,160
The share of net assets calculated based on the shareholding proportion (i)	<b>108,120,564</b>	104,784,580
Adjusting item — goodwill	<b>113,928,609</b>	113,928,609
Carrying amount of investment on the joint venture	<b>222,049,173</b>	218,713,189

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

	<b>Hebei Jiahe Company</b>	
	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Revenue	<b>226,373,938</b>	158,303,584
Finance expenses	<b>(454,555)</b>	(221,968)
Income tax expense	<b>(6,600,246)</b>	1,450,531
Net profit	<b>19,784,268</b>	5,478,887
Total comprehensive income	<b>19,784,268</b>	5,478,887
Adjusted fair value of the identifiable net assets when obtained	<b>(3,112,300)</b>	(3,376,703)
Adjusted total comprehensive income attributable to shareholders of the Company	<b>16,671,968</b>	2,102,184
Dividends received from the joint venture in the current period	<b>5,000,000</b>	7,000,000

## 6 INTERESTS IN OTHER ENTITIES (CONT'D)

### (2) Interests in the Joint Venture and Associates (Cont'd)

#### (b) Summarized financial information of the joint venture (Cont'd)

- (i) The share of the net asset of the joint venture was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the Company in the consolidated financial statement of the joint venture, adjusted according to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group.

#### (c) Summarized financial information of associates

	30 June 2022 (unaudited)				31 December 2021			
	Yantai		Yantai		Yantai		Yantai	
	Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	363,037,188	171,686,017	23,844,878	33,288,785	352,321,767	159,570,735	43,901,414	27,394,870
Including: cash and cash equivalents	37,854,614	2,376,229	4,744,637	15,709,118	80,313,996	324,075	3,110,021	11,241,802
Non-current assets	427,978,482	2,632,943	3,196,444	216,798	374,358,217	2,595,552	2,927,026	258,953
Total assets	791,015,670	174,318,960	27,041,322	33,505,583	726,679,984	162,166,287	46,828,440	27,653,823
Current liabilities	(394,751,045)	(131,529,779)	(29,787,435)	(22,126,437)	(316,467,019)	(122,348,006)	(47,425,445)	(20,455,530)
Non-current liabilities	(117,529,166)	-	-	-	(109,406,808)	(150)	-	-
Total liabilities	(512,280,211)	(131,529,779)	(29,787,435)	(22,126,437)	(425,873,827)	(122,348,156)	(47,425,445)	(20,455,530)
Total equity attributable to shareholders of the Company	278,735,459	42,789,181	(2,746,113)	11,379,146	300,806,157	39,818,131	(597,005)	7,198,293
Adjusted fair value of the identifiable net assets when obtained	24,398,563	-	-	-	25,167,353	-	-	-
Adjusted total equity attributable to shareholders of the Company	303,134,022	42,789,181	(2,746,113)	11,379,146	325,973,510	39,818,131	(597,005)	7,198,293
The share of net assets calculated based on the shareholding proportion (i)	118,222,269	12,836,754	(823,834)	4,551,658	127,129,669	11,945,439	(179,102)	2,879,317
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealized profits of internal transaction	(10,555)	-	-	-	(4,268,209)	-	-	-
— Unrecognized excess loss	-	-	823,834	-	-	-	179,102	-
Carrying amount of investments on Associates	127,852,393	12,836,754	-	4,551,658	132,502,139	11,945,439	-	2,879,317

There is no quoted market price for the investments in associates of the Group.

## (2) Interests in the Joint Venture and Associates (Cont'd)

## (c) Summarized financial information of associates (Cont'd)

	Six months ended 30 June 2022 (unaudited)				Six months ended 30 June 2021 (unaudited)			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	418,804,736	129,246,323	30,369,819	68,841,046	424,244,834	128,916,426	29,609,699	33,879,234
Net profit/(loss)	10,971,423	2,972,997	(2,149,108)	4,438,022	26,180,241	6,694,642	13,915	2,442,847
Other comprehensive income	-	-	-	(257,169)	-	-	-	(344,267)
Total comprehensive income	10,971,423	2,972,997	(2,149,108)	4,180,853	26,180,241	6,694,642	13,915	2,098,580
Total comprehensive income attributable to shareholders of the Company	10,971,423	2,972,997	(2,149,108)	4,180,853	26,180,241	6,694,642	13,915	2,098,580
Adjusted fair value of the identifiable net assets when obtained	(768,790)	-	-	-	3,505,142	-	-	-
Adjusted total comprehensive income attributable to shareholders	10,202,633	2,972,997	(2,149,108)	4,180,853	29,685,383	6,694,642	13,915	2,098,580
Dividends received from the associates in the current period	12,886,427	-	-	-	12,379,306	-	-	-

- (i) The share of the net asset of associates was calculated by the share proportion of the Group, based on the equity attributable to the Company in the consolidated financial statement of the associates, adjusted according to the fair value of the identifiable assets and liabilities of the associates at the acquisition date and conformed to accounting policies of the Group. None of the assets involved in transactions between the Group and its joint ventures constitute business.

## (d) Excess losses of associate

	Accumulated unrecognized losses at the beginning of the period	Unrecognized losses in the current period (unaudited)	Accumulated unrecognized losses at the end of the period (unaudited)
Liaoning Shenqing	179,102	644,732	823,834

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 and other products, 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 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.

(a) Segment information as at and for the six months ended 30 June 2022 is listed as follows (unaudited):

	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	11,813,407,333	1,514,592,862	3,656,945,661	1,442,427,314	474,399,302	360,675,014	7,442,271	2,858,543	-	19,272,658,300
Inter-segment revenue	1,624,577,674	401,119,797	1,082,088,778	152,016,126	4,230,478	237,828,606	6,547,966	14,203,860	(3,522,613,285)	-
Cost of sales	(9,054,323,304)	(1,269,472,912)	(3,235,932,958)	(1,162,631,654)	(341,571,871)	(491,893,458)	(14,788)	(16,820,930)	3,642,048,848	(11,930,613,027)
Selling and distribution expenses	(1,394,877,861)	(179,530,842)	(266,191,086)	(157,540,159)	(66,382,101)	(61,694,091)	-	-	-	(2,126,216,140)
Interest income	41,055,218	13,528,279	29,174,767	5,817,648	1,413,621	561,804	167,156,801	52,477,759	(106,592,064)	204,593,833
Interest expense	(1,452,024)	(1,589,381)	(781,196)	(7,293,770)	(1,436,914)	(1,246,689)	(109,157,134)	-	118,281,209	(4,675,899)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	19,239,773	-	19,239,773
Credit impairment reversals/(losses)	3,002,241	-	(73,311)	-	-	(69,234)	(1,213,077)	163,480	-	1,810,099
Asset impairment losses	(815,745)	3,819	-	-	-	(150,794)	-	-	-	(962,720)
Depreciation and amortization	(237,251,644)	(73,676,887)	(114,127,085)	(71,636,688)	(17,045,146)	(1,993,237)	(1,030,588)	(37,767,165)	-	(554,528,440)
Total profits/(losses)	2,185,478,630	278,204,963	925,729,864	82,019,722	41,597,653	35,556,821	184,747,637	(19,762,268)	131,531,376	3,845,104,398
Income tax expense	(571,928,840)	(51,646,677)	(217,253,572)	(9,891,775)	(2,048,496)	(6,258,586)	(46,264,244)	-	(31,495,882)	(936,788,072)
Net profits/(losses)	1,613,549,790	226,558,286	708,476,292	72,127,947	39,549,157	29,298,235	138,483,393	(19,762,268)	100,035,494	2,908,316,326
Total assets	17,602,426,026	4,573,468,249	9,805,832,298	3,783,466,101	914,513,733	620,667,472	20,984,633,956	13,127,193,496	(21,335,194,525)	50,077,066,806
Total liabilities	14,545,038,180	2,080,354,482	5,362,552,761	3,258,935,993	596,927,043	656,654,556	17,761,993,554	1,662,609,060	(21,151,062,018)	24,774,003,611
Non-cash expenses other than depreciation and amortization	14,230,095	502,845	2,821,100	1,566,761	98,440	661,171	-	-	-	19,285,412
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	367,289,978	-	367,289,978
Additions of non-current assets (i)	781,115,425	46,636,132	105,183,763	44,490,647	4,995,314	751,973	452,264	14,290,148	(11,639,393)	986,276,273

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

7 SEGMENT INFORMATION (CONT'D)

(b) Segment information as at and for the six months ended 30 June 2021 is listed as follows (unaudited):

	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	11,144,886,789	1,523,994,869	3,248,270,608	1,576,071,560	480,114,629	309,258,467	5,306,324	3,257,505	-	18,291,160,751
Inter-segment revenue	1,485,372,214	424,094,052	1,043,485,034	147,306,792	3,677,180	89,426,907	8,439,759	12,453,733	(3,214,255,671)	-
Cost of sales	(8,628,321,126)	(1,242,329,490)	(2,962,366,455)	(1,193,732,617)	(308,346,885)	(334,244,799)	(20,458)	(15,193,240)	3,324,470,864	(11,360,084,206)
Selling and distribution expenses	(1,469,711,726)	(196,135,536)	(234,521,509)	(168,389,876)	(63,361,101)	(23,322,304)	-	-	-	(2,155,442,052)
Interest income	34,536,445	10,835,411	25,675,939	4,739,910	953,975	499,420	167,166,261	18,247,839	(90,242,886)	172,412,314
Interest expense	(1,443,402)	(1,901,494)	(1,141,878)	(7,247,560)	(658,916)	(1,255,239)	(98,960,265)	-	101,605,389	(11,003,365)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	18,854,829	-	18,854,829
Credit impairment reversals/(losses)	312,253	-	95,228	(6,370)	-	(27,990)	(3,802,918)	-	1,795,085	(1,714,712)
Asset impairment losses	-	(5,826)	-	-	-	-	-	-	-	(5,826)
Depreciation and amortization	(251,972,331)	(84,480,257)	(111,383,472)	(79,774,067)	(9,134,129)	(1,770,829)	(891,568)	(29,875,355)	-	(569,202,008)
Total profit	1,688,678,061	295,775,308	799,540,619	146,162,298	71,736,149	32,607,069	149,770,933	25,950,005	80,639,854	3,290,860,296
Income tax expense	(447,554,469)	(67,758,464)	(190,011,705)	(19,251,324)	(4,618,853)	(6,854,080)	(38,202,448)	-	(29,663,738)	(803,995,081)
Net profit	1,241,123,592	228,016,844	609,528,914	126,910,974	67,117,296	25,752,989	111,488,485	25,950,005	50,976,116	2,486,865,215
Total assets	15,597,270,562	4,519,453,434	8,865,383,036	3,657,057,697	846,930,368	658,133,241	17,039,245,375	10,981,696,933	(16,548,397,290)	45,236,910,933
Total liabilities	11,817,545,855	1,915,136,231	5,102,745,502	3,013,882,899	596,137,190	708,813,945	14,093,746,549	1,580,833,953	(16,548,397,290)	22,280,444,834
Non-cash expenses other than depreciation and amortization	13,996,573	701,745	3,062,025	789,964	276,661	61,611	-	-	-	18,888,579
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	373,673,634	-	373,673,634
Additions of non-current assets (i)	371,356,594	57,142,486	343,288,695	35,083,662	4,876,727	4,119,020	234,906	26,552,619	(38,043,635)	804,611,074

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

(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 listed as follows:

Revenue from external customers	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Mainland China	18,880,860,967	17,957,768,054
Hong Kong and Macau SAR	79,159,672	84,508,015
Other overseas regions	312,637,661	248,884,682
	<b>19,272,658,300</b>	<b>18,291,160,751</b>
Total non-current assets	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Mainland China	15,883,610,990	15,365,140,738
Hong Kong and Macau SAR	13,847,514	16,490,335
Other overseas regions	6,367	11,360
	<b>15,897,464,871</b>	<b>15,381,642,433</b>

## 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 RMB1,163.72 million. Its main business is the operation and investment of state-owned assets. As at 30 June 2022, the shareholding ratio was 32.50% (31 December 2021: 32.50%).

The ultimate controlling party of the Company is the SASACQ.

### (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 listed below:

<u>Company name</u>	<u>Relationship with the Group</u>
Beijing Sales Company	Associate

### (4) Information of other related parties

	<u>Relationship with the Group</u>
Subsidiaries of Fosun International Group Co., Ltd.	Former Majority shareholder of the Company
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
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 13 January 2022, 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 Tsingtao Brewery Group’s subsidiaries. The Company has approved the signing of the 2022 outsourced processing agreement with Youjia Health, the 2022 supply chain business service framework agreement with Smart Chain Success Delivery and the comprehensive service framework agreement with Tsingtao Brewery Group at the 4th meeting of the tenth Board.

## (5) Related party transactions

## (a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	Six months ended	Six months ended
			30 June 2022 (unaudited)	30 June 2021 (unaudited)
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices refer to the market prices	401,728,654	419,446,308
Hebei Jiaye Company	Purchase of beer	Mutually-agreed prices refer to the market prices	225,362,375	157,127,593
Smart Chain Success Delivery (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	144,108,610	185,703,920
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices refer to the market prices	122,062,188	110,239,103
Smart Chain Success Delivery (i)	Receiving warehouse services	Mutually-agreed prices refer to the market prices	4,110,773	-
			897,372,600	872,516,924

## (b) Sales of goods and providing services

Name of related party	Nature of transaction	Pricing policies	Six months ended	Six months ended
			30 June 2022 (unaudited)	30 June 2021 (unaudited)
European Company	Sale of beer and materials	Mutually-agreed prices refer to the market prices	53,716,961	26,528,493
Liaoning Shengqing	Sale of beer and materials	Mutually-agreed prices refer to the market prices	28,501,650	9,089,912
Yantai Brewery Company	Provide equipment services	Mutually-agreed prices refer to the market prices	15,625,913	-
Tsingtao Brewery Group	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,926,109	1,191,482
Youjia Health (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,879,696	2,828,546
Youjia Shanghai (ii)	Provide consignment processing	Mutually-agreed prices refer to the market prices	1,173,203	-
Smart Chain Success Delivery (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	889,482	753,622
Tsingtao Brewery Real Estate (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	153,247	128,161
Yunnan Dashan (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	148,733	-

## (5) Related party transactions (Cont'd)

## (b) Sales of goods and providing services (Cont'd)

Name of related party	Nature of transaction	Pricing policies	Six months ended	Six months ended
			30 June 2022 (unaudited)	30 June 2021 (unaudited)
Dasheng Smart Chain (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	143,687	112,722
Dasheng Smart Chain (ii)	Provide warehouse rental service	Mutually-agreed prices refer to the market prices	126,147	21,024
Youjia Shanghai (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	96,473	-
Youjia Health (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	55,259,464
Youjia Shanghai (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	1,384,831
Yunnan Dashan (ii)	Sale of products	Mutually-agreed prices refer to the market prices	-	1,220,000
			104,381,301	98,518,257

(i) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Listing Rules, which indicates receiving labor service from Smart Chain Success Delivery.

(ii) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Listing Rules, which indicates sale of product and provide services among with Youjia Health, Youjia Shanghai, Yunnan Dashan, Tsingtao Brewery Group, Smart Chain Success Delivery, Tsingtao Brewery Real Estate and Dasheng Smart Chain.

## (c) Absorbed deposits from related parties

	Six months ended	Six months ended
	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Yantai Brewery Company	446,374,228	486,300,074

## (d) Interest expense paid to related parties

	Six months ended	Six months ended
	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Yantai Brewery Company	14,230	20,458

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (5) Related party transactions (Cont'd)

#### (e) Financial services fee received from related parties

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Yantai Brewery Company	<u>4,227</u>	<u>4,553</u>

#### (f) Key management compensation

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Share-based payment	7,371,786	7,421,226
Key management compensation paid	<u>3,225,398</u>	<u>3,078,617</u>
	<u>10,597,184</u>	<u>10,499,843</u>

(g) For the six months ended 30 June 2022, there is no loan provided to the key management from the Group (For the six months ended 30 June 2021: nil).

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (6) Receivable and payable balances with related parties

Receivables from related parties:

		30 June 2022 (unaudited)		31 December 2021	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	European				
	Company	21,218,747	-	9,192,250	-
	Beijing Sales				
	Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
		<u>32,464,531</u>	<u>(11,245,784)</u>	<u>20,438,034</u>	<u>(11,245,784)</u>
Other Receivables	Yantai				
	Brewery Company	29,415,507	-	-	-
		<u>29,415,507</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables to related parties:

		30 June 2022 (unaudited)	31 December 2021
Accounts payable	Yantai Brewery Company	216,697,317	154,212,943
	Smart Chain Success Delivery	134,818,655	131,474,295
	Zhaoshang Logistics	77,328,873	52,109,543
	Hebei Jiahe Company	53,538,884	1,883,672
		<u>482,383,729</u>	<u>339,680,453</u>
Other payables	Yantai Brewery Company	<u>447,408</u>	<u>420,530</u>
Contract liabilities and other current liabilities	Liaoning Shenqing	4,161,523	30,677,083
	Youjia Health	64,283	6,532,739
	Youjia Shanghai	45,941	45,941
	European Company	7,153	7,218
	Yantai Brewery Company	-	328,248
	<u>4,278,900</u>	<u>37,591,229</u>	

## 9 COMMITMENTS

### Capital commitments

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

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Buildings, machinery and equipment	<b><u>396,286,933</u></b>	<u>635,041,772</u>

## 10 FINANCIAL INSTRUMENT AND RISK

The Group's activities are exposed 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 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 analyze 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. 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.

### (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 dominated in foreign currencies and foreign currency transactions are mainly denominated in USD). The Group continuously monitors transactions denominated in foreign currencies and the scale of assets and liabilities to minimise the foreign exchange risk. For this purpose, the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. For the six months ended 30 June 2022 and 2021, the Group did not enter into any forward foreign exchange contracts or currency swap contracts.

As at 30 June 2022 and 31 December 2021, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are listed as below:

10 FINANCIAL INSTRUMENT AND RISK (CONT'D)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

	30 June 2022 (unaudited)		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	86,819,227	8,652,486	95,471,713
Receivables	33,031,867	56,250,066	89,281,933
	<u>119,851,094</u>	<u>64,902,552</u>	<u>184,753,646</u>
Financial liabilities denominated in foreign currency —			
Other payables	12,528,063	54,666	12,582,729
	<u>12,528,063</u>	<u>54,666</u>	<u>12,582,729</u>
	31 December 2021		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	143,610,727	40,632,350	184,243,077
Receivables	30,041,992	38,307,053	68,349,045
	<u>173,652,719</u>	<u>78,939,403</u>	<u>252,592,122</u>
Financial liabilities denominated in foreign currency —			
Other payables	10,628,681	56,314	10,684,995
	<u>10,628,681</u>	<u>56,314</u>	<u>10,684,995</u>

As at 30 June 2022, 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 3,220,000 (31 December 2021: 4,891,000) higher or lower.

**(1) Market risk (Cont'd)**

***(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 30 June 2022 and 31 December 2021, the Group has no long-term borrowings and 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 makes decisions according to the latest market conditions. The Group has no interest rate swap arrangement in 2021 and the current period. 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 30 June 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 RMB999,700 (31 December 2021: approximately RMB1,024,000).

***(c) Other price risk***

Other price risk of the Group mainly arises from the investment of equity instruments, where risk of price changes exists. As at 30 June 2022 and 31 December 2021, the amount of equity instruments of the Group is not significant, and the directors of the Company consider that there is no significant price risk.

**(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 instruments investments that are not included in the scope of impairment assessment and are measured at fair value through profit or loss, 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 with high credit rating. Management does not expect that there will be any significant credit losses from non-performance by these counterparties.

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

**(2) Credit risk (Cont'd)**

In addition, the Group has policies to limit the credit exposure on accounts receivable, notes 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.

As at 30 June 2022, the Group holds no significant collateral and other credit enhancements because of the debtor's mortgage.

**(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 analyzed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2022 (unaudited)				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	241,707,843	-	-	-	241,707,843
Notes payable	249,509,119	-	-	-	249,509,119
Accounts payable	4,616,023,920	-	-	-	4,616,023,920
Other payables	5,123,349,904	-	-	-	5,123,349,904
Current portion of non-current liabilities	64,751,773	-	-	-	64,751,773
Lease liabilities	-	40,057,554	58,213,706	14,980,330	113,251,590
	<b>10,295,342,559</b>	<b>40,057,554</b>	<b>58,213,706</b>	<b>14,980,330</b>	<b>10,408,594,149</b>
	31 December 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	246,372,691	-	-	-	246,372,691
Notes payable	170,028,474	-	-	-	170,028,474
Accounts payable	3,127,872,424	-	-	-	3,127,872,424
Other payables	3,069,741,775	-	-	-	3,069,741,775
Current portion of non-current liabilities	55,007,907	-	-	-	55,007,907
Lease liability	-	44,380,055	55,997,836	33,462,120	133,840,011
	<b>6,669,023,271</b>	<b>44,380,055</b>	<b>55,997,836</b>	<b>33,462,120</b>	<b>6,802,863,282</b>

**(3) Liquidity risk (Cont'd)**

Bank borrowings are analyzed by repayment terms as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Within one year	<b><u>239,456,000</u></b>	<u>245,280,000</u>

**11 SHARE-BASED PAYMENT****(a) Restricted 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. Restricted A Share Incentive Plan (Draft) and its summary, the Proposal of the Implementation of Evaluation and Management Measures for the Restricted A Share Incentive Plan of Tsingtao Brewery Co., Ltd. and the Proposal for the general meeting of shareholders to authorize the Board 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 in 2020, and approved the Proposal of Tsingtao Brewery Co., Ltd. on the First Grant of Restricted A Share Incentive Plan 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 participant 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 stock 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 in 2021, and approved the Proposal on granting reserved part of A restricted shares to incentive participants (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 participants, 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 participants to be granted, 1 incentive recipient has waived the subscription for personal reasons.

## 11 SHARE-BASED PAYMENT (CONT'D)

### (a) Restricted share incentive plan (Cont'd)

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 Held in June 2021, 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 Board considered and approved the Proposal on the Company's Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan on 29 September 2021. As of this meeting of the Board, 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 stock of RMB2,584,002.

As at 31 December 2021, the Incentive Plan recognized a total of RMB273,189,919 in liabilities for repurchase obligations and RMB273,189,919 in treasury stock.

According to the resolution of the 2021 Annual General Meeting of shareholders Held in June 2022, a cash dividend of RMB14,709,198 was distributed to the above-mentioned participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

As at 30 June 2022, the Incentive Plan recognized a total of RMB258,480,721 in liabilities for repurchase obligations and RMB258,480,721 in treasury stock.

### (b) Changes in restricted shares during the current period

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Restricted shares (stocks) issued at the beginning of the period	13,371,998	13,200,000
Restricted shares (stocks) granted this period	-	294,000
Restricted shares (stocks) issued at the end of the period	<u>13,371,998</u>	<u>13,494,000</u>
Share-based payment expenses this period	118,637,734	123,108,005
Accumulated share-based payment expenses	491,660,551	250,703,088

- (c) As at 30 June 2022, the remaining period of the plan granted in 2020 is until 24 July 2026, for 4.06 years. The remaining period of the plan granted in 2021 is until 26 May 2027, for 4.90 years.

### (d) 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.

## 12 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: Quoted prices (unadjusted) 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.

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

As at 30 June 2022, the assets measured at fair value on a recurring basis are analyzed below (unaudited):

	<b>Level 3</b>
Financial assets held for trading	
— Debt instruments	7,504,875,436
Other non-current financial assets	
— Equity instruments	<u>600,000</u>
	<u><b>7,505,475,436</b></u>

As at 31 December 2021, the assets measured at fair value on a recurring basis are analyzed below:

	<b>Level 3</b>
Financial assets held for trading	
— Debt instruments	2,778,400,866
Other non-current financial assets	
— Equity instruments	<u>600,000</u>
	<u><b>2,779,000,866</b></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 the period.

## 12 FAIR VALUE ESTIMATION (CONT'D)

### (1) Assets measured at fair value on a recurring basis (Cont'd)

Changes of the above Level 3 financial assets are analyzed below:

	31 December 2021	Purchase (unaudited)	Disposal (unaudited)	Total current profits — Profits accrued to current profit or loss (a) (unaudited)	30 June 2022 (unaudited)	Assets still held on 30 June 2022 are recognized as movement on unrealized gains of profit or loss for the six months ended 30 June 2022— Profit or loss from changes in fair value (unaudited)
Financial assets held for trading						
— Debt instruments	2,778,400,866	6,400,000,000	(1,786,889,726)	113,364,296	7,504,875,436	104,875,436
Other non-current financial assets						
— Equity instruments	600,000	-	-	-	600,000	-
	<u>2,779,000,866</u>	<u>6,400,000,000</u>	<u>(1,786,889,726)</u>	<u>113,364,296</u>	<u>7,505,475,436</u>	<u>104,875,436</u>

	31 December 2020	Purchase (unaudited)	Disposal (unaudited)	Total current profits — Profits accrued to current profit or loss (a) (unaudited)	30 June 2021 (unaudited)	Assets still held on 30 June 2021 are recognized as movement on unrealized gains of profit or loss for the six months ended 30 June 2021— Profit or loss from changes in fair value (unaudited)
Financial assets held for trading						
— Debt instrument	1,888,862,835	8,500,000,000	(1,344,528,679)	133,032,406	9,177,366,562	127,366,562
Other non-current financial assets						
— Equity instruments	600,000	-	-	-	600,000	-
	<u>1,889,462,835</u>	<u>8,500,000,000</u>	<u>(1,344,528,679)</u>	<u>133,032,406</u>	<u>9,177,966,562</u>	<u>127,366,562</u>

- (a) Gains recognized in the current profit or 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 3 financial assets stated above, the management evaluates and determines its fair value based on the future cash flow.

## 12 FAIR VALUE ESTIMATION (CONT'D)

### (2) Assets and liabilities not measured at fair value but disclosed at fair value

Financial assets and financial liabilities of the Group measured at amortized cost mainly represent notes receivable, accounts receivable, other receivables, other current assets, debt investment, short-term borrowings, notes payable and accounts payable. The difference between the carrying amount and fair value of those financial assets and liabilities not measured by fair value is small.

## 13 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 six months ended 30 June 2022, 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 total borrowings (all short-term borrowings). The cash balance as at 30 June 2022 and 31 December 2021 are as follows:

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Cash and cash equivalents	<u>12,618,027,496</u>	<u>11,813,753,792</u>
<i>Less: Short-term borrowings</i>	<u>(240,044,457)</u>	<u>(245,780,575)</u>
Cash balance after deducting borrowings	<u><u>12,377,983,039</u></u>	<u><u>11,567,973,217</u></u>

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### (1) Accounts receivable

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Accounts receivable	<u>1,950,165,274</u>	<u>1,456,219,322</u>
<i>Less: Provision for bad debts</i>	<u>(56,492,209)</u>	<u>(56,423,665)</u>
	<u><u>1,893,673,065</u></u>	<u><u>1,399,795,657</u></u>

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

## (1) Accounts receivable (Cont'd)

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

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Within 1 year	<b>1,377,647,273</b>	935,354,806
1 to 2 years	<b>188,104,963</b>	165,922,299
2 to 3 years	<b>108,725,034</b>	103,061,180
3 to 4 years	<b>50,560,797</b>	36,928,593
4 to 5 years	<b>23,753,512</b>	79,043,620
Over 5 years	<b>201,373,695</b>	135,908,824
	<b><u>1,950,165,274</u></b>	<b><u>1,456,219,322</u></b>

(b) As at 30 June 2022, the top five accounts receivable are analyzed as follows:

	Amount (unaudited)	Provision of bad debts (unaudited)	% of total balance
Total amount of the top five accounts receivable	<u>516,031,532</u>	<u>-</u>	<u>26%</u>

(c) As at 30 June 2022, there are no accounts receivable de-recognized due to the transfer of financial assets (31 December 2021: 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.

(i) As at 30 June 2022, accounts receivable with amounts that are individually subject to separate assessment for provision are analyzed as follows:

	Ending balance (unaudited)	Lifetime ECL ratio	Provision for bad debts (unaudited)	Reason
Beijing Sales Company	<u>11,245,784</u>	100%	<u>(11,245,784)</u>	Note 4(4)(d)

(ii) As at 30 June 2022, accounts receivable that are subject to provision for bad debts on the grouping basis are analyzed as follows:

Group — Subsidiaries:

As at 30 June 2022, accounts receivable from subsidiaries to the Company is 1,854,514,843. The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

## (1) Accounts receivable (Cont'd)

## (d) Provision for bad debts (Cont'd)

Group — Dealers

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL ratio	Amount	Amount	Lifetime ECL ratio	Amount
Not overdue	37,855,886	-	-	44,642,714	-	-
Overdue within 1 year	1,370,880	5%	(68,544)	-	5%	-
Overdue 2 years	45,177,881	100%	(45,177,881)	45,177,881	100%	(45,177,881)
	<u>84,404,647</u>		<u>(45,246,425)</u>	<u>89,820,595</u>		<u>(45,177,881)</u>

## (2) Other receivables

	30 June 2022 (unaudited)	31 December 2021
Receivables of disposals of land	584,155,232	584,155,232
Receivables from subsidiaries	65,130,308	50,994,267
Dividends receivable from subsidiaries	31,886,427	19,000,000
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Guarantee deposits	13,843,696	16,077,774
Reservation fund	9,854,160	9,981,728
Others	26,416,670	24,070,446
	<u>748,728,140</u>	<u>721,721,094</u>
Less: Provision for bad debts	<u>(48,502,170)</u>	<u>(49,158,318)</u>
	<u>700,225,970</u>	<u>672,562,776</u>

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

	30 June 2022 (unaudited)	31 December 2021
Not overdue	700,081,601	672,504,111
Overdue within 1 year	143,452	53,783
Overdue 1-2 years	16,177	14,599
Overdue over 2 years	48,486,910	49,148,601
	<u>748,728,140</u>	<u>721,721,094</u>

## (2) Other receivables (Cont'd)

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

	Stage one (unaudited)		Stage three (unaudited)		Total (unaudited) Provision for bad debts
	Next 12 months ECL (Groups)		Lifetime ECL (Credit impairment losses already occurred)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	
31 December 2021	68,382	(9,717)	49,148,601	(49,148,601)	(49,158,318)
Increase in the current period	93,283	(6,562)	10,421	(10,421)	(16,983)
Reversal in the current period	-	-	(163,481)	163,481	163,481
Written off in the current period	-	-	(510,668)	510,668	510,668
Transfer to stage three	(2,036)	1,018	2,036	(1,018)	-
Provision for bad debts increased in the current period	—	-	—	(1,018)	(1,018)
<b>30 June 2022</b>	<b>159,629</b>	<b>(15,261)</b>	<b>48,486,909</b>	<b>(48,486,909)</b>	<b>(48,502,170)</b>

As at 30 June 2022, 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 30 June 2022, other receivables with amounts that are individually subject to separate assessment for provision are analyzed as follows:

Stage three	Ending balance (unaudited)	ECL ratio for the lifetime	Provision for bad debts (unaudited)	Reason
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4(6)
Receivables from other entities	31,045,262	100%	(31,045,262)	Note 4(6)
	<u>48,486,909</u>		<u>(48,486,909)</u>	

- (ii) As at 30 June 2022 and 31 December 2021, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Guarantee deposits	-	-	-	-	-	-
Receivables from other entities	159,629	(15,261)	5% - 50%	68,382	(9,717)	5% - 50%

## (2) Other receivables (Cont'd)

(c) The provision for bad debts in the current period is 18,001. The reversal of provision for bad debts is 163,481 and their carrying amount is 163,481.

(d) In the current period, carrying amount and bad debt of other receivables of 510,668 were written off.

(e) As at 30 June 2022, the top five other receivables are analyzed as follows:

	Nature	Amount (unaudited)	Ageing	% of total balance	Provision for bad debts (unaudited)
No.1	Receivable of Land disposal	584,155,232	Within 1 year	78%	-
No.2	Advance social benefits	27,099,862	Within 1 year	4%	-
No.3	Receivable of subsidiaries dividends	19,000,000	1-2 year	3%	-
No.4	Receivable of dividends	12,886,427	Within 1 year	2%	-
No.5	Receivable of malts	10,924,205	More than 3 years	1%	(10,924,205)
		<u>654,065,726</u>		<u>88%</u>	<u>(10,924,205)</u>

## (3) Inventories

	30 June 2022 (unaudited)			31 December 2021		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	385,756,434	-	385,756,434	166,210,826	-	166,210,826
Packaging materials	75,368,463	(662,025)	74,706,438	117,724,452	(662,025)	117,062,427
Low-value consumables	37,567,599	-	37,567,599	29,766,754	-	29,766,754
Work in progress	85,080,374	-	85,080,374	81,465,189	-	81,465,189
Finished goods	208,925,821	-	208,925,821	1,245,111,914	-	1,245,111,914
	<u>792,698,691</u>	<u>(662,025)</u>	<u>792,036,666</u>	<u>1,640,279,135</u>	<u>(662,025)</u>	<u>1,639,617,110</u>

## (4) Debt investment

	30 June 2022 (unaudited)	31 December 2021
Entrusted loans to subsidiaries	134,800,000	134,800,000
Plus: Interest on debt investment	154,534	169,193
Less: Debt investment impairment provisions	(61,800,000)	(61,800,000)
	<u>73,154,534</u>	<u>73,169,193</u>

The above funds are entrusted loans issued by the company to its subsidiaries through banks or Finance Company of its subsidiaries. They are unsecured RMB loans with an annual interest rate of 3.92%, and the interest is paid quarterly.

## (5) Long-term equity investments

	<b>30 June 2022 (unaudited)</b>	31 December 2021
Subsidiaries (a)	<b>12,564,851,996</b>	12,387,019,470
Joint Ventures (b)	<b>222,049,173</b>	218,713,189
Associates (c)	<b>141,909,147</b>	145,667,578
	<b>12,928,810,316</b>	12,751,400,237
Less: Provision for impairment of long-term equity investments (d)	<b>(1,781,808,870)</b>	(1,781,808,870)
	<b>11,147,001,446</b>	10,969,591,367

## (a) Subsidiaries

	31 December 2021	Movements in the current period (unaudited)			30 June 2022 (unaudited)	Balance of provision for impairment at end of period (unaudited)	Cash dividends declared in the current period (iv) (unaudited)
		Increased investment	Reduce investment	Dividends paid (iii)			
Shenzhen Asahi	128,718,701	-	-	641,973	129,360,674	-	90,170,000
Chenzhou Company	64,427,190	-	-	596,764	65,023,954	-	-
Huanan Sales Company	54,558,378	-	-	3,143,874	57,702,252	-	-
Huanan Investing Company	216,467,551	-	-	2,389,320	218,856,871	-	-
Huadong Holding Company	96,855,102	-	-	-	96,855,102	(96,855,102)	-
Shouguang Company	62,595,159	-	-	654,678	63,249,837	-	-
Five Star Company	25,926,503	-	-	361,675	26,288,178	(24,656,410)	-
Three Ring Company	70,871,763	-	-	367,662	71,239,425	(69,457,513)	-
Beifang Sales Company	87,978,606	-	-	1,410,533	89,389,139	(83,984,000)	-
Xi'an Company	415,006,146	-	-	5,931,778	420,937,924	-	-
Weinan Company	16,405,529	-	-	839,671	17,245,200	-	-
Anshan Company	31,946,355	-	-	636,306	32,582,661	-	-
Xingkaihu Company	202,037,027	-	-	639,519	202,676,546	(129,430,000)	-
Mishan Company	118,520,000	-	-	-	118,520,000	(118,520,000)	-
Harbin Company	215,515,910	-	-	645,783	216,161,693	(109,940,000)	-
Penglai Company	30,000,000	-	-	-	30,000,000	(30,000,000)	-
Rongcheng Company	67,211,112	-	-	688,836	67,899,948	(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	-	-
Maanshan Company	82,154,847	-	-	644,447	82,799,294	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	-	5,760,000	-	-
Dongnan Sales Company	303,118,150	-	-	3,015,546	306,133,696	-	-
Changsha Company	48,796,082	-	-	280,298	49,076,380	-	-
Jinan Company	562,395,592	-	-	668,339	563,063,931	-	-
Guangrunlong Logistics	16,465,405	-	-	-	16,465,405	-	-
Chengdu company	282,029,281	-	-	666,236	282,695,517	(118,855,583)	-
Culture communication company	77,983,296	-	-	900,220	78,883,516	-	-
Rizhao company	341,471,931	-	-	783,107	342,255,038	-	-

## (5) Long-term equity investments (Cont'd)

## (a) Subsidiaries (Cont'd)

	31 December 2021	Movements in the current period (unaudited)			30 June 2022 (unaudited)	Balance of provision for impairment at end of period (unaudited)	Cash dividends declared in the current period (iv) (unaudited)
		Increased investment	Reduce investment	Dividends paid (iii)			
Weifang Company	75,698,244	-	-	651,606	76,349,850	-	-
Dezhou Company	24,171,411	-	-	614,691	24,786,102	-	-
Construction Company	3,873,320	-	-	452,094	4,325,414	-	-
Langfang Company	81,364,591	-	-	736,259	82,100,850	-	-
Heze Company	127,195,763	-	-	407,815	127,603,578	(51,301,600)	-
Tengzhou Company	49,683,928	-	-	372,490	50,056,418	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	-	1,570,000	-	-
Wuhu Company	274,428,332	-	-	45,209	274,473,541	(274,290,000)	-
Shanghai Sales Company	97,300,000	-	-	-	97,300,000	(47,300,000)	-
Chengyang Sales Company	8,000,000	-	-	-	8,000,000	-	-
Shijiazhuang Company	323,250,980	-	-	694,966	323,945,946	-	-
Taiyuan Company	202,384,523	-	-	779,545	203,164,068	-	-
Finance Company	1,003,025,087	-	-	989,086	1,004,014,173	-	-
Immense Brewery Company	1,411,523,538	-	-	2,276,600	1,413,800,138	-	-
Hangzhou Company	188,167,613	-	-	711,446	188,879,059	-	-
Jieyang Company	151,833,166	-	-	599,124	152,432,290	-	-
Beverage Company	31,350,184	-	-	509,740	31,859,924	-	-
Shaoguan Company	201,338,145	-	-	438,921	201,777,066	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	-	8,000,000	-	-
Jiujiang Company	181,687,650	-	-	551,555	182,239,205	-	-
Xuzhou Enterprise Management	11,481,784	-	-	412,871	11,894,655	(10,000,000)	-
Pingdu Sales Company	5,000,000	-	-	-	5,000,000	-	-
Luoyang Company	202,132,217	-	-	726,935	202,859,152	-	-
Shanghai Industrial Company	210,224,085	-	-	3,188,663	213,412,748	(200,895,228)	-
Luzhou Company	120,180,758	-	-	562,116	120,742,874	-	-
Zhangjiakou Company	201,991,814	-	-	531,242	202,523,056	-	-
Lulansa Company	561,245,893	-	-	671,340	561,917,233	-	-
Huangshi Company	165,473,133	-	-	602,398	166,075,531	-	-
Yingcheng Company	43,757,650	-	-	551,555	44,309,205	-	-
Hanzhong company	28,025,579	-	-	564,936	28,590,515	-	-
Shanghai Investing Company	1,932,278,377	-	-	3,459,286	1,935,737,663	-	-
Yangzhou Company	102,240,979	-	-	732,392	102,973,371	-	-
Suqian Company	76,825,982	-	-	596,764	77,422,746	-	-
Zaozhuang Company (i)	201,070,956	-	-	494,316	201,565,272	-	-
West Coast Cultural Tourism (i)	133,000,000	68,000,000	-	-	201,000,000	-	-
Research and Development Center (i)	50,000,000	60,000,000	-	-	110,000,000	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd.	200,000,000	-	-	-	200,000,000	(200,000,000)	-
	12,387,019,470	128,000,000	-	49,832,526	12,564,851,996	(1,780,588,870)	90,170,000

**(5) Long-term equity investments (Cont'd)****(a) Subsidiaries (Cont'd)**

- (i) In accordance with the resolution of the Board of the Company, the Company increased the capital of Research and Development Center and West Coast Cultural Tourism in six months ended 30 June 2022.
- (ii) The Company is obligated to settle the share-based payment of the employees of the Company's subsidiaries for restricted A share incentives. The company recognizes the long-term equity investment in the Company's subsidiaries of 49,832,526 according to the fair value of the equity instruments on the date of grant, and at the same time confirms the capital reserve of 49,832,526.
- (iii) The cash dividends declared in the current period are distributed to all shareholders of the Company.

**(b) Joint venture**

	Movements in the current period (unaudited)				30 June 2022 (unaudited)	Balance of provision for impairment at end of the period (unaudited)
	31 December 2021	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Hebei Jiaye Company	218,713,189	8,335,984	-	(5,000,000)	222,049,173	-

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

**(c) Associates**

	Movements in the current period (unaudited)				30 June 2022 (unaudited)	Balance of provision for impairment at end of the period (unaudited)
	31 December 2021	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Brewery Company	132,502,139	8,236,681	-	(12,886,427)	127,852,393	-
Zhaoshang Logistics	11,945,439	891,899	(584)	-	12,836,754	-
Liaoning Shengqing	-	-	-	-	-	-
Others	1,220,000	-	-	-	1,220,000	(1,220,000)
	145,667,578	9,128,580	(584)	(12,886,427)	141,909,147	(1,220,000)

Details of equity interests in the associates are disclosed in Note 6(2)(c).

## (5) Long-term equity investments (Cont'd)

*(d) Provision for impairment of long-term equity investments*

	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Subsidiaries	(1,780,588,870)	-	-	(1,780,588,870)
Associates	(1,220,000)	-	-	(1,220,000)
	<u>(1,781,808,870)</u>	<u>-</u>	<u>-</u>	<u>(1,781,808,870)</u>

## (6) Revenue and cost of sales

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Revenue from main operation (a)	<b>13,403,760,966</b>	12,388,050,985
Revenue from other operations (b)	<b>923,402,675</b>	829,803,911
	<u><b>14,327,163,641</b></u>	<u>13,217,854,896</u>
	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Cost of main operation (a)	<b>(10,234,794,067)</b>	(9,464,860,313)
Cost of other operations (b)	<b>(898,005,091)</b>	(805,643,216)
	<u><b>(11,132,799,158)</b></u>	<u>(10,270,503,529)</u>

*(a) Revenue and cost of main operation*

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	<u>13,403,760,966</u>	<u>(10,234,794,067)</u>	<u>12,388,050,985</u>	<u>(9,464,860,313)</u>

**(6) Revenue and cost of sales (Cont'd)****(b) Revenue and cost of other operations**

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of raw materials	895,834,858	(871,621,659)	804,092,989	(781,718,729)
Others	27,567,817	(26,383,432)	25,710,922	(23,924,487)
	<b>923,402,675</b>	<b>(898,005,091)</b>	<b>829,803,911</b>	<b>(805,643,216)</b>

**(7) 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:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Finished goods purchased outside	<b>6,064,709,401</b>	5,889,700,009
Raw materials, packaging materials and consumables used	<b>3,022,378,983</b>	2,635,074,729
Changes in inventories of finished goods and work in progress	<b>1,029,129,528</b>	826,000,534
Employee benefits expenses	<b>987,155,493</b>	939,125,904
Handling and transportation expenses	<b>663,763,602</b>	586,068,137
Advertising related expenses	<b>324,127,228</b>	335,034,418
Depreciation and amortization charges	<b>148,238,199</b>	142,784,682
Share-based payment	<b>68,805,208</b>	70,166,456
Repair expenses (i)	<b>38,838,799</b>	37,436,209
Administrative expenses	<b>31,367,349</b>	42,965,659
Operating lease expenses (ii)	<b>27,239,398</b>	22,576,174
Labor expenses	<b>17,076,904</b>	16,579,798
Other expenses	<b>71,538,175</b>	66,407,778
	<b>12,494,368,267</b>	<b>11,609,920,487</b>

- (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.

**(7) Expenses by nature (Cont'd)**

- (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 or loss. The amount for the six months ended 2022 is RMB27,239,398 (For the six months ended 2021: RMB22,576,174).

Due to the impact of the COVID-19, the lessor exempted the Company from rent of RMB0 in the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB0).

**(8) Investment income**

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Investment income from long-term equity investment accounted for using the cost method (a)	<b>45,986,700</b>	45,209,761
Investment income from long-term equity investment accounted for using the equity method	<b>17,464,564</b>	17,877,690
Investment income from the disposal of long-term equity investments	-	43,158,604
Others	<b>3,543,894</b>	1,532,234
	<b><u>66,995,158</u></b>	<b><u>107,778,289</u></b>

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 of subsidiaries (Note 14(5)(a)).

# TSINGTAO BREWERY COMPANY LIMITED

## SUPPLEMENTARY INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

### 1 SUMMARY OF NON-RECURRING PROFIT OR LOSS

	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Government grants recognized in profits	<b>243,796,534</b>	221,466,965
Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, and derivative financial liabilities, and the disposal of trading financial assets, derivative financial Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	<b>80,663,562</b>	96,971,690
Net profit or loss on disposal of non-current assets	<b>20,770,250</b>	10,654,155
Other non-operating income and expenses other than aforesaid items	<b>(220,763)</b>	9,398,890
	<b>345,009,583</b>	338,491,700
Impact of income tax expense	<b>(77,348,674)</b>	(73,936,026)
Impact on the non-controlling interests, net of tax	<b>(5,935,916)</b>	(7,070,627)
	<b>261,724,993</b>	257,485,047

#### Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No.1 on information disclosure by companies offering securities to the public — non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

### 2 RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return		Earnings per share			
	on net assets		Basic earnings per share		Diluted earnings per share	
	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net profit attributable to ordinary shareholders of the Company	11.65%	11.03%	2.100	1.780	2.099	1.780
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	10.58%	9.85%	1.907	1.590	1.906	1.590

## (I) INTRODUCTION OF GENERAL INFORMATION OF THE COMPANY'S OPERATING ACTIVITIES DURING THE REPORTING PERIOD

Due to the impact of the coronavirus pneumonia pandemic on the consumer market, the domestic beer production was only 18.44 million kiloliters in the first half of 2022, a year-on-year decrease of 2%. (Data source: National Bureau of Statistics; statistical population: all industrial corporate entities with annual revenue over RMB 20 million.)

During the Reporting Period, under the leadership of the Board, the management of the Company insisted on high-quality development, organized activities on the promotion of pandemic control and production and operation, fully realizing the advantages of the brand, quality, and channel, and continued to intensify the work in aspects such as market development, scientific innovation, digital transformation, brand promotion, and product structural optimization, thus achieving a new record high operating performance for the half-year. During the Reporting Period, the Company realized a product sales volume of 4.72 million kiloliters. The main brand, Tsingtao Beer, realized a product sales volume of 2.6 million kiloliters. The operating revenue was RMB 19.27 billion, a year-on-year increase of 5.37%; and the net profits attributable to the shareholders of the listed company was RMB 2.85 billion, a year-on-year increase of 18.07%.

During the Reporting Period, the Company continued to promote the hierarchical, dimensional, and continuous development of markets with the “two-horizontal and one-vertical” strategy. The Company strengthened the traditional core market, focused its resources to accelerate the development of high-end and ultra-high-end markets, and promoted the sales growth of core products. In the international market, the Company is promoting innovation with distribution channels, expanding its overseas market distribution coverage and continuously enhancing the international influence of the brand with a high quality, high price, and high visibility strategy, as well as a more international and interactive brand communication. During the Reporting Period, the Company's overseas market achieved a 21% year-on-year increase in sales.

The Company has made great efforts to overcome the difficulties caused by the pandemic to industries such as catering and nightlife in some domestic cities. On the one hand, it has accelerated the optimization and improvement of product structure and price systems adjustment to fully explore the space for incremental profit and realize a positive development trend where the profit growth is higher than the income and where sales grow. On the other hand, the Company actively innovated the marketing model, accelerated the pace of digital marketing, promoted new retail formats, planned and implemented new marketing modes such as community marketing, group marketing, livestreaming, and distribution plans to realize the recovery and growth of the market.

The Company accelerated the implementation of the “One (Tsingtao Beer) + One (Laoshan Beer)” brand strategy, enriching and enhancing the international, youth and fashion connotation of Tsingtao Beer's brand. The Company by promoting sports marketing, music marketing, and experiential marketing, actively cultivated fashionable consumption formats and improved the influence and premium of the brand. During the Reporting Period, the Tsingtao Beer Times Coast Craft Beer Garden, initiated by the Company, provided consumers with a brand-new immersive beer consumption experience through its high-end, unique, and fashionable product presentation and atmosphere creation, and created a new high point for Tsingtao Beer's brand promotion, consumer experience, and sales of high-end beers.

The Company seized the opportunity of increased consumption in the beer market and adhered to the strategy of promoting medium and high-end products to realize high-quality development. Meanwhile, the integration and optimization of the “One (Tsingtao Classic) + One (Tsingtao Pure Raw) + N (Other new and special products)” product package were accelerated, continuing to grow the scale of medium and high-end products. The ultra-high-end products such as the Century series, represented by Tsingtao Beer Legend I, also grew rapidly, and the product structure presented a trend of accelerated optimization and improvement. During the Reporting Period, the Company achieved 1.66 million kiloliters in the sales volume of medium and high-end and the abovementioned products, a year-on-year increase of 6.6%, and a year-on-year increase of 6.5% in the operating revenue per kiloliter of beer, maintaining its competitive advantage in the medium and high-end beer market in China.

During the Reporting Period, the Company achieved new breakthroughs in scientific innovation and digital transformation. It invested in the construction of the Tsingtao Beer Science and Technology Research and Development Center, which has an industry-leading capability for scientific and technological research and development, thereby accelerating the promotion of digital transformation of the whole supply chain, the building of a whole-chain and end-to-end digital ecology, and the shift from traditional operations to digital and intelligent operations. Through the in-depth practice of technology and industry integration, the Company realized the continuous optimization and improvement of management efficiency and quality.

In 2022, Tsingtao Beer continued to rank first in China's beer industry for 19 consecutive years with a brand value of RMB 218.225 billion (published by the World Brand Laboratory). Together with the brands "Laoshan Beer", "Hans Beer", "Tsingtao Beer Museum", "Prince Bar", and "Tsingtao1903 Beer Bar", all owned by the Company, the total brand value has exceeded RMB 340 billion (published by the World Brand Laboratory).

## (II) CORE COMPETITIVENESS ANALYSIS

The Company's core competitiveness and the discussion and analysis on the Company's future developments (including the Company's development strategy and business plan) did not change during the Reporting Period. Please refer to the Company's 2021 Annual Report for details.

## (III) ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD (CALCULATED IN ACCORDANCE WITH CHINA'S ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

### 1. Analysis of changes to related items in Financial Statements

*Unit: '000 Yuan Currency: RMB*

Item	Current Reporting Period	Corresponding period in the previous year	Increase/Decrease (%)
Revenue	19,272,658	18,291,161	5.37
Cost of sales	11,930,613	11,360,084	5.02
Selling and distribution expenses	2,126,216	2,155,442	(1.36)
General and administrative expenses	706,309	711,550	(0.74)
Finance expenses	(185,432)	(135,426)	
R&D expenses	17,002	8,249	106.12
Investment income	111,474	59,949	85.95
Gains on disposals of assets	20,770	10,654	94.95
Non-operating income	4,300	9,882	(56.49)
Non-operating expenses	4,521	483	835.03
Net cash flow from operating activities	4,719,012	5,024,661	(6.08)
Net cash flow from investing activities	(3,831,828)	(15,478,269)	
Net cash flow from financing activities	(92,324)	(337,776)	

#### (1) Revenue

In the first half of 2022, revenue increased by 5.37% from the corresponding period in the prior year, which was mainly due to the upgrading of product mix in the Reporting Period.

#### (2) Cost of sales

In the first half of 2022, cost of sales increased by 5.02% from the corresponding period in the prior year, which was mainly due to the rising prices of raw materials and the upgrading of product mix in the Reporting Period.

**(3) Selling and distribution expenses**

In the first half of 2022, selling and distribution expenses decreased by 1.36% from the corresponding period in the prior year, which was mainly due to the impact of the pandemic in some cities in the Reporting Period.

**(4) General and administrative expenses**

In the first half of 2022, general and administrative expenses decreased by 0.74% from the corresponding period in the prior year, which essentially remained consistent with the corresponding period in the prior year.

**(5) Finance expenses**

In the first half of 2022, finance expenses decreased by RMB50,006,000 from the corresponding period in the prior year, which was mainly due to the increase in interest income in the Reporting Period from the corresponding period in the prior year.

**(6) R&D expenses**

In the first half of 2022, R&D expenses increased by 106.12% from the corresponding period in the prior year, which was mainly due to the increase in R&D spending on new products in the Reporting Period from the corresponding period in the prior year.

**(7) Investment income**

In the first half of 2022, investment income increased by 85.95% from the corresponding period in the prior year, which was mainly due to the increases in interbank negotiable certificates of deposit held by Finance Company, a wholly-owned subsidiary of the Company, in the Reporting Period from the corresponding period in the prior year.

**(8) Gains on disposals of assets**

In the first half of 2022, gains on disposals of assets increased by 94.95% from the corresponding period in the prior year, which was mainly due to the increase in gains on disposals of long-term assets such as fixed assets and land use rights recognised by some subsidiaries in the Reporting Period from the corresponding period in the prior year.

**(9) Non-operating income**

In the first half of 2022, non-operating income decreased by 56.49% from the corresponding period in the prior year, which was mainly due to the decrease in income irrelevant to daily operating activities recognised by some subsidiaries in the Reporting Period from the corresponding period in the prior year.

**(10) Non-operating -expenses**

In the first half of 2022, non-operating expenses increased by 835.03% from the corresponding period in the prior year, which was mainly due to the increase in the Company's donations for public benefits in the Reporting Period from the corresponding period in the prior year.

**(11) Net cash flow from operating activities**

In the first half of 2022, net cash flow from operating activities decreased by 6.08% from the corresponding period in the prior year, which was mainly due to the impact of advances on sales as well as factors such as the rising prices of raw materials in the Reporting Period.

## (12) Net cash flow from investing activities

In the first half of 2022, net cash flow from investing activities increased by RMB11,646,441,000 from the corresponding period in the prior year, which was mainly due to the increase in financial products, such as structured deposits and interbank negotiable certificates of deposit, received in the Reporting Period from the corresponding period in the prior year.

## (13) Net cash flow from financing activities

In the first half of 2022, net cash flow from financing activities increased by RMB245,452,000 from the corresponding period in the prior year, which was mainly due to the decrease in repayment of interbank borrowings by Finance Company, a wholly-owned subsidiary of the Company, in the Reporting Period from the corresponding period in the prior year.

## 2. Information on assets and liabilities

*Unit: '000 Yuan Currency: RMB*

Item	As of the end of this Reporting Period	Percentage of total assets (%)	As of the end of last year	Change ratio of figure at the end of this Reporting Period to the end of last year (%)	
				Figure at end of last year to total assets (%)	Reporting Period to the end of last year (%)
Cash at bank and on hand	17,587,198	35.12	14,597,590	31.35	20.48
Financial assets held for trading	7,504,875	14.99	2,778,401	5.97	170.11
Accounts receivable	171,419	0.34	124,730	0.27	37.43
Inventories	2,353,138	4.70	3,492,998	7.50	(32.63)
Other current assets	3,314,638	6.62	7,061,895	15.17	(53.06)
Projects in progress	507,649	1.01	762,290	1.64	(33.40)
Other non-current assets	148,934	0.30	86,905	0.19	71.38
Notes payable	249,509	0.50	170,028	0.37	46.75
Accounts payable	4,616,024	9.22	3,127,872	6.72	47.58
Contractual liabilities	5,946,221	11.87	8,123,275	17.45	(26.80)
Taxes payable	1,703,089	3.40	854,043	1.83	99.41
Other payables	5,123,350	10.23	3,069,742	6.59	66.90
Other current liabilities	147,363	0.29	446,809	0.96	(67.02)

### (1) Cash at bank and on hand

Cash at bank and on hand as at the end of the Reporting Period increased by 20.48% from the beginning of the Reporting Period, which was mainly due to the net cash flow from operating activities in the Reporting Period.

### (2) Financial assets held for trading

Financial assets held for trading as at the end of the Reporting Period increased by 170.11% from the beginning of the Reporting Period, which was mainly due to the structured deposits and other debt instruments in the Reporting Period.

### (3) Accounts receivable

Accounts receivable as at the end of the Reporting Period increased by 37.43% from the beginning of the Reporting Period, which was mainly due to the increase in some subsidiaries' trade receivable in the Reporting Period.

**(4) Inventories**

Inventories as at the end of the Reporting Period decreased by 32.63% from the beginning of the Reporting Period, which was mainly due to the decrease in the goods in stock and raw materials of some subsidiaries in the peak season in the Reporting Period.

**(5) Other current assets**

Other current assets as at the end of the Reporting Period decreased by 53.06% from the beginning of the Reporting Period, which was mainly due to the maturity and recovery of the interbank negotiable certificates of deposit of Finance Company, a wholly-owned subsidiary of the Company, in the Reporting Period.

**(6) Projects in progress**

Projects in progress as at the end of the Reporting Period decreased by 33.40% from the beginning of the Reporting Period, which was mainly due to the completion of some subsidiaries' projects in progress and they were included into fixed assets in the Reporting Period.

**(7) Other non-current assets**

Other non-current assets as at the end of the Reporting Period increased by 71.38% from the beginning of the Reporting Period, which was mainly due to the increase in some subsidiaries' prepayments for projects and the procurement of equipment in the Reporting Period.

**(8) Notes payable**

Notes payable as at the end of the Reporting Period increased by 46.75% from the beginning of the Reporting Period, which was mainly due to the increase in the payment for amounts payable for raw materials by notes in the Reporting Period.

**(9) Accounts payable**

Accounts payable as at the end of the Reporting Period increased by 47.58% from the beginning of the Reporting Period, which was mainly due to the increase in the accounts payable caused by the purchase of materials in the Reporting Period.

**(10) Contractual liabilities**

Contractual liabilities as at the end of the Reporting Period decreased by 26.80% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries' advances received for beer were recognised as revenue in the Reporting Period.

**(11) Taxes payable**

Taxes payable as at the end of the Reporting Period increased by 99.41% from the beginning of the Reporting Period, which was mainly due to the increase in the VATs, consumption taxes and other taxes payable as at the end of the Reporting Period.

**(12) Other payables**

Other payables as at the end of the Reporting Period increased by 66.90% from the beginning of the Reporting Period, which was mainly due to that the cash dividends to be distributed according to the resolution at the annual general meeting had yet to be paid as at the end of the Reporting Period.

**(13) Other current liabilities**

Other current liabilities as at the end of the Reporting Period decreased by 67.02% from the beginning of the Reporting Period, which was mainly due to the decrease in some subsidiaries' output VAT to be recognised in the Reporting Period.

### 3. Other information

#### *(1) Debt/Capital ratio*

As at 30 June 2022, the Company's debt/capital ratio was 0% (31 December 2021: 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) Assets mortgage*

As at 30 June 2022, the Company did not have any mortgages (31 December 2021: Nil).

#### *(3) Risk of fluctuations in exchange rate*

The Company currently relies on imported barley as its raw material. Therefore, fluctuations in the exchange rate would indirectly affect the purchase cost of raw materials. In addition, fluctuations in 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 impact the profitability of the Company to certain extents.

#### *(4) Capital expenses*

In the first half of year 2022, the Company had invested a total of approximately RMB 704 million in new construction, relocation, reconstruction and expansion projects. Based on the current situation of the Company's funds and profitability, there are sufficient self-owned funds and continuous net operating cash inflow to satisfy the Company's needs for funds for its capital projects.

#### *(5) Investments*

See details in the notes to the financial statements of the 2022 Interim Report.

#### *(6) Contingent liabilities*

Nil.

4. Save as disclosed herein, there has been no material change in information disclosed in the interim report from the corresponding information disclosed in the 2021 Annual Report of the Company in relation to matters set out in paragraph 32 of Appendix 16 of the Listing Rules.

## SIGNIFICANT EVENTS

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### **(I) UNLOCKING AND LISTING OF RESTRICTED SHARES UNDER THE INCENTIVE PLAN**

At the sixth extraordinary meeting of 2022 of the tenth session of the Board and the fourth extraordinary meeting of 2022 of the tenth session of the Board of Supervisors 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. The first locking period under the first grant under the Incentive Plan is expiring and the corresponding conditions for unlocking the restricted shares under the Incentive Plan has been fulfilled. It is therefore agreed that the Company shall deal with the relevant matters in relation to the 619 qualified participants with a total of 4,359,428 restricted shares. The listing and circulation time of the unlocked shares is 25 July 2022. The directors and senior management of the Company, among the incentive subjects, shall abide by the relevant regulations when holding and trading the Company’s shares upon release of the restricted shares.

For more details of the unlocking and listing of restricted shares under the Incentive Plan, please refer to the relevant announcements of the Company dated 8 July and 19 July 2022 published on the websites of Shanghai Stock Exchange and the Stock Exchange.

### **(II) CHANGES IN THE DIRECTORS AND SUPERVISORS OF THE COMPANY DURING THE REPORTING PERIOD**

1. Mr. GUO Xiu Zhang resigned from current positions as Chairman of the Board of Supervisors and Shareholder Supervisor on 13 April 2022 due to adjustment of work arrangements.
2. Mr. SHI Kun resigned from current positions as Non-Executive Director, a member of each of the Audit & Internal Control Committee, Nomination & Remuneration Committee and Strategy & Investment Committee and Mr. YAO Yu resigned from current positions as Shareholder Representative Supervisor on 7 June 2022 due to the sale of all of the shares in the Company held by entities under Fosun International Limited (Stock Code: 00656).
3. Mr. YU Zhu Ming resigned from current positions as Executive Director and Chief Financial Officer on 21 June 2022 as he has reached a retirement age.

During the annual general meeting and the extraordinary general meeting held on 28 June 2022 and 18 July 2022 respectively, the Company elected Mr. SONG Xuebao as Independent Non-Executive Director of the tenth session of the Board and Mr. JIANG Zong Xiang and Mr. HOU Qiu Yan as Executive Directors of the tenth session of the Board. Their respective tenure starts from the date when the election result was approved by the general meeting and ends with the term of the tenth session of the Board.

For more details on changes to the Company’s directors and supervisors, please refer to the announcements published on the websites of Shanghai Stock Exchange and the Stock Exchange dated 13 April, 7 June, 21 June, 28 June and 18 July 2022.

**(III)** During the Reporting Period, the Company was not involved in any new significant litigation or arbitration.

# CHANGES TO SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

## 1. Information of Shareholders

- (1) As at 30 June 2022, the total number of shareholders of the Company was 43,083, including 42,835 holders of A-share and 248 holders of H-share. Based on disclosed public information which was known by the Board on the latest practicable date prior to the publication of the Interim Report, the number of public shareholding of the Company had satisfied the requirements of the Listing Rules.
- (2) As at the end of the Reporting Period, the shareholding of top 10 shareholders of the Company is as follows

Shareholder's name	Class of share	<i>Unit: Share</i>	
		Shares held at the end of the Reporting Period	Shareholding percentage (%)
HKSCC Nominees Limited ( <i>Note 1</i> )	H-share	613,927,619	45.00
Tsingtao Group ( <i>Note 2</i> )	A-share and H-share	443,467,655	32.50
Hong Kong Securities Clearing Company Limited	A-share	19,252,959	1.41
China Securities Finance Corporation Company	A-share	16,015,045	1.17
Bank of Communications Co., Ltd. – Fullgoal Consumer Theme Mixed Securities Investment Fund	A-share	6,075,320	0.45
Industrial Bank Co., Ltd. – ICBCCS Culture & Sports Equity Securities Investment Fund	A-share	5,867,099	0.43
Agricultural Bank of China Limited – E Fund Consumer Sector Equity Securities Investment Fund	A-share	4,934,900	0.36
China Construction Bank Co., Ltd. – Fullgoal Value Creation Mixed Securities Investment Fund	A-share	4,511,686	0.33
Industrial and Commercial Bank of China Limited – Orient Secure QiHeng 3-Year Mixed Securities Investment Fund	A-share	3,937,263	0.29
Industrial and Commercial Bank of China Limited – Fullgoal Quality Life Hybrid Securities Investment Fund	A-share	3,901,726	0.29

### 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 itself and through Xinhaisheng and 405,132,055 shares of A-share in the Company by itself.

(3) Substantial Shareholders of H-share

Apart from the disclosed information 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 30 June 2022, 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 SFO:

Name	Nature	Class of Shares	Capacity	Note	Number of Shares/ underlying Shares	As a percentage of the entire issued capital	As a percentage of all H Shares
SASACQ	Long position	A-Share	Corporate		405,132,055 A-Share	29.69%	N/A
	Long position	H-Share	Interest of controlled Corporation	1	38,335,600 H-Share	2.81%	5.85%
Xinhaisheng	Long position	H-Share	Beneficial Owner		38,335,600 H-Share	2.81%	5.85%
Citigroup Inc.	Long position	H-Share	Interest of controlled Corporation	2	36,435,032 H-Share	2.67%	5.56%
	Long Position	H-Share	Approved lending agent		33,969,168 H-Share	2.49%	5.19%
	Short position	H-Share	Interest of controlled Corporation		2,098,000 H-Share	0.15%	0.32%
FMR LLC	Long position	H-Share	Interest of controlled Corporation	3	33,610,096 H-Share	2.46%	5.13%

*Notes:*

- (1) The 38,335,600 H-Shares which were deemed to be interested by SASACQ were held by Xinhaisheng, a wholly-owned subsidiary of Tsingtao Group, which is controlled by SASACQ. According to the latest disclosure of interest 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 FIDELITY MANAGEMENT & RESEARCH COMPANY LLC was deemed to be interested were held through various controlled wholly-owned subsidiaries of FMR LLC.
- (4) For the latest disclosure of interests filed 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.hkex.com.hk](http://www.hkex.com.hk)).

## 1. The shareholding of the Company's directors, supervisors and staff

As at 30 June 2022, Mr. HUANG Ke Xing, Chairman of the Company, was deemed to hold 151,400 shares of the Company, including 1,300 outstanding A shares and 150,000 restricted A shares held by himself and 100 outstanding A shares held by his spouse; Mr. WANG Rui Yong, Executive Director and Vice President of the Company, held 110,000 restricted A shares; HUANG Zu Jiang, Staff Supervisor of the Company, held 12,900 outstanding A shares.

As at 30 June 2022, apart from the disclosed information above, none of the directors, supervisors or senior management officers of the Company had any interests or short position 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.

## 2. Model Code

The Company has adopted Model Code and *Administration Regulations of Shares of the Company Held by Its Directors, Supervisors and Senior Management Officers and the Changes* formulated by the Company as its code of conduct and standards in respect of securities transactions by the directors and supervisors. Specific enquiries were made with all directors and supervisors who had confirmed that they had complied with Model Code as well as its code of conduct and standards regarding securities transactions by the directors and supervisors at all applicable times during the Reporting Period.

## 3. Employees

As at 30 June 2022, the Group employs a total of 32,026 full-time employees.

In the first half of 2022, the Company focused on promoting the implementation of “integrating training and practice – practical research model” to accelerate the improvement in digital transformation ability, further the development of an intelligent technician team, and accumulate power for high-quality leaping development.

The Company made headway in building the “practical research workshop” model according to the guidelines of “prioritizing business and coordinating business and training”. In the first half of 2022, the Company organized more than 20 programs of “integrating training and practice” for key markets and key subjects and worked towards strategic goals by implementing different strategies for different places. Regarding the production and operation of factories, the Company produced nearly 20 solutions through co-research oriented by essential questions. Based on the front-line management subjects, the Company organized the trainees of the Silver★2.0 Reserve Cadre Training Class to establish specific research subjects. Furthermore, the multi-resourced coupled learning platform “e Study” has been updating at a fast pace.

Through platform co-creation, tiered improvement, and professional learning promotion, the Company empowered key management personnels of all levels with digital mindsets and other digital abilities. The Company organized training programs such as the Practical Research Workshop on Data Governance, the General Training on Basic Knowledge of Digitization, and the Sharing of Excellent Cases for Digital Transformation. These training programs upskilled 2,336 trainees in total.

The Company continued to increase the proportion of highly-skilled talents in its skilled technician team, with the first batch of 32 excellent key skilled employees recognized as master technicians. Through the Job Star Competition for business representatives, the Company selected 420 skilled talents of greater city regions and 321 skilled talents of business units and extracted 420 skill points to include in the skill repository.

## **PURCHASING, SELLING OR REDEEMING THE SECURITIES**

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During the six months as of 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **REVIEW OF THE UNAUDITED INTERIM RESULTS**

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The Audit & Internal Control Committee of the Board has reviewed the Company's unaudited 2022 Interim Results.

## **CODE OF CORPORATE GOVERNANCE**

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The Company was listed simultaneously on Shanghai Stock Exchange and the Stock Exchange and its corporate governance practices shall comply with the requirements of applicable laws and securities regulations of both Shanghai and Hong Kong. The Company is dedicated to maintain a high level of corporate governance and abided by all the provisions set out in the Corporate Governance Code of Appendix 14 of the Listing Rules during the Reporting Period, except the deviation from provision C.2.1 of the Corporate Governance Code.

Provision C.2.1 of the Corporate Governance Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separated and not be performed by the same person. Since Mr. FAN Wei resigned from the positions of Executive Director and President of the Company on 28 February 2020 because he had reached the statutory retirement age, the position of President of the Company remains temporarily vacant as the successor of the Company's President has been under discussion and negotiation. In order to ensure the normal operation of the Company, the Chairman of the Board has been discreetly performing the duties of the President in line with the demand of maintaining a sound and stable corporate governance structure that meets the needs of the Company. On 21 June 2022, the Board approved the appointment of Mr. JIANG Zong Xiang as the new President and the Company has therefore satisfied the requirement of the provision of the Corporate Governance Code as above.

## **DEFINITIONS**

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In this Report, the following expressions have the following respective meanings set adjacent below, unless the context requires otherwise:

the Company	Means	Tsingtao Brewery Company Limited
the Group	Means	the Company and its subsidiaries
the Board	Means	Board of Directors of the Company
Tsingtao Group	Means	Tsingtao Brewery Group Company Limited
SASACQ	Means	State-owned Assets Supervision & Administration Commission of the People's Government of Qingdao
the Stock Exchange	Means	The Stock Exchange of Hong Kong Limited
Reporting Period	Means	January 1 to June 30, 2022
Model Code	Means	Model Code for Securities Transactions by Directors of Listed Issuers
Listing Rules	Means	Rules Governing the Listing of Securities on The Stock of Exchange of Hong Kong Limited
Articles of Association	Means	Articles of Association of the Company
Finance Company	Means	Tsingtao Brewery Finance LLC.
Xinhaisheng	Means	Hong Kong Xinhaisheng Investment Development Co., Ltd.

# COMPANY INFORMATION

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## 1. BASIC INFORMATION

Company Name: Tsingtao Brewery Company Limited  
Legal Representative: HUANG Ke Xing  
Registered Address: No. 56 Dengzhou Road, Shibei District, Qingdao, Shandong Province  
Office Address: Tsingtao Beer Tower, No. 35 Donghai West Road, Shinan District, Qingdao, Shandong Province  
Postal Code: 266071  
Company Website: www.tsingtao.com.cn

## 2. CONTACT PERSON AND CONTACT INFORMATION

Company Secretary: ZHANG Rui Xiang  
Address: Secretarial Office of the Board,  
Room 1106, Tsingtao Beer Tower,  
No. 35 Donghai West Road, Shinan District,  
Qingdao, Shandong Province  
Postal Code: 266071  
Tel: 86-532-85713831  
Fax: 86-532-85713240

## 3. STOCK EXCHANGES ON WHICH THE COMPANY'S SHARES ARE LISTED:

A-Share: Shanghai Stock Exchange  
Stock Name: TSINGTAO BREW  
Stock Code: 600600  
H-Share: The Stock Exchange of Hong Kong Limited  
Stock Name: TSINGTAO BREW  
Stock Code: 00168



青島啤酒

2022  
INTERIM REPORT  
中期報告

青島啤酒股份有限公司  
TSINGTAO BREWERY CO., LTD.



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