



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

2023

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TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		30 June 2023 Consolidated (unaudited)	31 December 2022 Consolidated	30 June 2023 Company (unaudited)	31 December 2022 Company
ASSETS					
Current assets					
Cash at bank and on hand	(1)	18,677,844,577	17,854,931,855	7,435,599,527	9,469,727,256
Financial assets held for trading	(2)	7,086,564,553	2,683,817,846	5,678,863,014	1,000,452,055
Notes receivable	(3)	3,000,000	4,500,000	-	1,500,000
Accounts receivable	(4),14(1)	175,496,574	119,599,728	1,823,471,501	1,860,654,305
Advances to suppliers	(5)	234,084,502	281,866,630	94,649,386	144,145,684
Other receivables	(6),14(2)	138,908,350	682,770,179	719,723,617	666,706,147
Inventories	(7),14(3)	2,384,099,725	4,152,187,132	744,203,500	2,167,930,218
Current portion of non-current assets		4,668,169	-	-	-
Other current assets	(8)	4,404,833,281	6,222,809,869	1,125,813	285,825,979
Total current assets		33,109,499,731	32,002,483,239	16,497,636,358	15,596,941,644
Non-current assets					
Debt investment	14(4)	-	-	11,665,898	5,673,793
Long-term equity investments	(9),14(5)	364,423,349	368,128,466	11,336,316,413	11,237,441,541
Other non-current financial assets	(10)	904,164,600	600,000	-	-
Investment properties	(11)	45,474,957	29,056,456	25,847,677	26,557,514
Fixed assets	(12)	10,872,523,679	11,009,077,139	2,463,495,432	2,478,302,230
Construction in progress	(13)	578,470,318	456,529,051	107,989,242	140,411,513
Right-of-use assets	(14)	145,553,773	154,916,167	54,063,102	59,135,860
Intangible assets	(15)	2,487,600,595	2,557,820,344	494,466,739	514,921,690
Goodwill	(16)	1,307,103,982	1,307,103,982	-	-
Long-term prepaid expenses	(17)	91,998,664	101,670,196	13,070,215	9,651,343
Deferred tax assets	(18)	2,313,608,250	2,250,079,564	1,450,000,287	1,453,644,067
Other non-current assets	(20)	110,703,368	74,235,192	46,985,686	13,924,336
Total non-current assets		19,221,625,535	18,309,216,557	16,003,900,691	15,939,663,887
TOTAL ASSETS		52,331,125,266	50,311,699,796	32,501,537,049	31,536,605,531

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS (Cont'd)

AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note 4 (unless otherwise stated)	As at			
		30 June 2023 Consolidated (unaudited)	31 December 2022 Consolidated	30 June 2023 Company (unaudited)	31 December 2022 Company
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	(21)	-	225,411,423	-	-
Notes payable	(22)	361,924,586	198,056,961	132,713,026	140,524,489
Accounts payable	(23)	4,765,502,796	3,463,768,573	5,821,631,478	3,982,543,102
Contract liabilities	(24)	5,753,508,818	8,909,252,504	4,244,821,464	7,018,357,260
Employee benefits payable	(25)	2,190,967,393	2,180,772,440	902,768,217	888,041,488
Taxes payable	(26)	1,320,944,506	771,894,656	368,123,382	69,320,070
Other payables	(27)	6,127,384,192	3,394,613,087	3,659,367,451	1,427,296,715
Current portion of non-current liabilities	(28)	55,738,680	49,263,731	23,129,042	19,686,594
Other current liabilities	(24)	95,579,212	478,755,359	71,306,451	410,317,189
Total current liabilities		20,671,550,183	19,671,788,734	15,223,860,511	13,956,086,907
Non-current liabilities					
Lease liabilities	(29)	82,850,494	98,401,477	23,067,616	27,220,061
Long-term payables	(30)	16,244,766	16,283,766	-	-
Long-term employee benefits payable	(31)	888,803,259	918,404,801	623,402,015	615,130,389
Deferred income	(32)	3,111,827,165	3,132,390,832	327,206,174	340,710,828
Deferred tax liabilities	(18)	221,223,746	202,117,651	-	-
Total non-current liabilities		4,320,949,430	4,367,598,527	973,675,805	983,061,278
Total liabilities		24,992,499,613	24,039,387,261	16,197,536,316	14,939,148,185
Equity					
Share capital	(33)	1,364,232,790	1,364,232,790	1,364,232,790	1,364,232,790
Capital surplus	(34)	4,217,003,541	4,154,076,977	5,279,993,273	5,216,070,112
Less: Treasury stock	(35)	(154,157,067)	(171,854,660)	(154,157,067)	(171,854,660)
Other comprehensive income	(36)	(68,625,975)	(75,800,581)	(78,756,000)	(78,756,000)
Surplus reserve	(37)	1,400,704,380	1,400,704,380	1,400,704,380	1,400,704,380
General reserve	(38)	295,071,942	295,071,942	-	-
Undistributed profits	(39)	19,498,424,119	18,528,390,855	8,491,983,357	8,867,060,724
Total equity attributable to shareholders of the Company		26,552,653,730	25,494,821,703	16,304,000,733	16,597,457,346
Non-controlling interests		785,971,923	777,490,832	—	—
Total equity		27,338,625,653	26,272,312,535	16,304,000,733	16,597,457,346
TOTAL LIABILITIES AND EQUITY		52,331,125,266	50,311,699,796	32,501,537,049	31,536,605,531

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:
SUN Zhuo Han

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	Six months ended 30 June			
		2023 Consolidated (unaudited)	2022 Consolidated (unaudited)	2023 Company (unaudited)	2022 Company (unaudited)
1. Revenue	(40),14(6)	21,591,789,633	19,272,658,300	16,286,105,019	14,327,163,641
Less: Cost of sales	(40),(46),14(6),(7)	(13,126,371,443)	(11,930,613,027)	(12,581,264,619)	(11,132,799,158)
Taxes and surcharges	(41)	(1,421,970,263)	(1,320,399,233)	(404,778,904)	(358,131,586)
Selling and distribution expenses	(42),(46),14(7)	(2,387,993,047)	(2,126,216,140)	(1,290,391,607)	(1,092,702,780)
General and administrative expenses	(43),(46),14(7)	(654,978,678)	(706,308,797)	(249,894,430)	(254,512,541)
Research and development expenses	(44),(46),14(7)	(22,160,455)	(17,002,004)	(22,160,455)	(14,353,788)
Finance expenses	(45)	223,129,607	185,432,485	55,680,611	45,933,253
Including: Interest expenses		(4,259,760)	(4,675,899)	-	-
Interest income		236,690,677	204,593,833	59,257,392	52,694,260
Add: Other income	(47)	169,697,462	243,796,534	17,743,558	74,978,504
Investment income	(48),14(8)	93,039,790	111,473,837	659,339,680	66,995,158
Including: Share of profit of associates and joint venture		18,533,007	19,239,773	17,014,499	17,464,564
Profits arising from changes in fair value					
(Losses are listed with “-”)	(49)	127,479,565	110,885,577	82,027,397	79,622,466
Credit impairment losses					
(Losses are listed with “-”)		711,665	1,810,099	298,330	76,934
Asset impairment losses					
(Losses are listed with “-”)		(1,189,427)	(962,720)	(49,817)	-
Gains on disposals of assets					
(Losses are listed with “-”)	(50)	11,092,590	20,770,250	9,805,067	264,764
2. Operating profit		4,602,276,999	3,845,325,161	2,562,459,830	1,742,534,867
Add: Non-operating income	(51)	7,886,606	4,300,078	3,304,216	2,026,102
Less: Non-operating expenses	(52)	(6,043,569)	(4,520,841)	(127,044)	(4,098,265)
3. Total profit		4,604,120,036	3,845,104,398	2,565,637,002	1,740,462,704
Less: Income tax expense	(53)	(1,122,838,779)	(936,788,072)	(485,095,347)	(427,216,300)
4. Net profit		3,481,281,257	2,908,316,326	2,080,541,655	1,313,246,404

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENTS (Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4 (unless otherwise stated)	Six months ended 30 June			
		2023 Consolidated (unaudited)	2022 Consolidated (unaudited)	2023 Company (unaudited)	2022 Company (unaudited)
Classified by continuity of operations					
Net profit from continuing operations		3,481,281,257	2,908,316,326	2,080,541,655	1,313,246,404
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Attributable to shareholders of the Company		3,425,652,286	2,852,094,449	2,080,541,655	1,313,246,404
Attributable to non-controlling interests		55,628,971	56,221,877	—	—
5. Other comprehensive income, net of tax	(36)	5,824,235	(5,672,756)	-	-
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		272,018	(102,868)	-	-
Currency translation differences		6,902,588	(5,580,879)	-	-
Other comprehensive income attributable to non-controlling interests, net of tax		(1,350,371)	10,991	—	—
6. Total comprehensive income		3,487,105,492	2,902,643,570	2,080,541,655	1,313,246,404
Attributable to shareholders of the Company					
		3,432,826,892	2,846,410,702	2,080,541,655	1,313,246,404
Attributable to non-controlling interests					
		54,278,600	56,232,868	—	—
7. Earnings per share					
Basic earnings per share	(54)	2.516	2.100	—	—
Diluted earnings per share	(54)	2.515	2.099	—	—

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:
SUN Zhuo Han

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Six months ended 30 June			
		2023 Consolidated (unaudited)	2022 Consolidated (unaudited)	2023 Company (unaudited)	2022 Company (unaudited)
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services		21,163,135,135	19,404,810,532	15,347,675,354	13,627,145,715
Refund of taxes and surcharges		2,971,662	67,643,226	797,480	7,019,149
Cash received from other operating activities	(55)(a)	<u>527,646,468</u>	523,845,034	<u>125,506,660</u>	117,558,121
Sub-total of cash inflows		<u>21,693,753,265</u>	19,996,298,792	<u>15,473,979,494</u>	13,751,722,985
Cash paid for goods and services		(9,422,808,092)	(8,913,434,365)	(10,029,927,488)	(8,623,472,383)
Cash paid to and on behalf of employees		(2,593,999,484)	(2,399,541,353)	(946,556,266)	(867,711,246)
Payments of taxes and surcharges		(3,328,402,216)	(2,698,327,142)	(1,040,980,600)	(1,078,430,034)
Cash paid relating to other operating activities	(55)(b)	<u>(1,748,050,034)</u>	(1,265,983,704)	<u>(1,284,652,419)</u>	(889,197,127)
Sub-total of cash outflows		<u>(17,093,259,826)</u>	(15,277,286,564)	<u>(13,302,116,773)</u>	(11,458,810,790)
Net cash flows from operating activities	(56)(a)	<u>4,600,493,439</u>	4,719,012,228	<u>2,171,862,721</u>	2,292,912,195
2. Cash flows from investing activities					
Cash received from disposal of investments		5,103,403,700	9,086,457,730	558,000,000	1,000,000,000
Cash received from returns on investments		117,622,047	266,646,927	58,029,223	64,273,907
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		614,874,015	21,875,647	599,158,710	411,890
Cash received from other investing activities	(55)(c)	<u>110,074,467</u>	110,004,865	<u>2,169,243</u>	1,375,400
Sub-total of cash inflows		<u>5,945,974,229</u>	9,484,985,169	<u>1,217,357,176</u>	1,066,061,197
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(640,345,509)	(817,704,619)	(151,866,621)	(236,465,855)
Cash paid to acquire investments		(8,934,763,100)	(12,393,222,550)	(5,387,290,000)	(7,528,000,000)
Cash paid relating to other investing activities	(55)(d)	<u>(98,598,510)</u>	(105,885,747)	<u>(1,401,855)</u>	(1,087,429)
Sub-total of cash outflows		<u>(9,673,707,119)</u>	(13,316,812,916)	<u>(5,540,558,476)</u>	(7,765,553,284)
Net cash flows from investing activities		<u>(3,727,732,890)</u>	(3,831,827,747)	<u>(4,323,201,300)</u>	(6,699,492,087)

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENTS (Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Six months ended 30 June			
		2023 Consolidated (unaudited)	2022 Consolidated (unaudited)	2023 Company (unaudited)	2022 Company (unaudited)
3. Cash flows from financing activities					
Cash received from borrowings		-	228,830,000	-	-
Cash received from other financing activities		398,229	266,397	145,782	266,397
Sub-total of cash inflows		398,229	229,096,397	145,782	266,397
Cash repayments of borrowings		(219,487,500)	(245,175,000)	-	-
Cash payments for distribution of dividends, profits or interests expenses		(44,393,815)	(47,946,503)	-	-
Including: Cash payments for dividends and profits distributed to minority shareholders of subsidiaries		(38,575,444)	(44,183,300)	-	-
Cash payments relating to other financing activities	(55)(e)	(90,016,468)	(28,298,530)	(11,008,122)	(7,923,464)
Sub-total of cash outflows		(353,897,783)	(321,420,033)	(11,008,122)	(7,923,464)
Net cash flows from financing activities		(353,499,554)	(92,323,636)	(10,862,340)	(7,657,067)
4. Effect of foreign exchange rate changes on cash and cash equivalents		7,423,402	9,412,859	3,429,373	2,845,640
5. Net increase/(decrease) in cash and cash equivalents	(56)(a)	526,684,397	804,273,704	(2,158,771,546)	(4,411,391,319)
Add: Cash and cash equivalents at beginning of period		12,839,870,784	11,813,753,792	7,366,468,326	9,210,989,946
6. Cash and cash equivalents at end of period	(56)(b)	13,366,555,181	12,618,027,496	5,207,696,780	4,799,598,627

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:
SUN Zhuo Han

TSINGTAO BREWERY COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits		
Balance at 1 January 2022		1,364,354,793	3,956,209,113	(273,189,919)	(59,632,540)	1,400,704,380	294,853,079	16,318,545,692	791,846,744	23,793,691,342
Movements for the six months ended 30 June 2022 (unaudited)										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,852,094,449	56,221,877	2,908,316,326
Other comprehensive income	(36)	-	-	-	(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	(34)	-	136,685,813	-	-	-	-	-	219,728	136,905,541
Profit distribution										
Profit distribution to shareholders	(35)/(39)	-	-	14,709,198	-	-	-	(1,500,790,272)	(44,183,300)	(1,530,264,374)
Others	(34)	-	27,116	-	-	-	-	-	-	27,116
Balance at 30 June 2022 (unaudited)		<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>
Balance at ended 31 December 2022		<u>1,364,232,790</u>	<u>4,154,076,977</u>	<u>(171,854,660)</u>	<u>(75,800,581)</u>	<u>1,400,704,380</u>	<u>295,071,942</u>	<u>18,528,390,855</u>	<u>777,490,832</u>	<u>26,272,312,535</u>
Balance at 1 January 2023		<u>1,364,232,790</u>	<u>4,154,076,977</u>	<u>(171,854,660)</u>	<u>(75,800,581)</u>	<u>1,400,704,380</u>	<u>295,071,942</u>	<u>18,528,390,855</u>	<u>777,490,832</u>	<u>26,272,312,535</u>
Movements for the six months ended 30 June 2023 (unaudited)										
Total comprehensive income										
Net profit		-	-	-	-	-	-	3,425,652,286	55,628,971	3,481,281,257
Other comprehensive income	(36)	-	-	-	7,174,606	-	-	-	(1,350,371)	5,824,235
Total comprehensive income for the six months ended 30 June 2023		-	-	-	7,174,606	-	-	3,425,652,286	54,278,600	3,487,105,492
Shareholder investment and capital reduction										
Share-based payment	(34)/(35)	-	62,637,798	1,868,573	-	-	-	-	1,281,032	65,787,403
Profit distribution										
Profit distribution to shareholders	(35)/(39)	-	-	15,829,020	-	-	-	(2,455,619,022)	(47,078,541)	(2,486,868,543)
Others	(34)	-	288,766	-	-	-	-	-	-	288,766
Balance at 30 June 2023 (unaudited)		<u>1,364,232,790</u>	<u>4,217,003,541</u>	<u>(154,157,067)</u>	<u>(68,625,975)</u>	<u>1,400,704,380</u>	<u>295,071,942</u>	<u>19,498,424,119</u>	<u>785,971,923</u>	<u>27,338,625,653</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:
SUN Zhuo Han

TSINGTAO BREWERY COMPANY LIMITED

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 4	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022		1,364,354,793	4,980,309,993	(273,189,919)	(72,405,000)	1,400,704,380	8,298,283,516	15,698,057,763
Movements for the six months ended 30 June 2022 (unaudited)								
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	(35),(39)	-	-	14,709,198	-	-	(1,500,790,272)	(1,486,081,074)
Others		-	(584)	-	-	-	-	(584)
Balance at 30 June 2022 (unaudited)		<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>
Balance at ended 31 December 2022		<u>1,364,232,790</u>	<u>5,216,070,112</u>	<u>(171,854,660)</u>	<u>(78,756,000)</u>	<u>1,400,704,380</u>	<u>8,867,060,724</u>	<u>16,597,457,346</u>
Balance at 1 January 2023		<u>1,364,232,790</u>	<u>5,216,070,112</u>	<u>(171,854,660)</u>	<u>(78,756,000)</u>	<u>1,400,704,380</u>	<u>8,867,060,724</u>	<u>16,597,457,346</u>
Movements for the six months ended 30 June 2023 (unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	2,080,541,655	2,080,541,655
Total comprehensive income for the six months ended 30 June 2023		-	-	-	-	-	2,080,541,655	2,080,541,655
Shareholder investment and capital reduction								
Share-based payment	(34),(35)	-	63,918,830	1,868,573	-	-	-	65,787,403
Profit distribution								
Profit distribution to shareholders	(35),(39)	-	-	15,829,020	-	-	(2,455,619,022)	(2,439,790,002)
Others		-	4,331	-	-	-	-	4,331
Balance at 30 June 2023 (unaudited)		<u>1,364,232,790</u>	<u>5,279,993,273</u>	<u>(154,157,067)</u>	<u>(78,756,000)</u>	<u>1,400,704,380</u>	<u>8,491,983,357</u>	<u>16,304,000,733</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:
SUN Zhuo Han

TSINGTAO BREWERY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION

Tsingtao Brewery Company Limited (the “Company”) was established in the People’s Republic of China on 16 June 1993. The Company obtained business license as a Sino-foreign joint stock limited company on 27 December 1995. The registered address and head office address of the Company is Qingdao, Shandong province, the PRC, with a total share capital of RMB482,400,000 at establishment.

The Company’s H shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 15 July 1993, and its A shares have been listed on the Shanghai Stock Exchange since 27 August 1993. The total share capital upon issue amounted to RMB900,000,000. Subsequently, the Company increased its total share capital to RMB1,308,219,178 after issuing new RMB ordinary shares and corporate convertible bonds which were converted into H shares.

Approved by the Circular [2008] No. 445 issued by the China Securities Regulatory Commission, the Company issued convertible bonds with detachable warrants subscription rights on 2 April 2008 at a total size of RMB1.5 billion with the term of 6 years. Upon the exercise period ended on 19 October 2009, 42,763,617 A shares of the Company were issued. The Company’s total share capital was increased from was increased from 1,308,219,178 to 1,350,982,795.

In 2020, the Company implemented restricted shares incentive plan with 13.2 million restricted shares, and the total number of shares of the Company increased from 1,350,982,795 shares to 1,364,182,795 shares. In 2021, the Company granted 294,000 additional restricted shares to participants, and repurchased and cancelled 122,002 restricted shares. The Company’s total share capital was increased from 1,364,182,795 to 1,364,354,793. In 2022, the Company repurchased and cancelled 122,003 restricted shares. The Company’s total share capital was decreased from 1,364,354,793 to 1,364,232,790. As at 30 June 2023, the Company’s total share capital is 1,364,232,790.

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

Subsidiaries which are included in the scope of consolidation are disclosed in Note 5 and Note 6. There was no change in consolidated subsidiaries in the current period compares to the previous period.

These financial statements have been approved for issue by the Company’s Board of Directors on 25 August 2023.

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

The key judgements, 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 Standards, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong “Companies Ordinance” came into effect on 3 March 2014. Certain matters relating to financial statement have been disclosed in accordance with the requirements of Hong Kong “Companies Ordinance”.

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

The financial statements of the Company for the six months ended 30 June 2023 are in compliance with CAS, and truly and completely present the Consolidated and the Company’s financial position as at 30 June 2023 and their financial performance, cash flows and other information for the six months then ended.

(3) Accounting year

The Company’s accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The Company’s recording currency is Renminbi (RMB). The recording currency of the Company’s subsidiaries is determined based on the primary economic environment in which they operate. The recording currency of subsidiaries in Hong Kong, Macau and Vietnam is Hong Kong Dollar (HKD), Macau Pataca (MOP) and Vietnamese Dong (VND) respectively. The financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the 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.

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

(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 (share premium) 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.

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

(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 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.

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

(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 etc.. Debt investments due within 1 year (inclusive) at the balance sheet date are listed as the current portion of non-current assets; at acquiring date, debt investments with maturities within one year (inclusive) are listed as other current assets.

Measured at fair value through other comprehensive income ("FVOCI")

The Group's business mode of managing this type of financial assets is to collect contractual cash flows as well as capture profit by selling. The character of contractual cash flows is 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 into current profit or loss. These financial assets are listed as other debt investment. The Group lists other debt investment due within one year (including one year) from the balance sheet date as non-current assets due within one year; other debt investments with a term of one year (including one year) at the time of acquisition 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 amortised 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 included in the current profit and loss.

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

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment

In terms of financial assets measured at amortised cost, investments in debt instruments at fair value through other comprehensive income, the Group recognizes their loss provision on the basis of ECL.

Considering the reasonable and supportable information that is related to past events, current situation and forecasting on future economic conditions, without incurring unnecessary additional costs and efforts on the balance sheet date, the Group, based on the default risk weight, calculates the probability-weighted amount of the present value of the difference between contractual cash flows receivable and cash flows expected to be received, so as to recognize the ECL.

For notes receivable and accounts receivable 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.

In addition to the above notes receivable, accounts receivable, at each balance sheet date, the Group separately calculates the ECL of financial instruments at different stage. Financial instruments whose credit risk did not increase significantly after the initial recognition belong to stage 1 and the Group calculates their loss provision based on the ECL in the next 12 months. Financial instruments whose credit risk increased significantly after the initial recognition without credit impairment yet belong to stage 2 and the Group calculates their loss provision based on the lifetime ECL. Financial instruments suffering from credit impairment since initial recognition belong to stage 3 and the Group calculates their loss provision based on the lifetime ECL.

For the financial instruments with low credit risk at the balance sheet date, the Group assumes their credit risk did not increase significantly after the initial recognition belong to stage 1 and calculates their loss provision based on the ECL in the next 12 months.

For the financial instruments at stage 1 and stage 2, the Group calculates their interest income based on their book value before deducting provision for impairment and their effective interest rate. For the financial instruments at stage 3, the Group calculates their interest income based on their amortised cost, which is book value less the provision for impairment, and their effective interest rate.

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

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

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

For accounts receivable on the grouping basis and notes receivable formed from daily operations such as sales of goods and rendering of services, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default ("EAD") and lifetime ECL ratio. For other receivables on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the EAD and the ECL ratio within 12 months or for the lifetime.

The Group recognizes provision for or reversal of losses in profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Group recognizes impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income in the meanwhile.

(iii) De-recognition of financial assets

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset terminate; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When the investment of other equity instruments is de-recognized, the difference between carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into the retained earnings; when the recognition of other financial assets is de-recognized, the difference between carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into the current profit and loss.

(b) Financial liabilities

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

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

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

(9) Financial instruments (Cont'd)

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique when it is applicable under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and should maximize the use of relevant observable inputs. When related observable inputs can't be acquired or are not feasible to be acquired, then use unobservable inputs.

(10) Inventories

(a) Classification

Inventories comprise raw materials, packing materials, work in progress and finished goods, and are measured at the lower of cost and net realizable value.

(b) Cost formulas

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labor and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realizable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated costs of performing the contract and estimated costs of sales and related taxes.

(d) The Group adopts the perpetual inventory system.

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

Low value consumables and packaging materials are written off once used and amortised based upon fractional method respectively.

(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.

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

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

(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.

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

Long-term equity investments accounted for using the cost method are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in current profit or loss 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 recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards in the contingencies are satisfied, the Group continues recognising the expected losses and the provisions. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, 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 is not eliminated.

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

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

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities and can influence the amount.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

(12) Investment properties

Investment properties are buildings that are held for the purpose of leasing and are measured at the initial cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are occurred.

The Group adopts cost model for subsequent measurement of investment properties. Land use rights are amortised 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, estimated net residual values and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings	20 - 40 years	3% to 5%	2.4% to 4.9%
Land use rights	50 years	-	2.0%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of transfer. When transfer occurs, the book value before transfer is used as account record value after 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 derecognized when it is disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses are 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)).

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

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles and other equipment.

Fixed assets are recognized when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganization of the Company into a corporation entity are recognized based on the revalued amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(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 and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings	20 - 40 years	3% to 5%	2.4% to 4.9%
Machinery and equipment	5 - 14 years	3% to 5%	6.8% to 19.4%
Motor vehicles	5 - 12 years	3% to 5%	7.9% to 19.4%
Other equipment	5 - 10 years	3% to 5%	9.5% to 19.4%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of fixed assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(18)).

(d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses are recognized in profit or loss for the current period.

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

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

(15) Borrowing costs

The borrowing costs incurred in the Group that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by deducting any interests income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

(16) Intangible assets

Intangible assets comprise land use rights, trademarks, marketing networks, computer software, technology 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 amortised on the straight-line basis over their approved useful period from 30 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

(b) Trademarks

Trademarks mainly include the “TSINGTAO BEER” trademark which was injected by the founding shareholders into the Company on 16 June 1993 as their capital contributions. The recorded value of the trademark was assessed based on the results of the valuation approved by state-owned assets administration department. Based on the forecast of beer industry and the business position of the Company, the directors are of the view that the trademark has an indefinite useful life, accordingly, it is not subject to amortization but annual impairment assessments.

Other trademarks were acquired as a result of acquisitions of certain subsidiaries. They are amortised over their estimated useful lives ranging from 5 to 10 years.

(c) Marketing networks

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

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

(16) Intangible assets (Cont'd)

(d) *Computer software*

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

(e) *Technology know-how*

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

(f) *Periodical review of useful life and amortization method*

For an intangible asset with a finite useful life, review of its useful life and amortization method is performed at each year-end, with adjustment made as appropriate.

(g) *Research and development*

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 research phase, 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 product process improvement before the large-scale production, should be capitalized only if all of the following conditions satisfied:

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

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(h) *Impairment of intangible assets*

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

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

(17) Long-term prepaid expenses

Long-term prepaid expenses comprise the expenditure for improvements to right to use assets, and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

(18) Impairment of long-term assets

Fixed assets, constructions in progress, right -of-use assets, intangible assets with finite useful lives, investing properties measured at cost method and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. The intangible assets not ready for intended use 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 charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

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

(19) Employee benefits (Cont'd)

(b) Post-employment benefits

The Group classifies post-employment benefits plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefits plan under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are supplemental post-employment benefits plan that are not defined contribution plan. During the Reporting Period, the Group post-employment benefits mainly include defined contribution plans such as basic pension and unemployment insurance, and which belong to supplemental post-employment benefits plan.

Regarding the defined contribution plans, the Group had no forfeited contributions (by employers on behalf of employees who leave the defined contribution plan prior to vesting in such contributions) to reduce the existing level and future level of contributions. No plan assets have been created for the defined benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

Basic pension insurance

The employees of the Group participated in the basic social pension insurance organised and implemented by the local labor and social security departments. The Group pays the basic social pension insurance to related local agencies monthly, following the demanding proportion and base. When the employees retire, the local labor and social security departments have obligations to pay the entire basic social pension. When an employee has rendered service to the Group during the accounting period, the Group should recognize liabilities and costs of assets or expenses.

Supplemental post-employment benefits plan.

In addition to the basic social pension plans, the Group also provides supplementary post-employment benefits to those employees qualified for certain criteria. Such supplementary benefits are classified as defined benefit plans. The defined benefit obligation recognized in the balance sheet is the present value of the defined benefit obligation, net of the fair value of plan assets. The defined benefit obligation is calculated by an independently actuary using the Projected Unit Credit method and applying interests rates of government bonds that have similar currency and terms to maturity to those of the related pension obligation. The service cost and net interest income related to supplemental post-employment benefits are recognized as assets or expenses, and actuarial gains or losses arising from re-measurement of net defined benefit obligation is recognized as other comprehensive income.

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

(19) Employee benefits (Cont'd)

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognizes a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognizes costs or expenses for a restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognized as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognized in profit or loss in the period in which they occur.

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

(20) Dividends distribution

Cash dividend is recognized as a liability for the period in which the dividend is approved by annual general meeting.

(21) Revenue recognition

Revenue is recognized by the Group based on the amount of consideration that is expected to be charged when clients obtain the control of relative goods and services.

Sale of goods

The Group manufactures and sells beer products to the regional dealers. Based on contracts, the Group delivers beer products to dealers. After the acceptance of the goods and signing of the goods delivery lists by the dealers, the Group recognizes the net amount after deducting consideration payable to the customer as revenue.

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.

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

(22) Government Grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including relocation compensation, 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 included in profit or loss over the periods in which the related costs are recognized; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognized immediately in profit or loss for the current period.

The Group presents similar types of government grants consistently in the financial statements.

Government grants that are related to daily activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

The relocation compensations received directly from the government in terms of fiscal budget, which are due to the overall planning of the town, reservoir construction, shanty areas rebuilding, subsidence area management and other public interests, are recognized as payables for specific projects. The payables for specific projects, which attributes to the compensations for the losses on disposal of fixed assets and intangible assets, the expensed expenditure, the downtime losses and the new purchased and constructed assets after the relocation, in the process of the relocation and rebuilding, are transferred to deferred income and accounted for in accordance with the regulation of government grant. The excess of relocation compensation over the amount transferred to deferred income is recognized as capital reserve.

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

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

(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 realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset when:

- The deferred taxes are related to the same tax payer within the Group and the same taxation authority; and
- tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(24) Share-based payment

The restricted share incentive plan of the Group refers to share-based payment which settled with the equity instruments of the Company granted by the Group as consideration to relevant incentive 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.

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

(24) Share-based payment (Cont'd)

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 and loss, and the capital surplus will be recognized accordingly.

If the Group needs to repurchase the restricted shares that failed to be unlocked and invalid at the 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) Lease

Leases is a contract in which the lessor transfers the use rights of assets to the lessee to obtain consideration for a certain period.

The Group as the lessee

The Group recognizes the right-of-use assets at the starting date of the lease term, and recognizes the lease liabilities at the present value of the outstanding lease payment. Lease payments include fixed payments and payments to be made if it is reasonably certain that the option to purchase or terminate will be exercised. The variable rent determined according to a certain proportion of sale shall be recognized in profit or loss instead of being included in the lease payment when actually incurred. The Group lists the lease liabilities paid within one year (including one year) from the balance sheet date as current portion of non-current liabilities.

The Group's right-of-use assets include leased buildings, land use rights, machinery and equipment etc. The right-of-use asset is initially measured according to the cost, which includes the initial measurement amount of the lease liability, the lease payment paid on or before the starting date of the lease term, the initial direct expense 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 into the current profit or loss or the cost of relevant assets by straight-line method during each period of the lease term.

The Group shall treat the lease as a separate item, when the lease is changed and meets the following conditions: (1) The scope of leasing is expanded by adding the right to use one or more leased assets; (2) the increased consideration is equivalent to the amount of the separate price of the extended lease scope according to the contract.

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

(25) Lease (Cont'd)

The Group as the lessee (Cont'd)

Unless the contract changes directly caused by situations mentioned in Notice on Adjusting the Scope of Application of Accounting Regulations on Rent Concession Related to Novel Pneumonia Epidemic issued by the Ministry of Finance in 2021 (Finance and Accounting [2021] No. 9), which simplified method is adopted, 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. 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 and loss. If other changes cause the lease liabilities remeasured, the Group adjusts the book value of the right-of-use asset accordingly.

The Group as the lessor

A financial lease is a lease that substantially transfers almost all the risks and rewards related to the ownership of an asset. An operating lease is a lease other than a financial lease.

When the Group operatingly lease out self-owned buildings, machinery equipments and land use rights, the rental income from the operating lease shall be recognized in accordance with the straight-line basis over the lease period. 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/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 co-ordinated 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.

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

(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 reasonable expectations of future events.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of group 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 accounting estimates (Note 4(16)).

If management revises the sales growth rate during the forecast period, perpetual growth rate, gross margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of assets and group of asset combinations, and the sales growth rate during the forecast period is lower than the one currently used, perpetual growth rate is lower than the one currently used, gross margin is lower than the one currently used or the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill. If the actual sales growth rate during the forecast period perpetual growth rate and gross margin is higher or pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(ii) Accounting estimates on impairment of fixed assets

According to the accounting policies stated in Note 2(18), the Group tests whether fixed assets have suffered any impairment on the balance sheet date. The recoverable amounts of the fixed assets have been determined based present value of the expected future cash flow. These calculations require the use of accounting estimates.

For the six months ended 30 June 2023, the Group recognized impairment losses of RMB1,189,427 (for six months ended 30 June 2022: RMB962,720) for fixed assets based on such evaluation. As at 30 June 2023, the Group recognized the cumulative provision for fixed assets impairment amounting to RMB538,130,187 (31 December 2022: RMB551,176,919) (Note 4(12)).

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

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

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

(ii) Accounting estimates on impairment of fixed assets (Cont'd)

If management revises the growth rate, gross margin or the pre-tax discount rate that is used in the calculation of the future cash flows of group of 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 income and corresponding applicable income tax rates of respective years. The realization of deferred tax assets depends on the realization of sufficient profitability (taxable income) 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 2023, deferred tax assets of RMB2,313,608,250 have been recognized in the consolidated balance sheet. As stated in Note 4(18), the Group has unrecognized deferred tax assets aggregated to approximately RMB802,155,000 as at 30 June 2023, which mainly attributable to accumulated tax losses in 5 years and deductible temporary difference of certain subsidiaries. The Group has unrecognized deferred tax assets for such deductible losses and deductible temporary differences due to the fact that there is no certainty of their respective realization of these tax benefits through available future taxable profits of those subsidiaries concerned. In cases where the actual future assessable profits are more or less than expected, a recognition or reversal of deferred tax assets may arise accordingly.

(iv) Post-employment benefits Actuary

As stated in Note 2(19)(b), the present value of the post-employment obligation estimated on an actuarial basis using a number of assumptions. The actuarial valuations, in which discount rate was determined by government bonds of China and the mortality rate was based on published statistics by China Life Annuitant Mortality Table 2010 - 2013, are the best estimation on the post-employment obligation on balance sheet date. Any changes in these assumptions will have impact on the carrying amount of post-employment obligations, which will be recognized as other comprehensive income in the future.

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

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

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

(v) Measurement of ECL

The Group calculates the expected credit loss based on the default risk exposure and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Group uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data.

When considering forward-looking information, the Group considers different macroeconomic scenarios. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, changes in customer conditions, gross domestic product and consumer price index, etc. For the six months ended 30 June 2023, the Group has considered uncertainties caused by various factors and updated relevant assumptions and parameters accordingly.

(29) Significant changes in accounting policies

In 2021, the Ministry of Finance released the Circular on Issuing “Interpretation No. 15 of Accounting Standards for Business Enterprises”, in 2022 and 2023 the Ministry of Finance released “Interpretation No. 16 of Accounting Standards for Business Enterprises” and “Q&A on Implementation of Accounting Standards for Business Enterprises”. The financial statements for the year of 2022 and the period ended 30 June 2023 are prepared in accordance with the above notices and Q&A, and there is no significant impact on the financial statement of the Group and the Company.

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
Consumption tax	Sales Price of Beer	Consumption Tax per Unit
	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 and consumption tax paid	5% and 7%
Education surcharge	Amount of VAT and consumption tax paid	5%

3 TAXATION (CONT'D)

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

(a) Enterprise income tax (Cont'd)

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

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

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

(ii) Pursuant to the Circular on the Deduction Policies of Relevant Enterprise Income Tax for Equipment and Apparatus (Cai Shui [2018] No. 54) and the Announcement on extending the implementation period of Certain Preferential Policies (Cai Shui [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.

(b) VAT

For the six months ended 30 June 2023 and in 2022, the Group calculated VAT at the VAT rate of 13% on the sales revenue of beer and other products. The applicable VAT rates for the financial business income of Tsingtao Brewery Finance Co., Ltd. ("Finance Company") and the construction business income of Tsingtao Brewery Construction Co., Ltd. ("Construction Company") are 6% and 9% respectively. Input VAT paid for purchase of goods, machinery and equipment for production or taxable services can be deducted from output VAT. The amount of VAT payable is the balance of the current output tax less the deductible input tax.

Some subsidiaries of the Group are small-scale taxpayers and are subject to a 3% value-added tax rate.

The Ministry of Finance and the State Administration of Taxation jointly promulgated the Announcement on Further Strengthening the implementation of the Policy of Final VAT Credit and Refund (Cai Shui [2022] No. 14) and the Announcement on Further Accelerating the implementation of the Policy of Final VAT Credit and Refund (Cai Shui [2022] No. 17) and the Announcement on Further Accelerating the Implementation of the Policy of Tax Rebate for the Final Period of VAT (Cai Shui [2022] No. 19) and other relevant provisions. Eligible small and micro enterprises and enterprises in manufacturing and other industries can apply to the competent tax authorities for refund of the incremental tax credit from the tax period in April 2022. Qualified micro-enterprises can apply to the competent tax authorities for a one-time refund of the remaining tax credit from the tax period of April 2022. Qualified small enterprises and medium-sized enterprises in manufacturing and other industries may apply to the competent tax authorities for a one-time refund of the remaining tax credit starting from the tax period of May 2022. Qualified large enterprises in manufacturing and other industries may apply to the competent tax authorities for a one-time refund of the remaining tax credits starting from the tax period of June 2022.

3 TAXATION (CONT'D)

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

(c) *Withholding Tax*

According to Article 10 of the “Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Tax Evasion on Income” signed by the State Taxation Administration and the Hong Kong Special Administrative Region on 21 August 2006, where a resident company of one party pays a dividend to a resident of the other party, if the beneficial owner directly owns not less than 25% of the capital of the dividend paying company, it is taxed at 5% of the total dividend.

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, the company shall withhold the enterprise income tax on the basis of 10% of the dividends, when it pays dividends to its H-share holders who are overseas non-resident enterprises.

(2) Tax incentives

According to the Announcement on “Deepening the Relevant Policies of VAT Reform” issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Ministry of Finance the State Taxation Administration the General Administration of Customs Announcement [2019] No. 39), the Announcement on “Clarifying the Policy of Value-added Tax Deduction for Domestic Service Industry” issued by the Ministry of Finance and the State Taxation Administration (Ministry of Finance the State Taxation Administration Announcement [2019] No. 87), the Announcement on “Value-added Tax Policy on Promoting the Development of Service Industry” issued by the Ministry of Finance and the State Taxation Administration (Ministry of Finance the State Taxation Administration Announcement [2022] No. 11), and the Announcement on “Clarifying VAT Exemption and other Policies for Small-scale VAT Taxpayers” issued by the Ministry of Finance and the State Taxation Administration (Ministry of Finance the State Taxation Administration Announcement [2023] No. 1), part of the Company's subsidiaries are life service enterprises, the deductible input tax of the current period shall be added by 15% to offset the VAT payable from 1 October 2019 to 31 December 2022, the deductible input tax of the current period shall be added by 10% to offset the VAT payable from 1 January 2023 to 31 December 2023.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2023 (unaudited)	31 December 2022
Cash on hand	182,101	203,052
Bank deposits	2,658,622,963	4,537,704,358
Interbank deposits (i)	15,055,288,562	12,441,894,918
Deposit in central bank (ii)	930,448,514	841,892,213
Other cash balances (iii)	33,302,437	33,237,314
	<u>18,677,844,577</u>	<u>17,854,931,855</u>
Including: cash at bank and on hand overseas (iv)	<u>87,281,873</u>	<u>93,205,699</u>

- (i) Interbank deposits represent bank deposits and its interest receivable deposited in domestic banks by Finance Company, a subsidiary of the Company.
- (ii) Deposits in central bank represent statutory deposit and its interest receivable deposited in the People's Bank of China by Finance Company, a subsidiary of the Company. As at 30 June 2023, the statutory deposit reserves ratio of Finance Company is 5% (31 December 2022: 5%).
- (iii) As at 30 June 2023, other cash balances of RMB33,222,570 (31 December 2022: RMB33,157,586) represent housing maintenance fund in the bank; the remaining balances are other guarantee deposits of RMB79,867 (31 December 2022: RMB79,728).
- (iv) As at 30 June 2023, 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:

	30 June 2023 (unaudited)	31 December 2022
Cash at bank and on hand	18,677,844,577	17,854,931,855
Deposit in non-financial institutions	9,094,965	3,254,329
Less: Restricted deposit in central bank	(930,448,514)	(841,892,213)
Restricted bank term deposits	(3,980,000,000)	(3,900,000,000)
Restricted other cash balances	(33,302,437)	(33,237,314)
Interest receivable on deposits	(376,633,410)	(243,185,873)
	<u>13,366,555,181</u>	<u>12,839,870,784</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Financial assets held for trading

	30 June 2023 (unaudited)	31 December 2022
Debt instruments	<u>7,086,564,553</u>	<u>2,683,817,846</u>

It represents the structured deposits, funds and wealth management products purchased by the Group. As at 30 June 2023, the fair value is measured based on the estimation of the future cash flow.

(3) Notes receivable

	30 June 2023 (unaudited)	31 December 2022
Bank acceptance notes	<u>3,000,000</u>	<u>4,500,000</u>

(a) As at 30 June 2023, the Group has no pledged notes receivable (31 December 2022: nil).

(b) As at 30 June 2023, there are no endorsed bank acceptances notes in the Group's notes receivable which have not matured and have not been terminated for recognition (31 December 2022: RMB3,000,000), the Group's bank acceptances notes that has been endorsed but has not matured and has been terminated amounting to RMB51,600,000 (31 December 2022: RMB115,200,000). There are no discounted bank acceptance notes that are not yet matured (31 December 2022: nil).

(c) Provision for bad debts

The Group's notes receivable are generated from the sale of commodities and other daily business activities, irrespective of whether there is significant financing component, the Group measures loss provision according to the ECL of the lifetime.

As at 30 June 2023, 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

	30 June 2023 (unaudited)	31 December 2022
Accounts receivable	353,546,006	297,637,369
Less: Provision for bad debts	<u>(178,049,432)</u>	<u>(178,037,641)</u>
	<u>175,496,574</u>	<u>119,599,728</u>

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Accounts receivable (Cont'd)

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

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	175,504,957	119,595,685
1 to 2 years	39,602	38,937
2 to 3 years	-	1,300
Over 5 years	178,001,447	178,001,447
	<u>353,546,006</u>	<u>297,637,369</u>

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

(b) As at 30 June 2023, the top five accounts receivable are analysed as follows:

	Amount (unaudited)	Provision of bad debts (unaudited)	% of total balance
Total amount of the top five accounts receivable	<u>86,488,651</u>	<u>(26,242,020)</u>	<u>24%</u>

(c) As at 30 June 2023, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2022: nil).

(d) Provision for bad debts

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

(i) As at 30 June 2023, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed as follows:

	Ending balance (unaudited)	Lifetime ECL ratio	Provision for bad debts (unaudited)
Gansu Nongken Brewery Co., Ltd.	14,996,236	100%	(14,996,236)
Beijing Tsingtao Brewery Sales Co., Ltd. ("Beijing Sales Company")	<u>11,245,784</u>	100%	<u>(11,245,784)</u>
	<u>26,242,020</u>	100%	<u>(26,242,020)</u>

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Accounts receivable (Cont'd)

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

- (ii) As at 30 June 2023, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group – Dealers

	30 June 2023(unaudited)			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime		Amount	Lifetime	
		ECL ratio	Amount		ECL ratio	Amount
Not overdue	174,928,677	-	-	119,255,860	-	-
Overdue within 1 year	577,680	5%	(28,884)	341,860	5%	(17,093)
Overdue within 1 -2 years	38,202	50%	(19,101)	38,202	50%	(19,101)
Overdue 2 years or more	151,759,427	100%	(151,759,427)	151,759,427	100%	(151,759,427)
	327,303,986		(151,807,412)	271,395,349		(151,795,621)

- (iii) The provision for bad debts increased in this period is RMB11,791. In addition, the current period recovered the accounts receivable that had been written off in previous years of RMB300,000.

(5) Advances to suppliers

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

	30 June 2023 (unaudited)		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	190,170,478	81.3%	251,558,226	89.2%
1 to 2 years	42,219,945	18.0%	28,362,552	10.1%
2 to 3 years	952,278	0.4%	1,510,907	0.5%
Over 3 years	741,801	0.3%	434,945	0.2%
	234,084,502	100%	281,866,630	100%

As at 30 June 2023, the carrying amount of advances to suppliers over 1 year is RMB43,914,024 (31 December 2022: RMB30,308,404), which have not been required to deliver yet due to production plan and other reasons.

- (b) As at 30 June 2023, the total amount of top five advances to suppliers are analysed as follows:

	Amount (unaudited)	% of total balance
Total amount of the top five advances to suppliers	124,118,951	53%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Other receivables

	30 June 2023 (unaudited)	31 December 2022
Receivables of materials and scrap	35,269,843	25,080,850
Guarantee deposits	34,767,834	36,163,228
Receivables on construction and equipment	25,358,599	18,784,056
Receivables of refundable cost of land and building	17,441,647	17,441,647
Dividends receivable (Note 4(9))	10,595,943	-
Reservation fund	5,885,519	12,335,117
Payment on behalf for recycling bottles	2,927,887	1,493,555
VAT refund	848,890	338,083
Receivables of disposals of land	-	584,155,232
Others	71,264,097	52,302,522
	204,360,259	748,094,290
<i>Less:</i> Provision for bad debts	(65,451,909)	(65,324,111)
	138,908,350	682,770,179

(a) The ageing of other receivables is analysed as follows:

	30 June 2023 (unaudited)	31 December 2022
Not overdue	137,540,848	679,981,398
Overdue within 1 year	1,316,042	2,591,269
Overdue within 1 -2 years	154,796	359,442
Overdue 2 years or more	65,348,573	65,162,181
	204,360,259	748,094,290

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Other receivables (Cont'd)

(b) Provision for losses and movement in carrying amount

	Stage one(unaudited)		Stage three(unaudited)		Total (unaudited)
	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 2022	2,950,711	(161,930)	65,162,181	(65,162,181)	(65,324,111)
Increase in the current period	280,314	(121,530)	-	-	(121,530)
Reversals in the current period	(1,555,491)	77,776	(2,664)	2,664	80,440
Written off in the current period	-	-	(15,640)	15,640	15,640
Transfer to stage three	(204,696)	102,348	204,696	(102,348)	-
Provision for bad debts increased in the current period	—	-	—	(102,348)	(102,348)
30 June 2023	1,470,838	(103,336)	65,348,573	(65,348,573)	(65,451,909)

As at 30 June 2023, 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 2023, the analysis of other receivables for which a single provision for bad debts is made is 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 building	17,441,647	100%	(17,441,647)	i)
Receivables from other entities	47,906,926	100%	(47,906,926)	ii)
	65,348,573		(65,348,573)	

As at 31 December 2022, the analysis of other receivables for which a single provision for bad debts is made is as follows,

Stage three	Ending balance (unaudited)	ECL ratio for the lifetime	Provision for bad debts (unaudited)	Reason
Receivables of refundable cost of land and building	17,441,647	100%	(17,441,647)	i)
Receivables from other entities	47,720,534	100%	(47,720,534)	ii)
	65,162,181		(65,162,181)	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Other receivables (Cont'd)

(b) Provision for losses and movement in carrying amount (Cont'd)

- 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 RMB8,584,437 and cost of buildings on this land of RMB8,857,210 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.
- (ii) As at 30 June 2023 and 31 December 2022, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Guarantee deposits	20,000	(1,000)	5% - 50%	-	-	-
Receivables from other entities	1,450,838	(102,336)	5% - 50%	2,950,711	(161,930)	5% - 50%
	<u>1,470,838</u>	<u>(103,336)</u>		<u>2,950,711</u>	<u>(161,930)</u>	

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

- (c) The provision for bad debts increased in the current period is RMB223,878. The collecting or reversal of provision for bad debts is RMB80,440, and its corresponding carrying amount is RMB1,558,155.
- (d) In the current period, the bad debt of other receivables of RMB15,640 were written off, and its corresponding carrying amount is RMB15,640.
- (e) As at 30 June 2023, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No. 1	Receivables of dividend	10,595,943	Within one year	5.2%	-
No. 2	Refundable cost of land	8,584,437	More than five years	4.2%	(8,584,437)
No. 3	Receivables on materials	5,000,000	More than five years	2.4%	(5,000,000)
No. 4	Receivables on materials	4,616,730	More than five years	2.3%	(4,616,730)
No. 5	Receivables on customer payments collected by others	4,024,605	Within one years	2.0%	-
		<u>32,821,715</u>		<u>16.1%</u>	<u>(18,201,167)</u>

- (f) As at 30 June 2023, the Group does not have government grants recognized as receivable amount.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Inventories

(a) *Category of inventories is as follows:*

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	744,716,970	(899,894)	743,817,076	664,937,960	(899,894)	664,038,066
Packaging materials	600,950,541	(2,517,462)	598,433,079	807,413,158	(2,517,462)	804,895,696
Low-value consumables	108,485,227	-	108,485,227	80,394,118	-	80,394,118
Work in progress-outsourced	163,857	-	163,857	2,691,814	-	2,691,814
Work in progress	472,645,320	-	472,645,320	467,738,178	-	467,738,178
Finished goods	460,555,166	-	460,555,166	2,132,429,260	-	2,132,429,260
	<u>2,387,517,081</u>	<u>(3,417,356)</u>	<u>2,384,099,725</u>	<u>4,155,604,488</u>	<u>(3,417,356)</u>	<u>4,152,187,132</u>

(b) *The movements of inventories is as follows:*

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Raw materials	664,937,960	2,793,427,197	(2,713,648,187)	744,716,970
Packaging materials	807,413,158	5,051,532,292	(5,257,994,909)	600,950,541
Low-value consumables	80,394,118	344,516,702	(316,425,593)	108,485,227
Work in progress-outsourced	2,691,814	-	(2,527,957)	163,857
Work in progress	467,738,178	3,251,196,036	(3,246,288,894)	472,645,320
Finished goods	2,132,429,260	10,365,414,283	(12,037,288,377)	460,555,166
Contract performance costs	-	1,074,353,888	(1,074,353,888)	-
	<u>4,155,604,488</u>			<u>2,387,517,081</u>

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>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Inventories (Cont'd)

(b) The movements of inventories is as follows: (Cont'd)

Contract performance costs are mainly transportation costs incurred before the control of the goods transferred to the customer and for the performance of the sales contract. For the six months ended 30 June 2023, the total amount of contract performance costs amortized to cost of sales is RMB1,074,353,888 (for the six months ended 30 June 2022: RMB1,105,893,317).

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

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period		30 June 2023 (unaudited)
			Reversal (unaudited)	Write-off (unaudited)	
Raw materials	(899,894)	-	-	-	(899,894)
Packaging materials	(2,517,462)	-	-	-	(2,517,462)
	<u>(3,417,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,417,356)</u>

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>

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

	Basis for net realisable value	Reason for writing-off
Raw materials and packaging materials	Estimated selling price less the estimated costs to completion and estimated expenses necessary to sale and related taxes	Not Applicable

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Other current assets

	30 June 2023 (unaudited)	31 December 2022
Interbank negotiable certificates of deposits (i)	4,139,962,078	5,123,445,456
Treasury bonds reverse repo investment	140,022,446	620,611,801
VAT input to be verified	82,950,529	116,682,992
VAT input to be deducted	39,382,850	257,095,733
Prepaid Enterprise Income tax	2,617,942	107,569,040
Credit and factoring business	1,001,572	-
Others	1,361,821	437,698
	4,407,299,238	6,225,842,720
<i>Less:</i> Provision for other current assets	(2,465,957)	(3,032,851)
	<u>4,404,833,281</u>	<u>6,222,809,869</u>

- (i) It represents the Interbank negotiable certificates of 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

	30 June 2023 (unaudited)	31 December 2022
Joint venture (a)	215,458,738	220,762,244
Associates (b)	150,184,611	148,586,222
	365,643,349	369,348,466
<i>Less:</i> Provision for impairment of long-term equity investments	(1,220,000)	(1,220,000)
	<u>364,423,349</u>	<u>368,128,466</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

(a) Joint Venture

30 June 2023

31 December 2022	Movements in the current period (unaudited)				30 June 2023 (unaudited)	Balance of provision for impairment at end of period (unaudited)
	Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends declared		
Hebei Jiahe Beer Co., Ltd. ("Hebei Jiahe Company")	220,762,244	3,696,494	-	(9,000,000)	215,458,738	-

30 June 2022

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

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).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

(b) Associate

30 June 2023

	31 December 2022	Movements in the current period (unaudited)				30 June 2023 (unaudited)	Balance of provision for impairment at end of period (unaudited)
		Share of net profit or loss using the equity method	Share of other comprehensive income	Other equity changes	Cash dividends declared		
Shandong Yantai Brewery Co., Ltd. ("Yantai Brewery Company")	129,800,797	11,584,192	-	-	(10,595,943)	130,789,046	-
Qingdao Zhaoshang Logistics Co., Ltd. ("Zhaoshang Logistics")	14,314,260	1,733,813	-	4,331	(2,918,530)	13,133,874	-
Tsingtao Brewery Europe Trading Co., Ltd. ("European Company")	3,251,165	1,518,508	272,018	-	-	5,041,691	-
Liaoning Shenqing Tsingtao Brewery Co., Ltd. ("Liaoning Shenqing")	-	-	-	-	-	-	-
Others	1,220,000	-	-	-	-	1,220,000	(1,220,000)
	<u>148,586,222</u>	<u>14,836,513</u>	<u>272,018</u>	<u>4,331</u>	<u>(13,514,473)</u>	<u>150,184,611</u>	<u>(1,220,000)</u>

30 June 2022

	31 December 2021	Movements in the current period				30 June 2022 (unaudited)	Balance of provision for impairment at end of period (unaudited)
		Share of net profit or loss using the equity method	Share of other comprehensive income	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	-
European Company	2,879,317	1,775,209	(102,868)	-	-	4,551,658	-
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>

Details of equity interests of the Group 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 2023, the accumulative unconfirmed investment loss is RMB1,126,423 (31 December 2022: RMB1,093,752).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(10) Other non-current financial assets

	30 June 2023 (unaudited)	31 December 2022
Other non-current financial assets	904,164,600	600,000

Among other non-current financial assets, RMB903,564,600 represents secondary capital bonds issued by banks purchased by Finance Company, a subsidiary of the Company, which belong to financial assets at fair value through profit or loss, and is expected to be held for more than one year, and recognized as other non-current financial assets.

(11) Investment properties

30 June 2023

	Buildings	Land use rights	Total
Cost			
31 December 2022	78,607,221	8,685,220	87,292,441
Increase in the current period (unaudited)			
Transfer from fixed assets (i)	11,162,392	-	11,162,392
Transfer from intangible assets (i)	-	11,445,096	11,445,096
Decrease in the current period			
— Transfer to fixed assets (unaudited)	(2,115,357)	-	(2,115,357)
30 June 2023 (unaudited)	87,654,256	20,130,316	107,784,572
Accumulated depreciation			
31 December 2022	(46,022,539)	(2,964,806)	(48,987,345)
Increase in the current period (unaudited)			
Accrual	(973,862)	(169,489)	(1,143,351)
Transfer from fixed assets (i)	(2,359,482)	-	(2,359,482)
Transfer from intangible assets (i)	-	(2,117,342)	(2,117,342)
Decrease in the current period			
— Transfer to fixed assets (unaudited)	1,226,305	-	1,226,305
30 June 2023 (unaudited)	(48,129,578)	(5,251,637)	(53,381,215)
Provision for impairment			
31 December 2022	(9,248,640)	-	(9,248,640)
Increase in the current period			
— Transfer from fixed assets (unaudited)	(64,749)	-	(64,749)
Decrease in the current period			
— Transfer to fixed assets (unaudited)	384,989	-	384,989
30 June 2023 (unaudited)	(8,928,400)	-	(8,928,400)
Carrying amount			
30 June 2023 (unaudited)	30,596,278	14,878,679	45,474,957
31 December 2022	23,336,042	5,720,414	29,056,456

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(11) Investment properties (Cont'd)

30 June 2022

	Buildings	Land use rights	Total
Cost			
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)
30 June 2022 (unaudited)	70,263,508	1,885,721	72,149,229

Accumulated depreciation

31 December 2021	(44,819,251)	(969,374)	(45,788,625)
Increase in the current period (unaudited)			
Accrual	(911,451)	(18,857)	(930,308)
Transfer from fixed assets	(438,079)	-	(438,079)
Decrease in the current period			
— Transfer to fixed assets (unaudited)	1,343,080	-	1,343,080
30 June 2022 (unaudited)	(44,825,701)	(988,231)	(45,813,932)

Provision for impairment

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
30 June 2022 (unaudited)	(1,173,668)	-	(1,173,668)

Carrying amount

30 June 2022 (unaudited)	24,264,139	897,490	25,161,629
31 December 2021	24,778,613	916,347	25,694,960

- (i) For the period ended 30 June 2023, the self-use buildings with the carrying amount RMB8,738,161 (cost: RMB11,162,392) and the self-use land with the carrying amount RMB9,327,754 (cost: RMB11,445,096) are reclassified to investment properties as they are used for leasing instead of self-use.

As at 30 June 2023, there is no investment property without ownership certificates (31 December 2022: nil).

(12) Fixed assets

	30 June 2023 (unaudited)	31 December 2022
Fixed assets (a)	10,859,243,042	10,995,585,859
Fixed assets pending for disposal (b)	13,280,637	13,491,280
	<u>10,857,523,679</u>	<u>11,009,077,139</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Fixed assets (Cont'd)

(a) Fixed assets

30 June 2023

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
Cost					
As at 31 December 2022	8,068,783,521	11,815,614,003	270,763,103	1,168,657,061	21,323,817,688
Increase in the current period (unaudited)					
Purchase	27,498,122	15,066,436	6,755,064	12,635,924	61,955,546
Transfer from construction in progress	85,104,501	235,958,018	-	20,158,094	341,220,613
Transfer from investment properties	2,115,357	-	-	-	2,115,357
Decrease in the current period (unaudited)					
Disposal	(1,914,162)	(64,225,247)	(11,799,096)	(20,370,439)	(98,308,944)
Transfer to construction in progress	(78,286,645)	(115,268,921)	-	(232,939)	(193,788,505)
Transfer to investment properties	(11,162,392)	-	-	-	(11,162,392)
30 June 2023 (unaudited)	8,092,138,302	11,887,144,289	265,719,071	1,180,847,701	21,425,849,363

Accumulated depreciation

As at 31 December 2022	(2,257,787,475)	(6,505,166,495)	(200,325,398)	(813,775,542)	(9,777,054,910)
Increase in the current period (unaudited)					
Accrual	(108,278,711)	(296,127,800)	(7,085,675)	(48,876,172)	(460,368,358)
Transfer from investment properties	(1,226,305)	-	-	-	(1,226,305)
Decrease in the current period (unaudited)					
Disposal	534,126	52,637,345	10,774,316	18,438,946	82,384,733
Transfer to construction in progress	42,864,509	82,436,637	-	128,078	125,429,224
Transfer to investment properties	2,359,482	-	-	-	2,359,482
30 June 2023 (unaudited)	(2,321,534,374)	(6,666,220,313)	(196,636,757)	(844,084,690)	(10,028,476,134)

Provision for impairment

As at 31 December 2022	(155,257,972)	(388,218,992)	(3,533,952)	(4,166,003)	(551,176,919)
Increase in the current period (unaudited)					
Accrual	(558,397)	(501,806)	(44,814)	(84,410)	(1,189,427)
Transfer from investment properties	(384,989)	-	-	-	(384,989)
Decrease in the current period (unaudited)					
Disposal	1,226,815	11,586,784	395,099	846,546	14,055,244
Transfer to construction in progress	-	501,155	-	-	501,155
Transfer to investment properties	64,749	-	-	-	64,749
30 June 2023 (unaudited)	(154,909,794)	(376,632,859)	(3,183,667)	(3,403,867)	(538,130,187)

Carrying amount

30 June 2023 (unaudited)	5,615,694,134	4,844,291,117	65,898,647	333,359,144	10,859,243,042
31 December 2022	5,655,738,074	4,922,228,516	66,903,753	350,715,516	10,995,585,859

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Fixed assets(Cont'd)

(a) Fixed assets(Cont'd)

30 June 2022

	Buildings	Machinery and equipment	Vehicles	Other equipments	Total
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)
30 June 2022 (unaudited)	7,921,678,666	11,752,986,267	274,873,259	1,082,471,801	21,032,009,993

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
30 June 2022 (unaudited)	(2,203,438,636)	(6,439,150,806)	(201,470,762)	(781,532,329)	(9,625,592,533)

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
30 June 2022 (unaudited)	(164,340,188)	(411,020,218)	(2,873,604)	(2,847,019)	(581,081,029)

Carrying amount

30 June 2022 (unaudited)	5,553,899,842	4,902,815,243	70,528,893	298,092,453	10,825,336,431
31 December 2021	5,253,086,435	4,527,015,384	73,908,893	294,120,670	10,148,131,382

For the six months ended 30 June 2023, fixed assets of the Group with the carrying amount of RMB67,858,126 (cost: RMB193,788,505; accumulated depreciation RMB125,429,224; provision for impairment RMB501,155) are transferred to construction in progress to be upgraded due to technology renewal and other reasons.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Fixed assets (Cont'd)

(a) Fixed assets (Cont'd)

As at 30 June 2023, there are no fixed assets pledged as collateral for borrowings (31 December 2022: nil).

For the six months ended 30 June 2023, fixed assets accumulated depreciation are RMB460,368,358 (for the six months ended 30 June 2022: RMB436,719,294), of which RMB402,798,631, RMB7,824,699, RMB47,627,083 and RMB2,117,945 (for the six months ended 30 June 2022: RMB379,569,902, RMB7,356,070, RMB48,592,912 and RMB1,200,410) have been charged to 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 RMB341,220,613 (for the six months ended 30 June 2022: RMB1,147,056,614).

(i) Temporarily idle fixed assets

As at 30 June 2023, the buildings and the machinery and equipment with carrying amount of RMB36,616,874 (cost RMB188,347,070) are temporarily idle for the reason of products update (31 December 2022: carrying amount of RMB33,927,255 (cost RMB203,889,434)). The management planned to reallocate these assets among the Group or upgrade. The details analysis of these assets are as follows:

30 June 2023

	Cost (unaudited)	Accumulated depreciation (unaudited)	Provision for impairment (unaudited)	Carrying amount (unaudited)
Machinery and equipment	168,858,417	(129,816,529)	(4,623,388)	34,418,500
Buildings	19,488,653	(9,308,525)	(7,981,754)	2,198,374
	<u>188,347,070</u>	<u>(139,125,054)</u>	<u>(12,605,142)</u>	<u>36,616,874</u>

31 December 2022

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	184,485,731	(149,680,829)	(3,120,859)	31,684,043
Buildings	19,403,703	(9,178,737)	(7,981,754)	2,243,212
	<u>203,889,434</u>	<u>(158,859,566)</u>	<u>(11,102,613)</u>	<u>33,927,255</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) 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 fixed assets with impairment indicator at the balance sheet date, and impairment of RMB1,189,427 has been recognized for the six months period ended 30 June 2023.

(iii) Fixed assets without ownership certificates

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

Reason	30 June 2023 (unaudited) Carrying amount (unaudited)	31 December 2022 Carrying amount
In the application process	476,672,000	596,128,000
Unable to obtain	39,227,000	39,304,000
	515,899,000	635,432,000

Per consultation with the Company's legal adviser, the Company's directors are of the view that this situation will not prevent the Group from legal possession of such facilities as there is no legal restriction for the Group to apply for and obtain the building ownership certificates, there are no significant adverse impact on the operations of the Group, therefore, no provision for fixed assets impairment is provided.

(b) Fixed assets pending for disposal

	30 June 2023 (unaudited)	31 December 2022
Machinery and equipment	13,280,637	13,491,280

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(13) Construction in progress

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
R&D Center of Ludong Area	167,999,023	-	167,999,023	134,020,116	-	134,020,116
Relocation project of Ludong Area	135,089,051	-	135,089,051	49,985,995	-	49,985,995
Production line improvement of Ludong Area	48,439,756	-	48,439,756	101,273,535	-	101,273,535
Production line improvement of Ludong Area	25,774,886	-	25,774,886	21,525,153	-	21,525,153
Production line improvement of Ludong Area	23,814,558	-	23,814,558	12,449,509	-	12,449,509
Relocation project of Lunan Area	23,505,430	-	23,505,430	5,662,122	-	5,662,122
Industrial park project of Ludong Area	18,972,196	-	18,972,196	19,371,179	-	19,371,179
Production line improvement of Shanghai	14,552,258	-	14,552,258	1,474,779	-	1,474,779
Production line improvement of ShaanXi	12,167,704	-	12,167,704	568,321	-	568,321
Production line improvement of Guangdong	9,716,306	-	9,716,306	954,389	-	954,389
Production line improvement of Jiangsu	9,297,053	-	9,297,053	6,808,142	-	6,808,142
Relocation project of Luxi Area	8,105,377	-	8,105,377	6,779,718	-	6,779,718
Production line improvement of Beijing	8,424,022	-	8,424,022	16,075,774	-	16,075,774
Production line improvement of He'nan	8,396,998	-	8,396,998	8,932,671	-	8,932,671
Production line improvement of Luxi Area	7,361,078	-	7,361,078	14,295,441	-	14,295,441
Production line improvement of Ludong Area	7,047,680	-	7,047,680	1,324,630	-	1,324,630
Production line improvement of Jiangsu	5,132,746	-	5,132,746	13,583,993	-	13,583,993
Other projects	44,674,196	-	44,674,196	41,443,584	-	41,443,584
	<u>578,470,318</u>	<u>-</u>	<u>578,470,318</u>	<u>456,529,051</u>	<u>-</u>	<u>456,529,051</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(13) Construction in progress (Cont'd)

(a) Movement in significant construction in progress

30 June 2023

Name	Budget	31 December 2022	Increase in the current period - Purchase (unaudited)	Increase in the current period - Transfer from fixed assets (unaudited)	Transfer to fixed assets (unaudited)	30 June 2023 (unaudited)	Expenditures percentage of budget	Completion percentage	Source of funds
R&D Center of Ludong Area	343,600,000	134,020,116	33,978,907	-	-	167,999,023	49%	49%	Self-funding
Relocation project of Ludong Area	326,410,000	49,985,995	85,796,634	-	(693,578)	135,089,051	73%	73%	Self-funding
Production line improvement of Ludong Area	594,095,000	101,273,535	8,023,034	2,553,842	(63,410,655)	48,439,756	93%	93%	Self-funding
Production line improvement of Ludong Area	265,987,823	21,525,153	18,777,375	-	(14,527,642)	25,774,886	40%	38%	Self-funding
Building project of Ludong Area	401,432,000	12,449,509	17,597,520	-	(6,232,471)	23,814,558	22%	16%	Self-funding
Relocation project of Lunan Area	647,860,000	5,662,122	17,887,556	-	(44,248)	23,505,430	95%	95%	Self-funding
Industrial park project of Ludong Area	271,850,000	19,371,179	961,906	-	(1,360,889)	18,972,196	92%	92%	Self-funding
Production line improvement of Shanghai	21,331,900	1,474,779	13,077,479	-	-	14,552,258	68%	68%	Self-funding
Production line improvement of ShaanXi	60,489,172	568,321	33,963,848	1,959,967	(24,324,432)	12,167,704	72%	69%	Self-funding
Production line improvement of Guangdong	49,169,140	954,389	10,377,927	31,710,112	(33,326,122)	9,716,306	95%	95%	Self-funding
Production line improvement of Jiangsu	45,594,298	6,808,142	4,619,000	-	(2,130,089)	9,297,053	39%	39%	Self-funding
Relocation project of Luxi Area	445,100,000	6,779,718	1,325,659	994,166	(994,166)	8,105,377	2%	2%	Self-funding
Production line improvement of Beijing	68,696,976	16,075,774	38,484,351	2,075,757	(48,211,860)	8,424,022	82%	82%	Self-funding
Production line improvement of He'nan	50,715,335	8,932,671	14,487,060	2,125,939	(17,148,672)	8,296,998	87%	87%	Self-funding
Production line improvement of Luxi Area	46,009,277	14,295,441	9,337,068	1,616,697	(17,888,128)	7,361,078	68%	68%	Self-funding
Production line improvement of Ludong Area	128,548,000	1,324,630	15,000,191	346,201	(9,623,342)	7,047,680	45%	38%	Self-funding
Production line improvement of Jiangsu	70,344,470	13,583,993	3,776,641	3,815,727	(16,043,615)	5,132,746	44%	43%	Self-funding
Other projects		41,443,584	67,831,598	20,659,718	(85,260,704)	44,674,196			
		<u>456,529,051</u>	<u>395,303,754</u>	<u>67,858,126</u>	<u>(341,220,613)</u>	<u>578,470,318</u>			

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(13) Construction in progress (Cont'd)

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

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 Liu'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)	7,720,226	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			
		<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>			

For the six months ended 30 June 2023, there are no new increased borrowing costs capitalized (2022: nil). The management has assessed that there is no impairment risk on construction in progress and did not recognize provision for impairment of construction in progress (2022: nil).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(14) Right-of-use assets

30 June 2023

	Buildings	Land use rights	Machinery and equipments	Others	Total
Cost					
31 December 2022	243,333,328	7,210,018	6,167,984	346,913	257,058,243
Increase in the current period and renewal (unaudited)	18,521,428	-	-	5,213	18,526,641
Decrease in the current period (unaudited)					
Lease expiration	(10,890,758)	-	-	-	(10,890,758)
Lease change	(355,172)	-	-	-	(355,172)
30 June 2023 (unaudited)	250,608,826	7,210,018	6,167,984	352,126	264,338,954

Accumulated depreciation

31 December 2022	(96,781,127)	(2,089,236)	(3,143,825)	(127,888)	(102,142,076)
Accrual in the current period (unaudited)	(26,435,414)	(269,640)	(775,380)	(53,429)	(27,533,863)
Decrease in the current period (unaudited)	10,890,758	-	-	-	10,890,758
30 June 2023 (unaudited)	(112,325,783)	(2,358,876)	(3,919,205)	(181,317)	(118,785,181)

Carrying amount

30 June 2023 (unaudited)	138,283,043	4,851,142	2,248,779	170,809	145,553,773
31 December 2022	146,552,201	5,120,782	3,024,159	219,025	154,916,167

30 June 2022

	Buildings	Land use rights	Machinery and equipments	Others	Total
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	(23,365)	-	-	(59)	(23,424)
30 June 2022 (unaudited)	243,687,325	8,911,656	3,677,046	1,657,490	257,933,517

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)	19,564,164	-	-	-	19,564,164
30 June 2022 (unaudited)	(83,654,882)	(3,624,617)	(2,521,566)	(1,430,243)	(91,231,308)

Carrying amount

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(15) Intangible assets

30 June 2023

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
Cost						
31 December 2022	2,889,935,942	449,743,612	18,629,100	974,935,670	682,547,388	5,015,791,712
Increase in the current period						
— Purchase (unaudited)	-	-	-	-	18,782,851	18,782,851
Decrease in the current period (unaudited)						
Disposal	(5,659,087)	-	-	-	-	(5,659,087)
Transfer to investment properties	(11,445,096)	-	-	-	-	(11,445,096)
30 June 2023 (unaudited)	2,872,831,759	449,743,612	18,629,100	974,935,670	701,330,239	5,017,470,380

Accumulated amortization

31 December 2022	(710,475,303)	(381,923,778)	(18,629,100)	(955,185,200)	(391,757,987)	(2,457,971,368)
Increase in the current period						
— Accrual (unaudited)	(32,726,490)	(1,406,739)	-	(8,919,163)	(31,945,960)	(74,998,352)
Decrease in the current period (unaudited)						
Disposal	982,593	-	-	-	-	982,593
Transfer to investment properties	2,117,342	-	-	-	-	2,117,342
30 June 2023 (unaudited)	(740,101,858)	(383,330,517)	(18,629,100)	(964,104,363)	(423,703,947)	(2,529,869,785)

Carrying amount

30 June 2023 (unaudited)	2,132,729,901	66,413,095	-	10,831,307	277,626,292	2,487,600,595
31 December 2022	2,179,460,639	67,819,834	-	19,750,470	290,789,401	2,557,820,344

30 June 2022

	Land use rights	Trademarks	Technology known-how	Marketing networks	Software and others	Total
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Cost

31 December 2021	2,747,286,371	449,743,612	18,629,100	974,935,670	609,710,479	4,800,305,232
Increase in the current period						
— Purchase (unaudited)	-	-	-	-	19,053,847	19,053,847
Decrease in the current period						
— Disposal (unaudited)	(1,815,871)	-	-	-	(851,670)	(2,667,541)
30 June 2022 (unaudited)	2,745,470,500	449,743,612	18,629,100	974,935,670	627,912,656	4,816,691,538

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
30 June 2022 (unaudited)	(679,423,302)	(380,517,039)	(18,629,100)	(945,085,370)	(366,609,688)	(2,390,264,499)

Carrying amount

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(15) Intangible assets (Cont'd)

For the six months ended 30 June 2023, the amortization amount of intangible assets is RMB74,998,352 (for the six months ended 30 June 2022: RMB71,603,376).

As at 30 June 2023, the Group has no intangible assets pledged as collateral for borrowings (31 December 2022: nil).

As at 30 June 2023, the relevant legal procedures for certificates application of the Group's land use rights with carrying amount of approximately RMB908,000 (31 December 2022: RMB933,000) are still in process. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying amount of the buildings constructed thereon are approximately RMB36,165,000 as at 30 June 2023 (31 December 2022: RMB36,509,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

As at 30 June 2023, in addition to the above, the Group has no land use right for which the land use certificate has not been issued (31 December 2022: nil).

Development expenditures are set out as follows:

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period(unaudited)		30 June 2023 (unaudited)
			Recognized in profit or loss	Recognized as intangible assets	
Beer technology improvement project etc.	-	22,160,455	(22,160,455)	-	-

For the six months ended 30 June 2023, research and development expenditures of RMB22,160,455 (for the six months ended 30 June 2022: RMB17,002,004) are recognized in profit or loss.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(16) Goodwill

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (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>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(16) Goodwill (Cont'd)

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>
<i>Less: Provision for impairment -</i>				
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 group of assets combinations on purchase date. The goodwill allocation are summarized by operating segments as follows:

	30 June 2023 (unaudited)	31 December 2022
Shandong Region	1,185,895,099	1,185,895,099
South China Region	130,895,740	130,895,740
Southeast China Region	114,031,330	114,031,330
North China Region	24,642,782	24,642,782
Other Regions	49,049,770	49,049,770
	<u>1,504,514,721</u>	<u>1,504,514,721</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(16) Goodwill (Cont'd)

The recoverable amounts of group of assets and group of assets combinations are calculated using the estimated cash flows determined according to the five-year financial budgets approved by management. Cash flows beyond the five-year period are using the fixed growth rate as the basis for estimation, and the cash flow prediction method is used for calculation.

(17) Long-term prepaid expenses

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Amortization in the current period (unaudited)	30 June 2023 (unaudited)
Decoration and renovation expenses	91,369,852	6,669,465	(17,553,960)	80,485,357
Factory hardening expenses	3,885,311	12,265	(684,329)	3,213,247
Gardening expenses	2,627,926	3,341,335	(962,228)	5,007,033
Others	3,787,107	53,761	(547,841)	3,293,027
	<u>101,670,196</u>	<u>10,076,826</u>	<u>(19,748,358)</u>	<u>91,998,664</u>

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>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without offsetting

	30 June 2023 (unaudited)		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	40,944,932	10,236,233	49,129,908	12,282,477
Deferred income	1,998,534,668	499,633,667	2,066,799,576	516,699,894
Elimination of intra-group unrealized profit	38,911,720	9,727,930	443,312,004	110,828,001
Accruals of expenses	8,039,135,316	2,009,783,829	7,263,845,096	1,815,961,274
Share-based payment	649,238,476	162,309,619	574,520,476	143,630,119
Lease liability	135,757,120	33,939,280	125,840,937	31,460,234
	<u>10,902,522,232</u>	<u>2,725,630,558</u>	<u>10,523,447,997</u>	<u>2,630,861,999</u>
Including:				
Expected to reverse within one year (inclusive)		2,081,072,543		1,997,345,134
Expected to reverse after one year		<u>644,558,015</u>		<u>633,516,865</u>
		<u>2,725,630,558</u>		<u>2,630,861,999</u>

(b) Deferred tax liabilities without offsetting

	30 June 2023 (unaudited)		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	397,488,301	99,372,075	407,201,716	101,800,429
Depreciation of fixed assets	1,871,531,408	467,882,852	1,801,169,771	450,292,443
Changes in fair value of financial assets	110,130,553	27,532,638	3,817,846	954,462
The difference between carrying amount and tax base resulted from government grants charged in profit or loss in the current period	8,280,180	2,070,045	7,680,892	1,920,223
Right-of-use assets	145,553,777	36,388,444	111,730,116	27,932,529
	<u>2,532,984,219</u>	<u>633,246,054</u>	<u>2,331,600,341</u>	<u>582,900,086</u>
Including:				
Expected to be reverse within one year (inclusive)		50,640,860		33,623,945
Expected to be reverse after one year		<u>582,605,194</u>		<u>549,276,141</u>
		<u>633,246,054</u>		<u>582,900,086</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) 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 analysed as follows:

	30 June 2023 (unaudited)	31 December 2022
Deductible temporary differences	1,866,278,427	1,932,880,934
Deductible losses	1,342,338,293	1,520,403,068
	<u>3,208,616,720</u>	<u>3,453,284,002</u>

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 RMB335,585,000 (31 December 2022: RMB380,101,000) arising from the accumulated losses that can set off against taxable incomes under tax laws from 2023 to 2028. In addition, given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against temporary differences is highly uncertain. Therefore, the Group also has not recognized deferred tax assets of approximately RMB466,570,000 (31 December 2022: RMB483,220,000) arising from the deductible temporary differences.

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

	30 June 2023 (unaudited)	31 December 2022
2023	324,253,894	546,508,808
2024	290,661,015	295,069,768
2025	185,262,999	200,170,021
2026	268,477,065	279,028,513
2027	186,739,489	199,625,958
2028	86,943,831	—
	<u>1,342,338,293</u>	<u>1,520,403,068</u>

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

	30 June 2023 (unaudited)		31 December 2022	
	Offsetting amount	Net amounts	Offsetting amount	Net amounts
Deferred tax assets	412,022,308	2,313,608,250	380,782,435	2,250,079,564
Deferred tax liabilities	412,022,308	221,223,746	380,782,435	202,117,651

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Provision for asset impairment and loss

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)		Others (unaudited)	30 June 2023 (unaudited)
			Reversal	Write-off		
Provision for bad debt of accounts receivable	178,037,641	11,791	(300,000)	-	300,000	178,049,432
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	151,795,621	11,791	(300,000)	-	300,000	151,807,412
Provision for bad debt of other receivables	65,324,111	223,878	(80,440)	(15,640)	-	65,451,909
Provision for bad debt of other current assets	3,032,851	2,465,957	(3,032,851)	-	-	2,465,957
Subtotal	246,394,603	2,701,626	(3,413,291)	(15,640)	300,000	245,967,298
Provisions for impairment of inventory	3,417,356	-	-	-	-	3,417,356
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	9,248,640	-	-	-	(320,240)	8,928,400
Provisions for impairment of fixed assets	551,176,919	1,189,427	-	(14,055,244)	(180,915)	538,130,187
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	762,473,654	1,189,427	-	(14,055,244)	(501,155)	749,106,682
	<u>1,008,868,257</u>	<u>3,891,053</u>	<u>(3,413,291)</u>	<u>(14,070,884)</u>	<u>(201,155)</u>	<u>995,073,980</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Provision for asset impairment and loss (Cont'd)

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	180,945,635
Including: Provision for bad debt recognized individually	26,242,020	-	-	-	-	26,242,020
Provision for bad debt recognized on grouping basis	154,765,156	72,644	-	(134,207)	22	154,703,615
Provision for bad debt of other receivables	76,920,271	136,585	(454,254)	(510,668)	-	76,091,934
Provision for bad debt of other current assets	2,858,502	1,293,428	(2,858,502)	-	-	1,293,428
Subtotal	260,785,949	1,502,657	(3,312,756)	(644,875)	22	258,330,997
Provisions for impairment of inventory	3,447,380	-	-	-	-	3,447,380
Provisions for impairment of long-term equity investment	1,220,000	-	-	-	-	1,220,000
Provisions for impairment of investment properties	1,877,432	-	-	-	(703,764)	1,173,668
Provisions for impairment of fixed assets	638,704,017	962,720	-	(59,289,472)	703,764	581,081,029
Provisions for impairment of goodwill	197,410,739	-	-	-	-	197,410,739
Subtotal	842,659,568	962,720	-	(59,289,472)	-	784,332,816
	<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>1,042,663,813</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(20) Other non-current assets

	30 June 2023 (unaudited)	31 December 2022
Prepayments for construction and equipment	110,703,368	74,235,192

(21) Short-term borrowings

	Currency	30 June 2023 (unaudited)	31 December 2022
Unsecured loan (i)	HKD	-	223,325,000
Interest payable	RMB	-	2,086,423
		-	225,411,423

(i) As at 30 June 2023, the Group has no credit borrowings (As at 31 December 2022: unsecured loan represents the borrowing from bank, with RMB223,325,000 (Original foreign currency: HKD 250,000,000) to Hong Kong Company, a subsidiary of the Company).

For the six months ended 30 June 2023, the interest rate of short-term borrowings is 4.31%-4.66% (2022: from 0.89% to 4.31%).

(22) Notes payable

	30 June 2023 (unaudited)	31 December 2022
Trade acceptance notes	132,713,026	110,139,907
Bank acceptance notes	229,211,560	87,917,054
	361,924,586	198,056,961

As at 30 June 2023, there are no cash balances pledged as collateral for the bank acceptance notes of the Group (31 December 2022:nil).

(23) Accounts payable

	30 June 2023 (unaudited)	31 December 2022
Payable for materials and packing purchase	3,654,570,528	2,940,414,048
Payable for transport and handling costs (i)	808,348,191	348,289,241
Payable for beer purchase due to related parties (Note 8(6))	160,339,589	102,138,561
Payable for promotional goods	138,621,356	65,633,687
Others	3,623,132	7,293,036
	4,765,502,796	3,463,768,573

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(23) Accounts payable (Cont'd)

- (i) As at 30 June 2023, payable for transport and handling costs including payable due to related parties is RMB265,438,024 (31 December 2022: RMB146,615,436)(Note 8(6)).
- (ii) The ageing of accounts payable based on their recording dates is analysed as below:

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	4,748,198,140	3,448,520,398
1 to 2 years	6,105,147	7,146,485
2 to 3 years	4,964,572	912,839
Over 3 years	6,234,937	7,188,851
	<u>4,765,502,796</u>	<u>3,463,768,573</u>

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

- (iii) As at 30 June 2023, accounts payable over 1 year with carrying amount of RMB17,304,656 (31 December 2022: RMB15,248,175) are mainly payables for materials purchase, for which has not yet been completed.

(24) Contract liabilities

	30 June 2023 (unaudited)	31 December 2022
Dealer contract liabilities	<u>5,753,508,818</u>	<u>8,909,252,504</u>

As at 30 June 2023, a majority of opening balance of contract liabilities has been transferred to revenue.

As at 30 June 2023, the value-added tax corresponding to contract liabilities of the Group was RMB94,891,519, and was recognized as other current liabilities (31 December 2022: RMB477,343,037).

(25) Employee benefits payable

	30 June 2023 (unaudited)	31 December 2022
Short-term employee benefits payable (a)	1,820,377,989	1,749,475,431
Defined contribution plans payable (b)	24,137,182	23,871,003
Termination benefits payable (c)	321,255,895	382,451,799
Supplemental post-employment benefits payable (Note 4(31))	25,196,327	24,974,207
	<u>2,190,967,393</u>	<u>2,180,772,440</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(25) Employee benefits payable (Cont'd)

(a) Short-term employee benefits

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Wages and salaries, bonus, allowances and subsidies	1,285,406,920	1,828,852,068	(1,777,228,380)	1,337,030,608
Staff welfare	116,457	98,827,449	(98,932,660)	11,246
Social security contributions	10,708,953	141,967,314	(141,616,229)	11,060,038
Including:				
Medical insurance	7,365,353	130,143,541	(129,793,814)	7,715,080
Work injury insurance	1,722,786	9,093,596	(9,028,951)	1,787,431
Maternity insurance	1,620,814	2,730,177	(2,793,464)	1,557,527
Housing funds	17,164,783	160,855,154	(161,150,948)	16,868,989
Labor union funds and employee education funds	436,078,318	65,199,513	(45,870,723)	455,407,108
	<u>1,749,475,431</u>	<u>2,295,701,498</u>	<u>(2,224,798,940)</u>	<u>1,820,377,989</u>

30 June 2022

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(25) Employee benefits payable (Cont'd)

(b) Defined contribution plans

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Basic pension insurance	19,838,137	260,390,086	(260,122,466)	20,105,757
Unemployment insurance	4,032,866	9,719,800	(9,721,241)	4,031,425
	<u>23,871,003</u>	<u>270,109,886</u>	<u>(269,843,707)</u>	<u>24,137,182</u>

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)	18,940,119
Unemployment insurance	3,983,796	9,109,333	(9,095,418)	3,997,711
	<u>22,129,771</u>	<u>249,642,929</u>	<u>(248,834,870)</u>	<u>22,937,830</u>

The Group pays the basic pension and unemployment insurance to the local labor and social security departments monthly, following the demanding proportion and base. There are no forfeited contributions can be deducted against amounts due for employees in the current and future period.

(c) Termination benefits

	30 June 2023 (unaudited)	31 December 2022
Early retirement benefits payable (Note 4(31))	118,364,470	135,916,478
Other termination benefits payable (i)	202,891,425	246,535,321
	<u>321,255,895</u>	<u>382,451,799</u>

- (i) For the six months ended 30 June 2023, the Group has paid other termination benefits of RMB29,684,214, due to termination of labor relationship (for the six months ended 30 June 2022: RMB6,427,679).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(26) Taxes payable

	30 June 2023 (unaudited)	31 December 2022
Enterprise income tax payable	517,826,619	191,112,826
Unpaid VAT	331,949,063	177,211,785
Consumption tax payable	286,741,971	301,361,968
City maintenance and construction tax payable	39,110,985	28,228,183
Education surcharge payable	28,777,728	22,011,510
Others	116,538,140	51,968,384
	<u>1,320,944,506</u>	<u>771,894,656</u>

(27) Other payables

	30 June 2023 (unaudited)	31 December 2022
Dividend payable	2,465,094,963	972,844
Guarantee deposits	1,008,590,462	942,344,214
Payables for equipments and engineering construction	841,449,994	913,091,131
Accruals for advertising and marketing expenses	833,448,575	599,322,874
Restricted shares repurchase obligations (Note 11)	154,157,067	171,854,660
Accruals for labor expenses	100,431,331	62,167,719
Compensation collected in advance for demolition project	100,000,000	100,000,000
The Finance Company absorbed deposits from related parties (i)	78,189,933	78,883,149
Accruals for energy expenses	65,477,411	48,794,295
Accruals for general and administrative expenses	55,041,484	35,742,916
Withholding social expenses for staff	17,636,174	16,404,633
Payables for Minority interest	2,677,355	60,967,355
Others	405,189,443	364,067,297
	<u>6,127,384,192</u>	<u>3,394,613,087</u>

- (i) It represents the principal and interest of deposits absorbed from the Company's associates by Finance Company, a subsidiary of the Company (Note 8(6)).

As at 30 June 2023, other payables over one year with carrying amount of RMB937,555,190 (31 December 2022: RMB875,822,603) are mainly liabilities due to liabilities arising from restricted shares repurchase obligations, compensation collected in advance for demolition project, payables for equipments and engineering construction and acquisition of subsidiaries.

(28) Current portion of non-current liabilities

	30 June 2023 (unaudited)	31 December 2022
Current portion of lease liabilities (Note 4 (29))	<u>55,738,680</u>	<u>49,263,731</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(29) Lease liabilities

	30 June 2023 (unaudited)	31 December 2022
Lease liabilities	138,589,174	147,665,208
<i>Less: Current portion of lease liabilities (Note 4(28))</i>	(55,738,680)	(49,263,731)
	<u>82,850,494</u>	<u>98,401,477</u>

As at 30 June 2023, future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities is: the future minimum lease payments of short-term leases contracts adopting the practical expedient according to the new lease standard were RMB30,184,607 (31 December 2022: RMB7,125,918), which will be paid within one year.

(30) Long-term payables

	30 June 2023 (unaudited)	31 December 2022
Payables for specific projects	<u>16,244,766</u>	<u>16,283,766</u>

Payables for specific projects mainly represent the relocation compensation received by subsidiaries from the government. As the relocation has not yet been completed, the amount was temporarily accounted for as “payables for specific projects” in accordance with the requirements under No. 3 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance.

(31) Long-term employee benefits payable

	30 June 2023 (unaudited)	31 December 2022
Early retirement benefits payable(a)	365,315,579	424,894,797
Supplemental post-employment benefits payable(b)	667,048,477	654,400,689
	<u>1,032,364,056</u>	<u>1,079,295,486</u>
<i>Less: Early retirement benefits payable within one year</i>	(118,364,470)	(135,916,478)
<i>Supplemental post-employment benefits payable within one year</i>	(25,196,327)	(24,974,207)
	<u>(143,560,797)</u>	<u>(160,890,685)</u>
	<u>888,803,259</u>	<u>918,404,801</u>

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

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

(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 assumptions used in estimating the early retirement benefits payable by the Group are as follows:

	30 June 2023 (unaudited)	31 December 2022
Discount rate (yield-to-maturity of the government bond with the same term)	1.87%-2.64%	2.10% - 2.84%
Early retirement benefits payable charged to profit or loss for the current period:		
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
General and administrative expenses	2,788,856	9,547,697
Finance expenses	4,343,162	5,331,746

(b) Supplemental post-employment benefits payable

Supplemental post-employment benefits are provided to those employees who met certain criteria and the benefit plan was approved by the Company. The benefits they can receive depend on their positions and seniorities. As at the balance sheet date, the Group's supplemental post-employment benefits payable is calculated by external independent actuary Towers Watson Management Consulting (ShenZhen) Co., Ltd.(unit member of China Association of Actuaries) according to the projected unit credit method.

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

	30 June 2023 (unaudited)	31 December 2022
Defined benefit obligations	667,048,477	654,400,689
Less: Fair value of plan assets	-	-
Defined benefit liabilities	<u>667,048,477</u>	<u>654,400,689</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

(b) Supplemental post-employment benefits payable (Cont'd)

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

	Present value of the defined benefit obligation
1 January 2023	654,400,689
Amount charged to profit or loss in the current period (unaudited)	
— Service cost	15,068,774
— Interest expense on the net defined benefit obligations	9,628,918
Re-measurement amount (unaudited)	
— Actuarial gain (Note 4(36))	-
Payment (unaudited)	<u>(12,049,904)</u>
30 June 2023 (unaudited)	<u>667,048,477</u>
	Present value of the defined benefit obligation
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(36))	-
Payment (unaudited)	<u>(11,346,974)</u>
30 June 2022 (unaudited)	<u>634,739,701</u>

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

	30 June 2023 (unaudited)	31 December 2022
Discount rate	3.00%	3.00%

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.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

(b) Supplemental post-employment benefits (Cont'd)

- (iv) The sensitivity of the significant actuarial assumptions for the present value of defined benefit obligations is analysed as follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.58%	Increase by 3.79%

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

- (v) The 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 2022: nil).
- (vi) The weighted average duration of the defined benefit obligations is 14.7 years (31 December 2022: 14.7 years).
- (vii) 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.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(32) Deferred income

30 June 2023

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)	Reason	
Government grants	<u>3,132,390,832</u>	<u>118,247,860</u>	<u>(138,811,527)</u>	<u>3,111,827,165</u>	Grants for relocation and technology improvement projects	
Government grants items	31 December 2022	Increase in the current period (unaudited)	Recognized in other income (unaudited)	Recognized in gains on disposals of assets (unaudited)	30 June 2023 (unaudited)	Related to assets/income
Relocation projects						
Relocation project of Shaanxi	455,864,581	-	(16,972,366)	-	438,892,215	Assets
Relocation project of Lu'nan area	430,616,831	10,000,000	(14,663,983)	-	425,952,848	Assets/Income
Relocation project of Ludong area	321,321,395	-	(10,997,001)	-	310,324,394	Assets
Relocation project of Luxi area	79,581,946	99,000,000	(1,622,348)	-	176,959,598	Assets/Income
Relocation project of Luxi area	139,312,604	-	(3,045,284)	-	136,267,320	Assets
Relocation project of Hebei	120,384,845	-	(4,884,952)	-	115,499,893	Assets
Relocation project of Lu'nan area	117,867,842	-	(5,542,382)	-	112,325,460	Assets
Relocation project of Hubei	114,051,989	-	(4,736,842)	-	109,315,147	Assets
Relocation project of Ludong area	97,814,381	-	(1,796,835)	-	96,017,546	Assets
Relocation project of Gansu	100,223,283	-	(5,310,776)	-	94,912,507	Assets
Relocation project of Shaanxi	97,937,214	-	(5,811,902)	-	92,125,312	Assets
Relocation project of Lu'nan area	95,581,148	-	(4,832,827)	-	90,748,321	Assets
Relocation project of Luxi area	91,090,997	-	(4,614,558)	-	86,476,439	Assets
Other relocation projects	548,108,916	-	(34,012,942)	(14,228)	514,081,746	Assets/Income
Technology improvement projects						
Technology improvement projects of Luxi area	128,098,823	4,820,000	(5,090,111)	-	127,828,712	Assets
Technology improvement projects of Anhui	24,766,614	-	(1,022,470)	-	23,744,144	Assets
Other Technology improvement projects	34,681,107	2,250,000	(2,219,108)	-	34,711,999	Assets
Other projects	<u>135,086,316</u>	<u>2,177,860</u>	<u>(11,620,612)</u>	<u>-</u>	<u>125,643,564</u>	
	<u>3,132,390,832</u>	<u>118,247,860</u>	<u>(138,797,299)</u>	<u>(14,228)</u>	<u>3,111,827,165</u>	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(32) Deferred income (Cont'd)

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
Relocation projects						
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
Technology improvement projects						
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
Other projects	<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>	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(33) Share capital

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
RMB-denominated ordinary shares(i)	709,163,612	-	-	709,163,612
Foreign shares listed overseas	655,069,178	-	-	655,069,178
	<u>1,364,232,790</u>	<u>-</u>	<u>-</u>	<u>1,364,232,790</u>
	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
RMB-denominated ordinary shares(i)	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>

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

(34) Capital surplus

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Share premium (i)	3,694,261,490	6,078,904	-	3,700,340,394
Other capital surplus —	459,815,487	62,926,564	(6,078,904)	516,663,147
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	(10,175,373)	4,331	-	(10,171,042)
Amount included in shareholders' equity in share payments (i)	381,506,262	62,637,798	(6,078,904)	438,065,156
Impact of acquisition of minority interests	(9,799,769)	-	-	(9,799,769)
Transfer from capital surplus recognized under the previous accounting system	93,338,214	-	-	93,338,214
Others	4,946,153	284,435	-	5,230,588
	<u>4,154,076,977</u>	<u>69,005,468</u>	<u>(6,078,904)</u>	<u>4,217,003,541</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(34) Capital surplus (Cont'd)

	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 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>

- (i) As stated in Note 11, for the six months ended 30 June 2023, the Group recognized the general and administrative expenses of RMB59,641,792 for the restricted share incentive and RMB1,281,032 is included in minority shareholders' equity which should be borne by minority shareholders, the difference of RMB58,360,760 is included in capital reserve. The Group recognized deferred income tax assets of RMB19,187,486 for temporary differences arising from the recognition of equity incentive expenses, of which RMB14,910,448 was included in income tax expenses and the difference of RMB4,277,038 was included in capital surplus. At the same time, the Group adjusted the other capital reserve corresponding to the unlocked portion of restricted stocks of RMB6,078,904 to share capital premium.

(35) Treasury stock

	31 December 2022	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Treasury stock	<u>171,854,660</u>	<u>-</u>	<u>(17,697,593)</u>	<u>154,157,067</u>
	31 December 2021	Increase in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2022 (unaudited)
Treasury stock	<u>273,189,919</u>	<u>-</u>	<u>(14,709,198)</u>	<u>258,480,721</u>

The Company has a repurchase obligation for the restricted shares mentioned in Note 11 during the waiting period. As at 30 June 2023, the Company recognized the repurchase obligation as the liability. Therefore, the Company recognized RMB154,157,067 (31 December 2022: RMB171,854,660) for treasury stocks and other payable respectively based on the number and the repurchase price of restricted shares issued.

On 26 May 2023, 96,667 restricted shares were unlocked, and the Company offset treasury shares by RMB1,868,573.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(35) Treasury stock (Cont'd)

For the six months ended 30 June 2023, the Company issued cash dividend of RMB15,829,020 to incentive objects of restricted stocks that is expected to be unlocked in the future, thereby offsetting RMB15,829,020 of treasury stocks (for the six months ended 30 June 2022: RMB14,709,198).

(36) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement of six months ended 30 June 2023					
	31 December 2022 (unaudited)	Attributable to shareholders of the Company, net of tax (unaudited)	30 June 2023 (unaudited)	The pre-tax amount (unaudited)	Less: Transfer out from which were recognized in other comprehensive income in the current periods (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)(iii))	(82,325,000)	-	(82,325,000)	-	-	-	-	-
Items that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss	(798,141)	272,018	(526,123)	272,018	-	-	272,018	-
Currency translation differences	7,322,560	6,902,588	14,225,148	5,552,217	-	-	6,902,588	(1,350,371)
	<u>(75,800,581)</u>	<u>7,174,606</u>	<u>(68,625,975)</u>	<u>5,824,235</u>	<u>-</u>	<u>-</u>	<u>7,174,606</u>	<u>(1,350,371)</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(36) 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 2022				
	31 December 2021	30 June 2022	The pre-tax amount (unaudited)	Less: Transfer out from which were recognized in other comprehensive income in the current periods (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)(iii))	(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
	<u>(59,632,540)</u>	<u>(5,683,747)</u>	<u>(65,316,287)</u>	<u>(5,672,756)</u>	<u>-</u>	<u>(5,683,747)</u>	<u>10,991</u>

(37) Surplus reserve

	31 December 2022	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
Statutory surplus reserve	<u>1,400,704,380</u>	<u>-</u>	<u>-</u>	<u>1,400,704,380</u>
	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>

In accordance with the Company Law of People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(38) General reserve

	31 December 2022	Appropriation in the current period (unaudited)	Decrease in the current period (unaudited)	30 June 2023 (unaudited)
General reserve	295,071,942	-	-	295,071,942
	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

Pursuant to Caijin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” issued by the Ministry of Finance, Finance Company, a subsidiary of the Company, according to 1.5% of the ending balance of the risk assets at Balance sheet date based on its risk consideration.

(39) Undistributed profits

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Undistributed profits at the beginning of the period	18,528,390,855	16,318,545,692
<i>Add:</i> Net profit attributable to shareholders of the Company for the current period	3,425,652,286	2,852,094,449
<i>Less:</i> Ordinary shares dividend payable (a)	(2,455,619,022)	(1,500,790,272)
Undistributed profits at the end of the period	19,498,424,119	17,669,849,869

- (a) Pursuant to the resolution at the Annual General Meeting dated 16 June 2023, the Company approved a cash dividend of RMB1.30 per share (tax included) and a special dividend of RMB0.50 per share (tax included). In total, the Company approved a cash dividend of RMB1.80 per share (tax included) to the shareholders of the Company of RMB 2,455,619,022 for the year of 2022, based on a total number of 1,364,232,790 shares and the Company paid the cash dividend before 11 August 2023 (2022: cash dividend of RMB1.10 per share (tax included) to the shareholders of the Company of RMB1,500,790,272 for the year of 2021, based on a total number of 1,364,354,793 shares and been paid before 12 August 2022 by the Company).

No interim dividend for the six months ended 30 June 2023 has been proposed by the Board (for the six months ended 30 June 2022: nil).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(40) Revenue and cost of sales

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue from main operation (a)	21,365,429,380	19,067,953,700
Revenue from other operations (b)	226,360,253	204,704,600
	<u>21,591,789,633</u>	<u>19,272,658,300</u>
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Cost of main operation (a)	(13,007,892,186)	(11,807,931,128)
Cost of other operations (b)	(118,479,257)	(122,681,899)
	<u>(13,126,371,443)</u>	<u>(11,930,613,027)</u>

(a) Revenue and cost of main operation

	Six months ended 30 June 2023 (unaudited)		Six months ended 30 June 2022 (unaudited)	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of beer, etc.	<u>21,365,429,380</u>	<u>(13,007,892,186)</u>	<u>19,067,953,700</u>	<u>(11,807,931,128)</u>

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

(b) Revenue and cost of other operations

	Six months ended 30 June 2023 (unaudited)		Six months ended 30 June 2022 (unaudited)	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Catering related	85,788,388	(47,746,854)	60,551,609	(36,239,858)
Sale of packaging materials	43,141,484	(19,684,969)	54,529,961	(34,748,477)
Sale of raw materials	5,164,496	(4,652,800)	4,706,745	(4,573,606)
Construction and equipment installations	4,408,830	(4,087,910)	19,554,619	(12,903,007)
Others	87,857,055	(42,306,724)	65,361,666	(34,216,951)
	<u>226,360,253</u>	<u>(118,479,257)</u>	<u>204,704,600</u>	<u>(122,681,899)</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(41) Taxes and surcharges

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Tax base
Consumption tax	1,041,396,774	968,654,742	Note 3
City maintenance and construction tax	169,393,084	155,931,831	Note 3
Education surcharges	125,385,831	116,003,091	Note 3
Real estate tax	32,558,933	31,999,649	
Land use tax	29,264,949	28,305,827	
Stamp duty	19,786,859	16,185,827	
Others	4,183,833	3,318,266	
	<u>1,421,970,263</u>	<u>1,320,399,233</u>	

(42) Selling and distribution expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Employee benefits expenses	1,199,903,081	1,119,276,584
Advertising related expenses	852,716,808	695,240,950
Labor expense	80,536,079	74,632,822
Administrative expenses	78,256,329	70,272,879
Operating lease payments	44,536,789	42,600,892
Depreciation and amortization charges	40,917,344	42,378,948
Material consumptions	27,428,094	16,619,381
Other expenses	63,698,523	65,193,684
	<u>2,387,993,047</u>	<u>2,126,216,140</u>

(43) General and administrative expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Employee benefits expenses	358,360,075	359,831,414
Depreciation and amortization charges	112,912,384	110,424,369
Share-based payment expenses	58,041,015	118,637,734
Administrative expenses	31,539,418	24,088,087
Repair expenses	20,924,230	19,432,245
Agency fees	17,789,258	17,427,529
Guard fire fees	13,638,573	12,479,032
Insurance expenses	4,089,583	3,977,457
Material consumption	3,583,077	3,827,806
Other expenses	34,101,065	36,183,124
	<u>654,978,678</u>	<u>706,308,797</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(44) Research and development expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Employee benefits expenses and labor expenses	13,410,632	11,598,060
Material consumption	2,196,322	737,584
Depreciation and amortization charges	2,117,945	1,280,624
Share-based payment expenses	1,600,777	-
Other expenses	2,834,779	3,385,736
	<u>22,160,455</u>	<u>17,002,004</u>

(45) Finance expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Interest payment	4,259,760	4,675,899
<i>Less:</i> Interest income	(236,690,677)	(204,593,833)
Exchange gains	(9,208,802)	(6,668,484)
Discounted interest on long-term employee compensation payable	13,972,080	15,315,662
Interest expense on lease liabilities	3,333,639	3,969,750
Other	1,204,393	1,868,521
	<u>(223,129,607)</u>	<u>(185,432,485)</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(46) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement classified by nature are as follows:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Raw materials, packaging materials and consumables used	7,785,487,162	7,354,775,788
Employee benefits expenses	2,569,709,332	2,439,326,348
Changes in inventories of finished goods and work in progress	1,666,966,952	1,027,766,092
Transportation and handling expenses	1,222,645,022	1,153,557,038
Advertising related expenses	852,716,808	695,240,950
Finished goods purchased outside	621,144,824	627,067,029
Depreciation and amortization charges	583,792,282	550,594,918
Repair expenses (i)	178,583,769	189,156,678
Labor expenses	145,290,094	140,450,338
Amortization expenses of packaging materials	118,527,201	111,803,055
Administrative expenses	112,280,417	95,936,933
Operating lease expenses (ii)	80,301,085	69,117,209
Share-based payment expenses	59,641,792	118,637,734
Other expenses	194,416,883	206,709,858
	<u>16,191,503,623</u>	<u>14,780,139,968</u>

(i) For the daily repair expenses that do not meet the criteria of capitalization, the Group includes the expenses related to the production and processing of inventories into the cost of inventories, and recognized as cost of sales accordingly. Expenses related to the research and development projects, administration business and sales business 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 lease payment for short-term leases in the current profit and loss. The amount for the six months ended 30 June 2023 is RMB80,301,085 (for the six months ended 30 June 2022: RMB69,117,209).

(47) Other income

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Related to assets/ income
Government grant for relocation projects	118,844,998	122,549,147	Assets/Income
Government grant for company development	22,255,000	78,761,608	Income
Government grant for technology improvement projects	8,331,689	8,445,465	Assets
Government grant for other production and operation	20,265,775	34,040,314	Assets/Income
	<u>169,697,462</u>	<u>243,796,534</u>	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(48) Investment income

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Investment income obtained from interbank certificates of deposit	71,746,121	88,844,892
Investment income from long-term equity investments accounted for using the equity method	18,533,007	19,239,773
Others	2,760,662	3,389,172
	<u>93,039,790</u>	<u>111,473,837</u>

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

(49) Profits arising from changes in fair value

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Financial assets at fair value through profit or loss - Debt instruments	119,246,796	110,885,577
Current portion of non-current assets - Debt instruments	4,668,169	-
Other non-current financial assets - Debt instruments	3,564,600	-
	<u>127,479,565</u>	<u>110,885,577</u>

(50) Gains on disposals of assets

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Gains on disposal of intangible assets	7,696,611	2,394,093
Gains on disposal of fixed assets	3,131,282	17,880,192
Gains on disposal of right-of-use assets	264,697	495,965
	<u>11,092,590</u>	<u>20,770,250</u>

For the six months ended 30 June 2023, all gains on disposals of assets have been regarded as non-recurring profit or loss in the current period.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(51) Non-operating income

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Gains on unpaid debts	3,723,908	1,223,847
Penalty gains	916,747	737,108
Others	3,245,951	2,339,123
	<u>7,886,606</u>	<u>4,300,078</u>

For the six months ended 30 June 2023, all non-operating income has been regarded as non-recurring profit or loss in the current period.

(52) Non-operating expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Compensations, defaults and overdue fines	5,787,413	632,194
Donations	150,484	3,604,230
Others	105,672	284,417
	<u>6,043,569</u>	<u>4,520,841</u>

For the six months ended 30 June 2023, all non-operating expenses have been regarded as non-recurring profit or loss in the current period.

(53) Income tax expense

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,151,876,908	1,051,988,909
Current profits tax calculated according to tax law and related regulations in Hong Kong — Hong Kong profits tax	11,380,373	1,046,702
Current profits supplemental tax calculated according to tax law and related regulations in Macau — Macau profits supplemental tax	235,036	228,341
Deferred income tax	(40,653,538)	(116,475,880)
	<u>1,122,838,779</u>	<u>936,788,072</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(53) Income tax expense (Cont'd)

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:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Total profit	4,604,120,036	3,845,104,398
Income tax expense calculated at applicable tax rates	1,149,462,058	960,519,461
Tax impact of equivalent sales and costs, expenses and losses not deductible for tax purpose	25,972,764	12,466,476
Income not subject to tax	(10,103,428)	(12,244,515)
Impact of utilisation of deductible tax losses and temporary differences from previously unrecognised deferred tax assets	(89,645,271)	(70,909,122)
Deductible temporary differences of currently unrecognised deferred tax assets	25,416,698	13,035,605
Deductible tax losses of currently unrecognised deferred tax assets	21,735,958	33,920,167
Income tax expense	<u>1,122,838,779</u>	<u>936,788,072</u>

(54) 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:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Consolidated net profit attributable to shareholders of the Company	3,425,652,286	2,852,094,449
Less: Cash dividend of restricted shares expected to be vested in the future	(15,829,020)	(14,709,198)
Consolidated net profit attributable to ordinary shareholders of the Company	3,409,823,266	2,837,385,251
Weighted average numbers of ordinary shares outstanding	1,355,358,334	1,350,982,795
Basic earnings per share	<u>2.516</u>	<u>2.100</u>
Including:		
— Basic earnings per share from continuing operations	2.516	2.100

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(54) Earnings per share (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of the Company's ordinary shares outstanding. For the six months ended 30 June 2023, the restricted share incentive plan implemented by the Company has a dilutive effect on earnings per share, which is calculated as follows:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	3,425,652,286	2,852,094,449
Weighted average numbers of ordinary shares outstanding	1,355,358,334	1,350,982,795
Weighted average numbers of ordinary shares increased due to share-based payment	6,604,755	8,024,178
Weighted average numbers of ordinary shares outstanding after dilution	<u>1,361,963,089</u>	<u>1,359,006,973</u>
Diluted earnings per share	<u>2.515</u>	<u>2.099</u>
Including:		
— Diluted earnings per share from continuing operations	2.515	2.099

(55) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Guarantee deposits	276,700,869	270,848,231
Government grants	145,367,785	205,307,708
Others	105,577,814	47,689,095
	<u>527,646,468</u>	<u>523,845,034</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(55) Notes to consolidated cash flow statement(Cont'd)

(b) Cash paid relating to other operating activities

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Marketing and promotion expenses	770,264,047	452,155,251
Advertising related expenses	574,669,743	388,172,709
Administrative expenses	127,684,956	117,745,182
Guarantee deposits	135,047,731	135,318,274
Lease payment	57,960,412	59,165,036
Others	82,423,145	113,427,252
	<u>1,748,050,034</u>	<u>1,265,983,704</u>

(c) Cash received relating to other investing activities

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Interest income of Finance Company's deposits	99,447,119	99,483,114
Bidding deposits and others received	10,627,348	10,521,751
	<u>110,074,467</u>	<u>110,004,865</u>

(d) Cash paid relating to other investing activities

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Deposit reserve paid by Finance Company	88,550,000	84,600,000
Bidding deposits and others paid	10,048,510	21,285,747
	<u>98,598,510</u>	<u>105,885,747</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(55) Notes to consolidated cash flow statement (Cont'd)

(e) Cash paid relating to other financing activities

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Purchase of minority equity in subsidiaries	58,290,000	-
Repayment of lease liabilities	31,726,468	28,298,530
	<u>90,016,468</u>	<u>28,298,530</u>

For the six months ended 30 June 2023, total cash outflows related to lease paid by the Group is RMB89,686,880 (for the six months ended 30 June 2022: RMB87,463,566). Other cash outflows are recognized into operating activities except repayment of lease liabilities recognized in financing activities mentioned above.

(56) Supplementary information to consolidated cash flow statement

(a) Supplementary information to consolidated cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Net profit	3,481,281,257	2,908,316,326
<i>Add:</i> Provision for asset impairment	1,189,427	962,720
Reversal for credit impairment	(711,665)	(1,810,099)
Depreciation of fixed assets and investment properties	461,511,709	437,649,602
Depreciation of right-of-use assets	27,533,863	23,756,249
Amortization of intangible assets	74,998,352	71,603,376
Amortization of long-term prepaid expenses	19,748,358	21,519,213
Share-based payment expenses	59,641,792	118,637,734
Gains on disposal of fixed and intangible assets	(11,092,590)	(20,770,250)
Profits arising from changes in fair value	(127,479,565)	(110,885,577)
Finance expenses	(230,463,013)	(198,412,872)
Investment income	(93,039,790)	(111,473,837)
Increase in deferred tax assets	(59,759,633)	(128,733,770)
Amortization of deferred income	(138,797,299)	(142,348,774)
Decrease in deferred tax liabilities	19,106,095	12,477,618
Decrease in inventories	1,767,153,073	1,133,332,764
Decrease in operating receivables	333,304,109	186,004,897
(Decrease)/increase in operating payables	(983,631,041)	519,186,908
	<u>4,600,493,439</u>	<u>4,719,012,228</u>
Net cash flows from operating activities	<u>4,600,493,439</u>	<u>4,719,012,228</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(56) Supplementary information to consolidated cash flow statement (Cont'd)

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

Net changes in cash and cash equivalents

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Cash and cash equivalents at end of the period	13,366,555,181	12,618,027,496
Less: Cash and cash equivalents at beginning of the period	(12,839,870,784)	(11,813,753,792)
Net increase in cash and cash equivalents	<u>526,684,397</u>	<u>804,273,704</u>

(b) Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022
Cash and cash equivalents (Note 4(1))	13,366,555,181	12,839,870,784
Including: Cash on hand	182,101	203,052
Cash at bank that can be readily drawn on demand	13,357,278,115	12,836,413,403
Cash at non-financial institutions that can be readily drawn on demand	9,094,965	3,254,329
Cash and cash equivalents at end of the period	<u>13,366,555,181</u>	<u>12,839,870,784</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(57) Foreign currency items

	30 June 2023 (unaudited)		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Cash at bank and cash on hand —			
USD	8,757,847	7.2258	63,282,451
HKD	57,424,771	0.9220	52,945,639
MOP	32,859,740	0.8997	29,563,908
EUR	1,337,147	7.8771	10,532,841
VND	3,680,612,708	0.0003	1,104,184
			<u>157,429,023</u>
Accounts receivable —			
USD	6,141,822	7.2258	44,379,577
HKD	39,783,311	0.9220	36,680,213
EUR	3,070,943	7.8771	24,190,125
GBP	676,120	9.1432	6,181,900
MOP	5,465,036	0.8997	4,916,893
CAD	369,782	5.4721	2,023,484
VND	394,837,607	0.0003	118,451
			<u>118,490,643</u>
Other receivables —			
HKD	1,727,469	0.9220	1,592,727
MOP	379,012	0.8997	340,997
VND	332,000,000	0.0003	99,600
			<u>2,033,324</u>
Accounts payable —			
HKD	49,950,061	0.9220	46,053,956
VND	19,880,896,943	0.0003	5,964,269
MOP	4,921,700	0.8997	4,428,053
			<u>56,446,278</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(57) Foreign currency items (Cont'd)

	30 June 2023 (unaudited)		
	Balance in foreign currency	Currency exchange rate	Balance in RMB
Other payables —			
USD	616,000	7.2258	4,451,093
HKD	2,969,439	0.9220	2,737,823
MOP	1,085,149	0.8997	976,309
EUR	55,000	7.8771	433,241
VND	90,000,000	0.0003	27,000
			<u>8,625,466</u>
Current portion of non-current liabilities —			
MOP	1,187,649	0.8997	1,068,528
HKD	520,499	0.9220	479,900
			<u>1,548,428</u>
Lease liabilities —			
MOP	228,141	0.9220	210,346
HKD	17,465	0.8997	15,713
			<u>226,059</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 2023, there is no change in consolidation scope of the Company.

6 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

(a) The structure of the Group

Name	Place of operation	Place of incorporation	Principal activities	Registered capital RMB	Share proportion		Acquisition method
					Directly	Indirectly	
Shenzhen Tsingtao Brewery Huanan Holding Co., Ltd. ("Huanan Holding Company")	Shenzhen, the PRC	Shenzhen, the PRC	Financing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Zhuhai) Co., Ltd. ("Zhuhai Company")	Zhuhai, the PRC	Zhuhai, the PRC	Manufacturing	60,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Huangshi) Co., Ltd. ("Huangshi Company")	Huangshi, the PRC	Huangshi, the PRC	Manufacturing	168,630,000	97.18%	2.82%	Establishment or investment
Tsingtao Brewery (Yingcheng) Co., Ltd. ("Yingcheng Company")	Yingcheng, the PRC	Yingcheng, the PRC	Manufacturing	97,070,000	95.11%	4.89%	Establishment or investment
Shenzhen Huanan Tsingtao Brewery Sales Co., Ltd. ("Huanan Sales Company")	Guangdong, the PRC	Shenzhen, the PRC	Wholesale and retail sale	20,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Changsha) Co., Ltd. ("Changsha Company")	Changsha, the PRC	Changsha, the PRC	Manufacturing	68,000,000	70%	30%	Establishment or investment
Shanghai Tsingtao Brewery Huadong (Holding) Co., Ltd. ("Huadong Holding Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,000,000	100%	-	Establishment or investment
Tsingtao Brewery Huadong Shanghai Sales Co., Ltd. ("Huadong Sales Company")	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	100,300,000	97.01%	2.99%	Establishment or investment
Nanjing Tsingtao Brewery Huadong Sales Co., Ltd. ("Nanjing Sales Company")	Jiangsu, the PRC	Nanjing, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Wuhu) Co., Ltd. ("Wuhu Company")	Wuhu, the PRC	Wuhu, the PRC	Manufacturing	314,290,000	94.27%	5.73%	Establishment or investment
Tsingtao Brewery (Maanshan) Co., Ltd. ("Maanshan Company")	Maanshan, the PRC	Maanshan, the PRC	Manufacturing	85,000,000	94.12%	5.88%	Establishment or investment
Tsingtao Brewery (Shouguang) Co., Ltd. ("Shouguang Company")	Shouguang, the PRC	Shouguang, the PRC	Manufacturing	60,606,060	99%	-	Establishment or investment
Tsingtao Brewery (Weifang) Co., Ltd. ("Weifang Company")	Weifang, the PRC	Weifang, the PRC	Manufacturing	75,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Xuzhou) Huaihai Sales Co., Ltd.	Jiangsu, the PRC	Xuzhou, the PRC	Wholesale and retail sale	131,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Xuecheng) Co., Ltd. ("Xuecheng Company")	Xuecheng, the PRC	Xuecheng, the PRC	Manufacturing	45,000,000	-	85%	Establishment or investment
Tsingtao Brewery (Tengzhou) Co., Ltd. ("Tengzhou Company")	Tengzhou, the PRC	Tengzhou, the PRC	Manufacturing	61,020,000	76.65%	23.35%	Establishment or investment
Tsingtao Brewery (Heze) Co., Ltd. ("Heze Company")	Heze, the PRC	Heze, the PRC	Manufacturing	130,000,000	93.08%	6.92%	Establishment or investment
Tsingtao Brewery (Langfang) Co., Ltd. ("Langfang Company")	Langfang, the PRC	Langfang, the PRC	Manufacturing	99,000,000	80.80%	19.20%	Establishment or investment
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

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
					RMB	Directly	
Tsingtao Brewery Baoji Co., Ltd. ("Baoji Company")	Baoji, the PRC	Baoji, the PRC	Manufacturing	130,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Anshan) Co., Ltd. ("Anshan Company")	Anshan, the PRC	Anshan, the PRC	Manufacturing	50,000,000	60%	-	Establishment or investment
Tsingtao Brewery (Xingkaihu) Co., Ltd. ("Xingkaihu Company")	Jixi, the PRC	Jixi, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Mishan) Co., Ltd. ("Mishan Company")	Mishan, the PRC	Mishan, the PRC	Manufacturing	118,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Harbin) Co., Ltd. ("Harbin Company")	Harbin, the PRC	Harbin, the PRC	Manufacturing	155,600,000	100%	-	Establishment or investment
Tsingtao Brewery International Trade Co., Ltd. ("International Trade")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	11,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Dezhou) Co., Ltd. ("Dezhou Company")	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 Hanzhong Co., Ltd. ("Hanzhong Company")	Hanzhong, the PRC	Hanzhong, the PRC	Manufacturing	29,410,000	34%	66%	Establishment or investment
Beijing Tsingtao Brewery Beifang Sales Co., Ltd. ("Beifang Sales Company")	Beijing, the PRC	Beijing, the PRC	Wholesale and retail sale	89,980,000	95%	5%	Establishment or investment
Qingdao Guangrunlong Logistics Co., Ltd. ("Guangrunlong Logistics")	Shandong, the PRC	Qingdao, the PRC	Logistics	6,184,000	100%	-	Establishment or investment
Xiamen Tsingtao Brewery Dongnan Sales Co., Ltd. ("Dongnan Sales Company")	Fujian, the PRC	Xiamen, the PRC	Wholesale and retail sale	215,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jinan) Co., Ltd. ("Jinan Company")	Jinan, the PRC	Jinan, the PRC	Manufacturing	560,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Chengdu) Co., Ltd. ("Chengdu Company")	Chengdu, the PRC	Chengdu, the PRC	Manufacturing	280,000,000	100%	-	Establishment or investment
Tsingtao Brewery Yulin Co., Ltd. ("Yulin Company")	Yulin, the PRC	Yulin, the PRC	Manufacturing	55,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Chengyang) Sales Co., Ltd. ("Chengyang Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery Chenzhou Sales Co., Ltd. ("Chenzhou Sales Company")	Chenzhou, the PRC	Chenzhou, the PRC	Wholesale and retail sale	1,000,000	-	100%	Establishment or investment
Machinery and Equipment Company	Qingdao, the PRC	Qingdao, the PRC	Construction	2,000,000	-	100%	Establishment or investment
Tsingtao Brewery (Shijiazhuang) Co., Ltd. ("Shijiazhuang Company")	Shijiazhuang, the PRC	Shijiazhuang, the PRC	Manufacturing	321,010,000	100%	-	Establishment or investment

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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
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 Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	8,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Jiujiang) Co., Ltd. ("Jiujiang Company")	Jiujiang, the PRC	Jiujiang, the PRC	Manufacturing	200,000,000	90%	-	Establishment or investment
Tsingtao Brewery (Pingdu) Sales Co., Ltd. ("Pingdu Sales Company")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale	5,000,000	100%	-	Establishment or investment
Shanghai Tsingtao Brewery Sales Co., Ltd. ("Shanghai Sales Company")	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 (Xiamen) Co., Ltd. ("Xiamen Company")	Xiamen, the PRC	Xiamen, the PRC	Manufacturing	90,000,000	-	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	Vietnam	Wholesale and retail sale	1,000,000USD	-	100%	Establishment or investment
Tsingtao Brewery (Zaozhuang) Co., Ltd. ("Zaozhuang Company")	Zaozhuang, the PRC	Zaozhuang, the PRC	Manufacturing	200,000,000	100%	-	Establishment or investment
Tsingtao Brewery (West Coast) Cultural Tourism Development Co., Ltd. ("West Coast Cultural Tourism")	Qingdao, the PRC	Qingdao, the PRC	Wholesale and retail sale and services	240,000,000	96.25%	3.75%	Establishment or investment
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.	Qingdao, the PRC	Qingdao, the PRC	Technology promotion and application services	480,000,000	100%	-	Establishment or investment
Tsingtao Brewery (Sanshui) Co., Ltd. ("Sanshui Company")	Sanshui, the PRC	Sanshui, the PRC	Manufacturing	5,000,000USD	-	75%	Business combination not under common control
Tsingtao Brewery (Chenzhou) Co., Ltd. ("Chenzhou Company")	Chenzhou, the PRC	Chenzhou, the PRC	Manufacturing	70,000,000	88.80%	11.20%	Business combination not under common control

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
					RMB	Directly	
Shenzhen Tsingtao Brewery Asahi Co., Ltd. ("Shenzhen Asahi")	Shenzhen, the PRC	Shenzhen, the PRC	Manufacturing	30,000,000USD	51%	-	Business combination not under common control
Nanning Tsingtao Brewery Co., Ltd. ("Nanning Company")	Nanning, the PRC	Nanning, the PRC	Manufacturing	730,000,000	-	75%	Business combination not under common control
Beijing Tsingtao Brewery Three Ring Co., Ltd. ("Three Ring Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	29,800,000USD	29%	25%	Business combination not under common control
Beijing Tsingtao Brewery Five Star Co., Ltd. ("Five Star Company")	Beijing, the PRC	Beijing, the PRC	Manufacturing	862,000,000	37.64%	25%	Business combination not under common control
Tsingtao Brewery Weinan Co., Ltd. ("Weinan Company")	Weinan, the PRC	Weinan, the PRC	Manufacturing	50,000,000	28%	72%	Business combination not under common control
Tsingtao Brewery (Gansu) Nongken 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 Company")	Wuwei, the PRC	Wuwei, the PRC	Manufacturing	36,100,000	-	99.72%	Business combination not under common control
Tsingtao Brewery (Rongcheng) Co., Ltd. ("Rongcheng Company")	Rongcheng, the PRC	Rongcheng, the PRC	Manufacturing	20,000,000	70%	-	Business combination not under common control
Tsingtao Brewery (Suizhou) Co., Ltd. ("Suizhou Company")	Suizhou, the PRC	Suizhou, the PRC	Manufacturing	24,000,000	-	90%	Business combination not under common control
Tsingtao Brewery (Fuzhou) Co., Ltd. ("Fuzhou Company")	Fuzhou, the PRC	Fuzhou, the PRC	Manufacturing	26,828,100USD	-	100%	Business combination not under common control
Tsingtao Brewery (Zhangzhou) Co., Ltd. ("Zhangzhou Company")	Zhangzhou, the PRC	Zhangzhou, the PRC	Manufacturing	100,000,000	-	90%	Business combination not under common control
Construction Company	Qingdao, the PRC	Qingdao, the PRC	Construction	13,142,176	100%	-	Business combination not under common control

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 RMB	Share proportion		Acquisition method
					Directly	Indirectly	
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	Services	73,500,000	100%	-	Business combination not under common control
Tsingtao Brewery Beverage Co., Ltd. ("Beverage Company")	Qingdao, the PRC	Qingdao, the PRC	Manufacturing	130,000,000	100%	-	Business combination not under common control
Immense Brewery Company	Shandong, the PRC	Mengyin, the PRC	Manufacturing Wholesale and retail sale	18,760,000USD	75%	25%	Business combination not under common control
Hangzhou Company	Jiande, the PRC	Jiande, the PRC	Manufacturing	230,000,000	100%	-	Business combination not under common control
Macau Company	Macau, the PRC	Macau, the PRC	Wholesale and retail sale	200,000MOP	-	60%	Business combination not under common control
Tsingtao Brewery (Shanghai) Market Service Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Wholesale and retail sale	334,578,898	-	100%	Business combination not under common control
Shandong 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

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
					RMB	Directly	
Tsingtao Brewery Shanghai Songjiang Manufacturing Co., Ltd. ("New Songjiang Manufacturing Company")	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	50,000,000	-	100%	Business combination not under common control
Tsingto Brewery(Suqian)Co., Ltd. ("Suqian Company")	Suqian, the PRC	Suqian, the PRC	Manufacturing	100,000,000	75%	25%	Business combination not under common control
Tsingto Brewery(Xuzhou) Pengcheng Co.,Ltd. ("Pengcheng Company")	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	155,000,000	-	100%	Business combination not under common control
Tsingtao Brewery (Xuzhou) Co., Ltd. ("Xuzhou Company")	Xuzhou, the PRC	Xuzhou, the PRC	Manufacturing	39,336,899	-	100%	Business combination not under common control
Tsingtao Brewery (Yangzhou) Co., Ltd. ("Yangzhou Company")	Yangzhou, the PRC	Yangzhou, the PRC	Manufacturing	200,000,000	50%	50%	Business combination not under common control
Tsingto Brewery(Kunshan)Co.,Ltd. ("Kunshan Company")	Kunshan, the PRC	Kunshan, the PRC	Manufacturing	731,535,952	-	100%	Business combination not under common control
Tsingto Brewery(Lianyungang) Co.,Ltd. ("Lianyungang Company")	Lianyungang, the PRC	Lianyungang, the PRC	Manufacturing	166,093,523	-	100%	Business combination not under common control
Tsingto Brewery Shanghai Minhang Co.,Ltd. ("Shanghai Minhang Company")	Shanghai, the PRC	Shanghai, the PRC	Manufacturing	377,251,025	-	96.48%	Business combination not under common control

Except Gansu Nongken, whose corporate category is company limited by shares, all of the above mentioned subsidiaries are limited liability companies. None of the Company's subsidiaries has issued shares or bonds.

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

6 INTERESTS IN OTHER ENTITIES (CONT'D)

(1) Interests in subsidiaries (Cont'd)

(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 2023 (unaudited)	Total dividends distributed to the minority shareholders in six months ended 30 June 2023 (unaudited)	Non-controlling interests as at 30 June 2023 (unaudited)
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Shenzhen Asahi	49%	20,497,939	(37,602,600)	204,795,863
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Summarised financial information of significant non-wholly owned subsidiaries is as follows:

	30 June 2023 (unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	303,768,737	399,946,208	703,714,945	(263,420,465)	(22,439,180)	(285,859,645)

	As at 31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Asahi	300,100,055	405,939,507	706,039,562	(234,416,183)	(19,123,259)	(253,539,442)

	Six months ended 30 June 2023 (unaudited)			
	Revenue	Net profit	Total other comprehensive income	Cash flows from operating activities
Shenzhen Asahi	437,893,127	41,749,971	41,749,971	67,678,811

	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

Financial information above represents the amounts of subsidiaries without elimination in the Group. The dividends declared to be distributed to minority shareholders for six months ended 30 June 2023 have been paid in the current period.

6 INTERESTS IN OTHER ENTITIES (CONT'D)

(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 Venture—						
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 Shenqing	Shenyang, the PRC	Shenyang, the PRC	Wholesale	Yes	30%	-
European Company	France	France	Wholesale and retail sale	Yes	-	40%

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

(b) Summarised financial information of the joint venture

	Hebei Jiahe Company	
	30 June 2023 (unaudited)	31 December 2022
Current assets	135,425,316	112,511,689
Including: cash and cash equivalents	72,817,430	84,379,253
Non-current assets	84,208,090	86,504,247
Total assets	219,633,406	199,015,936
Current liabilities	(73,549,178)	(45,910,734)
Total liabilities	(73,549,178)	(45,910,734)
Total equity attributable to shareholders of the Company	146,084,228	153,105,202
Adjusted fair value of the identifiable net assets when obtained	56,976,030	60,125,362
Adjusted total equity attributable to shareholders of the Company	203,060,258	213,230,564
The share of net assets calculated based on the shareholding proportion (i)	101,530,129	106,615,282
Adjusting item - goodwill	113,928,609	113,928,609
- unrealized profits of internal transaction	-	218,353
Carry amount of investment on the joint venture	215,458,738	220,762,244

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

6 INTERESTS IN OTHER ENTITIES (CONT'D)

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

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

	Hebei Jiahe Company	
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue	202,905,425	226,373,938
Finance expenses	(495,249)	(454,555)
Income tax expense	(3,661,077)	(6,600,246)
Net profit	10,979,026	19,784,268
Total comprehensive income	10,979,026	19,784,268
Adjusted fair value of the identifiable net assets when obtained	(3,149,332)	(3,112,300)
Adjusted total comprehensive income attributable to shareholders of the Company	7,829,694	16,671,968
Dividends received from the joint venture in the current period	9,000,000	5,000,000

- (i) The corresponding 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.

6 INTERESTS IN OTHER ENTITIES (CONT'D)

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

(c) Summarised financial information of associates

	30 June 2023 (unaudited)				31 December 2022			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Current assets	282,795,673	159,905,387	19,821,146	37,789,183	336,442,666	142,448,209	25,013,940	27,232,601
Including cash and cash equivalents	82,306,586	22,645	5,800,795	17,735,362	116,102,837	3,846,999	2,204,320	6,397,768
Non-current assets	455,519,295	1,685,481	752,068	163,064	429,892,160	1,449,713	829,224	167,735
Total assets	738,314,968	161,590,868	20,573,214	37,952,247	766,334,826	143,897,922	25,843,164	27,400,336
Current liabilities	(381,342,327)	(117,800,625)	(24,327,957)	(25,348,019)	(416,243,239)	(96,183,721)	(29,489,004)	(19,272,424)
Non-current liabilities	(69,127,501)	(10,662)	-	-	(52,139,677)	-	-	-
Total liabilities	(450,469,828)	(117,811,287)	(24,327,957)	(25,348,019)	(468,382,916)	(96,183,721)	(29,489,004)	(19,272,424)
Total equity attributable to shareholders of the Company	287,845,140	43,779,581	(3,754,743)	12,604,228	297,951,910	47,714,201	(3,645,840)	8,127,912
Adjusted fair value of the identifiable net assets when obtained	22,860,971	-	-	-	23,629,770	-	-	-
Adjusted total equity attributable to shareholders of the Company	310,706,111	43,779,581	(3,754,743)	12,604,228	321,581,680	47,714,201	(3,645,840)	8,127,912
The share of net assets calculated based on the shareholding proportion (i)	121,175,383	13,133,874	(1,126,423)	5,041,691	125,416,855	14,314,260	(1,093,752)	3,251,165
Adjusting items								
— Goodwill	9,640,679	-	-	-	9,640,679	-	-	-
— Unrealized profits of internal transaction	(27,016)	-	-	-	(5,256,737)	-	-	-
— Unrecognized excess loss	-	-	1,126,423	-	-	-	1,093,752	-
Carry amount of investments on Associates	130,789,046	13,133,874	-	5,041,691	129,800,797	14,314,260	-	3,251,165

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

6 INTERESTS IN OTHER ENTITIES (CONT'D)

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

(c) Summarised financial information of associates (Cont'd)

	Six months ended 30 June 2023 (unaudited)				Six months ended 30 June 2022 (unaudited)			
	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company	Yantai Brewery Company	Zhaoshang Logistics	Liaoning Shenqing	European Company
Revenue	419,774,656	115,989,498	17,414,630	69,617,265	418,804,736	129,246,323	30,369,819	68,841,046
Net profit/(loss)	17,062,315	5,779,375	(108,904)	3,796,271	10,971,423	2,972,997	(2,149,108)	4,438,022
Other comprehensive income	-	-	-	680,045	-	-	-	(257,169)
Total comprehensive income	17,062,315	5,779,375	(108,904)	4,476,316	10,971,423	2,972,997	(2,149,108)	4,180,853
Total comprehensive income attributable to shareholders of the Company	17,062,315	5,779,375	(108,904)	4,476,316	10,971,423	2,972,997	(2,149,108)	4,180,853
Adjusted fair value of the identifiable net assets when obtained	(768,799)	-	-	-	(768,790)	-	-	-
Adjusted total comprehensive income attributable to shareholders of the Company	<u>16,293,516</u>	<u>5,779,375</u>	<u>(108,904)</u>	<u>4,476,316</u>	<u>10,202,633</u>	<u>2,972,997</u>	<u>(2,149,108)</u>	<u>4,180,853</u>
Dividends received from the associates in the current period	-	2,918,530	-	-	12,886,427	-	-	-

- (i) The share of the net asset of associates 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 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 loss in the current period (unaudited)	Accumulated unrecognized losses at the end of the period (unaudited)
Liaoning Shenqing	<u>1,093,752</u>	<u>32,671</u>	<u>1,126,423</u>

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

7 SEGMENT INFORMATION

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

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

The Group identified seven reportable segments as follows:

- Shandong region segment, responsible for the production and distribution in Shandong region and surrounding regions
- South China region segment, responsible for the production and distribution in South China region
- North China region segment, responsible for the production and distribution in North China region
- East China region segment, responsible for the production and distribution in East China region
- Southeast China region segment, responsible for the production and distribution in Southeast China region
- Hong Kong, Macau and other overseas region segment, responsible for the distribution of beer in Hong Kong SAR, Macau SAR and other overseas regions
- Finance Company segment, engaged in the financial businesses of wealth management and agency collection and payment for its members

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

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

(a) Segment information as at and for the six months ended 30 June 2023 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	13,408,821,868	1,632,177,525	4,050,094,965	1,642,307,735	504,808,531	349,991,749	268,073	3,319,187	-	21,591,789,633
Inter-segment revenue	1,940,798,408	458,041,085	1,110,504,878	208,243,069	3,541,811	154,365,465	6,123,515	15,376,454	(3,896,994,685)	-
Cost of sales	(10,261,691,215)	(1,380,069,065)	(3,528,449,273)	(1,274,901,163)	(353,549,797)	(377,421,339)	(253,969)	-	4,068,269,889	(13,126,371,443)
Selling and distribution expenses	(1,630,220,770)	(180,796,710)	(295,185,087)	(176,060,701)	(73,118,057)	(32,691,722)	-	-	-	(2,387,993,047)
Interest income	48,963,617	15,231,017	30,848,923	6,017,944	1,575,700	1,468,928	198,012,623	57,452,342	(122,880,497)	236,690,677
Interest expenses	(112,516)	(1,654,359)	(402,588)	(7,423,974)	(1,238,495)	(2,600,292)	(123,770,177)	-	133,042,641	(4,259,760)
Share of profit of associates and a joint venture	-	-	-	-	-	-	-	18,533,007	-	18,533,007
Credit impairment reversals/(losses)	(1,541,027)	-	(103,471)	-	-	(11,791)	2,367,954	-	-	711,665
Asset impairment losses	(49,817)	(1,139,610)	-	-	-	-	-	-	-	(1,189,427)
Depreciation and amortization	(268,624,343)	(71,662,333)	(111,321,836)	(68,076,858)	(17,565,866)	(1,780,025)	(931,230)	(43,829,791)	-	(583,792,282)
Total profit/(losses)	2,534,877,019	344,178,146	1,018,934,759	194,711,014	48,438,804	98,756,413	194,637,752	(12,309,750)	181,895,879	4,604,120,036
Income tax expense	(653,224,226)	(68,048,060)	(248,458,332)	(29,082,459)	(3,226,592)	(34,021,366)	(48,884,902)	6,456,838	(44,349,680)	(1,122,838,779)
Net profit/(losses)	1,881,652,793	276,130,086	770,476,427	165,628,555	45,212,212	64,735,047	145,752,850	(5,852,912)	137,546,199	3,481,281,257
Total assets	17,534,417,965	4,677,750,664	9,889,379,366	3,742,055,648	911,761,556	532,244,505	23,484,139,676	14,079,588,558	(22,520,212,672)	52,331,125,266
Total liabilities	14,030,109,417	2,016,679,636	4,939,962,290	3,044,238,514	539,281,420	307,978,691	19,998,551,116	2,640,202,979	(22,524,604,450)	24,992,499,613
Non-cash expenses other than depreciation and amortization	12,966,942	410,735	2,608,412	1,176,865	90,980	51,785	-	-	-	17,305,719
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	364,423,349	-	364,423,349
Additions of non-current assets (i)	284,360,416	45,948,216	140,253,918	34,727,254	1,348,240	1,393,230	373,425	31,582,454	(865,591)	539,121,562

(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 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	474,309,302	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	237,823,606	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	(11,920,613,027)
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 expenses	(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 profits 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)	(1,893,237)	(1,030,588)	(37,767,165)	-	(554,528,440)
Total profit/(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 profit/(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)	50,077,006,806
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	66,171	-	-	-	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.
- (c) The Group's revenue from external customers in domestic and overseas markets, and the total non-current assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are summarized as follows:

Revenue from external customers	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Mainland China	21,233,299,551	18,880,860,967
Hong Kong and Macau SAR	93,597,869	79,159,672
Other overseas countries and regions	264,892,213	312,637,661
	21,591,789,633	19,272,658,300
Total non-current assets	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Mainland China	15,988,370,175	15,883,610,990
Hong Kong and Macau SAR	15,480,731	13,847,514
Other overseas countries and regions	1,779	6,367
	16,003,852,685	15,897,464,871

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of parent company

The parent company of the Company is Tsingtao Brewery Group Co., Ltd. ("Tsingtao Brewery Group"), which is registered in Qingdao, Shandong Province, China, with a registered capital of RMB1,253.72 million. Its main business is the operation and investment of state-owned assets. As of 30 June 2023, the shareholding ratio of the Company was 32.51% (December 31, 2022: 32.51%).

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government, which main business location is in Qingdao.

(2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6(1).

(3) Information of the joint venture and associates

Except for the information of the joint venture and associates disclosed in Note 6(2), the other associates having related parties transactions with the Group are set out below:

<u>Company name</u>	<u>Relationship with the Group</u>
Beijing Sales Company	Associate
Tsingtao Brewery (Guangzhou) General Agency Co., Ltd.	Associate

(4) Information of other related parties

<u>Company name</u>	<u>Relationship with the Group</u>
Tsingtao Brewery Youjia Health Drinks Co., Ltd. ("Youjia Health")(i)	Tsingtao Brewery Group's subsidiaries
Tsingtao Brewery Youjia Health Drinks (Shanghai) Co., Ltd. ("Youjia Shanghai")(i)	Tsingtao Brewery Group's subsidiaries
Yunnan Dashan Beverage Co., Ltd. ("Yunnan Dashan")(i)	Tsingtao Brewery Group's subsidiaries
Qingdao Smart Chain Success Delivery Technology Co., Ltd. ("Smart Chain Success Delivery") (i)	Tsingtao Brewery Group's subsidiaries
Qingdao Qiji City Distribution Co., Ltd. ("Qiji City Distribution")(i)	Tsingtao Brewery Group's subsidiaries
Shanghai Dasheng Smart Supply Chain Co., Ltd. ("Dasheng Smart Chain")(i)	Tsingtao Brewery Group's subsidiaries
Tsingtao Brewery Real Estate Co., Ltd. ("Tsingtao Brewery Real Estate")(i)	Tsingtao Brewery Group's subsidiaries

- (i) On 19 January 2023, the Company issued the announcement of Tsingtao Brewery Co., Ltd. on signing the related party transaction framework agreement and daily related party transaction with the controlling shareholder and its subsidiaries. The Company has considered and approved the signing of the 2023 entrusted production and products purchase framework agreement with Youjia Health, the 2023 supply chain business service framework agreement with Smart Chain Success Delivery and the comprehensive service framework agreement with Tsingtao Brewery Group at the 9th meeting of the 10th board of directors.

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

(5) Related party transactions

(a) Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Yantai Brewery Company	Purchase of beer	Mutually-agreed prices refer to the market prices	416,585,347	401,728,654
Smart Chain Success Delivery (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	280,129,418	144,108,610
Hebei Jiahe Company	Purchase of beer	Mutually-agreed prices refer to the market prices	201,322,371	225,362,375
Zhaoshang Logistics	Receiving logistics service (including payment on behalf)	Mutually-agreed prices refer to the market prices	99,037,398	122,062,188
Qiji City Distribution (i)	Receiving logistics service	Mutually-agreed prices refer to the market prices	8,613,980	-
Smart Chain Success Delivery (i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	5,305,691	4,110,773
Qiji City Distribution (i)	Receiving warehousing service	Mutually-agreed prices refer to the market prices	1,440,011	-
Zhaoshang Logistics	Receiving warehousing service	Mutually-agreed prices refer to the market prices	189,929	-
			1,012,624,145	897,372,600

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

(5) Related party transactions (Cont'd)

(b) Sales of goods and providing services

Name of related party	Nature of transaction	Pricing policies	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
European Company	Sale of beer and materials	Mutually-agreed prices refer to the market prices	53,599,043	53,716,961
Liaoning Shengqing	Sale of beer and materials	Mutually-agreed prices refer to the market prices	19,770,069	28,501,650
Yantai Brewery Company	Provide equipment engineering services	Mutually-agreed prices refer to the market prices	1,415,929	15,625,913
Tsingtao Brewery Group (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	2,400,975	1,926,109
Youjia Health (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,912,769	1,879,696
Smart Chain Success Delivery (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	1,065,744	889,482
Tsingtao Brewery Real Estate (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	136,209	153,247
Yunnan Dashan (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	134,391	148,733
Youjia Shanghai (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	80,141	96,473
Dasheng Smart Chain (ii)	Provide comprehensive services	Mutually-agreed prices refer to the market prices	-	143,687
Youjia Shanghai (ii)	Provide commission processing	Mutually-agreed prices refer to the market prices	849,861	1,173,203
Smart Chain Success Delivery (ii)	Provide warehousing services	Mutually-agreed prices refer to the market prices	147,522	-
Dasheng Smart Chain(ii)	Provide warehousing services	Mutually-agreed prices refer to the market prices	126,147	126,147
Youjia Health(ii)	Sale of beer	Mutually-agreed prices refer to the market prices	7,765	-
Smart Chain Success Delivery (ii)	Sale of beer	Mutually-agreed prices refer to the market prices	7,251	-
			81,653,816	104,381,301

- (i) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, which indicates receiving labor service from Smart Chain Success Delivery and its subsidiary Qiji City Distribution.
- (ii) These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, which indicates sale of product and provide services among with Tsingtao Brewery Group, Youjia Health, Smart Chain Success Delivery, Youjia Shanghai, Tsingtao Brewery Real Estate, Yunnan Dashan, and Dasheng Smart Chain.

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

(5) Related party transactions (Cont'd)

(c) Absorbed deposits

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Yantai Brewery Company	<u>446,509,988</u>	<u>446,374,228</u>

(d) Interest expense

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Yantai Brewery Company	<u>253,969</u>	<u>14,230</u>

(e) Received financial services fee

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Yantai Brewery Company	<u>1,798</u>	<u>4,227</u>

(f) Key management compensation

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Share-based payment	3,440,343	7,371,786
Key management compensation paid	<u>4,042,790</u>	<u>3,225,398</u>
	<u>7,483,133</u>	<u>10,597,184</u>

(g) For the six months ended 30 June 2023, there is no loan provided to the key management from the Group (for the six months ended 30 June 2022: nil).

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

(6) Receivable and payable balances with related parties

Receivables from related parties:

		30 June 2023 (unaudited)		31 December 2022	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	European Company	24,190,121	-	18,379,591	-
	Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
		<u>35,435,905</u>	<u>(11,245,784)</u>	<u>29,625,375</u>	<u>(11,245,784)</u>
		30 June 2023 (unaudited)		31 December 2022	

Other receivables	Yantai Brewery Company	<u>15,577,300</u>	<u>13,927,300</u>
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Payables to related parties:

		30 June 2023 (unaudited)	31 December 2022
Accounts payable	Smart Chain Success Delivery	201,860,004	94,521,463
	Yantai Brewery Company	126,511,336	101,392,362
	Zhaoshang Logistics	56,465,141	52,093,973
	Hebei Jiahe Company	33,828,253	746,199
	Qiji City Distribution	7,112,879	-
		<u>425,777,613</u>	<u>248,753,997</u>
Other payables	Yantai Brewery Company	<u>78,189,933</u>	<u>78,883,149</u>
Contract liabilities and other current liabilities	Liaoning Shenqing	200,801	18,293,604
	European Company	-	8,389
		<u>200,801</u>	<u>18,301,993</u>

9 COMMITMENTS

Capital commitments

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

	30 June 2023 (unaudited)	31 December 2022
Buildings, machinery and equipment	<u>352,382,851</u>	<u>306,243,253</u>

10 FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The financial risk mentioned above and risk management policies adopted by the Group to reduce the risk are as follows:

The Board of Directors is responsible for planning and establishing risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has developed risk management policies to identify and analyse risks faced by the Group. These risk management policies explicitly stipulate specific risks, covering the management of market risks, credit risks, liquidity risk and many other aspects. The Group assesses the changes of market environment and the Group's operating activities regularly to determine whether the policies and systems of risk management should be updated. The Group's risk management is launched by relevant departments in accordance with the policies approved by the Board. 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 and foreign currency transactions are mainly denominated in USD). The Group's continuously monitors transactions denominated in foreign currencies and the scale of assets and liabilities to minimise the foreign exchange risk. For 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 2023 and for the six months ended 30 June 2022, the Group did not enter into any forward exchange contracts or currency swap contracts.

10 FINANCIAL INSTRUMENT AND RISK (CONT'D)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

As at 30 June 2023 and 31 December 2022, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarized as below:

	30 June 2023 (unaudited)		
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	59,692,572	10,533,429	70,226,001
Accounts receivable	44,379,577	38,278,986	82,658,563
	<u>104,072,149</u>	<u>48,812,415</u>	<u>152,884,564</u>
Financial liabilities denominated in foreign currency —			
Other payables	<u>4,451,093</u>	<u>433,241</u>	<u>4,884,334</u>
31 December 2022			
	USD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand	118,454,829	90,890	118,545,719
Accounts receivable	33,177,509	48,627,751	81,805,260
	<u>151,632,338</u>	<u>48,718,641</u>	<u>200,350,979</u>
Financial liabilities denominated in foreign currency —			
Other payables	<u>3,739,990</u>	-	<u>3,739,990</u>

As at 30 June 2023, for various financial assets and liabilities denominated in USD with a recording currency of RMB, if USD had strengthened or weakened by 4% against the RMB while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB2,989,000 (31 December 2022: RMB4,437,000) higher or lower.

10 FINANCIAL INSTRUMENT AND RISK (CONT'D)

(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 2023, there was no long-term bank borrowings (31 December 2022: nil). There is no material interest rate risk in the view of the directors of the Group.

The Group's head office continuously monitors the interest rate position of the Group. Increase in interest rate will increase the cost of new interest-bearing borrowings and interest payments on the Group's outstanding interest-bearing debt at floating rate and therefore could have an adverse impact on the Group's financial performance. The management of the Group will make timely adjustments according to the latest market conditions. These adjustments may be arrangements for interest rate swaps to reduce interest risk. For the six months ended 30 June 2023 and for the six months ended 30 June 2022, the Group has no interest rate swap. The directors of the Company are of the view that future interest rate changes will not have a material adverse impact on the Group's operating performance.

As at 30 June 2023, the Group had no floating rate borrowings(31 December 2022: if the borrowing rate calculated at the floating rate rose or fell by 50 basis points and other factors remained unchanged, the impact on the Group's net profit was approximately RMB932,000).

(c) Other price risk

Other price risk of the Group mainly arises from each investment of equity instruments, where risk of price changes exists. As at 30 June 2023 and 31 December 2022, the amount of equity instruments of the Group is insignificant, 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 instrument investments at fair value through profit or loss that are not included in the scope of impairment assessment etc. At the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit exposure.

The Group expects that there is no significant credit risk associated with cash at bank considering they are deposited at joint-stock commercial banks 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 dealers.

10 FINANCIAL INSTRUMENT AND RISK (CONT'D)

(2) Credit risk (Cont'd)

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable and other receivables. The Group assesses the credit quality of and sets credit limits on its dealers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the dealers is regularly monitored by the Group. In respect of dealers with a poor credit history, the Group will use written payment reminders, shorten or cancel credit periods etc. to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 30 June 2023, the Group held 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. Based on the summary of cash flow forecasts for each subsidiary, the Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2023 (unaudited)				Total
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Notes payable	361,924,586	-	-	-	361,924,586
Accounts payable	4,765,502,796	-	-	-	4,765,502,796
Other payables	6,127,384,192	-	-	-	6,127,384,192
Current portion of non-current liabilities	56,646,940	-	-	-	56,646,940
Lease liabilities	-	42,275,685	39,102,897	15,916,680	97,295,262
	<u>11,311,458,514</u>	<u>42,275,685</u>	<u>39,102,897</u>	<u>15,916,680</u>	<u>11,408,753,776</u>
	31 December 2022				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	228,030,776	-	-	-	228,030,776
Notes payable	198,056,961	-	-	-	198,056,961
Accounts payable	3,463,768,573	-	-	-	3,463,768,573
Other payables	3,394,613,087	-	-	-	3,394,613,087
Current portion of non-current liabilities	53,188,814	-	-	-	53,188,814
Lease liabilities	-	42,511,596	43,366,619	26,120,713	111,998,928
	<u>7,337,658,211</u>	<u>42,511,596</u>	<u>43,366,619</u>	<u>26,120,713</u>	<u>7,449,657,139</u>

10 FINANCIAL INSTRUMENT AND RISK (CONT'D)

(3) Liquidity risk (Cont'd)

Bank borrowings are analysed by repayment terms as follows:

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	<u>-</u>	<u>223,325,000</u>

11 SHARE-BASED PAYMENT

(a) Restricted A-Share Incentive Plan

As at 8 June 2020, the Company held the 2019 Annual General Meeting of Shareholders and the first meeting of A-share and H-share shareholders in 2020, and approved the “Proposal of Tsingtao Brewery Co., Ltd. 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 of directors in 2020, and approved the “Proposal of Tsingtao Brewery Co., Ltd. on the First Grant of A-Share Restricted Share to Incentive Participants” (“Incentive Plan”). According to the Incentive Plan, the Company granted 13.2 million restricted shares to 627 incentive participants. The grant date was 29 June 2020, and the grant price was RMB21.18 per share. The unlocking periods for restricted shares granted are 24 months, 36 months, and 48 months from the equity registration date. According to the Company’s performance appraisal and personal performance appraisal, 1/3, 1/3, and 1/3 of restricted shares will be unlocked respectively. According to the Incentive Plan, if the incentive participant resigns before the expiration of the unlocking period, the shares 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 incentive participants in 2020, and has recognized liabilities of RMB279,576,000 and treasury shares of RMB279,576,000 for the obligation to repurchase restricted shares.

As at 22 March 2021, the Company held the first extraordinary meeting of the ninth Board of Directors in 2021, and approved the “Proposal on granting reserved part of A-share Restricted share to incentive recipients” (Plan for granting reserved restricted shares). According to the Plan for granting reserved restricted shares, the Company granted 300,000 restricted shares to 35 incentive recipients, with the grant date of 22 March 2021 and the grant price of RMB21.18 per share. The unlocking periods for the restricted shares granted are 24 months, 36 months and 48 months from the equity registration date. According to the Company’s performance assessment and individual performance assessment, 1/3, 1/3 and 1/3 of the restricted shares will be unlocked respectively. According to the Plan of granting reserved restricted shares, if the incentive participants resign before the expiration of the unlocking period, the shares shall not be unlocked, and the Company must repurchase and cancel the corresponding restricted shares at the corresponding repurchase price. Among the 35 incentive recipients to be granted, 1 incentive recipient has waived the subscription for personal reasons.

11 SHARE-BASED PAYMENT (CONT'D)

(a) Restricted A-Share Incentive Plan (Cont'd)

According to the Plan for granting reserved restricted shares, the Company has collected the subscription of RMB6,226,920 from incentive participants in 2021, and has recognized liabilities of RMB6,226,920 and treasury shares of RMB6,226,920 for the obligation to repurchase restricted shares.

According to the resolution of the 2020 annual general meeting of shareholders, a cash dividend of RMB10,028,999 was distributed to the above-mentioned participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

The Company held the second extraordinary meeting of 2021 of the tenth Board of Directors on 29 September 2021. On the meeting, the Company considered and approved the "Company's Repurchase and Cancellation of Some Restricted A-Share under the Incentive Plan". As of this meeting of the Board of Directors, 12 incentive participants in the Incentive Plan have reached the statutory retirement age or resigned for personal reasons, resulting in changes in their personal circumstances as incentive participants, which triggered the conditions for repurchase and cancellation of restricted shares. In 2021, the Company cancelled 122,002 restricted shares, and offset the repurchase obligation liabilities of RMB2,584,002 and treasury shares of RMB2,584,002.

As at 31 December 2021, the restricted A-share incentive plan recognized a total of RMB273,189,919 in liabilities for repurchase obligations and RMB273,189,919 in treasury shares.

In 2022, a cash dividend of RMB14,483,492 was distributed to the above-mentioned incentive participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

The Company held the 2022 eighth extraordinary meeting of the tenth Board of Directors on 28 September 2022, considered and approved the "Proposal on the Company's Repurchase and Cancellation of Some Restricted A Shares under the Incentive Plan". From 1 September 2021 to the date of this meeting of the Board of Directors, 14 incentive participants in the incentive plan have reached the statutory retirement age or resigned for personal reasons, resulting in changes in their personal circumstances as incentive participant, which triggered the conditions for repurchase and cancellation of restricted shares. In 2022, the Company cancelled 122,003 restricted shares, and offset the repurchase obligation liabilities of RMB2,584,024 and treasury shares of RMB2,584,024.

According to the authorization of the 2019 annual shareholders' meeting and the first A share and H share class shareholders' meeting in 2020, at the sixth extraordinary meeting of 2022 of the tenth session of the Board of Directors held by the Company on 8 July, 2022, the "Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the First Grant of the Restricted Shares under the Restricted A-Share Incentive Plan" was reviewed and approved. On 25 July 2022, the Company unlocked 4,359,428 restricted shares, offsetting repurchase obligation liabilities of RMB 84,267,743 and treasury shares of RMB 84,267,743.

As at 31 December 2022, the restricted A-share incentive plan recognized a total of RMB171,854,660 in liabilities for repurchase obligations and RMB171,854,660 in treasury shares.

11 SHARE-BASED PAYMENT (CONT'D)

(a) Restricted A Share Incentive Plan (Cont'd)

According to the resolution of annual general meeting of shareholders on June 2023, a cash dividend of RMB15,829,020 was distributed to the participants to unlock the restricted shares in the future, and the repurchase obligation is offset accordingly.

According to the authorization of the 2019 annual shareholders' meeting and the first A share and H share class shareholders' meeting in 2020, at the 2th extraordinary meeting of 2023 of the tenth session of the Board of Directors held by the Company on 5 May, 2023, the "Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the Reserve Grant of the Restricted Shares under the Restricted A-share Incentive Plan" was reviewed and approved. On 26 May 2023, the Company unlocked 96,667 restricted shares, offsetting repurchase obligation liabilities of RMB 1,868,573 and treasury shares of RMB 1,868,573.

As at 30 June 2023, the restricted A-share incentive plan recognized a total of RMB154,157,067 in liabilities for repurchase obligations and RMB154,157,067 in treasury shares.

(b) Changes in restricted shares during the current period

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Restricted shares (shares) issued at the beginning of the period	8,890,567	13,371,998
Restricted shares (shares) granted this period	(96,667)	-
Restricted shares (shares) issued at the end of the period	8,793,900	13,371,998
Share-based payment expenses this period	59,641,792	118,637,734
Accumulated share-based payment expenses	609,795,590	491,660,551

- (c) As at 30 June 2023, the remaining period of the restricted A-share incentive plan granting in 2020 is until 24 July 2026, for 3.06 years. The remaining period of the restricted A-share incentive plan granting in 2021 is until 26 May 2027, for 3.90 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: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

As at 30 June 2023, the assets measured at fair value on a recurring basis are analysed below (unaudited):

	Level 2	Level 3
Financial assets held for trading		
— Debt instruments	-	7,086,564,553
Current portion of non-current assets		
— Debt instruments	4,668,169	-
Other non-current financial assets		
— Debt instruments	903,564,600	-
Other non-current financial assets		
— Equity instruments	-	600,000
	<u>908,232,769</u>	<u>7,087,164,553</u>

As at 31 December 2022, the assets measured at fair value on a recurring basis are analysed below:

	Level 2	Level 3
Financial assets held for trading		
— Debt instruments	-	2,683,817,846
Other non-current financial assets		
— Equity instruments	-	600,000
	<u>-</u>	<u>2,684,417,846</u>

The Group takes the date on which events causing the transfer between the levels to take place as the timing specific for recognizing the transfers. There is no transfer between Level 1 and Level 2 during the current period.

12 FAIR VALUE ESTIMATION (CONT'D)

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

The movement in Level 3 assets are analysed below:

	31 December 2022	Purchase (unaudited)	Disposal (unaudited)	Total current profits — Profits accrued to current profit or loss (a) (unaudited)	30 June 2023 (unaudited)	Assets still held on 30 June 2023 are recognized as movement on unrealized gains of profit or loss for the six months ended 30 June 2023— Profit or loss from changes in fair value (unaudited)
Financial assets held for trading						
— Debt instruments	2,683,817,846	5,499,998,600	(1,218,842,049)	121,590,156	7,086,564,553	101,897,784
Other non-current financial assets						
— Equity instruments	600,000	-	-	-	600,000	-
	<u>2,684,417,846</u>	<u>5,499,998,600</u>	<u>(1,218,842,049)</u>	<u>121,590,156</u>	<u>7,087,164,553</u>	<u>101,897,784</u>
						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)
	31 December 2021	Purchase (unaudited)	Disposal (unaudited)	Total current profits — Profits accrued to current profit or loss (a) (unaudited)	30 June 2022 (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>

- (a) Gains recognized in the current profit and loss is included in the income statement under the items of profit arising from changes in fair value and investment income respectively.

For the level 2 and level 3 financial assets stated above, the management evaluates and determines its fair value based on the future cash flow.

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 amortised cost mainly represent notes receivable, accounts receivable, other receivables, other current assets, debt investment, short-term borrowings, notes payable and accounts payable etc. 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 the six months ended 30 June 2023, the Group's strategy, which was unchanged from the prior year, was to maintain the cash balance above a certain standard to meet the Group's business development needs. Cash balance is calculated as cash and cash equivalents less short-term borrowing. The cash balance as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 (unaudited)	31 December 2022
Cash and cash equivalents	<u>13,366,555,181</u>	<u>12,839,870,784</u>
<i>Less:</i> Short-term borrowings	<u>-</u>	<u>(225,411,423)</u>
Cash balance after deducting borrowings	<u><u>13,366,555,181</u></u>	<u><u>12,614,459,361</u></u>

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Account receivable

	30 June 2023 (unaudited)	31 December 2022
Accounts receivable	<u>1,879,924,050</u>	<u>1,917,095,063</u>
<i>Less:</i> Provision for bad debts	<u>(56,452,549)</u>	<u>(56,440,758)</u>
	<u><u>1,823,471,501</u></u>	<u><u>1,860,654,305</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.

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(1) Account receivable (Cont'd)

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

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	1,489,655,401	1,453,471,200
1 to 2 years	125,003,375	151,056,579
2 to 3 years	60,421,586	74,843,768
3 to 4 years	50,988,647	51,305,027
4 to 5 years	21,219,699	19,133,009
Over 5 years	132,635,342	167,285,480
	<u>1,879,924,050</u>	<u>1,917,095,063</u>

(b) As at 30 June 2023, the top five accounts receivable are analysed as follows:

	Amount (unaudited)	Provision of bad debts (unaudited)	% of total balance
Total amount of the top five accounts receivable	<u>662,655,398</u>	<u>-</u>	<u>35%</u>

(c) As at 30 June 2023, there are no accounts receivable derecognized due to the transfer of financial assets (31 December 2022: nil).

(d) Provision for bad debts

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

(i) As at 30 June 2023, accounts receivable with amounts that are individually subject to separate assessment for provision are analysed 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>	<i>Note 4(d)</i>

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(1) Account receivable (Cont'd)

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

- (ii) As at 30 June 2023, accounts receivable that are subject to provision for bad debts on the grouping basis are analysed as follows:

Group — Subsidiaries

As at 30 June 2023, accounts receivable from subsidiaries of the Company is 1,752,973,166 (31 December 2022: 1,810,863,160). The Company believes there is no significant credit risk, thus no provision for bad debts is recognized.

Group — Dealers

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime		Amount	Lifetime	
		ECL ratio	Amount		ECL ratio	Amount
Not overdue	69,949,539	-	-	49,466,378	-	-
Overdue within 1 year	577,680	5%	(28,884)	341,860	5%	(17,093)
Overdue 2 years or more	45,177,881	100%	(45,177,881)	45,177,881	100%	(45,177,881)
	<u>115,705,100</u>		<u>(45,206,765)</u>	<u>94,986,119</u>		<u>(45,194,974)</u>

- (iii) The provision for bad debts increased in this period is 11,791. In addition, the current period recovered the accounts receivable that had been written off in previous years of 300,000.

(2) Other receivables

	30 June 2023 (unaudited)	31 December 2022
Dividends receivable from subsidiaries	619,000,000	19,000,000
Receivables from subsidiaries	68,841,160	45,842,444
Receivables of refundable cost of land and buildings	17,441,647	17,441,647
Guarantee deposits	11,446,432	15,927,286
Dividends receivable from related parties	10,595,943	-
Reservation fund	1,514,316	7,190,124
Receivables of disposals of land	-	584,155,232
Others	28,430,350	14,705,766
	<u>757,269,848</u>	<u>704,262,499</u>
Less: Provision for bad debts	<u>(37,546,231)</u>	<u>(37,556,352)</u>
	<u>719,723,617</u>	<u>666,706,147</u>

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Other receivables (Cont'd)

(a) *The ageing of other receivables based is analysed below:*

	30 June 2023 (unaudited)	31 December 2022
Not overdue	719,649,524	666,370,101
Overdue within 1 year	64,378	352,958
Overdue 1-2 years	17,739	1,288
Overdue over 2 years	37,538,207	37,538,152
	<u>757,269,848</u>	<u>704,262,499</u>

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

	<u>Stage one(unaudited)</u>		<u>Stage three(unaudited)</u>		<u>Total (unaudited)</u>
	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 2022	354,246	(18,200)	37,538,152	(37,538,152)	(37,556,352)
Increase in the current period	25,603	(4,737)	-	-	(4,737)
Reversals in the current period	(297,680)	14,884	-	-	14,884
Transfer to stage three	(52)	26	52	(26)	-
Provision for bad debts increased in the current period	-	-	-	(26)	(26)
30 June 2023	<u>82,117</u>	<u>(8,027)</u>	<u>37,538,204</u>	<u>(37,538,204)</u>	<u>(37,546,231)</u>

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Other receivables (Cont'd)

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

As at 30 June 2023, the Company has no other receivables in the stage two. The analysis of other receivables in the stage one and stage three is as follows:

- (i) As at 30 June 2023, other receivables with amounts that are individually subject to separate assessment for provision are analysed as follow:

Stage three	Ending balance (unaudited)	Lifetime ECL ratio interval	Provision for bad debts (unaudited)	
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4 (6)
Receivables from other entities	<u>20,096,557</u>	100%	<u>(20,096,557)</u>	Note 4 (6)
	<u>37,538,204</u>		<u>(37,538,204)</u>	

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

Stage three	Ending balance	Lifetime ECL ratio interval	Provision for bad debts	
Receivables of refundable cost of land and buildings	17,441,647	100%	(17,441,647)	Note 4 (6)
Receivables from other entities	<u>20,096,505</u>	100%	<u>(20,096,505)</u>	Note 4 (6)
	<u>37,538,152</u>		<u>(37,538,152)</u>	

- (ii) As at 30 June 2023 and 31 December 2022, other receivables of provisions for bad debts on grouping basis are in stage one, and the analysis is as follows:

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Receivables from other entities	<u>82,117</u>	<u>(8,027)</u>	5% - 50%	<u>354,246</u>	<u>(18,200)</u>	5% - 50%
	<u>82,117</u>	<u>(8,027)</u>		<u>354,246</u>	<u>(18,200)</u>	

- (c) The provision for bad debts increased in the current period is RMB4,763. The collecting or reversal of provision for bad debts is RMB14,884, and its corresponding carrying amount is RMB297,680.

- (d) In the current period, no bad debt has been written off.

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Other receivables (Cont'd)

(e) As at 30 June 2023, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
No.1	Dividends receivable from subsidiaries	600,000,000	Within one year	79.2%	-
No.2	Payment on behalf for social security	25,919,846	Within one year	3.4%	-
No.3	Dividends receivable from subsidiaries	19,000,000	1 to 2 years	2.5%	-
No.4	Dividends receivable from related party	10,595,943	Within one year	1.4%	-
No.5	Payment on behalf for recycling bottles	10,003,025	More than five years	1.3%	-
		<u>665,518,814</u>		<u>87.8%</u>	<u>-</u>

(3) Inventories

	30 June 2023 (unaudited)			31 December 2022		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	403,267,832	-	403,267,832	371,456,754	-	371,456,754
Packaging materials	58,204,142	(662,025)	57,542,117	59,173,223	(662,025)	58,511,198
Low-value consumables	35,308,040	-	35,308,040	30,987,839	-	30,987,839
Outsourced processing materials	161,489	-	161,489	2,689,445	-	2,689,445
Work in progress	92,976,461	-	92,976,461	113,034,116	-	113,034,116
Finished goods	154,947,561	-	154,947,561	1,591,250,866	-	1,591,250,866
	<u>744,865,525</u>	<u>(662,025)</u>	<u>744,203,500</u>	<u>2,168,592,243</u>	<u>(662,025)</u>	<u>2,167,930,218</u>

(4) Debt investment

	30 June 2023 (unaudited)	31 December 2022
Entrusted loans to subsidiaries	144,600,000	138,600,000
Plus: Interest on debt investment	165,898	173,793
Less: Debt investment impairment provisions	(133,100,000)	(133,100,000)
	<u>11,665,898</u>	<u>5,673,793</u>

The entrusted loans to subsidiaries are unsecured RMB loans provided by the Company through banks and Finance Company, with annual interest of 3.92% and quarterly payment.

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(5) Long-term equity investments

	30 June 2023 (unaudited)	31 December 2022
Subsidiaries (a)	12,757,523,625	12,653,153,110
Joint ventures (b)	215,458,738	220,762,244
Associates (c)	145,142,920	145,335,057
	13,118,125,283	13,019,250,411
Less: Provision for impairment of long-term equity investments (d)	(1,781,808,870)	(1,781,808,870)
	11,336,316,413	11,237,441,541

(a) Subsidiaries

	31 December 2022	Movements in the current period (unaudited)			30 June 2023 (unaudited)	Cash Balance of provision for impairment at end of period (unaudited)	dividends declared in the current period (iii) (unaudited)
		Increased investment	Decreased investment	Share-based payment (ii)			
Shenzhen Asahi	128,972,044	-	-	258,902	129,230,946	-	76,740,000
Chenzhou Company	64,661,343	-	-	222,441	64,883,784	-	-
Huanan Sales Company	51,942,400	-	-	769,427	52,711,827	-	-
Chenzhou Sales Company	3,081,229	-	-	342,321	3,423,550	-	-
Huanan Holding Company	208,790,000	-	-	-	208,790,000	-	-
Zhuhai Company	2,427,865	-	-	277,140	2,705,005	-	-
Sanshui Company	1,781,922	-	-	207,855	1,989,777	-	27,118,162
Suizhou Company	2,380,905	-	-	207,855	2,588,760	-	-
Nanning Company	1,906,969	-	-	222,441	2,129,410	-	-
Huadong Holding Company	96,855,102	-	-	-	96,855,102	(96,855,102)	-
Shouguang Company	62,711,935	-	-	258,164	62,970,099	-	-
Five Star Company	26,029,459	-	-	145,863	26,175,322	(24,656,410)	-
Three Ring Company	70,905,864	-	-	109,397	71,015,261	(69,457,513)	-
Beifang Sales Company	88,619,824	-	-	568,866	89,188,690	(83,984,000)	-
Xi'anHan's Company	406,629,256	-	-	1,392,991	408,022,247	-	-
Baoji Company	2,715,180	-	-	232,080	2,947,260	-	-
Gansu Nongken Company	2,098,025	-	-	247,195	2,345,220	-	6,000,000
Wuwei Company	2,039,073	-	-	222,441	2,261,514	-	-
Yulin Company	2,804,752	-	-	331,994	3,136,746	-	-
Weinan Company	16,786,237	-	-	344,483	17,130,720	-	-
Anshan Company	32,278,322	-	-	242,563	32,520,885	-	-
Xingkaihu Company	202,096,205	-	-	226,088	202,322,293	(129,430,000)	-
Mishan Company	118,520,000	-	-	-	118,520,000	(118,520,000)	-
Harbin Company	215,774,045	-	-	261,764	216,035,809	(109,940,000)	-
Penglai Company	30,000,000	-	-	-	30,000,000	(30,000,000)	-
Rongcheng Company	67,532,134	-	-	333,078	67,865,212	(65,103,434)	-
International trading company	11,210,000	-	-	-	11,210,000	-	-
Tsingtao Brewery (Laoshan) Co., Ltd.	18,089,491	-	-	-	18,089,491	-	-

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

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

(a) Subsidiaries (Cont'd)

	31 December 2022	Movements in the current period (unaudited)			30 June 2023 (unaudited)	Balance of provision for impairment at end of period (unaudited)	Cash dividends declared in the current period (iii) (unaudited)
		Increased investment	Decreased investment	Share-based payment (ii)			
Hong Kong Company	41,728,681	-	-	-	41,728,681	-	-
Qingdao Xianghong Shangwu Co., Ltd.	5,760,000	-	-	-	5,760,000	-	-
Dongnan Sales Company	298,063,368	-	-	543,937	298,607,305	-	-
Xiamen Company	2,006,546	-	-	243,193	2,249,739	-	-
Fuzhou Company	2,676,724	-	-	219,460	2,896,184	-	-
Zhangzhou Company	1,319,305	-	-	-	1,319,305	-	-
Changsha Company	48,822,933	-	-	113,044	48,935,977	-	-
Jinan Company	562,564,751	-	-	260,808	562,825,559	-	-
Guangrunlong Logistics	16,465,405	-	-	-	16,465,405	-	-
Cultural Communication Company	78,371,002	-	-	369,397	78,740,399	-	-
Chengdu Company	282,311,875	-	-	233,014	282,544,889	(118,855,583)	-
Rizhao Company	341,829,273	-	-	335,967	342,165,240	-	-
Weifang Company	75,939,603	-	-	257,598	76,197,201	-	-
Dezhou Company	24,291,319	-	-	270,725	24,562,044	-	-
Construction Company	4,053,089	-	-	182,329	4,235,418	-	-
Langfang Company	81,643,835	-	-	243,574	81,887,409	-	-
Heze Company	127,171,115	-	-	277,140	127,448,255	(51,301,600)	-
Tengzhou Company	49,748,313	-	-	96,490	49,844,803	-	-
Tsingtao Brewery (Shanghai) Co., Ltd.	1,570,000	-	-	-	1,570,000	-	-
Wuhu Company	274,462,022	-	-	109,397	274,571,419	(274,290,000)	-
Huadong Sales Company	97,300,000	-	-	-	97,300,000	(47,300,000)	-
Maanshan Company	82,366,228	-	-	260,762	82,626,990	-	-
Shijiazhuang Company	323,504,911	-	-	331,838	323,836,749	-	-
Taiyuan Company	202,711,179	-	-	229,073	202,940,252	-	-
Chengyang Sales Company	8,000,000	-	-	-	8,000,000	-	-
Finance Company	1,003,448,417	-	-	377,981	1,003,826,398	-	-
Immense Brewery Company	1,412,447,299	-	-	837,545	1,413,284,844	-	800,000,000
Hangzhou Company	249,463,518	-	-	305,945	249,769,463	-	-
Jieyang Company	152,072,235	-	-	242,444	152,314,679	-	-
Beverage Company	31,620,670	-	-	209,889	31,830,559	-	-
Shaoguan Company	201,550,474	-	-	176,219	201,726,693	(150,000,000)	-
Electronic Commerce	8,000,000	-	-	-	8,000,000	-	-
Pingdu Sales Company	5,000,000	-	-	-	5,000,000	-	-
Jiujiang Company	181,906,969	-	-	222,441	182,129,410	-	-
Xuzhou Enterprise Management	10,000,000	-	-	-	10,000,000	(10,000,000)	-
Xuecheng Company	1,628,796	-	-	143,755	1,772,551	-	-
Luoyang Company	202,383,665	-	-	230,917	202,614,582	-	-
Shanghai Industrial Company	200,895,228	-	-	-	200,895,228	(200,895,228)	-
Nanjing Sales Company	5,573,066	-	-	685,590	6,258,656	-	-
Shanghai Sales Company	5,208,760	-	-	634,706	5,843,466	-	-
Luzhou Company	120,532,068	-	-	195,432	120,727,500	-	-

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

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

(a) Subsidiaries (Cont'd)

	31 December 2022	Movements in the current period (unaudited)			30 June 2023 (unaudited)	Balance of provision for impairment at end of period (unaudited)	Cash dividends declared in the current period (iii) (unaudited)
		Increased investment	Decreased investment	Share-based payment (ii)			
Zhangjiakou Company	202,094,933	-	-	152,638	202,247,571	-	-
Lulansa Company	561,523,231	-	-	222,657	561,745,888	-	-
Huangshi Company	165,714,662	-	-	244,899	165,959,561	-	-
Yingcheng Company (i)	43,976,969	25,000,000	-	222,441	69,199,410	-	-
Hanzhong Company	28,182,859	-	-	127,630	28,310,489	-	-
Shanghai Investing Company	1,920,654,036	-	-	-	1,920,654,036	-	-
Xuzhou Company	1,812,457	-	-	131,277	1,943,734	-	-
Pengcheng Company	2,393,718	-	-	258,842	2,652,560	-	-
New Songjiang Manufacturing Company	2,879,606	-	-	316,388	3,195,994	-	-
Shanghai Minhang Company	1,899,965	-	-	249,150	2,149,115	-	-
Kunshan Company	1,979,573	-	-	271,318	2,250,891	-	-
Lianyungang Company	2,041,698	-	-	204,208	2,245,906	-	-
Yangzhou Company	102,522,778	-	-	240,674	102,763,452	-	-
Tsingtao Brewery Shanghai Yangpu Co., Ltd.	200,000,000	-	-	-	200,000,000	(200,000,000)	-
Suqian Company	77,063,278	-	-	240,674	77,303,952	-	-
Zaozhuang Company	201,361,124	-	-	221,760	201,582,884	-	-
West Coast Cultural Tourism	231,000,000	-	-	-	231,000,000	-	-
Research and Development Center (i)	140,000,000	60,000,000	-	-	200,000,000	-	-
	<u>12,653,153,110</u>	<u>85,000,000</u>	<u>-</u>	<u>19,370,515</u>	<u>12,757,523,625</u>	<u>(1,780,588,870)</u>	<u>909,858,162</u>

- (i) For six months ended 30 June 2023, the Company increased the capital of Yingcheng Company and Research and Development Center.
- (ii) For six months ended 30 June 2023, the Company is obliged to settle the share payment of the employees of the Company's subsidiaries for restricted A share incentives. The Company recognizes the long-term equity investment of RMB19,370,515 according to the settle obligation.
- (iii) The cash dividends declared this period are distributed to all shareholders of the Company.

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

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

(b) Joint venture

	Movements in the current period (unaudited)				30 June 2023 (unaudited)	Balance of provision for impairment at end of the period (unaudited)
	31 December 2022	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Hebei Jiaye Company	<u>220,762,244</u>	<u>3,696,494</u>	<u>-</u>	<u>(9,000,000)</u>	<u>215,458,738</u>	<u>-</u>

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 2023 (unaudited)	Balance of provision for impairment at end of the period (unaudited)
	31 December 2022	Share of net profit or loss using the equity method	Other equity changes	Cash dividends declared		
Yantai Brewery Company	129,800,797	11,584,192	-	(10,595,943)	130,789,046	-
Zhaoshang Logistics	14,314,260	1,733,813	4,331	(2,918,530)	13,133,874	-
Liaoning Shenqing	-	-	-	-	-	-
Others	<u>1,220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,220,000</u>	<u>(1,220,000)</u>
	<u>145,335,057</u>	<u>13,318,005</u>	<u>4,331</u>	<u>(13,514,473)</u>	<u>145,142,920</u>	<u>(1,220,000)</u>

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

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

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

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

	31 December 2022	Increase in the current period (unaudited)	Written off in the current period (unaudited)	30 June 2023 (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 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue from main operation (a)	15,061,643,753	13,403,760,966
Revenue from other operations (b)	1,224,461,266	923,402,675
	<u>16,286,105,019</u>	<u>14,327,163,641</u>
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Cost of main operation (a)	(11,393,532,972)	(10,234,794,067)
Cost of other operations (b)	(1,187,731,647)	(898,005,091)
	<u>(12,581,264,619)</u>	<u>(11,132,799,158)</u>

(a) Revenue and cost of main operation

	Six months ended 30 June 2023 (unaudited)		Six months ended 30 June 2022 (unaudited)	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of beer, etc.	<u>15,061,643,753</u>	<u>(11,393,532,972)</u>	<u>13,403,760,966</u>	<u>(10,234,794,067)</u>

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(6) Revenue and cost of sales (Continued)

(b) Revenue and cost of other operations

	Six months ended 30 June 2023 (unaudited)		Six months ended 30 June 2022 (unaudited)	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sales of raw materials	1,194,473,815	(1,159,180,723)	895,834,858	(871,621,659)
Others	29,987,451	(28,550,924)	27,567,817	(26,383,432)
	<u>1,224,461,266</u>	<u>(1,187,731,647)</u>	<u>923,402,675</u>	<u>(898,005,091)</u>

(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 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Finished goods purchased outside	6,558,463,903	6,064,709,401
Raw materials, packaging materials and consumables used	3,504,890,248	3,022,378,983
Changes in inventories of finished goods and work in progress	1,456,360,960	1,029,129,528
Employee benefits expenses	1,074,116,708	987,155,493
Transportation and handling expenses	677,604,525	663,763,602
Advertising related expenses	446,802,188	324,127,228
Depreciation and amortization charges	172,398,751	148,238,199
Repair expenses (i)	40,773,317	38,838,799
Administrative expenses	39,644,701	31,367,349
Operating lease expenses (ii)	34,990,999	27,239,398
Share-based payment	33,814,439	68,805,208
Labor expenses	18,694,019	17,076,904
Other expenses	85,156,353	71,538,175
	<u>14,143,711,111</u>	<u>12,494,368,267</u>

- (i) For the daily repair expenses that do not meet the conditions for capitalization of fixed assets, the Company includes the expenses related to the production and processing of inventories into the cost of inventories, and carries them forward to the operating costs accordingly. Expenses related to the research and development projects, administration business and sales business are included in research and development expenses, administrative expenses and selling and distribution expenses, respectively.
- (ii) As mentioned in Note 2(25), the Company directly included the rental expenses for short-term leases and low-value leases in the current profit and loss. The amount for the six months ended 30 June 2023 is RMB34,990,999 (for the six months ended 30 June 2022: RMB27,239,398).

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(8) Investment income

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Investment income from long-term equity investment accounted for using the cost method (a)	639,137,400	45,986,700
Investment income from long-term equity investment accounted for using the equity method	17,014,499	17,464,564
Others	3,187,781	3,543,894
	<u>659,339,680</u>	<u>66,995,158</u>

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

- (a) Investment income from long-term equity investment accounted for using the cost method is the profit distribution declared by subsidiaries (Note 14(5)(a)).

TSINGTAO BREWERY COMPANY LIMITED

SUPPLEMENTARY INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

1 SUMMARY OF NON-RECURRING PROFIT OR LOSS

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Government grants recognized in profits	169,697,462	243,796,534
Except for the effective hedging business related to the normal operation of the Company, the fair value changes arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and the investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	82,535,959	80,663,562
Net profit or loss on disposal of non-current assets	11,092,590	20,770,250
Other non-operating income and expenses other than aforesaid items	1,843,037	(220,763)
	265,169,048	345,009,583
Impact of income tax expense	(58,882,491)	(77,348,674)
Impact on the non-controlling interests, net of tax	(8,588,529)	(5,935,916)
	197,698,028	261,724,993

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 on net assets		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Net profit attributable to ordinary shareholders of the Company	12.58%	11.65%	2.516	2.100	2.515	2.099
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	11.85%	10.58%	2.370	1.907	2.370	1.906

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

In the first half of 2023, the Company continued unwaveringly promoting the implementation of the high-quality development strategy and accelerating its innovation-driven digital transformation. The Company gave full play to Tsingtao's advantages in brand, quality, production base and channel network, promoted its high-end, intelligent and green development, continuously intensified its efforts in market expansion, scientific and technological innovation, digital transformation, brand enhancement and product structure optimization, and actively increased income and reduced expenditure, controlled costs and reduced expenses and improved quality and efficiency, realizing the sustained and rapid growth of operating performance.

In the first half of the year, the Company realized the cumulative product sales of 5.023 million kiloliters, up 6.5% year on year; operating revenue of RMB21.59 billion, up 12.0% year on year; net profit attributable to shareholders of listed companies of RMB3.43 billion, up 20.1% year on year; and net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss of RMB3.23 billion, up 24.6% year on year, presenting a sound development trend that the profit growth is higher than the revenue growth and the revenue growth is higher than the sales growth.

During the Reporting Period, the Company consolidated market foundation by taking the construction of base strategic zone as guidance, cemented and promoted the dominant position of the base market, spurred regional market integration and development, strengthened regional network construction, and strived to realize the coverage of a full range of multi-channel products and the steady increase of market share. The Company grasped the favorable opportunity of market channel restoration and consumption recovery to achieve the continued improvement of product structure and profitability by carrying out marketing and promotional activities around Tsingtao's one hundred and twentieth birthday. During the Reporting Period, Tsingtao's master brands realized the total product sales of 2.812 million kiloliters, a 8.2% up year on year; of which, 1.975 million kiloliters for medium and high-end products or above, a 15% up year on year.

During the Reporting Period, the Company continued to push forward brand optimization and enhancement, persistently promoted immersive brand experience model, deepened and expanded the "Sports Marketing + Music Marketing + Experience Marketing"-centered connection between brands and consumers, realizing continued improvement of brand influence and competitiveness. Additionally, the Company consolidated and improved the competitive advantages of Tsingtao's medium and high-end products through initiatives such as creating classic products of Tsingtao, rebuilding the young and fashion image of Tsingtao Draft and focusing on the promotion of white beer and other new mainstream products.

The Company, depending on its strong R&D strength, accelerated the progress of the "attractive quality improvement program", kept on launching new products leading industrial consumption trend and manifesting the charm of the one hundred and twenty-year brand of Tsingtao. The Company launched innovative high-end fresh products such as the 1L Boutique Original Beer and 1L Crystal Draft, retaining the fresh flavor of beer to the maximum extent. By relying on the smart supply chain system, the Company realized the rapid response, cold chain distribution and direct delivery of fresh products, meeting the consumers' increasing need for fresh beer, especially for high-end fresh beer products.

During the Reporting Period, the Company quickened its pace of transformation to digital and intelligent operation, accelerated the progress of digital application of whole supply chain, increased the depth of digital coverage in the channel field, built the supplier-to-dealer whole smart supply chain system, promoted local-to-whole digital construction, realizing improved channel operation ability and efficiency.

2023 is Tsingtao's one hundred and twentieth birthday and the 30th anniversary of the Company since it was reorganized and went public. The Company put forward and initiated the "Set Sail again after a Journey of One Hundred and Twenty Years" strategy, made the master beer business stronger and better through strategic measures such as aiding operation with scale, intelligence and digitalization, enhanced the enterprise's market competitiveness, strengthened the efforts to and increased the speed of the high-quality development, quickened its pace to march toward the goal of becoming a worldwide first-class enterprise characterized by "superior products, outstanding brand, leading innovation and modern governance".

(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 2022 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

Item	Unit: '000 Yuan Currency: RMB		
	Current Reporting Period	Corresponding period in the previous year	Increase/ Decrease (%)
Revenue	21,591,790	19,272,658	12.03
Cost of sales	13,126,371	11,930,613	10.02
Selling and distribution expenses	2,387,993	2,126,216	12.31
General and administrative expenses	654,979	706,309	(7.27)
Finance expenses	(223,130)	(185,432)	
R&D expenses	22,160	17,002	30.34
Other income	169,697	243,797	(30.39)
Net cash flow from operating activities	4,600,493	4,719,012	(2.51)
Net cash flow from investing activities	(3,727,733)	(3,831,828)	
Net cash flow from financing activities	(353,500)	(92,324)	

(1) Revenue

In the first half of 2023, revenue increased by 12.03% from the corresponding period in the prior year, which was mainly due to the increase in the sales volume and the upgrading of product mix in the Reporting Period.

(2) Cost of sales

In the first half of 2023, cost of sales increased by 10.02% from the corresponding period in prior year, which was mainly due to the increase in the sales volume, 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 2023, selling and distribution expenses increased by 12.31% from the corresponding period in prior year, which was mainly due to the Company's increased brand promotion efforts in the Reporting Period.

(4) General and administrative expenses

In the first half of 2023, general and administrative expenses decreased by 7.27% from the corresponding period in prior year, which was mainly due to that the share-based payment in the Reporting Period decreased from the corresponding period in prior year.

(5) Finance expenses

In the first half of 2023, finance expenses decreased by RMB37.698 million from the corresponding period in prior year, which was mainly due to that the interest income in the Reporting Period increased from the corresponding period in prior year.

(6) R&D expenses

In the first half of 2023, R&D expenses increased by 30.34% from the corresponding period in prior year, which was mainly due to that the R&D spending on new products in the Reporting Period increased from the corresponding period in prior year.

(7) Other income

In the first half of 2023, investment income decreased by 30.39% from the corresponding period in prior year, which was mainly due to that the government subsidies related to daily operating activities received by some subsidiaries in the Reporting Period decreased from the corresponding period in prior year.

(8) Net cash flow from operating activities

In the first half of 2023, net cash flow from operating activities decreased by 2.51% from the corresponding period in prior year, which was mainly due to the increase in the Company's sales volume in the Reporting Period, causing the payment for raw materials and each category of taxes to increase from the corresponding period in prior year.

(9) Net cash flow from investing activities

In the first half of 2023, net cash flow from investing activities increased by RMB104.095 million from the corresponding period in prior year, which was mainly due to that the recovery of the accounts receivable from the earlier disposal of long-term assets such as land use rights in the Reporting Period.

(10) Net cash flow from financing activities

In the first half of 2023, net cash flow from financing activities decreased by RMB261.176 million from the corresponding period in prior year, which was mainly due to some subsidiaries repaid the borrowings due and no longer renewed the borrowings in the Reporting Period.

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 corresponding period of last year	Change ratio of figure at the end of this Reporting Period to the end of corresponding period of last year (%)	
				Figure at end of corresponding period of last year to total assets (%)	Reporting Period to the end of corresponding period of last year (%)
Financial assets held for trading	7,086,565	13.54	2,683,818	5.33	164.05
Accounts receivable	175,497	0.34	119,600	0.24	46.74
Other receivables	138,908	0.27	682,770	1.36	(79.66)
Inventories	2,384,100	4.56	4,152,187	8.25	(42.58)
Current portion of non-current assets	4,668	0.01			
Other non-current financial assets	904,165	1.73	600	0.001	150,594.10
Investment property	45,475	0.09	29,056	0.06	56.51
Other non-current assets	110,703	0.21	74,235	0.15	49.13
Short-term borrowings			225,411	0.45	(100.00)
Notes payable	361,925	0.69	198,057	0.39	82.74
Accounts payable	4,765,503	9.11	3,463,769	6.88	37.58
Contract liabilities	5,753,509	10.99	8,909,253	17.71	(35.42)
Taxes payable	1,320,945	2.52	771,895	1.53	71.13
Other payables	6,127,384	11.71	3,394,613	6.75	80.50
Other current liabilities	95,579	0.18	478,755	0.95	(80.04)

(1) Financial assets held for trading

Financial assets held for trading as at the end of the Reporting Period increased by 164.05% from the beginning of the Reporting Period, which was mainly due to the handling of the structured deposits and other debt instruments in the Reporting Period.

(2) Accounts receivable

Accounts receivable as at the end of the Reporting Period increased by 46.74% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries' trade receivable increased in the Reporting Period.

(3) Other receivables

Other receivables as at the end of the Reporting Period decreased by 79.66% from the beginning of the Reporting Period, which was mainly due to that the Company recovered the accounts receivable from the earlier disposal of long-term assets such as land use rights in the Reporting Period.

(4) Inventories

Inventories as at the end of the Reporting Period decreased by 42.58% from the beginning of the Reporting Period, which was mainly due to the decrease in the goods in stock of some subsidiaries in the peak season in the Reporting Period.

(5) Current portion of non-current assets

Current portion of non-current assets as at the end of the Reporting Period increased by RMB4.668 million from the beginning of the Reporting Period, which was mainly due to that the Finance Company, a wholly-owned subsidiary of the Company, purchased bonds issued by the bank in the Reporting Period.

(6) Other non-current financial assets

Other non-current financial assets as at the end of the Reporting Period increased by RMB903.565 million from the beginning of the Reporting Period, which was mainly due to that the Finance Company, a wholly-owned subsidiary of the Company, purchased bonds issued by the bank in the Reporting Period.

(7) Investment property

Investment property as at the end of the Reporting Period increased by 56.51% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries' self-used property changed to leased property in the Reporting Period.

(8) Other non-current assets

Other non-current assets as at the end of the Reporting Period increased by 49.13% 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.

(9) Short-term borrowings

Short-term borrowings as at the end of the Reporting Period decreased by 100.00% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries repaid the borrowings due in the Reporting Period.

(10) Notes payable

Notes payable as at the end of the Reporting Period increased by 82.74% from the beginning of the Reporting Period, which was mainly due to the increase in the notes payable for purchase of raw materials in the Reporting Period.

(11) Accounts payable

Accounts payable as at the end of the Reporting Period increased by 37.58% 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.

(12) Contract liabilities

Contract liabilities as at the end of the Reporting Period decreased by 35.42% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries' advance receipts for beer were recognised as revenue in the Reporting Period.

(13) Taxes payable

Taxes payable as at the end of the Reporting Period increased by 71.13% from the beginning of the Reporting Period, which was mainly due to the increase in the income taxes, VATs and other taxes payable as at the end of the Reporting Period.

(14) Other payables

Other payables as at the end of the Reporting Period increased by 80.50% 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.

(15) Other current liabilities

Other current liabilities as at the end of the Reporting Period decreased by 80.04% from the beginning of the Reporting Period, which was mainly due to the decrease in some subsidiaries' VAT to be recognised output tax in the Reporting Period.

3. Other information

(1) Debt/Capital ratio

As at 30 June 2023, the Company's debt/capital ratio was 0% (31 December 2022: 0%). The calculation of debt/capital ratio is: total amount of long-term borrowings/(total amount of long-term borrowings + interests attributable to the shareholders of the Company).

(2) Assets mortgage

As at 30 June 2023, the Company did not have any mortgages (31 December 2022: 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 affect the purchase cost of raw materials of the Company. 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 2023, the Company had invested a total of approximately RMB640 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 2023 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 information disclosed in the 2022 Annual Report of the Company in relation to matters set out in Appendix 16 of the Listing Rules and there are no other matters that need to be disclosed in this report.

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

1. At the second extraordinary meeting of 2023 of the tenth session of the Board and the first extraordinary meeting of 2023 of the tenth session of the Board of Supervisors held by the Company on 5 May 2023, the “Proposal on Fulfillment of the Unlocking Conditions for the First Unlocking Period under the Reserved Grant of the Restricted Shares under the Restricted A Share Incentive Plan (“the Incentive Plan”)” was reviewed and approved. The first unlocking period under the reserved grant under the Incentive Plan is expiring and the corresponding conditions for unlocking the restricted shares under the Incentive Plan have been fulfilled. It is therefore agreed that the Company shall deal with the unlocking matters in relation to the 33 qualified participants with a total of 96,667 restricted shares. The listing and circulation time of the unlocked shares is 26 May 2023.
2. At the fifth extraordinary meeting of 2023 of the tenth session of the Board and the second extraordinary meeting of 2023 of the tenth session of the Board of Supervisors held by the Company on 10 July 2023, the “Proposal on Fulfillment of the Unlocking Conditions for the Second Unlocking Period under the First Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The second unlocking period under the first grant under the Incentive Plan 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 612 qualified participants with a total of 4,328,702 restricted shares. The listing and circulation time of the unlocked shares is 24 July 2023. The directors and senior management of the Company, among the incentive 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 5 May 2023, 22 May 2023, 10 July 2023 and 18 July 2023 published on the website of Hong Kong Exchanges and Clearing Limited.

3. Details of movement of the restricted shares under the Incentive Plan during the Reporting Period are as follows:

Grantees	Date of grant (Note 1)	Vesting date	Number of shares				Outstanding as at 30 June 2023	Fair value as at date of grant (Note 2)
			Outstanding as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/lapsed during the Reporting Period		
<i>Director</i>								
HUANG Ke Xing	29 June 2020	25 July 2022	100,000	—	—	—	100,000	5,455,800
JIANG Zong Xiang	29 July 2020	25 July 2022	73,334	—	—	—	73,334	4,000,920
WANG Rui Yong	29 June 2020	25 July 2022	73,334	—	—	—	73,334	4,000,920
HOU Qiu Yan	29 June 2020	25 July 2022	40,000	—	—	—	40,000	3,045,600
Five highest paid individuals (total) (excluding Directors)	29 June 2020	25 July 2022	366,669	—	—	—	366,669	20,004,600
Others Employees	29 June 2020 and 22 March 2021	25 July 2022 and 26 May 2023 (Note 3)	8,237,230	—	96,667 (Note 4)	—	8,140,563	637,230,420
Total	—	—	8,890,567	—	96,667	—	8,793,900	673,738,260

Notes:

- The purchase price for the restricted shares granted under the first grant and reserved grant under the Incentive Plan was RMB21.18 and their unlocking periods are 24 months, 36 months and 48 months respectively from the date of completion of registration.
- In accordance with the relevant requirements of the China Accounting Standards for Business Enterprises), the closing prices of A shares on the date of grant shall be taken by the Company as the fair value of the restricted shares. For specific accounting policies, please refer to the disclosures in the “Share-based payment” section in note 24 to the interim financial statements.
- The weighted average closing prices of the Company’s A shares immediately before the vesting dates of 25 July 2022 and 26 May 2023 of the relevant shares granted were RMB96.21 and RMB101.20 respectively.
- The closing price of the Company’s A shares on the vesting date (26 May 2023) was RMB99.83.
- The closing prices of the Company’s A shares immediately before the dates of the first grant and the reserved grant were RMB72.20 and RMB79.72 respectively.
- A total of 13,500,000 restricted shares were available for grant under the Incentive Plan, in which (i) 13,200,000 restricted shares were granted on 29 June 2020 under the first grant; (ii) 294,000 restricted shares were granted on 22 March 2021 under the reserve grant and (iii) the repurchase and cancellation procedures in respect of 6,000 restricted shares were completed on 9 December 2022. Therefore, no shares were available for grant under the Incentive Plan as at each of 1 January 2023 and 30 June 2023.
- The number of shares that may be issued in respect of restricted shares granted under the Incentive Plan during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period was 0.989%.

(II) 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 2023, the total number of shareholders of the Company was 49,086, including 48,842 holders of A-share and 244 holders of H-share. Based on disclosed public information which was known by the directors of the Company 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	Shares held at the end of the Reporting Period	Unit: Share
			Shareholding percentage (%)
HKSCC Nominees Limited (<i>Note 1</i>)	H-share	613,971,619	45.00
Tsingtao Brewery Group Company Limited (<i>Note 2</i>)	A-share and H-share	443,467,655	32.51
Hong Kong Securities Clearing Company Limited	A-share	23,220,766	1.70
China Securities Finance Corporation Company Agricultural Bank of China Limited-E Fund Consumer Sector Equity Securities Investment Fund	A-share	16,015,045	1.17
China Construction Bank Corporation – Yinhua Wealth ThemeHybrid Securities Investment Fund	A-share	13,569,000	0.99
China Life Insurance Company Limited-Traditional-General Insurance Products-005L-CT001 Shanghai	A-share	10,000,000	0.73
Bank of Communications Co., Ltd – Fullgoal Consumption Theme Hybrid Securities Investment Fund	A-share	7,957,675	0.58
China Construction Bank Co., Ltd. – Penghua CSI Wine Transaction Open Index Securities Investment Fund	A-share	5,584,267	0.41
China Construction Bank Co., Ltd. – Huitianfu Consumer Industry Mixed Securities Investment Fund	A-share	4,830,711	0.35
	A-share	4,600,030	0.34

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 Brewery Group and Xinhaisheng, while the A-shares are held by Hong Kong Securities Clearing Company Limited also on behalf of different clients.
- Tsingtao Brewery 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.

Apart from the disclosed information above, the Company is unaware of any associations among these top ten shareholders or if any of the parties is acting in concert.

(3) Substantial Shareholders of H-share

Apart from the persons mentioned 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 2023, had an interest or short position in the shares or underlying shares of the Company which was recorded in the register to be kept under Section 336 of Securities and Futures Ordinance (Cap. 571) (“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	29.70%	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/ person having security interest in shares/Investment Manager/ Custodian	2	40,001,319 H-Share	2.93%	6.10%
	Interest in a lending pool	H-Share			38,894,472 H-Share	2.85%	5.93%
	Short position	H-Share	Interest of controlled Corporation		214,000 H-Share	0.016%	0.03%
BlackRock, Inc.	Long position	H-Share	Interest of controlled Corporation	3	32,870,860 H-Share	2.41%	5.02%

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 Brewery Group. 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 BlackRock, Inc. was deemed to be interested were held through various controlled wholly-owned subsidiaries of BlackRock, Inc.
- (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).

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

As at 30 June 2023, Mr. HUANG Ke Xing, Chairman of the Company, was deemed to hold 151,400 shares, including 51,300 outstanding A-shares and 100,000 restricted A-shares held by him and 100 outstanding A-shares held by his spouse. Mr. JIANG Zong Xiang, Executive Director and President of the Company, held 29,566 outstanding A-shares and 73,334 restricted A-shares; Mr. WANG Rui Yong, Executive Director and Vice President of the Company, held 110,000 shares, including 36,666 outstanding A-shares and 73,334 restricted A-shares; Mr. HOU Qiu Yan, Executive Director and Chief Financial Officer of the Company, was deemed to hold 76,000 shares, including 20,000 outstanding A-shares and 40,000 restricted shares held by him and 5,333 outstanding A-shares and 10,667 restricted shares held by his spouse; Mr. HUANG Zu Jiang, Staff Supervisor of the Company, held 12,900 outstanding A-shares.

As at 30 June 2023, 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 its 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 set out in Appendix 10 of the Listing Rules.

2. Model Code

The Company has adopted Model Code and "Administration System 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 2023, the Company (including the subsidiaries) employs a total of 31,051 full-time employees.

In the first half of 2023, the Company focused on digital transformation and aligned with the world's top companies to upgrade the talent and skill structure in all respects and effectively drive improvements in the efficiency and quality of the practical training model.

The Company focused on the key tasks of digital transformation, worked out the path for developing talents in digitalization, and organized hierarchical learning on digitalization. The training on digital thinking for key talents covered 100% of the staff, and the data engineer certification program was commenced.

The Company upgraded the ability structure of its mid-level and junior management and strengthened their systematic management thinking to accommodate the Company's development strategy. In the first half of 2023, the Company completed the certification of more than 100 newly appointed mid-level and junior management staff members and organized more than 700 trainees to participate in training camps for specific ability improvement.

The Company explored the building of a VR virtual training platform and completed the pilot program, providing a new path for developing skilled talents.

PURCHASING, SELLING OR REDEEMING THE SECURITIES

During the six months as of 30 June 2023, 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

The Audit & Internal Control Committee of the Board has reviewed the Company's unaudited 2023 Interim Results.

CODE OF CORPORATE GOVERNANCE

The Company was listed simultaneously on SSE 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.

DEFINITIONS

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 Brewery Group	Means	Tsingtao Brewery Group Company Limited
SASACQ	Means	State-owned Assets Supervision & Administration Commission of the People's Government of Qingdao
SSE	Means	Shanghai Stock Exchange
the Stock Exchange	Means	The Stock Exchange of Hong Kong Limited
Reporting Period	Means	January 1 to June 30, 2023
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

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

2023
INTERIM REPORT
中期報告

青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.



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