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TSINGTAO BREWERY COMPANY LIMITED

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

(Stock Code: 168)

ANNOUNCEMENT ON 2024 INTERIM RESULTS

The Board of Directors (the “Board”) of Tsingtao Brewery Company Limited (the “Company”) hereby presents the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Reporting Period”) made pursuant to China Accounting Standard for Business Enterprises.

1. INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

Consolidated Balance Sheet

ASSETS	Notes	30 June 2024 (unaudited)	31 December 2023
Current assets			
Cash at bank and on hand		24,466,683,530	19,282,104,642
Financial assets held for trading		2,812,664,867	1,924,078,158
Notes receivable		7,700,000	–
Accounts receivable	2	139,704,633	100,391,321
Advances to suppliers		208,257,340	210,975,136
Other receivables		139,253,465	184,367,739
Inventories		2,212,682,443	3,539,828,305
Current portion of non-current assets		30,961,440	28,432,377
Other current assets		1,785,240,150	4,341,747,852
Total current assets		31,803,147,868	29,611,925,530
Non-current assets			
Long-term equity investments		363,866,800	364,736,980
Other non-current financial assets		2,492,382,750	1,425,485,550
Investment properties		40,988,219	44,164,870
Fixed assets		10,819,770,472	11,145,718,923
Construction in progress		794,852,873	498,574,959
Right-of-use assets		128,943,147	119,546,878
Intangible assets		2,600,532,714	2,493,069,068
Goodwill		1,307,103,982	1,307,103,982
Long-term prepaid expenses		95,470,028	111,107,655
Deferred tax assets		2,109,812,009	2,025,849,104
Other non-current assets		249,039,103	108,727,850
Total non-current assets		21,002,762,097	19,644,085,819
TOTAL ASSETS		52,805,909,965	49,256,011,349

Consolidated Balance Sheet (continued)

LIABILITIES AND EQUITY	<i>Notes</i>	30 June 2024 (unaudited)	31 December 2023
Current liabilities			
Notes payable		277,279,953	193,668,205
Accounts payable	3	4,343,065,654	2,952,827,066
Contract liabilities		5,560,277,517	7,691,295,634
Employee benefits payable	4	2,124,369,677	2,096,904,553
Taxes payable		1,030,681,162	343,503,981
Other payables		5,988,423,007	3,230,505,907
Current portion of non-current liabilities		51,024,657	50,250,346
Other current liabilities		<u>106,860,300</u>	<u>359,524,000</u>
Total current liabilities		<u>19,481,981,927</u>	<u>16,918,479,692</u>
Non-current liabilities			
Lease liabilities		71,065,190	63,393,018
Long-term payables		16,166,766	16,205,766
Long-term employee benefits payable		831,842,506	877,476,618
Deferred income		2,951,110,293	2,887,543,652
Deferred tax liabilities		<u>238,134,357</u>	<u>238,165,428</u>
Total non-current liabilities		<u>4,108,319,112</u>	<u>4,082,784,482</u>
Total liabilities		<u>23,590,301,039</u>	<u>21,001,264,174</u>
Equity			
Share capital		1,364,196,788	1,364,196,788
Capital surplus		4,228,171,063	4,207,455,611
Less: Treasury stock		67,284,191	77,643,806
Other comprehensive income		(80,885,210)	(81,061,345)
Surplus reserve		1,400,704,380	1,400,704,380
General reserve		301,761,292	301,761,292
Undistributed profits	5	<u>21,247,324,492</u>	<u>20,334,065,296</u>
Total equity attributable to shareholders of the Company		<u>28,393,988,614</u>	<u>27,449,478,216</u>
Non-controlling interests		<u>821,620,312</u>	<u>805,268,959</u>
Total equity		<u>29,215,608,926</u>	<u>28,254,747,175</u>
TOTAL LIABILITIES AND EQUITY		<u>52,805,909,965</u>	<u>49,256,011,349</u>

Consolidated Income Statement

	<i>Notes</i>	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Revenue	6	20,068,307,930	21,591,789,633
<i>Less:</i> Cost of sales	6	11,719,203,916	13,126,371,443
Taxes and surcharges	7	1,344,517,938	1,421,970,263
Selling and distribution expenses		2,169,269,528	2,387,993,047
General and administrative expenses		666,502,368	654,978,678
Research and development expenses		29,405,848	22,160,455
Finance expenses		(290,996,043)	(223,129,607)
Including: Interest expenses		11,174,771	4,259,760
Interest income		315,777,423	236,690,677
<i>Add:</i> Other income		286,034,209	169,697,462
Investment income		61,406,766	93,039,790
Including: Share of profit of associates and a joint venture		19,983,389	18,533,007
Profits arising from changes in fair value (Losses are listed with “-”)		137,218,767	127,479,565
Credit impairment losses (Losses are listed with “-”)		195,277	711,665
Asset impairment losses (Losses are listed with “-”)		(3,026,192)	(1,189,427)
Gains on disposals of assets (Losses are listed with “-”)	8	(189,507)	11,092,590
Operating profit		4,912,043,695	4,602,276,999
<i>Add:</i> Non-operating income		4,213,577	7,886,606
<i>Less:</i> Non-operating expenses		6,622,709	6,043,569
Total profit		4,909,634,563	4,604,120,036
<i>Less:</i> Income tax expenses	9	1,188,505,811	1,122,838,779
Net profit		3,721,128,752	3,481,281,257
Classified by continuity of operations			
Net profit from continuing operations		3,721,128,752	3,481,281,257
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to shareholders of the Company		3,641,652,772	3,425,652,286
Attributable to non-controlling interests		79,475,980	55,628,971
Other comprehensive income, net of tax		214,504	5,824,235
Other comprehensive income attributable to shareholders of the Company, net of tax		176,135	7,174,606
Items that will be subsequently reclassified to profit or loss		176,135	7,174,606
Shares of other comprehensive income of investees accounted for using the equity method that will be subsequently reclassified to profit or loss		(108,885)	272,018
Currency translation differences		285,020	6,902,588
Other comprehensive income attributable to non-controlling interests, net of tax		38,369	(1,350,371)
Total comprehensive income		3,721,343,256	3,487,105,492
Attributable to shareholders of the Company		3,641,828,907	3,432,826,892
Attributable to non-controlling interests		79,514,349	54,278,600
Earnings per share	10		
Basic earnings per share		2.672	2.516
Diluted earnings per share		2.672	2.515

Notes:

1 Basis of preparation

The Group implements enterprise accounting standards and related regulations issued by the Ministry of Finance. The Group also discloses relevant financial information in accordance with the “Rules Governing the Preparation of Information Disclosure by Publicly Offered Companies No. 15 — General Requirements for Financial Reporting (Revised in 2023)”. In addition, the financial statements include relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Stock Exchange of Hong Kong.

The Group assessed its ability to continue as a going concern for the period of 12 months from 30 June 2024 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

Significant change in accounting policies

The Ministry of Finance issued the Interpretation No.17 of the Accounting Standards for Business Enterprises on 25 October 2023, which stipulates the classification of current and non-current liabilities and is effective from 1 January 2024.

The adoption of this Interpretation has no significant impact on the financial statements of the Group.

2 Accounts receivable

	30 June 2024 (unaudited)	31 December 2023
Accounts receivable	317,493,819	277,721,354
<i>Less:</i> Provision for bad debts	177,789,186	177,330,033
	139,704,633	100,391,321

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

2 Accounts receivable (continued)

The ageing of accounts receivable based on their recording dates is analyzed as below:

	30 June 2024 (unaudited)	31 December 2023
Within 1 year	140,167,946	100,395,481
2 to 3 years	38,202	38,202
Over 5 years	177,287,671	177,287,671
	<u>317,493,819</u>	<u>277,721,354</u>

Accounts receivable is 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.

3 Accounts payable

The ageing of accounts payable based on their recording dates is analyzed as below:

	30 June 2024 (unaudited)	31 December 2023
Within 1 year	4,332,956,446	2,939,758,192
1 to 2 years	3,580,460	4,211,803
2 to 3 years	1,786,620	3,809,463
Over 3 years	4,742,128	5,047,608
	<u>4,343,065,654</u>	<u>2,952,827,066</u>

Accounts payable is 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.

4 Employee benefits payable

	30 June 2024 (unaudited)	31 December 2023
Short-term benefits	1,613,569,472	1,678,436,704
Defined contribution plan (Note)	152,542,779	64,061,572
Termination benefits	332,820,300	327,581,277
Supplementary post-employment benefits	25,437,126	26,825,000
	<u>2,124,369,677</u>	<u>2,096,904,553</u>

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

5 Dividend

Pursuant to the resolution at the Annual General Meeting dated 28 June 2024, the Company approved a cash dividend of RMB2.00 per share (tax included) to the shareholders of the Company for the year of 2023, based on a total number of 1,364,196,788 shares. As of 9 August 2024, dividend amounting to a total of RMB2,728,393,576 was distributed (2023: cash dividend of RMB1.30 per share (tax included) and a special dividend of RMB0.50 per share (tax included), in total cash dividend of RMB1.80 per share (tax included) to the shareholders of the Company for the year of 2022, based on a total number of 1,364,232,790 shares. As of 11 August 2023, dividend amounting to RMB2,455,619,022 was distributed).

No interim dividend for the six months ended 30 June 2024 has been proposed by the Board (For the six months ended 30 June 2023: nil).

6 Revenue and cost of sales

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Revenue from main operation	19,828,139,761	21,365,429,380
Revenue from other operations	240,168,169	226,360,253
	<u>20,068,307,930</u>	<u>21,591,789,633</u>
	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Cost of main operation	11,587,189,408	13,007,892,186
Cost of other operations	132,014,508	118,479,257
	<u>11,719,203,916</u>	<u>13,126,371,443</u>

7 Taxes and surcharges

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Consumption tax	977,460,694	1,041,396,774
City maintenance and construction tax	159,803,339	169,393,084
Education surcharges	118,494,928	125,385,831
Real estate tax	36,760,780	32,558,933
Land use tax	28,329,199	29,264,949
Stamp tax	19,532,018	19,786,859
Others	4,136,980	4,183,833
	<u>1,344,517,938</u>	<u>1,421,970,263</u>

8 (Losses) Gains on disposals of assets

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
(Losses) Gains on disposals of intangible assets	(27,783)	7,696,611
(Losses) Gains on disposals of fixed assets	(93,110)	3,131,282
(Losses) Gains on disposals of right-use-of assets	(68,614)	264,697
	<u>(189,507)</u>	<u>11,092,590</u>

9 Income tax expenses

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Current income tax calculated according to tax law and related regulations in mainland China — China enterprise income tax	1,272,698,843	1,151,876,908
Current profits tax calculated according to tax law and related regulations in Hong Kong SAR — Hong Kong profits tax	802,417	11,380,373
Current profits supplemental tax calculated according to tax law and related regulations in Macau SAR— Macau profits supplemental tax	317,026	235,036
Deferred income tax	(85,312,475)	(40,653,538)
	<u>1,188,505,811</u>	<u>1,122,838,779</u>

9 Income tax expenses (continued)

Reconciliation of income tax expenses to accounting profit is as follows:

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Total profit	<u>4,909,634,563</u>	<u>4,604,120,036</u>
Income tax expenses calculated at applicable tax rates	1,225,461,348	1,149,462,058
Income not subject to tax	(10,389,767)	(10,103,428)
Tax impact of costs, expenses and losses not deductible for tax purpose	22,264,243	25,972,764
Utilization of previously unrecognized deferred tax assets due to the influence of deductible tax losses and deductible temporary differences	(91,501,782)	(89,645,271)
Deductible temporary differences and deductible losses for which no deferred tax assets were recognized	<u>42,671,769</u>	<u>47,152,656</u>
Income tax expenses	<u>1,188,505,811</u>	<u>1,122,838,779</u>

(1) China Enterprise income tax

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

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period. Macau profits supplemental tax is imposed on the estimated taxable profit for the 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 assessable profit for the period.

10 Earnings per share

(1) Basic earnings per share

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Consolidated net profit attributable to shareholders of the Company	3,641,652,772	3,425,652,286
Less: Cash dividends of restricted shares expected to be vested in the future	8,665,060	15,829,020
Consolidated net profit attributable to ordinary shareholders of the Company	3,632,987,712	3,409,823,266
Weighted average numbers of ordinary shares outstanding	1,359,783,703	1,355,358,334
Basic earnings per share	<u>2.672</u>	<u>2.516</u>
Including:		
— Basic earnings per share from continuing operations:	2.672	2.516

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.

(2) Diluted earnings per share

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Consolidated net profit attributable to shareholders of the Company	3,641,652,772	3,425,652,286
Weighted average numbers of ordinary shares outstanding	1,359,783,703	1,355,358,334
Weighted average number of ordinary shares increased due to share-based payments	3,208,756	6,604,755
Weighted average number of ordinary shares outstanding after dilution	1,362,992,459	1,361,963,089
Diluted earnings per share	<u>2.672</u>	<u>2.515</u>
Including:		
— Diluted earnings per share from continuing operations:	2.672	2.515

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of ordinary shares outstanding. For the six months ended 30 June 2024, the restricted shares incentive plan implemented by the Company does not have a dilutive effect on earnings per share.

11 Segment reporting

(1) Basis for determining reporting segments and related accounting policies

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 region requires 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 to these segments and to assess their performance.

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

The Group identified seven reportable segments as follows:

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

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

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

11 Segment reporting (continued)

(2) Financial information of the reporting segments

Segment information as at and for the six months ended 30 June 2024 is as follows (unaudited):

Items	Shandong Region	South China Region	North China Region	East China Region	South-east China Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
						Region				
Revenue from external customers	12,910,961,373	1,464,791,331	3,738,606,822	1,356,765,366	355,533,844	236,338,103	142,804	5,168,287	-	20,068,307,930
Inter-segment revenue	1,536,027,255	493,212,532	1,328,420,705	173,712,086	3,897,937	98,838,993	2,796,882	151,848,404	(3,788,754,794)	-
Cost of sales	9,179,447,138	1,265,095,438	3,392,096,037	1,078,383,404	282,167,404	241,758,958	-	156,664,561	(3,876,409,024)	11,719,203,916
Selling and distribution expenses	1,452,734,952	175,639,268	268,499,423	168,046,827	70,017,535	34,331,523	-	-	-	2,169,269,528
Interest income	37,983,025	14,962,722	28,683,477	5,435,665	1,308,556	2,194,126	244,738,378	76,391,065	(95,919,591)	315,777,423
Interest expenses	3,235,357	1,464,130	685,749	3,261,628	1,199,879	225,313	103,767,249	-	(102,664,534)	11,174,771
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	19,983,389	-	19,983,389
Credit impairment reversals/(losses)	381,414	-	(48,981)	(589,459)	-	(459,153)	911,456	8,000,000	(8,000,000)	195,277
Asset impairment losses	(1,075,688)	(66,316)	(1,323,681)	-	(560,507)	-	-	-	-	(3,026,192)
Depreciation and amortization	294,290,951	70,904,671	117,486,731	65,326,076	17,448,521	3,625,268	852,052	53,343,960	-	623,278,230
Total profits (losses)	2,988,148,950	330,121,164	1,088,478,564	108,862,065	(19,288,043)	59,625,858	282,440,970	(15,927,441)	87,172,476	4,909,634,563
Income tax expenses	743,948,489	69,811,051	233,243,842	30,866,132	731,405	11,579,412	70,644,545	-	27,680,935	1,188,505,811
Net profits (losses)	2,244,200,461	260,310,113	855,234,722	77,995,933	(20,019,448)	48,046,446	211,796,425	(15,927,441)	59,491,541	3,721,128,752
Total assets	18,364,764,979	4,547,775,420	8,937,769,885	3,596,701,827	835,661,223	604,261,241	23,987,636,559	11,995,219,411	(22,173,692,589)	50,696,097,956
Total liabilities	15,660,811,958	1,879,613,571	4,655,604,250	2,591,662,955	467,062,575	68,195,730	19,205,210,521	204,507,345	(21,380,502,223)	23,352,166,682
Non-cash expenses other than depreciation and amortization	24,786,614	2,322,825	4,305,111	2,120,506	499,001	273,083	208,708	1,268,047	-	35,783,895
Long-term equity investments in associates and a joint venture	-	-	-	-	-	-	-	363,866,800	-	363,866,800
Additions of non-current assets (Note)	678,703,127	26,719,401	69,477,986	63,827,735	23,961,024	14,090,358	-	1,041,763,201	(1,027,564,140)	890,978,692

Note: Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment reporting (continued)

(2) Financial information of the reporting segments (continued)

Segment information as at and for the six months ended 30 June 2023 is as follows (unaudited):

Items	Shandong Region	South China Region	North China Region	East China Region	South-east China Region	Hong Kong, Macau and	Finance Company	Unallocated	Elimination	Total
						other overseas Region				
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	3,528,449,373	1,274,901,163	353,549,797	377,421,339	253,969	18,305,411	(4,068,269,889)	13,126,371,443
Selling and distribution expenses	1,630,220,770	180,796,710	295,105,087	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	1,575,780	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	1,338,495	2,600,292	123,770,177	-	(133,042,641)	4,259,760
Share of profits of associates and a joint venture	-	-	-	-	-	-	-	18,533,007	-	18,533,007
Credit impairment (losses)/reversals	(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 profits (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 expenses	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 profits (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	2,640,302,979	(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 (Note)	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

Note: Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

11 Segment reporting (continued)

(3) Revenue from external transactions

Revenue from external transactions	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Mainland China	19,719,640,669	21,233,299,551
Hong Kong and Macau SAR	90,496,611	93,597,869
Other overseas countries and regions	258,170,650	264,892,213
	<u>20,068,307,930</u>	<u>21,591,789,633</u>

(4) Total non-current assets by geographical location

Total non-current assets	30 June 2024 (unaudited)	31 December 2023
Mainland China	16,378,637,378	16,179,642,528
Hong Kong and Macau SAR	21,929,960	13,108,637
	<u>16,400,567,338</u>	<u>16,192,751,165</u>

In the regional information above, non-current assets are attributed to the region in which the assets are located. Total non-current assets exclude financial assets and deferred tax assets.

(5) There is no customer whose revenue accounts for more than 10% of the total revenue.

II. DIVIDEND

The Company will not distribute interim dividends for the six months ended 30 June 2024.

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Introduction to General Information of the Company's Operating Activities during the Reporting Period

In the first half of 2024, the domestic beer market witnessed a sluggish recovery in consumption, and industrial enterprises above the designated size produced 19.088 million kilolitres of beer in total, representing an increase of 0.1% year-on-year (data source: National Bureau of Statistics; statistical basis: all industrial enterprises with annual main business revenue of more than RMB20 million).

In the face of the sluggish market, the Board led all employees to firmly promote and implement the high-quality development strategy, persist in taking innovation as the driving force, drive progress in the beer business while maintaining stable growth, and improve product quality while seeking progress. The Company capitalized on the brand and quality advantages of Tsingtao Beer, proactively developed domestic and foreign markets, continuously promoted product innovation and the upgrading of the product mix, accelerated digital transformation, and reduced costs and expenses. The combination of those measures helped the Company achieve continuous growth in its profitability. During the Reporting Period, the Company sold 4.63 million kilolitres of products, realized a revenue of RMB20.07 billion, and registered RMB3.64 billion in profits attributable to the shareholders of the Company, representing an increase of 6.31% year-on-year.

During the Reporting Period, the Company made active efforts to cultivate the domestic market, consolidate the strategic belt of “one vertical and two horizontal” markets, and refine and strengthen the development of base markets. In particular, the Company's traditional advantage from its business along the Yellow River and the rapidly growing regional markets continued to play a key role in stabilizing the Company's business volume and profits and strengthening the foundation for high-quality development. Base markets in key cities are oriented towards growth, supported by structure, and driven by innovation. The Company proactively explored new marketing models and reinforced production-sales collaboration. In the first half of 2024, growth in business volume and profits was achieved in multiple base markets, continuously driving the Company's high-quality development.

In the international market, the Company is committed to the positioning of high quality, high prices, and high visibility. It continued to strengthen the international communication of Tsingtao Beer as a brand, promote the coverage of distribution on overseas markets, and proactively expand emerging markets, thereby achieving rapid growth in multiple markets, including Eastern Europe, the Middle East, and Oceania in the South Pacific. So far, Tsingtao Beer's products have been sold to more than 120 countries and regions around the globe. In 2024, Tsingtao Beer is shortlisted for the Top 50 Kantar BrandZ Chinese Global Brand Builders. It is the only shortlisted brand from the food and beverage industry and has continuously maintained as the industry's top in global brand influence.

During the Reporting Period, with a focus on “sports marketing + music marketing + experience marketing”, the Company carried out activities to promote the brand and products by centering around a number of major international sports events, including UEFA Euro 2024 and the Paris 2024 Olympics. By virtue of its marketing practice in multiple scenarios and immersive beer consumption experience, the Company continued to enhance its brand influence and product competitiveness, thereby driving the expansion and upgrading of product consumption.

During the Reporting Period, driven by scientific and technological innovation, the Company accelerated the cultivation of new quality productive forces, stepped up efforts to develop new products and improve product quality, boosted the attractiveness of products, and further promoted the optimization and upgrading of its product mix. The Company leveraged the attractive quality of its fresh beer and took one step ahead of the industry to accelerate the cultivation of the fresh beer product track. In particular, the Company created a new operation model for “Tsingtao Original Beer” and “Tsingtao Pure Draft”, that is, promoting the express delivery of fresh products to meet consumer demand for the consumption experience of “freshness” and “high speed.” In the first half of 2024, the Company achieved sustained growth in sales volume, with its products reaching 27 provinces, cities and autonomous regions across the country (including Hong Kong and Macau). In the first half of 2024, the Company developed and launched new products, including “Nicas White Beer”, “Whole Wheat Augerta A6 and Augerta A3”, and “Alcohol-free White Beer”. By supplying high-quality products, the Company created new consumption demand and satisfied consumer demand for high-quality, diverse, and unique beer products. The Company persisted in long-termism in its product portfolio strategy, held fast to high-quality development, and continued to develop the market and strengthen operations and brand building for mid-end and high-end products, thereby achieving growth in the sales volume of both ultra-high-end products and craft beer and witnessing a continuous increase in the market share and competitiveness of mid-end and high-end products. During the Reporting Period, the sales volume of Tsingtao Beer's core brands reached 2.61 million kilolitres, including 1.896 million kilolitres in the sales volume of mid-end and high-end products, driving a year-on-year growth in the operating revenue per kilolitres of beer by 1.0%.

During the Reporting Period, the Company accelerated digital transformation, promoted industrial upgrading and high-quality development, and delivered significant achievements in the development of new quality productive forces. The Company increased spending on intelligent manufacturing, big data analysis, and the IoT to drive the transformation of its production bases towards high-end, large-scale, intelligent, and green production. The Company pushed forward the progress of a group of significant, high-quality projects, including the expansion of the 1 million kilolitres high-end and featured beer production base, the high-end malt raw material base in the Tsingtao Beer Smart Industrial Park, and the 1 million kilolitres draft beer production base, providing new growth drivers for the Company's development in the future.

(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 2023 Annual Report for details.

IV. SIGNIFICANT EVENTS

(I) Unlocking and Listing of Restricted Shares under the Incentive Plan

1. At the third extraordinary meeting of 2024 of the tenth session of the Board and the third extraordinary meeting of 2024 of the tenth session of the supervisory committee of the Company (the "Supervisory Committee") held by the Company on 16 May 2024, the "Resolution on the Fulfillment of the Unlocking Conditions for the Second 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 second unlocking period under the reserved grant under the Incentive Plan has expired and the corresponding conditions for unlocking the restricted shares under the Incentive Plan have been fulfilled. It is therefore agreed that the Company shall deal with the unlocking matters in relation to the 33 qualified participants with a total of 96,666 restricted shares in accordance with the relevant provisions under the Incentive Plan. The listing and circulation date of the unlocked shares was 27 May 2024.

2. At the sixth extraordinary meeting of 2024 of the tenth session of the Board and the fifth extraordinary meeting of 2024 of the tenth session of the Supervisory Committee held by the Company on 16 July 2024, the “Resolution on the Fulfillment of the Unlocking Conditions for the Third Unlocking Period under the First Grant of the Restricted Shares under the Restricted A Share Incentive Plan” was reviewed and approved. The third unlocking period under the first grant under the Incentive Plan has expired 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 595 qualified participants with a total of 4,235,863 restricted shares in accordance with the relevant provisions under the Incentive Plan. The listing and circulation date of the unlocked shares was 24 July 2024. 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 16 May 2024, 20 May 2024, 16 July 2024 and 18 July 2024 published on the websites of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited.

Save as disclosed above, there were no important events affecting the Group which have occurred since the end of the Reporting Period and up to the date of this announcement.

(II) Others

1. During the Reporting Period, the Company was not involved in any new significant litigation or arbitration.
2. During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

V. REVIEW OF THE UNAUDITED INTERIM RESULTS

The Audit and Internal Control Committee of the Board has reviewed the Company’s unaudited 2024 Interim Results.

VI. CORPORATE GOVERNANCE CODE

The Company was listed simultaneously on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited 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 code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 of the Listing Rules during the Reporting Period except for the deviation from code provision B.2.2.

Code provision B.2.2 stipulates that, among others, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. As disclosed in the announcement of the Company dated 21 June 2024, the terms of the tenth session of the Board and the Supervisory Committee expired on 28 June 2024. As the nomination of candidates for the new session of the Board and the Supervisory Committee has not been completed, in order to maintain the continuity and stability of the work related to the Board and the Supervisory Committee, the re-election and appointment of the tenth session of the Board and the Supervisory Committee of the Company was postponed and the terms of the tenth session of the Board committees was correspondingly extended. The Company will try to advance the progress of re-election and appointment of the Board and the Supervisory Committee as soon as practicable.

By order of the Board
TSINGTAO BREWERY COMPANY LIMITED
Chairman
HUANG KeXing

Qingdao, People's Republic of China
29 August 2024

As at the date of this announcement, the board members of the Company are listed as follows:

Executive Directors: *Mr. HUANG Ke Xing (Chairman), Mr. JIANG Zong Xiang, Mr. WANG Rui Yong and Mr. HOU Qiu Yan*

Independent Non-Executive Directors: *Mr. XIAO Geng, Mr. SHENG Lei Ming, Ms. Rania ZHANG and Mr. SONG Xue Bao*