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**華潤啤酒(控股)有限公司**

**China Resources Beer (Holdings) Company Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 291)**

## **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

- The Group's consolidated turnover in 2021 was RMB33,387,000,000, which increased by 6.2% year-on-year.
- The Group's consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2021 increased by 119.1% and 94.6% year-on-year to RMB4,587,000,000 and RMB5,991,000,000 respectively. The increase was mainly attributable to: (i) the initial compensation gain on the transfer of a piece of land owned by the Group, pursuant to the Relocation Compensation Agreement dated 22 January 2021 entered into by the Group; (ii) an increase in gross profit due to increase in the average selling price of products of the Group and (iii) a decrease in administrative and other expenses mainly due to the reduction of impairment loss recognised on fixed asset and one-off employee compensation and settlement expenses in relation to plant closure, offset by (iv) an increase in selling and distribution expenses mainly due to increase in marketing expenses and labour costs, as compared with 2020.
- The Group's overall beer sales volume was approximately 11,056,000 kilolitres in 2021, generally flat year-on-year. Of which, the sales volume of the sub-premium beer segment and above reached 1,866,000 kilolitres in 2021, representing an increase of 27.8% year-on-year with a significant improvement in the product mix. The percentage change in the sales volume of the Group in 2021, as compared with 2019 before pandemic, was in line with that of overall industry situation.
- The Group continued to build and promote its diversified brand portfolio by launching a number of new brands in 2021, including the super-premium product "Li", the premium product "Löwen Fruit Beer" (#485 Rosé), the carbonated beverage "Snow Xiao Pi Qi" as well as the introduction of international brands "Amstel" and "Edelweiss", to further enrich the Group's product portfolio and support its premiumization development.
- The Board of Directors recommends a final dividend of RMB0.302 per share. Together with the interim dividend of RMB0.264 per share, the total dividend for 2021 will amount to RMB0.566 per share, representing an increase of 118.5% year-on-year.

## FINANCIAL HIGHLIGHTS

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Turnover	33,387	31,448
Profit attributable to shareholders of the Company	4,587	2,094
Basic earnings per share	RMB1.41	RMB0.65
Dividend per share		
- interim	RMB0.264	RMB0.128
- final	RMB0.302	RMB0.131
	<b>RMB0.566</b>	<b>RMB0.259</b>
	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
	<i>RMB million</i>	<i>RMB million</i>
Equity attributable to shareholders of the Company	24,432	21,217
Non-controlling interests	57	57
Total equity	<b>24,489</b>	<b>21,274</b>
Consolidated net cash <sup>1</sup>	5,396	4,614
Gearing ratio <sup>2</sup>	Net Cash	Net Cash
Current ratio	0.75	0.68
Net assets per share - book value <sup>3</sup>	<b>RMB7.53</b>	<b>RMB6.54</b>

### Notes:

1. Consolidated net cash represents consolidated total of cash and cash equivalents and pledged bank deposits minus consolidated total loans.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.
3. Net assets per share — book value is calculated by dividing equity attributable to shareholders of the Company by the number of issued shares at the end of the year.

## ANALYSIS OF TURNOVER AND EARNINGS BEFORE INTEREST AND TAXATION

	Turnover		Earnings before interest and taxation	
	2021	2020	2021	2020
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Eastern region	17,216	16,369	3,395	1,134
Central region	8,411	7,887	1,187	757
Southern region	9,063	8,352	1,467	1,312
	34,690	32,608	6,049	3,203
Elimination of inter-segment transactions	(1,303)	(1,160)	-	-
Net corporate expenses	-	-	(58)	(124)
<b>Total</b>	<b>33,387</b>	<b>31,448</b>	<b>5,991</b>	<b>3,079</b>

## 2021 RESULTS

The board of directors (“Board”) of China Resources Beer (Holdings) Company Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

*For the year ended 31 December 2021*

		<b>2021</b>	2020
	<i>Notes</i>	<b><i>RMB million</i></b>	<i>RMB million</i>
Turnover	3	<b>33,387</b>	31,448
Cost of sales		<b>(20,313)</b>	(19,373)
Gross profit		<b>13,074</b>	12,075
Other income and gains	4	<b>3,543</b>	1,687
Selling and distribution expenses		<b>(6,743)</b>	(6,123)
Administrative and other expenses		<b>(3,619)</b>	(4,419)
Share of results of joint ventures and an associate	10	<b>(21)</b>	-
Finance costs	5	<b>(19)</b>	(211)
Profit before taxation		<b>6,215</b>	3,009
Taxation	6	<b>(1,625)</b>	(915)
<b>Profit for the year</b>	7	<b>4,590</b>	2,094
<b>Attributable to:</b>			
Shareholders of the Company		<b>4,587</b>	2,094
Non-controlling interests		<b>3</b>	-
		<b>4,590</b>	2,094
<b>Earnings per share</b>	9		
Basic		<b>RMB1.41</b>	RMB0.65

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>Profit for the year</b>	<b>4,590</b>	<b>2,094</b>
<b>Other comprehensive (expenses)/income:</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Exchange differences on translation of functional currency to presentation currency	<b>(693)</b>	<b>(1,426)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	<b>600</b>	<b>1,441</b>
Fair value adjustment on financial assets at fair value through other comprehensive income	<b>2</b>	<b>(1)</b>
	<b>602</b>	<b>1,440</b>
<b>Other comprehensive (expense)/income for the year, net of tax</b>	<b>(91)</b>	<b>14</b>
<b>Total comprehensive income for the year</b>	<b>4,499</b>	<b>2,108</b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>4,496</b>	<b>2,108</b>
Non-controlling interests	<b>3</b>	<b>-</b>
	<b>4,499</b>	<b>2,108</b>

# CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Notes	2021 <u>RMB million</u>	2020 <u>RMB million</u>
<b>Non-current assets</b>			
Fixed assets		13,717	14,414
Right-of-use assets		3,379	3,367
Goodwill		9,250	9,326
Other intangible assets		255	320
Interests in joint ventures and an associate	10	1,381	-
Financial assets at fair value through other comprehensive income		-	7
Financial assets at fair value through profit or loss	11	3,613	-
Prepayments		175	106
Deferred taxation assets		3,368	2,858
Pledged bank deposits		18	-
		<u>35,156</u>	<u>30,398</u>
<b>Current assets</b>			
Stocks		6,458	6,014
Trade and other receivables	12	3,436	2,378
Taxation recoverable		625	371
Pledged bank deposits		2	76
Cash and cash equivalents		5,376	4,538
		<u>15,897</u>	<u>13,377</u>
<b>Current liabilities</b>			
Trade and other payables	13	(21,007)	(19,327)
Lease liabilities		(71)	(83)
Taxation payable		(92)	(162)
		<u>(21,170)</u>	<u>(19,572)</u>
<b>Net current liabilities</b>		<u>(5,273)</u>	<u>(6,195)</u>
<b>Total assets less current liabilities</b>		<u>29,883</u>	<u>24,203</u>
<b>Non-current liabilities</b>			
Lease liabilities		(60)	(117)
Deferred taxation liabilities		(1,955)	(788)
Other non-current liabilities		(3,379)	(2,024)
		<u>(5,394)</u>	<u>(2,929)</u>
		<u>24,489</u>	<u>21,274</u>
<b>Capital and reserves</b>			
Share capital		14,090	14,090
Reserves		10,342	7,127
<b>Equity attributable to shareholders of the Company</b>		<u>24,432</u>	<u>21,217</u>
<b>Non-controlling interests</b>		<u>57</u>	<u>57</u>
<b>Total equity</b>		<u>24,489</u>	<u>21,274</u>

## Notes:

### 1. Basis of preparation

The announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

### 2. Principal accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2020, except for the application of amendments to HKFRSs, which are effective for the Group’s financial year beginning 1 January 2021.

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. Principal accounting policies (continued)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new standard, amendments to existing standards and framework that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

These new and amendments to HKFRSs are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



### 3. Segment information

	Eastern region	Central region	Southern region	Corporate / Elimination	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<b>For the year ended</b>					
<b>31 December 2021</b>					
<b>TURNOVER<sup>1</sup></b>					
External sales	16,599	7,913	8,875	-	33,387
Inter-segment sales	617	498	188	(1,303)	-
Total	17,216	8,411	9,063	(1,303)	33,387
<b>Segment result<sup>2</sup></b>	3,395	1,187	1,467		6,049
Unallocated corporate expenses					(58)
Interest income					243
Finance costs					(19)
<b>Profit before taxation</b>					6,215
Taxation					(1,625)
<b>Profit for the year</b>					4,590
<b>As at 31 December 2021</b>					
<b>ASSETS</b>					
Segment assets	28,313	7,545	10,979		46,837
Deferred taxation assets					3,368
Taxation recoverable					625
Unallocated corporate assets					223
<b>Consolidated total assets</b>					51,053
<b>LIABILITIES</b>					
Segment liabilities	13,628	5,921	4,948		24,497
Taxation payable					92
Deferred taxation liabilities					1,955
Unallocated corporate liabilities					20
<b>Consolidated total liabilities</b>					26,564
<b>OTHER INFORMATION</b>					
Additions to non-current assets <sup>3</sup>	901	392	373	5	1,671
Depreciation and amortisation	867	390	381	3	1,641
Impairment loss recognised for fixed assets and stocks	323	197	182	-	702

### 3. Segment information (continued)

	Eastern region	Central region	Southern region	Corporate / Elimination	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<b>For the year ended</b>					
<b>31 December 2020</b>					
<b>TURNOVER<sup>1</sup></b>					
External sales	15,785	7,497	8,166	-	31,448
Inter-segment sales	584	390	186	(1,160)	-
Total	16,369	7,887	8,352	(1,160)	31,448
<b>Segment result<sup>2</sup></b>	1,134	757	1,312		3,203
Unallocated corporate expenses					(124)
Interest income					141
Finance costs					(211)
<b>Profit before taxation</b>					3,009
Taxation					(915)
<b>Profit for the year</b>					2,094
<b>As at 31 December 2020</b>					
<b>ASSETS</b>					
Segment assets	20,574	8,206	11,692		40,472
Deferred taxation assets					2,858
Taxation recoverable					371
Unallocated corporate assets					74
<b>Consolidated total assets</b>					43,775
<b>LIABILITIES</b>					
Segment liabilities	11,231	5,501	4,767		21,499
Taxation payable					162
Deferred taxation liabilities					788
Unallocated corporate liabilities					52
<b>Consolidated total liabilities</b>					22,501
<b>OTHER INFORMATION</b>					
Additions to non-current assets <sup>3</sup>	528	357	102	24	1,011
Depreciation and amortisation	943	416	379	8	1,746
Impairment loss recognised for fixed assets and stocks	420	390	159	-	969

Notes:

1. Turnover represents sales of beer products and was recognised at a point in time. There was no customer contributing over 10% of total turnover of the Group for the years ended 31 December 2021 and 2020.
2. Segment result represents earnings before interest income, finance costs and taxation.
3. Additions to non-current assets included fixed assets and right-of-use assets.

#### 4. Other income and gains

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>Other income includes the following:</b>		
Interest income	243	141
Government grants recognised	437	473
Profit on disposal of fixed assets	50	-
Profit on disposal of land to a joint venture (Note 11)	1,755	-
Profit on disposal of interests in leasehold land held for own use	52	53
Sales of scrapped materials	249	208
Bottles usage income	542	567

#### 5. Finance costs

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Interests on bank loans and other loans	-	50
Interests on lease liabilities	6	6
Financing charges	24	5
Net exchange (gain)/loss	(11)	150
	<b>19</b>	<b>211</b>

#### 6. Taxation

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>Chinese Mainland income tax</b>		
Current taxation	955	1,101
Deferred taxation	670	(186)
	<b>1,625</b>	<b>915</b>

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year.

Chinese Mainland income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Chinese Mainland. The applicable principal income tax rate for the year ended 31 December 2021 is 25% (2020: 25%).

## 7. Profit for the year

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>Profit for the year has been arrived at after charging:</b>		
Auditors' remuneration		
- Audit services	11	10
- Non-audit services	4	-
Staff costs (including directors' emoluments)	5,692	5,607
Depreciation		
- Owned fixed assets	1,422	1,489
- Right-of-use assets	154	193
Amortisation of other intangible assets	65	64
Impairment loss recognised on		
- Owned fixed assets	300	574
- Stocks	402	395
Change in fair value of financial assets at fair value through profit or loss (Note 11)	29	-
Loss on disposal of fixed assets	-	42
Cost of goods sold	20,313	19,373
Expense relating to short-term leases	83	91

## 8. Dividends

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
2021 interim dividend paid of RMB0.264 per ordinary share (2020: RMB0.128)	856	415
2021 proposed final dividend of RMB0.302 per ordinary share (2020: RMB0.131)	980	425
	<b>1,836</b>	<b>840</b>

At the meeting held on 24 March 2022, the directors proposed final dividend of RMB0.302 (2020: RMB0.131) per ordinary share. This proposed dividend, which is calculated on the Company's number of ordinary shares as at the date of the board meeting, is not recognised as a liability in these consolidated financial statements. The total dividends paid by the Company, including the final dividend for the year 2020 and the interim dividend for the year 2021, amounted to RMB1,281 million (2020: the final dividend for the year 2019 and the interim dividend for the year 2020, amounted to RMB561 million) and RMB3 million paid to non-controlling shareholders of subsidiaries are reflected in the current year consolidated financial statements.

## 9. Earnings per share

	<b>2021</b>	2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
The calculation of the basic earnings per share is based on the following data:		
<b>Earnings</b>		
Profit attributable to shareholders of the Company for the purposes of calculating basic earnings per share	<b>4,587</b>	2,094
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>3,244,176,905</b>	3,244,176,905
<b>Basic earnings per share</b>		
	<b>1.41</b>	0.65

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding issue for both years.

## 10. Interests in joint ventures and an associate

### (a) Interests in joint ventures

	<b>2021</b>
	<b><i>RMB million</i></b>
Cost of investment in joint ventures	<b>602</b>
Elimination of profit of disposal of land to a joint venture (Note 11)	<b>(500)</b>
Share of post-acquisition losses and total comprehensive expense	<b>(2)</b>
	<b>100</b>

During the year ended 31 December 2021, the Group's additions to investment in joint ventures comprised the followings:

- (i) Shenzhen Runxue Industrial Co., Ltd\* ("Shenzhen Runxue")  
The Company, through its wholly-owned subsidiaries (including China Resources Snow Breweries (China) Investment Co., Ltd ("CR Snow Investment")) entered into several agreements with the wholly-owned subsidiaries of China Resources Land Limited ("CR Land") on 22 January 2021 to setup Shenzhen Runxue. The investment cost as at 31 December 2021 was amounted to RMB500 million.
- (ii) Runhui Investment (Shenzhen) Enterprise (Limited Partnership)\*  
On 26 April 2021, CR Snow Investment, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Zhuhai Hengqin Runchuang Investment Enterprise (Limited Partnership)\*, Shenzhen Bohui Asset Management Company Limited\* and Shenzhen Feihongzhuxin Investment Enterprise (Limited Partnership)\* in relation to the establishment of the Partnership - Runhui Investment (Shenzhen) Enterprise (Limited Partnership)\* ("Runhui Investment"). The investment cost as at 31 December 2021 was amounted to RMB102 million.

\*English name are for identification only.

## 10. Interests in joint ventures and an associate (continued)

### (b) Interests in an associate

	2021 <i>RMB million</i>
Cost of investment in an associate	1,300
Share of post-acquisition loss and total comprehensive expense	(19)
	<u>1,281</u>

#### (i) Shandong Jingzhi Baijiu Co., Ltd

On 27 October 2021, CRE Beverage Trading Limited (“CREBT”), one of the subsidiary of the Company completed the capital injection of a 40% equity interests of Shandong Jingzhi Baijiu Co., Ltd (“Shandong Jingzhi Baijiu”), an independent third party. The Company has the power to exercise significant influence over Shandong Jingzhi Baijiu as the Company has 40% voting rights in the board.

## 11. Financial assets at fair value through profit or loss

	2021 <i>RMB million</i>
Consideration receivable	3,611
Other financial assets	2
	<u>3,613</u>

The Company, through its wholly-owned subsidiaries CR Snow Investment entered into the following agreements with the wholly-owned subsidiaries of CR Land on 22 January 2021: (1) the joint venture agreement (“JV Agreement”); (2) the Relocation Compensation Agreement; and (3) the Construction Agreement.

According to the JV Agreement, each of CR Snow Investment and Shenzhen Runtou Consulting Co., Ltd. (深圳市潤投諮詢有限公司) (a wholly-owned subsidiary of CR Land) (“Shenzhen Runtou”) committed to capital injection of RMB500 million to Shenzhen Runxue. Upon the formation of Shenzhen Runxue after the execution of the JV Agreement on 26 April 2021, each of CR Snow Investment and Shenzhen Runtou injected RMB50 million and therefore owned 50% equity interest of Shenzhen Runxue respectively. Shenzhen Runxue is primarily engaged in the development and management of real estate and it is responsible for the demolition of the existing building and relocation of several parcels of land (the “Land”) owned by China Resources Snow Breweries (China) Co., Ltd (華潤雪花啤酒(中國)有限公司) (a wholly-owned subsidiary of CR Snow Investment) (“CR Snow”), as well as applying to Shenzhen government together with CR Snow for land modification of the Land pursuant to the Relocation Compensation Agreement. The land modification involves the de-registration of the title certificate of the Land and modification of the Land for general industrial and emerging industrial uses with the relevant authority of Shenzhen government.

During the year ended 31 December 2021, the formation of Shenzhen Runxue pursuant to the JV Agreement and disposal of Land to Shenzhen Runxue pursuant to the Relocation Compensation Agreement have been completed after the approval obtained from the Shenzhen government. According to the Relocation Compensation Agreement, the Group would be entitled to a consideration of RMB4,650 million when the properties are constructed and sold by Shenzhen Runxue under the Construction Agreement. If the final tax-included selling prices of the properties exceeds RMB15,933 million, the Group will be entitled to an extra consideration equal to 30.29% on the excess of the final tax-included selling price and RMB15,775 million. If the final tax-included selling prices of the properties are below RMB15,617 million, the final consideration will be reduced by an amount equal to 30.29% on the difference of RMB15,775 million and the final tax-included selling price. The consideration will be settled by installment based on the proportion of the floor areas of properties sold to the total saleable floor areas of properties. The completion date of the construction is expected to be beginning of 2025 and the first installment of consideration receivable is expected to be received from Shenzhen Runxue by CR Snow in 2026.

## 11. Financial assets at fair value through profit or loss (continued)

The disposal of Land was completed on 26 May 2021 upon the de-registration of the title of the Land. On completion date, the consideration to be received was recognised as financial assets at fair value through profit or loss (“FVPL”) and measured at level 3 fair value measurement based on discount cash flow method. The financial assets at FVPL is classified as non-current assets as the amounts are expected to be received 12 months after the end of reporting period. On completion date, the fair value of consideration was measured at approximately RMB3,640 million. The carrying amount of disposed Land was approximately RMB130 million and therefore a gain on disposal of right-of-use assets of approximately RMB3,510 million arose and related deferred tax liabilities of approximately RMB878 million had been recognised. 50% gain on disposal of right-of-use assets (after 50% elimination of downstream transaction) of approximately RMB1,755 million and deferred tax assets of approximately RMB439 million had been recognised.

Subsequent to the completion of the disposal, each of CR Snow Investment and Shenzhen Runtou injected the remaining committed capital of RMB450 million to Shenzhen Runxue. As at 31 December 2021, the fair value of consideration is measured at approximately RMB3,611 million. Accordingly, the fair value loss of approximately RMB29 million was recognised in profit or loss during the year ended 31 December 2021.

The elimination of the Group’s share of gain on disposal of approximately RMB1,755 million exceed the investment cost of RMB500 million by the Group in Shenzhen Runxue. Deferred income of approximately RMB1,255 million have been recognised and included in other non-current liabilities in the consolidated balance sheet as at 31 December 2021.

## 12. Trade and other receivables

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade receivables from third parties	150	217
Trade receivables from fellow subsidiaries	19	19
Less: allowance for credit losses	(37)	(40)
	132	196
Value-added tax recoverable	154	157
Prepayments	200	135
Prepayments made to an associate	88	-
Deposits paid	24	22
Other receivables	177	263
Short-term bank deposits (Note (i))	400	-
Amounts due from a joint venture (Note (ii))	250	-
Amounts due from fellow subsidiaries (Note (iii))	2,011	1,605
	3,436	2,378

Note:

- (i) The short-term bank deposits carry interest rates ranging from 1.85% to 3.5% per annum.
- (ii) On 8 November 2021, the Group entered into the loan agreement with Shenzhen Runxue. The loan was unsecured, bear interest rate at 4.275% per annum and repayable within one year from the reporting date.
- (iii) Amounts due from fellow subsidiaries were unsecured, bear interest at 3.5% per annum and repayable within one year from the reporting date.

The Group normally trades with its customers under the following credit terms:

- (a) cash upon delivery; or
- (b) open credit from 30 to 90 days

## 12. Trade and other receivables (continued)

The following is the aging analysis of trade receivables from third parties and fellow subsidiaries as at the balance sheet date by invoice date:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>The Group</b>		
0 – 30 days	39	43
31 – 60 days	16	28
61 – 90 days	12	11
> 90 days	65	114
	<b>132</b>	<b>196</b>

Impairment assessment on trade receivables is using the expected loss rates which are based on credit assessments on each aging category of customers and adjusted for forward-looking information affecting the ability of the customers to settle the trade receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since the initial recognition.

Based on the assessments performed by management, the fair value of the Group's trade and other receivables at balance sheet date was approximate to the corresponding carrying amount.

## 13. Trade and other payables

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade payables to third parties	3,100	2,332
Trade payables to fellow subsidiaries	8	5
	<b>3,108</b>	2,337
Contract liabilities (Note (i))	6,873	7,451
Accruals	3,050	2,986
Deposit received (Note (ii))	5,064	4,676
Other payables	2,235	1,842
Capital contribution payable	650	-
Amounts due to holding companies (Note (iii))	5	26
Amounts due to fellow subsidiaries (Note (iii))	22	9
	<b>21,007</b>	<b>19,327</b>



### 13. Trade and other payables (continued)

Notes:

- (i) Included receipt in advance on sales of RMB896 million (2020: RMB864 million) and liabilities on promotional schemes of RMB5,977 million (2020: RMB6,587 million). Contract liabilities are classified as current liabilities because the Group expects to settle them within 12 months after the end of the reporting period. During the year ended 31 December 2021, revenue recognised that was included in the contract liabilities balance at the beginning of the year amounting to RMB7,451 million (2020: RMB7,427 million).
- (ii) Amounts mainly included deposits received for consumables and packing materials.
- (iii) Amounts due to holding companies and fellow subsidiaries were unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade payables as at the balance sheet date by invoice date:

	<b>2021</b> <i>RMB million</i>	2020 <i>RMB million</i>
0 – 30 days	<b>3,076</b>	2,290
31 – 60 days	<b>7</b>	11
61 – 90 days	<b>2</b>	10
> 90 days	<b>23</b>	26
	<b>3,108</b>	2,337

The fair value of the Group's trade and other payables as at balance sheet date was approximate to the corresponding carrying amount.

### 14. Other information

The consolidated financial statements of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company and the financial information included in this preliminary results announcement for the year ended 31 December 2021 has been agreed by the Company's auditor, Deloitte Touche Tohmatsu. An unqualified auditor's report will be included in the Annual Report to shareholders.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company will deliver the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2021. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

The Group's consolidated turnover in 2021 was RMB33,387,000,000, which increased by 6.2% year-on-year. The Group's consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2021 increased by 119.1% and 94.6% year-on-year to RMB4,587,000,000 and RMB5,991,000,000 respectively.

In 2021, the overall beer market capacity has not yet resumed to the pre-pandemic level in 2019. Nonetheless, the impact of the pandemic on China's beer market has been easing as compared with that in 2020. The beer market is in a state of recovery. The Group's overall beer sales volume was generally flat year-on-year in 2021, decreased by 0.4% to approximately 11,056,000 kilolitres as compared with 2020, due to shrinking market capacity of mainstream segments, as well as the recurrence of the pandemic in some regions in certain period of time. The percentage change in the sales volume of the Group in 2021, as compared with 2019 before pandemic, was in line with that of overall industry situation.

During the year under review, the Group benefited from the continuous promotion of its premiumization strategy, improving and enriching the sales team for premium segment and promoting the establishment of key customer platform, and the launch of various thematic promotion and channel marketing activities such as the UEFA Euro 2020, the UEFA Champions League, product tastings, "Street Dance of China S4" and brand campaign event "X-party" which cultivated and promoted various signature brands continuously. As a result, the sales volume of the sub-premium beer segment and above reached approximately 1,866,000 kilolitres in 2021, representing an increase of 27.8% compared with 2020 with a significant improvement in the product mix. Among the brands, "Brave the World SuperX", "Heineken®", "Snow Draft Beer" and "SNOW MARRSGREEN BEER" all recorded a double-digit growth year-on-year. Due to the above mentioned product mix upgrade coupled with the moderate price adjustment of certain products of the Group in the second half of 2021, the overall average selling price increased by 6.6% as compared with 2020, which offset the impact of the increase in average costs of sales due to the price rise of raw materials and packaging materials. Overall gross profit margin increased by 0.8 percentage points to 39.2% in 2021 as compared with 2020. Meanwhile, the overall gross profit in 2021 increased by 8.3% to RMB13,074,000,000 compared with 2020, resulting in an improvement in profitability.

Pursuant to the Relocation Compensation Agreement dated 22 January 2021 entered into between Shenzhen Runtou Consulting Co., Ltd. (深圳市潤投諮詢有限公司), China Resources Snow Breweries (China) Investment Co., Ltd. (華潤雪花啤酒(中國)投資有限公司) and China Resources Snow Breweries (China) Co., Ltd. (華潤雪花啤酒(中國)有限公司), an indirectly wholly-owned subsidiary of the Company, the initial compensation gain on transfer of the land owned by the Group amounted to approximately RMB1,755,000,000 (corresponding after-tax income of approximately RMB1,316,000,000), which led other income and gains in 2021 increased by 110.0% to RMB3,543,000,000 as compared with 2020.

During the year under review, the selling and distribution expenses of the Group in 2021 increased by 10.1% as compared with 2020, mainly due to the increase in marketing expenses and labour costs. In addition, the Group's impairment loss on fixed asset and one-off employee compensation and settlement expenses in relation to plant closure in 2021 recorded a decrease in 48.3% to approximately RMB387,000,000 as compared with 2020. Administrative and other expenses in 2021 decreased by 18.1% compared with 2020.

The Group continued to build and promote its diversified brand portfolio by launching a number of new brands in 2021, including the super-premium product "Li", the premium product "Löwen Fruit Beer" (#485 Rosé), the carbonated beverage "Snow Xiao Pi Qi" as well as the introduction of the international brands "Amstel" and "Edelweiss", to further enrich the Group's product portfolio and support its premiumization development.

The Group has continued with its deployment of production capacity optimization and ceased operation of 5 breweries during the year under review. At the end of 2021, the Group operated 65 breweries in 24 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 18,200,000 kilolitres.

In respect of expanding its non-beer business, the Group, through its wholly-owned subsidiary, acquired a 40% equity interest in Shandong Jingzhi Baijiu Co., Ltd. (山東景芝白酒有限公司) by injecting RMB1,300,000,000 on 27 October 2021.

Looking ahead, despite the uncertainty associated with the ongoing pandemic, the Group will be well-prepared to actively respond to the pandemic recurrence at certain regions. In response to the rising prices of raw materials and packaging materials, the Group will continue to closely monitor the market dynamics of domestic and foreign raw materials and packaging materials, and replenish stocks reasonably at appropriate times and implement staggered peak procurement to mitigate the pressure of rising prices. The Group will adhere to its strategic management philosophy of "Quality Development for Success in Premium Segment", planning to launch various new products in 2022, including "Snow Draft Pure Malt Beer" and "Heineken® 0.0", to enrich product diversity and address different consumer needs. In addition, in response to the business development of competitors in bars and bistros, the Group will actively explore the expansion of its bistro business and develop new marketing channels for beer products. At the same time, the Group will continue to effectively strengthen the promotion and channel marketing of its domestic and international brands, promote the implementation of business initiatives such as the four standards of talent selection, manufacturing excellence, upgrading informatization, operational reforms and marketing digitization to enhance the Group's competitive position. The Group will also continue to pay attention to the development opportunities for appropriate non-beer alcoholic beverages in the pursuit of well-defined diversified development to explore potential synergies and further expand its business.

## ***FINANCIAL REVIEW***

### **Capital and Funding**

As at 31 December 2021, the Group's consolidated net cash amounted to RMB5,396,000,000. The Group had no borrowings as at 31 December 2021.

The Group was in a net cash position as at 31 December 2021 and 31 December 2020.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 31 December 2021, 0.5% of the Group's cash and bank deposit balance was held in Hong Kong dollars, 97.5% in Renminbi and 2.0% in US dollars.

As at 31 December 2021, the Group's current liabilities and current ratio were RMB21,170,000,000 and 0.75, respectively. The current liabilities included receipts in advance on sales and accruals on promotion and marketing expenses, majority of these amounts would be offset by trade receivables or be realised through sale discounts in the future, with no significant net cash outflow in short run. Taking into account the gearing ratio, historical and expected future cash flows from operations and unutilised available banking facilities of the Group, management expected the Group has adequate resources to meet its liabilities and commitment as and when they fall due and to continue in operational existence for the foreseeable future.

### **Pledge of Assets**

As at 31 December 2021, assets with a carrying value of RMB20,000,000 were pledged for construction in progress and notes payable (31 December 2020: RMB76,000,000 were pledged for notes payable).

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 31 December 2021.

### **Exposure to Fluctuations in Exchange Rates and any Related Hedges**

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures, including expenditure incurred in its operations as well as capital expenditure, are also denominated in RMB.

The Group's business transactions were mainly carried out in HKD and RMB. The Group's exposure to currency risk was attributable to the bank balances and debts which were denominated in currencies other than the functional currency of the Company to which these bank balances and debts were related. The management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

## **Significant Events After the End of the Year**

There are no significant subsequent events occurred that materially affect the Group's financial condition or operation after 31 December 2021 and up to the date of this announcement.

## **EMPLOYEES**

As at 31 December 2021, the Group had a staff size of around 25,000, amongst which more than 99% were employed in the Mainland China, whilst the rest were mainly in Hong Kong. The staff costs (including directors' emoluments) of the Group was approximately RMB5,692,000,000 for the year ended 31 December 2021. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends with built-in merit components, paid in the form of cash bonuses.

## **DIVIDENDS**

The Board recommends a final dividend of RMB0.302 per share for the year ended 31 December 2021 (2020: RMB0.131 per share) payable on or around 12 August 2022 to shareholders whose names appear on the register of members of the Company on 27 June 2022. The final dividend, if approved, is to be payable in cash in Hong Kong dollars which will be converted from RMB at the average CNY Central Parity Rate announced by the People's Bank of China for the five business days prior to and including the date of the Annual General Meeting (as defined in the below section headed "Closure of Register of Members"). Together with the interim dividend of RMB0.264 per share, the total dividend for 2021 will amount to RMB0.566 per share (2020: RMB0.259 per share). The final dividend will be payable in cash in Hong Kong dollars unless an election is made to receive the same in RMB.

Unless a permanent election on dividend currency had been made by shareholders, dividend currency election form is expected to be despatched to the shareholders of the Company on Monday, 4 July 2022. If shareholders elect to receive all or part of the final dividend in RMB, shareholders should complete the dividend currency election form and return it to the share registrar of the Company, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 July 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 15 June 2022 to Tuesday, 21 June 2022, both days inclusive, during which no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 21 June 2022 (the "Annual General Meeting"), all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 14 June 2022 for registration.

Subject to the approval of shareholders at the Annual General Meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Monday, 27 June 2022, and the register of members of the Company will be closed on Monday, 27 June 2022, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 24 June 2022 for registration.

## **CORPORATE GOVERNANCE**

It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value. The Company is committed to attaining and maintaining high standards of corporate governance and adopts principles of corporate governance emphasising a quality Board, accountability to all stakeholders, open communication and fair disclosure.

On 8 April 2005, the Company adopted the Corporate Governance Practice Manual ("CG Manual"). The CG Manual which was revised on 31 March 2009, 18 November 2010, 21 March 2012, 7 December 2015, 18 March 2016, 21 November 2018, 5 November 2021 and 1 January 2022, incorporates almost all the Code Provisions of the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules and includes the implementation details for the Code Provisions and, where appropriate, the Recommended Best Practices. The CG Manual can be downloaded from the Company's website and copies are available on request to the Company Secretary.

The Company has complied with the Code Provisions for the time being in force set out in the CG Code throughout the year ended 31 December 2021, save and except the following:

In respect of Code Provisions A.2.1 to A.2.9 of the CG Code, since the resignation of Mr. Chen Lang as the Chairman with effect from 11 July 2019, the position of the Chairman has been vacant and has not been filled up as at the date of this announcement. The Board of the Company as a whole and its members have discharged the duties under the aforementioned Code Provisions of the CG Code as appropriate. The Board and the Nomination Committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

In respect of Code Provision A.4.1 of the CG Code, all the Non-executive Directors of the Company are not appointed for a fixed term. The Board does not believe in any arbitrary term of office. The current arrangement will give the Company sufficient flexibility to organize the composition of the Board to serve the needs of the Group. Further, the Articles of Association of the Company requires that one-third of the Directors (including Executive and Non-executive Directors) shall retire each year and every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire each year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

In respect of Code Provision C.1.2 of the CG Code, the Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event there are any significant updates to be provided, the Company will update all the Directors as early as practicable for discussion and resolution.

In respect of Code Provision D.1.4 of the CG Code, the Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors”, and, if applicable, “Guide for Independent Non-executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under the Listing Rules, legal and other regulatory requirements.

In respect of Code Provision E.1.2 of the CG Code, the position of the Chairman has been vacant at each of the general meeting of the Company held on 29 March 2021 (the “GM”) and the annual general meeting of the Company held on 18 May 2021 (the “AGM”) and has not been filled up as at the date of this announcement. Mr. Lai Po Sing, the former executive Director of the Company who took the chair of each of the GM and the AGM, together with other members of the Board who attended the GM and the AGM, were of sufficient calibre for answering questions at each of the GM and the AGM.

On 8 April 2005, the Company has adopted a Code of Ethics and Securities Transactions (“Code of Ethics”) which incorporates the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules. The Code of Ethics has been amended, approved and reconfirmed by the Board of the Company on 6 April 2006, 4 April 2007, 31 March 2008 and further revised on 31 March 2009, 18 November 2010, 7 December 2015 and 5 November 2021 respectively. The prohibitions on securities dealing and disclosure requirements in the Code of Ethics also apply to specified individuals who include the Group’s senior management and persons who are privy to inside information of the Group. The Code of Ethics is on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry with the directors, all directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board

**China Resources Beer (Holdings) Company Limited**

**Hou Xiaohai**

*Executive Director and Chief Executive Officer*

Hong Kong, 24 March 2022

*As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Wei Qiang (Chief Financial Officer). The Non-executive Directors are Mr. Lai Ni Hium, Frank, Mr. Richard Raymond Weissend, Ms. Zhang Kaiyu, and Mr. Tang Liqing. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.*