

For Immediate Release

Press Release

## China Resources Beer Announces Annual Results for 2022 “Answer to The New World of Beer”

- The consolidated turnover of the Group in 2022 was RMB35,263,000,000, representing an increase of 5.6% compared with 2021.
- Excluding one-off initial compensation gain on the transfer of a piece of land owned by the Group, as recognized in other income and gains last year, of approximately RMB1,755,000,000 (corresponding to an after-tax gain of approximately RMB1,316,000,000), the earnings before interest and taxation and profit attributable to shareholders of the Company for 2022 increased approximately by 23.4% and 32.8%, respectively, compared to last year.
- The Group’s overall beer sales volume in 2022 increased by 0.4% to approximately 11,096,000 kiloliters compared with 2021, which reflects that effort to maintain steady growth has shown visible results.
- In 2022, the sales volume of the sub-premium beer segment and above was approximately 2,102,000 kilolitres, representing an increase of approximately 12.6% compared with 2021 with a continuous improvement in the product mix. Among which, the sales volume of “Heineken<sup>®</sup>” products continued to record a favorable double-digit growth.
- The Group made modest adjustments to the prices of certain products in 2022, and so the Group’s overall average selling price increased by 5.2% in 2022 compared with 2021.
- The Group continued to build and promote its diversified brand portfolio by launching several new products in 2022, including its first high-alcohol by volume (“ABV”) super-premium product “Nong Li”, an upgraded version of “Li” that features higher ABV and wort concentration, as well as premium products “Löwen Fruit Beer” (#703 Cherry) and “Snow Draft Pure Malt Beer”, new peach flavor and pineapple passion fruit lactobacillus flavor of the carbonated beverage “Snow Xiao Pi Qi”, which have further enriched the Group’s product portfolio and supported its premiumization development.
- The Board of Directors recommends a final dividend of RMB0.302 per share. Together with the interim dividend of RMB0.234 per share, the total dividend for 2022 will amount to RMB0.536 per share.

[Hong Kong, 24 March 2023] China Resources Beer (Holdings) Company Limited (the “Company”, or together with its subsidiaries, the “Group”; stock code under the Stock Exchange of

Hong Kong Limited: 00291) announced today its audited annual results for the year ended 31 December 2022. The consolidated turnover of the Group in 2022 was RMB35,263,000,000, representing an increase of 5.6% compared with 2021. The Group's consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2022 decreased by 5.3% and 12.8% to RMB4,344,000,000 and RMB5,227,000,000, respectively, compared with 2021. Excluding one-off initial compensation gain on the transfer of a piece of land owned by the Group, as recognized in other income and gains last year, of approximately RMB1,755,000,000 (corresponding to an after-tax gain of approximately RMB1,316,000,000), the earnings before interest and taxation and profit attributable to shareholders of the Company for 2022 increased approximately by 23.4% and 32.8%, respectively, compared to last year.

**Mr. Hou Xiaohai, Executive Director and Chief Executive Officer of the Company**, said, "Leading by the strategic plan of 'Quality Development for Success in Premiumization', the Group has achieved effective enhancement of management efficiency, cost control, productivity and brand influence as a result from various measures in diverse product mix for 'domestic brands + international brands', steady progress of premiumization, precise corporate management and sustainable development. In addition, China Resources Beer has acquired 55.19% equity interest in Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd.\* (貴州金沙窖酒酒業有限公司, 'Guizhou Jinsha'), enriching the Group's 'dual empowerment model for beer + baijiu businesses' and further sharpening its competitive edge in the Chinese baijiu industry. 2023 is the start of the final stage of the Group's '3+3+3' corporate strategy, and thus, a pivotal time for the next chapter to 'Win at Premiumization'. We will carry out a myriad of initiatives in top and upper management restructuring, brand building, second-time organizational transformation, digital marketing, and baijiu business development to shape China Resources Beer into a diversified alcoholic beverage enterprise, marching towards the Group's aspirations to become 'the leader of the new world of the beer industry' and 'an explorer of the new world of alcoholic beverages'!"

In 2022, Mainland China continued to be affected by the COVID-19 pandemic, which brought downward pressure on the economy and the decline in consumption. In addition, certain on-premise channels were closed for a part of time, that brought a significant impact on overall beer sales. Taking these unfavorable external factors into consideration, the Group minimized the negative impact of the COVID-19 pandemic by implementing measures such as making various plans in advance, adjusting strategies on resources use in a timely manner, strengthening employee protection, ensuring logistics, production and raw material supply were secured, and adopting the concept of "austerity" and continuous premiumization. The Group's overall beer sales

volume in 2022 increased by 0.4% to approximately 11,096,000 kiloliters compared with 2021, which reflects that effort to maintain steady growth has shown visible results.

In 2022, the sales volume of the sub-premium beer segment and above was approximately 2,102,000 kilolitres, representing an increase of approximately 12.6% compared with 2021 with a continuous improvement in the product mix. Also, the Group made modest adjustments to the prices of certain products in 2022, and so the Group's overall average selling price increased by 5.2% in 2022 compared with 2021. However, raw materials and packaging materials costs sharply increased mainly attributable to geopolitical issues and global supply chain disruptions. The Group's overall gross profit margin decreased by 0.7 percentage points, while the overall gross profit in 2022 increased by 3.7% to RMB13,561,000,000 compared with 2021.

During the year under review, the Group continuously promoted the strategy of "Achieving Success in Premiumization" through the launch of various thematic promotional and channel marketing activities, to cultivate and promote various signature premium brands. In respect of the domestic brands, while enhancing brand affinity by collaborating with brand endorsers, the Group also sponsored numerous activities such as the variety show "Camping LIFE", "Street Dance of China Season 5", China's extreme event "X GAMES" and the esports club "LGD Gaming". The Group also tapped into a new field of metaverse marketing during the year under review, and "LimX", the first avatar of the "Snow" brand, was launched to enhance the brand's influence in the virtual world and among teenagers. The sales volume of "Brave the World superX" and "Snow Draft Beer" maintained continuous growth in 2022. In respect of the international brands, the launch of various marketing activities with the theme of the UEFA Champions League and the sponsorship of variety show "Heineken® Soundscape E-Pop of China" helped promote the "Heineken®" brand, and led to a continuing favorable double-digit growth in the sales volume of "Heineken®" products in 2022.

During the year under review, the Group saw accumulated risks in the external operating environment and rising operating and logistics costs. In response, the Group upheld the concept of "austerity" and adopted various cost-reduction and efficiency-enhancing measures to control operating expenses. The Group's selling and distribution expenses in 2022 were broadly flat compared with 2021, while the selling and distribution expenses as a percent of turnover in 2022 decreased by 1.1 percentage point to 19.1% compared with 2021. In addition, the Group's one-off staff compensation and settlement expenses and impairment loss on fixed assets in relation to plant closure in 2022 totaled approximately RMB235,000,000, representing a decrease of 39.3%

compared with 2021. With the “austerity” measures in place, the Group’s administrative and other expenses decreased by 8.3% compared with last year.

The Group continued to build and promote its diversified brand portfolio by launching several new products in 2022, including its first high-alcohol by volume (“ABV”) super-premium product “Nong Li”, an upgraded version of “Li” that features higher ABV and wort concentration, as well as premium products “Löwen Fruit Beer” (#703 Cherry) and “Snow Draft Pure Malt Beer”, new peach flavor and pineapple passion fruit lactobacillus flavor of the carbonated beverage “Snow Xiao Pi Qi”, which have further enriched the Group’s product portfolio and supported its premiumization development.

The Group has continued to optimize its deployment of production capacity and ceased operations of two breweries during the year under review. At the end of 2022, the Group operated 63 breweries in 24 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 18,414,000 kiloliters.

In respect of expanding its non-beer business, the Company, through its indirect wholly-owned subsidiary China Resources Wine Holdings Co., Ltd.\* (華潤酒業控股有限公司, “WH”), signed the capital increase agreement, the share purchase agreement and the shareholders agreement on acquiring a 55.19% equity interest in Guizhou Jinsha on 25 October 2022. The acquisition further expanded the Group’s presence in the baijiu business and provided an important and strategic diversification opportunity for its product portfolio and revenue stream. The transfer of equity interest was completed on 10 January 2023 and Guizhou Jinsha has become an indirect non-wholly owned subsidiary of the Company on the same day.

Looking ahead, with further relaxation in the country’s anti-pandemic measures, the overall beer market is expected to recover gradually. For the beer business, the Group will be well-prepared to get a head start by seizing opportunities arising from market recovery through increasing coverage of its products and brand investments, striving for continuous growth in 2023. In respect of research and development of new products, the Group will continue to launch new products to enrich product diversity and cater to different consumer needs. As for business development with bistros, the Group worked closely with distributors and launched its first bistro brand “Joy Brew”, which is expected to operate in the first half of 2023, to help the Group explore new marketing channels for its beer products. In the meantime, adhering to the strategic theme of “Quality Development for Success in Premiumization”, the Group will continue to effectively strengthen the promotion and channel marketing of its domestic and international brands, and promote the

implementation of business initiatives such as brand building, second-time organizational transformation, excellence in manufacturing, and low-carbon operations to enhance the Group's competitive position.

In respect of baijiu business, the Group will incorporate Guizhou Jinsha into WH's baijiu platform and actively accelerate the implementation of branding initiatives, to continue to build its "dual empowerment model for beer and baijiu businesses" that features "Organizational Connection", "Talent Pooling", "Channel Sharing" and "Point-of-sale Joint Expansion", enhancing the development of both beer and non-beer businesses. The Group will form a "synergistic model of various baijiu companies" with the advantages of "Strategic Collaborations", "Independent Management" and "Mutual Growth", while leveraging the advantages in the marketing channels of the Group's beer business to expand and upgrade its retail network for a bigger and stronger baijiu business. The Group will also continue to pay close 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.

*\* English names are for identification purposes only*

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

Listed on The Stock Exchange of Hong Kong Limited (stock code: 00291) and one of the constituent stocks of the Hang Seng Index in Hong Kong, the Company focuses on the manufacturing, sales and distribution of alcoholic beverages.

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