



CRB Proposed Acquisition of 55.19% Equity Interest in Guizhou Jinsha Winery

October 2022



Project summary

Sauce-flavor Baijiu Market Investment Rationales

Jinsha Winery Investment Highlights

Baijiu – sizable market with steady growth and high gross profit

Sauce-flavor segment has rapid growth with high profitability

Scarcity nature establishes high entry barrier for sauce-flavor baijiu industry

Industry competitive environment is preliminary formulated with high expected expansion room in future

Extensive synergies expected between beer and baijiu industries with empowerment

Jinsha Winery is located in the upstream of Chishui River, an unique Sauce-flavor baijiu region

Jinsha Winery is one of national brands with relative comprehensive high-end product layout and established strong brand value and differentiated style than peers

Extensive distribution network

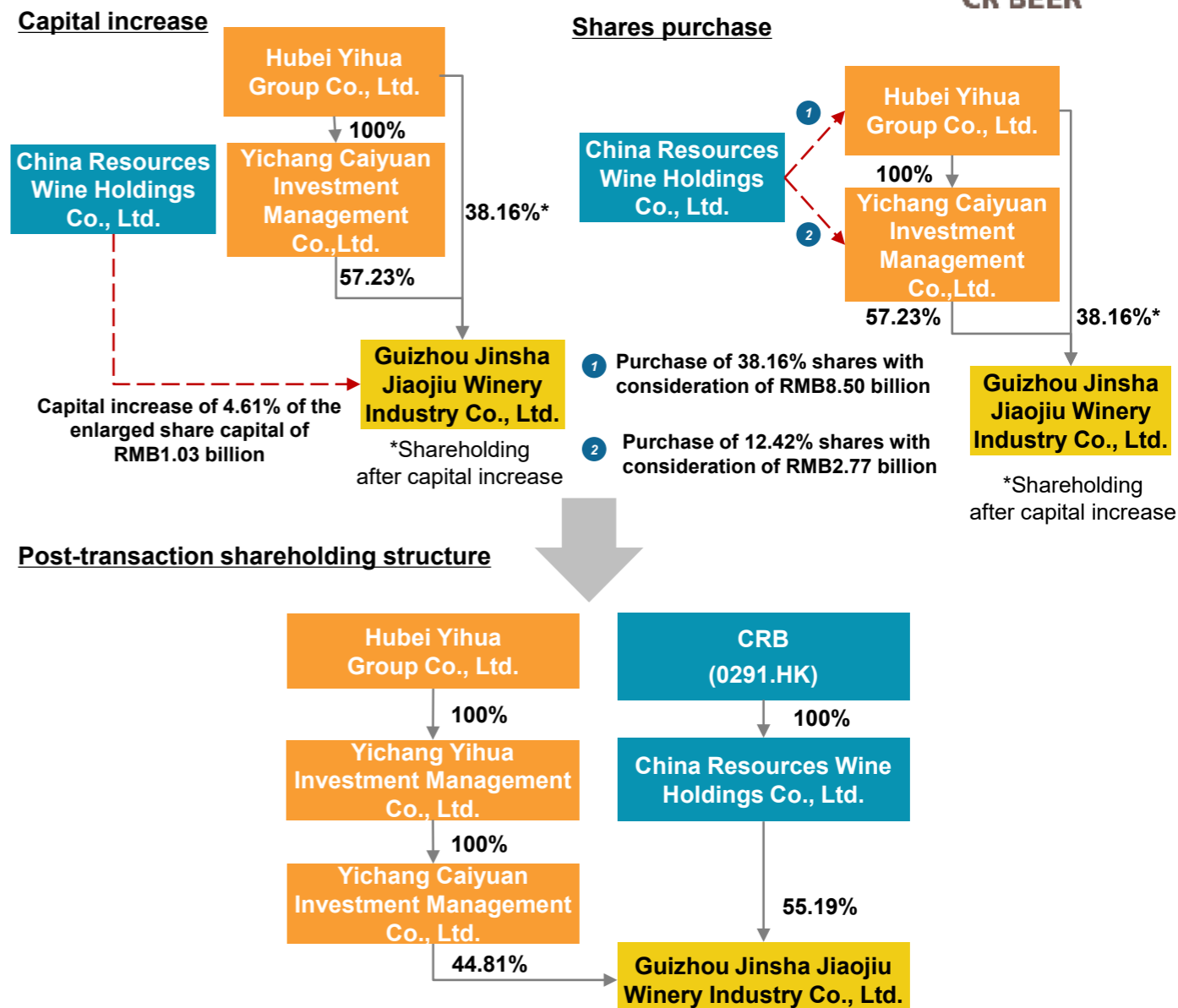
Great potential for stellar financial returns

Leveraging on CRB's comprehensive sales channels as well as marketing and management experience

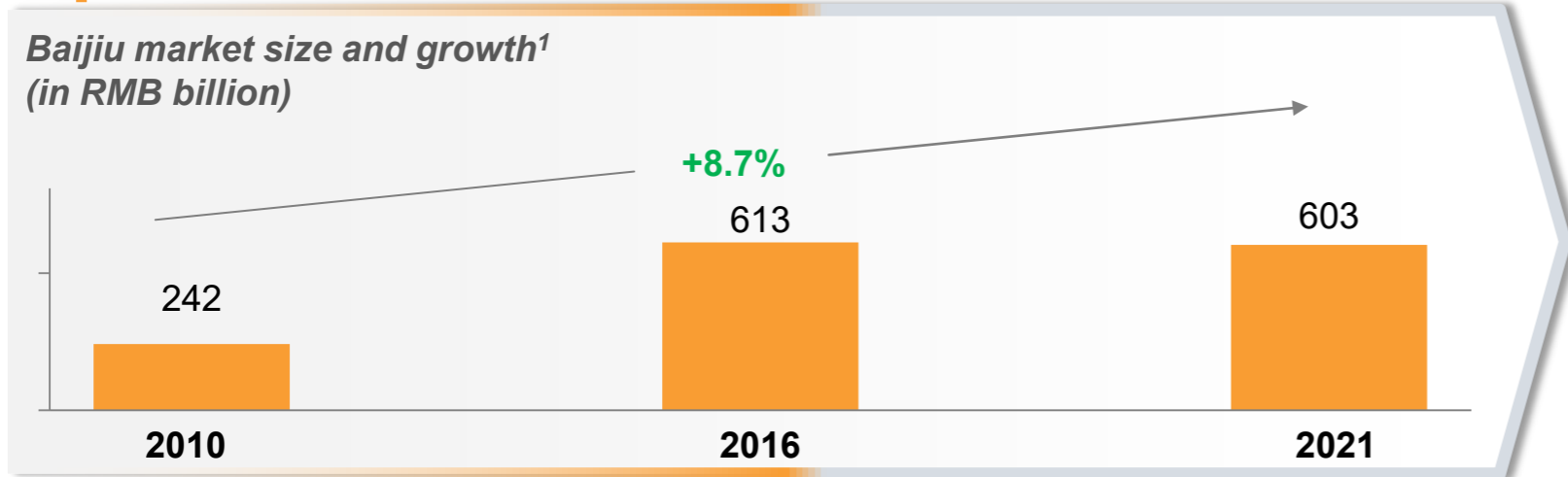
Synergies on Competitive Edge

Transaction overview

- ◆ China Resources Beer (Holdings) Company Limited (the “Company” or “CRB”) proposed acquisition of 55.19% equity interest (the “Acquisition”) in Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd. (“Jinsha Winery”) for a total consideration of RMB12.3 billion. CRB will finance the consideration by way of a combination of the Company’s internal resources and external financing
- ◆ The proposed acquisition includes capital increase of newly issued shares of 4.61% of the enlarged share capital of Jinsha Winery at consideration of RMB1.03 billion and purchase an aggregate of 50.58% existing shares of the enlarged share capital of Jinsha Winery for a total consideration of RMB11.27 billion
- ◆ Jinsha Winery is a sauce-flavor baijiu producer located in Guizhou, with a rich brand heritage, focusing on R&D, production and sales of sauce-flavor baijiu. It has a complete portfolio of products, including “Zhaiyao” and “Jinsha Huisha” brands
- ◆ The acquisition of a controlling stake in Jinsha Winery is a rare opportunity and brings synergies to CRB to enlarge business scale and improve profitability

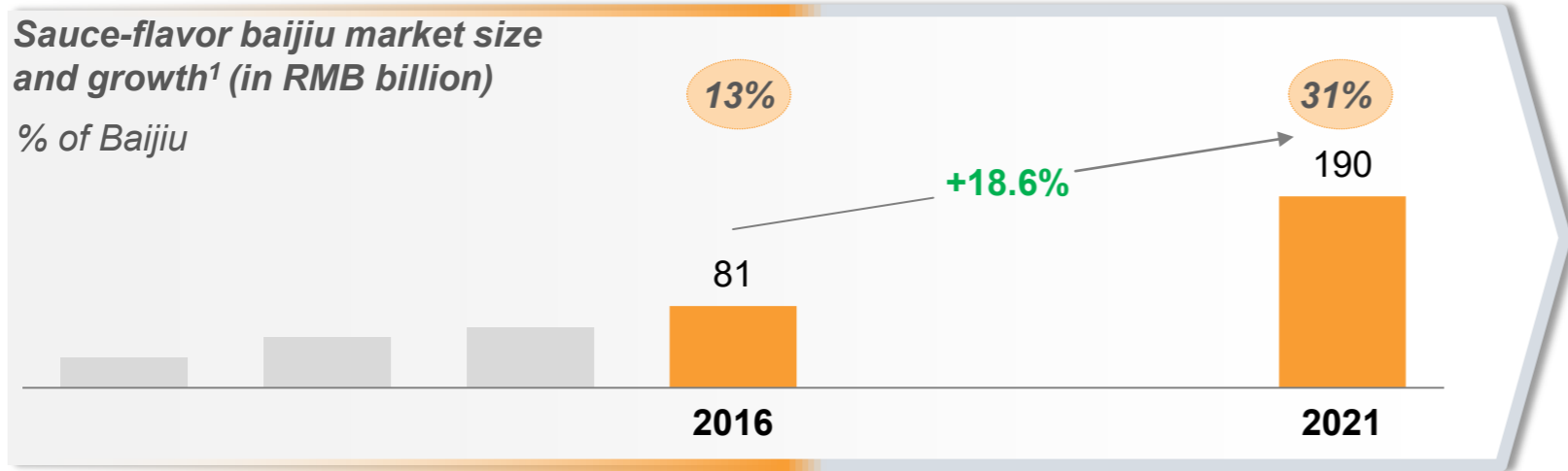


Baijiu market has large market size with steady growth and high gross profit, and the sauce-flavor segment with rapid expansion



Overall baijiu market

- Large size** • Market size exceeds **RMB600 billion**
- High GP margin** • **GPM 60%+** for the majority of sauce-flavor baijiu players



Sauce-flavor segment

- Strong growth** • Sauce-flavor baijiu penetration rate surged in recent years

1. Market size based on ex-factory prices
Source: BCG database and BCG analysis

Transaction valuation and financial performance of Jinsha Winery



Implied multiples



Total consideration of 55.19% equity interest **RMB12.3 billion**

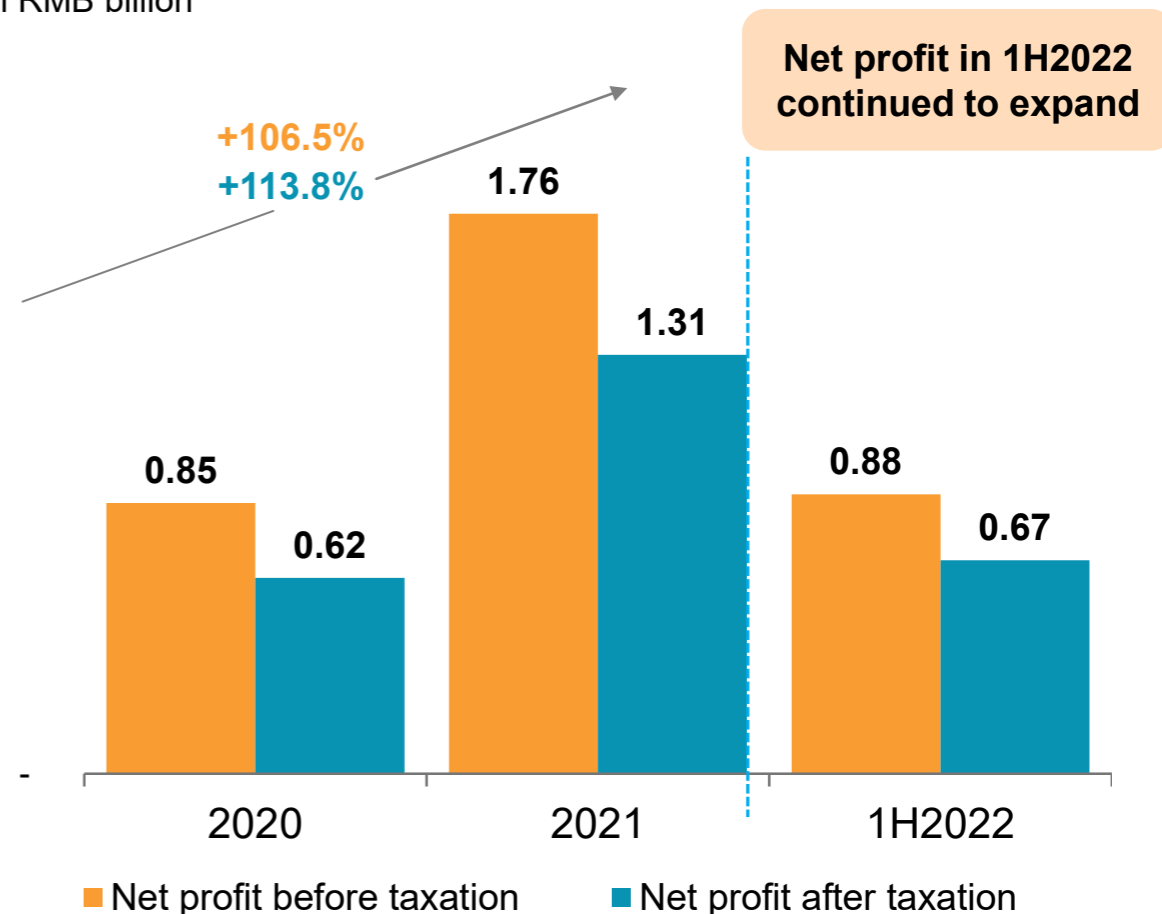
Implied 100% equity value of Jinsha Winery **RMB22.3 billion**

Jinsha Winery 2021 Net Profit after Taxation **RMB1.31 billion¹**

2021 P/E Ratio **17.0x**
(Attractive as compared with the market)

Financial performance of Jinsha Winery¹

In RMB billion



Note: 1. According to Hong Kong Accounting Standards

Future development strategies

Marketing

Leveraging CRB's national sales channels to accelerate Jinsha Winery's national presence



Product

Focusing on premium series of Sauce-flavor baijiu to complement with beer offerings



Channel

Building a well-equipped omni-channel framework leveraging CRB's platform



Develop group purchase channels



Expand online business



Upgrade in omni-channel

Organization

Assembling a strong professional team with empowerment from CRB



Establish a sound incentive mechanism and performance management system



Build a professional team for premium baijiu operation



Recruit excellent baijiu marketing talents



Further improve organizational capabilities



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