

For Immediate Release

Press Release

## **China Resources Beer Announces Annual Results for 2021 “Convergence to Strengthen and Achieve Success in Premiumization”**

- **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.**

[Hong Kong, 24 March 2022] **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 2021. In 2021, the Group's consolidated turnover was RMB33,387,000,000, which increased by 6.2% year-on-year. 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 Board of Directors recommends a final dividend of RMB0.302 per share for the year ended 31 December 2021 (2020: RMB0.131 per share). 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), which increased by 118.5% year-on-year.

**Mr. Hou Xiaohai, Chief Executive Officer of the Company**, said, "The Chinese beer industry has entered into a 'new world'. With the background of China moving towards a new era of quality development, the era of branding and consumer individual experience driven has become the key points. We believe that we can adapt to the changing of the new era and become the leader in the 'new world' of beer only if we possess the 5 elements, including quality growth, premiumization, corporate competitiveness for the 'new world' of beer, highly effective management team and the effort to become a world-class beer enterprise. We are approaching the final year of the second three-year period of the Group's '3+3+3' corporate strategy, which will also be a crucial year for the premiumization strategy. The Group will converge to move forward by aligning with the transformation to high-quality and prosperous new era of beer industry. It will involve the development of diversified alcoholic categories, the enhancement of product mix for 'Chinese brands + international brands', the accelerated establishment of key customer platform, further improvement on cost-effectiveness, as well as adherence to the concept of sustainable development in order to be well-prepared to win at premium segment in the third three-year period."

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 year-on-year, 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 the Group's 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% year-on-year 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% year-on-year, 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 year-on-year to 39.2% in 2021. Meanwhile, the overall gross profit in 2021 increased by 8.3% year-on-year to RMB13,074,000,000, 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% year-on-year to RMB3,543,000,000.

During the year under review, the selling and distribution expenses of the Group in 2021 increased by 10.1% year-on-year, 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 of 48.3% year-on-year to approximately RMB387,000,000. Administrative and other expenses in 2021 decreased by 18.1% year-on-year.

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.

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

Listed on The Stock Exchange of Hong Kong Limited (stock code: 00291), the Company focuses on the manufacturing, sales and distribution of beer products.

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