

For Immediate Release

Press Release

China Resources Beer Announces Annual Results for 2023 “Three Decades of Mutual Growth With Dual Empowerment of Beer and Baijiu”

- The consolidated turnover of the Group in 2023 was RMB38,932,000,000, representing an increase of 10.4% compared with 2022.
- The Group’s earnings before interest and taxation and profit attributable to shareholders of the Company in 2023 increased by 33.2% and 18.6% to RMB6,961,000,000 and RMB5,153,000,000, respectively, compared to last year.
- In respect of the beer business, the Group’s overall beer sales volume in 2023 have increased 0.5% to 11,151,000 kilolitres compared to last year. The sales volume of sub-premium beer segment and above was approximately 2,500,000 kilolitres, increased by 18.9% compared to last year. Among the brands, the sales volume of “Heineken®”, “Snow Draft Beer”, “Lao Xue” and “Amstel” in 2023 recorded robust double-digit growth as compared to last year.
- The sale volume of “Heineken®” brand achieved a strong growth of nearly 60.0% year-on-year in 2023, successfully realizing the first five-year co-operation plan between the Group and “Heineken®”, which is to achieve a sales volume target of 600,000 kilolitres for “Heineken®” brand.
- In respect of the baijiu business, the Group has completed the acquisition of 55.19% equity interest in Guizhou Jinsha in 2023. The turnover and earnings before interest and taxation of the Group’s baijiu business in 2023 were RMB2,067,000,000 and RMB130,000,000, respectively. Excluding the impact of the amortization of intangible assets arising from the acquisition of Guizhou Jinsha, the earnings before interest and taxation was RMB797,000,000.
- Looking ahead to 2024, growth will continue to be the CR Beer’s top priority. The Group will continue to pursue “balanced” growth in scale and quality.
- The Board recommends a final dividend of RMB0.349 per share for the year ended 31 December 2023 (2022: RMB0.302 per share) and a special dividend of RMB0.300 per share for celebrating the 30th anniversary of the Group (2022: Nil). Together with the interim dividend of RMB0.287 per share for the six months ended 30 June 2023, the total dividend for the year 2023 will amount to RMB0.936 per share (2022: RMB0.536 per share).

[Hong Kong, 18 March 2024] **China Resources Beer (Holdings) Company Limited** (the “Company” or “CR Beer”, or together with its subsidiaries, the “Group”; stock code under the Stock Exchange of Hong Kong Limited: 291 (HKD counter) and 80291 (RMB counter)) announced today its audited consolidated results for the year ended 31 December 2023. The consolidated turnover of the Group in 2023 was RMB38,932,000,000, representing an increase of 10.4% compared with 2022. The Group’s earnings before interest and taxation and profit attributable to shareholders of the Company in 2023 increased by 33.2% and 18.6% to RMB6,961,000,000 and RMB5,153,000,000, respectively, compared to last year. On 10 January 2023 (the “Completion Date”), the Group has completed the acquisition of 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”). As a result, Guizhou Jinsha has become an indirect non-wholly owned subsidiary of the Group and has been included in the Group’s consolidated financial statement since the Completion Date.

Mr. Hou Xiaohai, Executive Director and Chairman of the Board, said, “2023 was a landmark and fruitful year for CR Beer. The year 2023 marked both the Group’s 30th anniversary and our official entry into the baijiu market, as well as the first year of the final three-year phase of the ‘3+3+3’ corporate development strategy, the 150th anniversary of Heineken® beer and the first five years of the landmark partnership between CR Beer and Heineken®. During the year under review, as guided by the ‘New World’ approach, we reinforced our corporate visions of ‘becoming the leader of the new world of the beer industry’ and ‘becoming an explorer of the new world of the baijiu industry’. In the face of the complicated and volatile macro environment, CR Beer overcame substantial industry changes and market challenges to achieve growth in overall income, profit and beer sales volume in 2023. In addition, the Group actively explored the development of baijiu business, advancing the ‘dual empowerment model for beer and baijiu businesses, and the synergistic model of various baijiu companies’. Looking ahead to 2024, growth will continue to be the CR Beer’s top priority. Under the guidance of the national policy to ‘Make Progress While Maintaining Stability’, we will continue to pursue the growth in scale and quality, consolidate and enhance the core capabilities, grasp market development trends, and promote high-quality development, striving to achieve ‘balanced’ growth in overall turnover, profit and the sales volume of overall and sub-premium beer segment and above!”

Beer Business

In 2023, after the relaxation of anti-pandemic measures, the overall market environment in China steadily improved and the beer market gradually recovered. The Group’s overall beer sales volume in 2023 have increased by 0.5% to 11,151,000 kilolitres compared to last year.

During the year under review, the Group continuously promoted the strategy of “Winning at Premiumization” through the launch of various thematic promotional and channel marketing activities, to cultivate and promote various signature premium brands. The turnover and earnings before interest and taxation of the Group’s beer business in 2023 was RMB36,865,000,000 and RMB6,889,000,000, respectively, which were increased by 4.5% and 30.6% compared to last year. The sales volume of sub-premium beer segment and above was approximately 2,500,000 kilolitres, increased by 18.9% compared to last year. Among the brands, the sales volume of “Heineken®”, “Snow Draft Beer”, “Lao Xue” and “Amstel” in 2023 recorded robust double-digit growth as compared to last year. In addition, the product mix of the Group continued to improve, driving the average selling price up by 4.0%. In respect of the promotion of domestic brands, while enhancing brand influence by collaborating with brand endorsers, the Group also sponsored multiple marathon events “Brave, Never Stop”, variety shows “Camping LIFE Season 2” and “Let’s BBQ”, China’s extreme event “X GAMES”, and “King Pro League”. In terms of the international brands, to celebrate the 150th anniversary of “Heineken®” brand, the Group held a series of activities in Shanghai. Furthermore, the Group continued to actively expand its sales footprint to more regions and point-of-sales, and promoted a themed marketing campaign leveraging the UEFA Champions League, as well as launched the new premium non-alcoholic beer “Heineken® 0.0”, driving the sale volume of “Heineken®” brand to achieve a strong growth of nearly 60.0% year-on-year in 2023, successfully realizing the first five-year co-operation plan, which is to achieve a sales volume target of 600,000 kilolitres for “Heineken®” brand.

While the continuous development of premiumization had driven the increase in the Group’s overall beer sales volume and turnover, the cost of certain packaging materials decreased such that the gross profit margin of the Group’s beer business increased by 1.7 percentage points to 40.2%, further enhancing the profitability of the business.

While investing in cultivating and promoting various signature premium brands, the Group’s beer business continuously upheld the concept of “austerity” and adopted various cost-reduction and efficiency enhancing measures to control operating expenses. The operating expense ratio in 2023 dropped by 1.3 percentage points to 27.1%, of which the administrative and other expenses ratio decreased by 1.4 percentage points to 7.9%, as compared with previous year. The Group has continued to optimize its deployment of production capacity and ceased operations of two breweries during the year under review, while setting up one new intelligent factory in Bengbu, Anhui. As at the end of 2023, the Group operated 62 breweries in 24 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of

approximately 19,100,000 kilolitres. In 2023, the Group's impairment loss on fixed assets and one-off staff compensation and settlement expenses in relation to capacity optimization were approximately RMB141,000,000 (for 2022: RMB235,000,000).

Looking ahead, in the face of the fluctuating and fast-changing consumer market, the Group will continue to adhere to the strategic theme of "Excellence in Development for Winning at Premiumization". With growth continues to be the Group's top priority, the Group will promote premiumization development and brand building to effectively strengthen the promotion and channel marketing of its domestic and international brands, and further enhance its competitive advantages in premiumization. In addition, the Group will promote the implementation of business initiatives such as second-time organizational transformation, excellence in manufacturing, digitalization and low-carbon green operations to enhance the Group's competitive position and continue to lead the development of the industry to "become the leader of the new world of the beer industry".

Baijiu Business

In respect of expanding its non-beer businesses, the Group has completed the acquisition of 55.19% equity interest in Guizhou Jinsha in 2023. The turnover and earnings before interest and taxation of the Group's baijiu business in 2023 were RMB2,067,000,000 and RMB130,000,000, respectively. Excluding the impact of the amortization of intangible assets arising from the acquisition of Guizhou Jinsha, the earnings before interest and taxation was RMB797,000,000.

Since the completion of the acquisition, the Group has actively promoted the post-investment integration, empowerment, and improvement of Guizhou Jinsha, focusing on four major areas: organizational restructuring and personnel recruitment; market order and price recovery; brand repositioning and product development; as well as production guarantee and project advancement. The Group also worked on various business tasks including assets and pricing assurance and transfer from acquisition, risk control, system construction, digital construction, EHS (environment, health and safety) improvement, internal control and audit, and self-inspection. Such efforts aim to strengthen Guizhou Jinsha's foundation.

In terms of marketing promotion, the Group prioritized management in the first half of 2023. Externally, the Group aimed to reduce inventory and stabilize prices, while re-establishing market order through governance on default sales. Internally, the Group carried out organizational restructuring, brand repositioning, and establishing its sales management system to support

orderly sales operations. In the second half of the year, the Group focused on two main lines: brand building and market expansion, in order to achieve steady growth in performance. In terms of new products development, the Group has continued to promote product iteration, enhance its brand image, and launched the product “Zhaiyao Jingzhi” for corporate customers, as well as the differentiated small and unpackaged product “Jinsha Xiaojiang”, to cultivate a sauce-flavored taste among young consumers. In terms of channel development, the Group assessed and optimized distributors, actively addressed legacy issues, reduced channel inventory risks, stabilized market transaction prices, and improved product consumption to gradually restore confidence in the channels. Additionally, the Group strengthened sales team development, concentrated on the development of key distributors, and actively attracted high-quality beer distributors to sell the Group's baijiu products. In terms of operation management, the Group has focused on production and quality assurance since the Completion Date, proactively improves the system construction, optimizes the procurement and food safety management systems, and increases the production of base wine and the proportion of high-quality wine. Through the experience gained from the risk management of beer business, the Group's baijiu business has comprehensively enhanced its business risk management standards. The Group also synchronously advanced project construction to provide core elements for future development. In terms of management integration, while ensuring the talent demand in key business areas, the Group's baijiu business has introduced market-oriented operational concepts, management model, and experience from the beer business to form management empowerment. The Group has also completed the comprehensive restructuring of the organizational structure of Guizhou Jinsha based on the principles of “flattening of the organization, focusing on strategy, specialization of division of labor, and systematic management and control”.

As of the end of 2023, the Group operated two baijiu distilleries in Guizhou Province, Mainland China, with an annual production capacity of approximately 15,000 kilolitres for its baijiu business.

Looking ahead, the Group will continue to build a unique dual empowerment model for its “beer + baijiu” businesses under a market-oriented mechanism and organisation of the same company, with a focus on four main advantages: development experience, resources, management mechanisms, and listed platforms established by CR Beer. With that in mind, the Group will utilize the respective strengths of CR Beer, China Resources Snow, and China Resources Wine to form a three-pronged driving force that will achieve mutual empowerment and synergies across several key areas. These areas include organizational structure, talent, sales, branding, supply chain, manufacturing, technological innovation, digitalization, financial and tax, legal, and risk control aspects, resulting in new and enhanced competitiveness for China Resources Wine.

* English name is for identification purpose only

About China Resources Beer (Holdings) Company Limited

Listed on The Stock Exchange of Hong Kong Limited (stock code: 291 (HKD Counter) and 80291 (RMB Counter)) 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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