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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 2022

- 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®" 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.

FINANCIAL HIGHLIGHTS

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|-------------------------------|-------------------------------|
| Turnover | 35,263 | 33,387 |
| Profit attributable to shareholders of the Company ¹ | 4,344 | 4,587 |
| Basic earnings per share | RMB1.34 | RMB1.41 |
| Dividend per share | | |
| - interim | RMB0.234 | RMB0.264 |
| - final | RMB0.302 | RMB0.302 |
| | <u>RMB0.536</u> | <u>RMB0.566</u> |
| | As at 31 December 2022 | As at 31 December 2021 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Equity attributable to shareholders of the Company | 27,039 | 24,432 |
| Non-controlling interests | 38 | 57 |
| Total equity | <u>27,077</u> | <u>24,489</u> |
| Consolidated net cash ² | 9,129 | 5,396 |
| Gearing ratio ³ | Net Cash | Net Cash |
| Current ratio | 0.88 | 0.75 |
| Net assets per share - book value ⁴ | <u>RMB8.33</u> | <u>RMB7.53</u> |

Notes:

1. In 2021, profit attributable to shareholders of the Company included an one-off after tax initial compensation gain on the transfer of a piece of land owned by the Group of approximately RMB1,316,000,000.
2. Consolidated net cash represents consolidated total cash and cash equivalents and pledged bank deposits minus consolidated total loans.
3. Gearing ratio represents the ratio of consolidated net borrowings to total equity.
4. 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 | |
|---|--------------------|--------------------|---------------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> |
| Eastern region | 17,959 | 17,216 | 2,150 | 3,395 |
| Central region | 9,499 | 8,411 | 1,557 | 1,187 |
| Southern region | 9,495 | 9,063 | 1,569 | 1,467 |
| | 36,953 | 34,690 | 5,276 | 6,049 |
| Elimination of inter-segment transactions | (1,690) | (1,303) | - | - |
| Net corporate expenses | - | - | (49) | (58) |
| Total | 35,263 | 33,387 | 5,227 | 5,991 |

2022 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 2022 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2022

| | <i>Notes</i> | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|--------------|--|----------------------------|
| Turnover | 3 | 35,263 | 33,387 |
| Cost of sales | | (21,702) | (20,313) |
| Gross profit | | 13,561 | 13,074 |
| Other income and gains | 4 | 2,183 | 3,543 |
| Selling and distribution expenses | | (6,750) | (6,743) |
| Administrative and other expenses | | (3,320) | (3,619) |
| Share of results of joint ventures and an associate | | (67) | (21) |
| Finance costs | 5 | (79) | (19) |
| Profit before taxation | | 5,528 | 6,215 |
| Taxation | 6 | (1,178) | (1,625) |
| Profit for the year | 7 | 4,350 | 4,590 |
| Attributable to: | | | |
| Shareholders of the Company | | 4,344 | 4,587 |
| Non-controlling interests | | 6 | 3 |
| | | 4,350 | 4,590 |
| Earnings per share | | | |
| Basic | 9 | RMB1.34 | RMB1.41 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--|----------------------------|----------------------------|
| Profit for the year | 4,350 | 4,590 |
| Other comprehensive income/(expenses): | | |
| Item that will not be reclassified to profit or loss: | | |
| Exchange differences on translation of functional currency to presentation currency | 2,433 | (693) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translating foreign operations | (2,401) | 600 |
| Fair value adjustment on financial assets at fair value through other comprehensive income | - | 2 |
| | (2,401) | 602 |
| Other comprehensive income/(expense) for the year, net of tax | 32 | (91) |
| Total comprehensive income for the year | 4,382 | 4,499 |
| Attributable to: | | |
| Shareholders of the Company | 4,376 | 4,496 |
| Non-controlling interests | 6 | 3 |
| | 4,382 | 4,499 |

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

| | Notes | 2022 <u>RMB million</u> | 2021 <u>RMB million</u> |
|---|-------|----------------------------|----------------------------|
| Non-current assets | | | |
| Fixed assets | | 14,050 | 13,717 |
| Right-of-use assets | | 3,156 | 3,379 |
| Goodwill | | 9,385 | 9,250 |
| Other intangible assets | | 203 | 255 |
| Interests in joint ventures and an associate | 10 | 1,489 | 1,381 |
| Financial assets at fair value through profit or loss | 11 | 4,740 | 3,613 |
| Prepayments | | 128 | 175 |
| Deferred taxation assets | | 3,266 | 3,368 |
| Pledged bank deposits | | 18 | 18 |
| | | <u>36,435</u> | <u>35,156</u> |
| Current assets | | | |
| Stocks | | 7,402 | 6,458 |
| Trade and other receivables | 12 | 2,612 | 3,436 |
| Taxation recoverable | | 653 | 625 |
| Pledged bank deposits | | 3 | 2 |
| Cash and cash equivalents | | 10,208 | 5,376 |
| | | <u>20,878</u> | <u>15,897</u> |
| Current liabilities | | | |
| Trade and other payables | 13 | (23,002) | (21,007) |
| Short-term bank loans | | (512) | - |
| Lease liabilities | | (53) | (71) |
| Taxation payable | | (100) | (92) |
| | | <u>(23,667)</u> | <u>(21,170)</u> |
| Net current liabilities | | <u>(2,789)</u> | <u>(5,273)</u> |
| Total assets less current liabilities | | <u>33,646</u> | <u>29,883</u> |
| Non-current liabilities | | | |
| Long-term bank loans | | (588) | - |
| Lease liabilities | | (59) | (60) |
| Deferred taxation liabilities | | (1,850) | (1,955) |
| Other non-current liabilities | | (4,072) | (3,379) |
| | | <u>(6,569)</u> | <u>(5,394)</u> |
| | | <u>27,077</u> | <u>24,489</u> |
| Capital and reserves | | | |
| Share capital | | 14,090 | 14,090 |
| Reserves | | 12,949 | 10,342 |
| Equity attributable to shareholders of the Company | | <u>27,039</u> | <u>24,432</u> |
| Non-controlling interests | | <u>38</u> | <u>57</u> |
| Total equity | | <u>27,077</u> | <u>24,489</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 2022 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 Companies Ordinance (Chapter 622, Laws of Hong Kong) (“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 2021, except for the application of amendments to HKFRSs, which are effective for the Group’s financial year beginning 1 January 2022.

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 2022 for the preparation of the consolidated financial statements:

| | |
|------------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| 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 |

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board, which are relevant to the Group.

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

2. Principal accounting policies (continued)

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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

| | |
|--|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| 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 | Non-current Liabilities with Covenants |
| 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 |

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> |
| For the year ended | | | | | |
| 31 December 2022 | | | | | |
| TURNOVER¹ | | | | | |
| External sales | 17,058 | 8,939 | 9,266 | - | 35,263 |
| Inter-segment sales | 901 | 560 | 229 | (1,690) | - |
| Total | <u>17,959</u> | <u>9,499</u> | <u>9,495</u> | <u>(1,690)</u> | <u>35,263</u> |
| Segment result² | <u>2,150</u> | <u>1,557</u> | <u>1,569</u> | | 5,276 |
| Unallocated corporate expenses | | | | | (49) |
| Interest income | | | | | 380 |
| Finance costs | | | | | (79) |
| Profit before taxation | | | | | <u>5,528</u> |
| Taxation | | | | | <u>(1,178)</u> |
| Profit for the year | | | | | <u>4,350</u> |
| As at 31 December 2022 | | | | | |
| ASSETS | | | | | |
| Segment assets | 34,203 | 7,946 | 11,080 | | 53,229 |
| Deferred taxation assets | | | | | 3,266 |
| Taxation recoverable | | | | | 653 |
| Unallocated corporate assets | | | | | <u>165</u> |
| Consolidated total assets | | | | | <u>57,313</u> |
| LIABILITIES | | | | | |
| Segment liabilities | 15,092 | 6,742 | 6,431 | | 28,265 |
| Taxation payable | | | | | 100 |
| Deferred taxation liabilities | | | | | 1,850 |
| Unallocated corporate liabilities | | | | | <u>21</u> |
| Consolidated total liabilities | | | | | <u>30,236</u> |
| OTHER INFORMATION | | | | | |
| Additions to non-current assets ³ | 780 | 882 | 488 | - | 2,150 |
| Depreciation and amortisation | 824 | 377 | 359 | 2 | 1,562 |
| Impairment loss recognised for fixed assets and stocks | <u>304</u> | <u>102</u> | <u>67</u> | <u>-</u> | <u>473</u> |

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> |
| For the year ended | | | | | |
| 31 December 2021 | | | | | |
| TURNOVER¹ | | | | | |
| External sales | 16,599 | 7,913 | 8,875 | - | 33,387 |
| Inter-segment sales | 617 | 498 | 188 | (1,303) | - |
| Total | <u>17,216</u> | <u>8,411</u> | <u>9,063</u> | <u>(1,303)</u> | <u>33,387</u> |
| Segment result² | <u>3,395</u> | <u>1,187</u> | <u>1,467</u> | | 6,049 |
| Unallocated corporate expenses | | | | | (58) |
| Interest income | | | | | 243 |
| Finance costs | | | | | (19) |
| Profit before taxation | | | | | <u>6,215</u> |
| Taxation | | | | | <u>(1,625)</u> |
| Profit for the year | | | | | <u>4,590</u> |
| As at 31 December 2021 | | | | | |
| ASSETS | | | | | |
| Segment assets | 28,313 | 7,545 | 10,979 | | 46,837 |
| Deferred taxation assets | | | | | 3,368 |
| Taxation recoverable | | | | | 625 |
| Unallocated corporate assets | | | | | <u>223</u> |
| Consolidated total assets | | | | | <u>51,053</u> |
| LIABILITIES | | | | | |
| Segment liabilities | 13,628 | 5,921 | 4,948 | | 24,497 |
| Taxation payable | | | | | 92 |
| Deferred taxation liabilities | | | | | 1,955 |
| Unallocated corporate liabilities | | | | | <u>20</u> |
| Consolidated total liabilities | | | | | <u>26,564</u> |
| OTHER INFORMATION | | | | | |
| Additions to non-current assets ³ | 901 | 392 | 373 | 5 | 1,671 |
| Depreciation and amortisation | 867 | 390 | 381 | 3 | 1,641 |
| Impairment loss recognised for fixed assets and stocks | <u>323</u> | <u>197</u> | <u>182</u> | <u>-</u> | <u>702</u> |

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 2022 and 2021.
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

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|----------------------------|----------------------------|
| Other income and gains includes the following: | | |
| Interest income | 380 | 243 |
| Government grants recognised | 242 | 437 |
| Profit on disposal of fixed assets | 95 | 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 | 201 | 52 |
| Change in fair value of financial assets at fair value through profit or loss (Note 11) | 100 | - |
| Sales of scrapped materials | 256 | 249 |
| Bottles usage income | 510 | 542 |

5. Finance costs

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--------------------------------|----------------------------|----------------------------|
| Interests on bank loans | 33 | - |
| Interests on lease liabilities | 6 | 6 |
| Financing charges | 8 | 24 |
| Net exchange loss/(gain) | 32 | (11) |
| | 79 | 19 |

6. Taxation

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|------------------------------------|----------------------------|----------------------------|
| Chinese Mainland income tax | | |
| Current taxation | 1,248 | 955 |
| Deferred taxation | (70) | 670 |
| | 1,178 | 1,625 |

Hong Kong Profits Tax is calculated at 16.5% (2021: 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 2022 is 25% (2021: 25%).

7. Profit for the year

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--|----------------------------|----------------------------|
| Profit for the year has been arrived at after (crediting)/ charging: | | |
| Auditors' remuneration | | |
| - Audit services | 10 | 11 |
| - Non-audit services | 5 | 4 |
| Staff costs (including directors' emoluments) | 5,729 | 5,692 |
| Depreciation | | |
| - Owned fixed assets | 1,335 | 1,422 |
| - Right-of-use assets | 175 | 154 |
| Amortisation of other intangible assets | 52 | 65 |
| Impairment loss recognised on | | |
| - Owned fixed assets | 212 | 300 |
| - Stocks | 261 | 402 |
| Change in fair value of financial assets at fair value through profit or loss (Note 11) | (100) | 29 |
| Cost of goods sold | 21,702 | 20,313 |
| Expense relating to short-term leases | 64 | 83 |

8. Dividends

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|----------------------------|----------------------------|
| 2022 interim dividend paid of RMB0.234 per ordinary share (2021: RMB0.264) | 759 | 856 |
| 2022 proposed final dividend of RMB0.302 per ordinary share (2021: RMB0.302) | 980 | 980 |
| | 1,739 | 1,836 |

At the meeting held on 24 March 2023, the directors proposed final dividend of RMB0.302 (2021: RMB0.302) 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 2021 and the interim dividend for the year 2022, amounted to RMB1,739 million (2021: RMB1,281 million, including the final dividend for the year 2020 and the interim dividend for the year 2021) are reflected in the current year consolidated financial statements. In addition, dividends of RMB3 million have been paid to non-controlling shareholders of subsidiaries during the year ended 31 December 2022 (2021: RMB3 million).

9. Earnings per share

| | 2022 | 2021 |
|---|---------------------------|--------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| The calculation of the basic earnings per share is based on the following data: | | |
| Earnings | | |
| Profit attributable to shareholders of the Company for the purposes of calculating basic earnings per share | 4,344 | 4,587 |
| | 2022 | 2021 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | 3,244,176,905 | 3,244,176,905 |
| | 2022 | 2021 |
| | <i>RMB</i> | <i>RMB</i> |
| Basic earnings per share | 1.34 | 1.41 |

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

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|----------------------------|----------------------------|
| Cost of investment in joint ventures | 602 | 602 |
| Elimination of profit of disposal of land to a joint venture | (436) | (500) |
| Elimination of profit of disposal of fixed assets to a joint venture | (6) | - |
| Accumulated share of post-acquisition losses and total comprehensive expenses | (69) | (2) |
| | 91 | 100 |

During the year ended 31 December 2022, the Group's investment in joint ventures comprised the followings:

- (i) Shenzhen Runxue Industrial Co., Ltd* (深圳市潤雪實業有限公司, "Shenzhen Runxue")
The Company, through its wholly-owned subsidiaries (including China Resources Snow Breweries (China) Investment Co., Ltd* (華潤雪花啤酒(中國)投資有限公司, "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 2022 amounted to RMB500 million (2021: RMB500 million).

As at 31 December 2022 and 2021, the Group provided guarantees of RMB2,425 million and RMB2,109 million, respectively, to Shenzhen Runxue related to its borrowings, based on the Group's proportion of equity interests in a joint venture. The Group assessed that the fair value at initial recognition of the financial guarantees was insignificant.

- (ii) Runhui Investment (Shenzhen) Enterprise (Limited Partnership)* (潤慧投資(深圳)企業(有限合夥), "Runhui Investment")
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)* (珠海橫琴潤創投資企業(有限合夥)), Shenzhen Bohui Asset Management Company Limited* (深圳市博慧資產管理有限公司) and Shenzhen Feihongzhuxin Investment Enterprise (Limited Partnership)* (深圳飛宏築信投資企業(有限合夥)) in relation to the establishment of the partnership - Runhui Investment. The investment cost as at 31 December 2022 amounted to RMB102 million (2021: RMB102 million).

(b) Interests in an associate

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--|----------------------------|----------------------------|
| Cost of investment in an associate | 1,300 | 1,300 |
| Accumulated share of post-acquisition loss and total comprehensive expense | (19) | (19) |
| Exchange difference | 117 | - |
| | 1,398 | 1,281 |

- (i) Shandong Jingzhi Baijiu Co., Ltd (山東景芝白酒有限公司, "Shandong Jingzhi Baijiu")
On 27 October 2021, CRE Beverage Trading Limited (華創飲品貿易有限公司), one of the subsidiaries of the Company, completed the capital injection of a 40% equity interests of 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 on the board.

11. Financial assets at fair value through profit or loss

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--------------------------------------|----------------------------|----------------------------|
| Unlisted equity interest (Note (i)) | 1,027 | - |
| Consideration receivable (Note (ii)) | 3,711 | 3,611 |
| Other financial assets | 2 | 2 |
| | 4,740 | 3,613 |

Notes:

- (i) The Company, through China Resources Wine Holdings Co., Ltd.* (華潤酒業控股有限公司, “WH”), an indirect wholly-owned subsidiary of the Company, entered into the following agreements, which comprise: (1) the capital increase agreement; (2) the share purchase agreement; and (3) the shareholders agreement.

Pursuant to the capital increase agreement, WH agreed to contribute a total of RMB1,026,700,000 to Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd.* (貴州金沙窖酒酒業有限公司, “Guizhou Jinsha”) for 4.610% equity interest of Guizhou Jinsha. Pursuant to the share purchase agreement, WH agreed to purchase, and the existing shareholders agreed to sell, an aggregate of 50.58% equity interest in Guizhou Jinsha (upon the completion of capital increase agreement) for a total consideration of RMB11,273,300,000.

Immediately following the completion of capital increase agreement and the share purchase agreement, WH will hold a total of 55.19% equity interest in Guizhou Jinsha, and Guizhou Jinsha will become an indirect non-wholly owned subsidiary of the Company.

As at 31 December 2022, WH had completed the contribution of RMB1,026,700,000 to Guizhou Jinsha. The investment in Guizhou Jinsha is classified as financial assets at fair value through profit or loss.

As at 31 December 2022, the fair value of the investment in Guizhou Jinsha was approximately RMB1,027 million.

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

Notes: (continued)

- (ii) The Company, through its wholly-owned subsidiary 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. The investment cost as at 31 December 2022 amounted to RMB500 million (2021: RMB500 million). 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, “CR Snow”) (a wholly-owned subsidiary of CR Snow Investment), 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.

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.

On 26 May 2021, the gain on disposal of right-of-use assets of approximately RMB3,510 million arose from the disposal of the parcels of Land 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 had been recognised.

As at 31 December 2022, the fair value of consideration is measured at approximately RMB3,711 million (2021: RMB3,611 million). Accordingly, the fair value gain of approximately RMB100 million was recognised in profit or loss during the year ended 31 December 2022 (2021: fair value loss of approximately RMB29 million).

12. Trade and other receivables

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|----------------------------|----------------------------|
| Trade receivables from third parties | 144 | 150 |
| Trade receivables from fellow subsidiaries | 7 | 19 |
| Less: allowance for credit losses | <u>(33)</u> | <u>(37)</u> |
| | 118 | 132 |
| Value-added tax recoverable | 202 | 154 |
| Prepayments | 172 | 200 |
| Prepayments made to an associate | - | 88 |
| Deposits paid | 30 | 24 |
| Other receivables | 179 | 177 |
| Short-term bank deposits (Note (i)) | 220 | 400 |
| Amount due from a joint venture (Note (ii)) | 691 | 250 |
| Amounts due from fellow subsidiaries (Note (iii)) | <u>1,000</u> | <u>2,011</u> |
| | <u>2,612</u> | <u>3,436</u> |

Notes:

- (i) The short-term bank deposits carry interest rates ranging from 1.2% to 3.1% (2021: 1.85% to 3.5%) per annum.
- (ii) Amount due from a joint venture was unsecured, bear interest at 4.275% (2021: 4.275%) per annum and repayable within one year from the reporting date.
- (iii) Amounts due from fellow subsidiaries mainly included loans of RMB1,000 million (2021: RMB2,000 million) and were unsecured, bear interest at 3.915% (2021: 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

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

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--------------|----------------------------|----------------------------|
| 0 – 30 days | 43 | 39 |
| 31 – 60 days | 22 | 16 |
| 61 – 90 days | 11 | 12 |
| > 90 days | <u>42</u> | <u>65</u> |
| | <u>118</u> | <u>132</u> |

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

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|---|----------------------------|----------------------------|
| Trade payables to third parties | 3,438 | 3,100 |
| Trade payables to fellow subsidiaries | 3 | 8 |
| | 3,441 | 3,108 |
| Contract liabilities (Note (i)) | 6,642 | 6,873 |
| Accruals | 3,277 | 3,050 |
| Deposits received (Note (ii)) | 7,267 | 5,064 |
| Other payables | 2,158 | 2,235 |
| Capital contribution payable | 160 | 650 |
| Amount due to a holding company (Note (iii)) | 5 | 5 |
| Amounts due to fellow subsidiaries (Note (iii)) | 52 | 22 |
| | 23,002 | 21,007 |

Notes:

- (i) Included receipt in advance on sales of RMB749 million (2021: RMB896 million) and liabilities on promotional schemes of RMB5,893 million (2021: RMB5,977 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 2022, revenue recognised that was included in the contract liabilities balance at the beginning of the year amounted to RMB6,873 million (2021: RMB7,451 million).
- (ii) Amounts mainly included deposits received for consumables and packing materials.
- (iii) Amount due to a holding company and amounts due to fellow subsidiaries were unsecured, interest-free and repayable on demand.

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

| | 2022 <i>RMB million</i> | 2021 <i>RMB million</i> |
|--------------|----------------------------|----------------------------|
| 0 – 30 days | 3,407 | 3,076 |
| 31 – 60 days | 10 | 7 |
| 61 – 90 days | 1 | 2 |
| > 90 days | 23 | 23 |
| | 3,441 | 3,108 |

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 2022 have been reviewed by the Audit Committee of the Company and the financial information included in this preliminary results announcement of annual results for the year ended 31 December 2022 has been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. An unqualified auditor's report will be included in the annual report for the year ended 31 December 2022 to shareholders of the Company.

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31 December 2022 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 is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company will deliver the consolidated financial statements for the year ended 31 December 2022 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 2022. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

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.

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.* (“WH”), signed the capital increase agreement, the share purchase agreement and the shareholders agreement on acquiring a 55.19% equity interest in Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd.* (“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.

FINANCIAL REVIEW

Capital and Funding

As at 31 December 2022, the Group's consolidated net cash amounted to RMB9,129,000,000. The Group's borrowings as at 31 December 2022 were RMB1,100,000,000 with RMB 512,000,000 repayable within one year, and RMB588,000,000 repayable after one year but within five years.

The Group was in a net cash position as at 31 December 2022 and 31 December 2021.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 31 December 2022, 0.3% of the Group's cash and bank deposit balance was held in Hong Kong dollars, 98.6% in Renminbi and 1.1% in US dollars.

As at 31 December 2022, the Group's current liabilities and current ratio were RMB23,667,000,000 and 0.88, 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 to have 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 2022, assets with a carrying value of RMB21,000,000 (31 December 2021: RMB20,000,000) were pledged for construction in progress and notes payable.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2022.

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

Completion of the acquisition of 55.19% equity interest in Guizhou Jinsha (the "Acquisition")

Pursuant to the Company's announcement dated 10 January 2023, the Company completed the Acquisition, of which all conditions precedent to the completion of the capital increase agreement and the share purchase agreement of the Acquisition have been fulfilled and the transfer of equity interest has been completed. After the completion, WH holds 55.19% equity interest in Guizhou Jinsha, and Guizhou Jinsha has become an indirect non-wholly owned subsidiary of the Company.

Save as disclosed above, there are no other significant subsequent events occurred that materially affected the Group's financial condition or operation after 31 December 2022 and up to the date of this announcement.

EMPLOYEES

As at 31 December 2022, the Group had a staff size of around 24,000, 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 RMB5,729,000,000 for the year ended 31 December 2022. 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 2022 (2021: RMB0.302 per share) payable on or around 7 July 2023 to shareholders whose names appear on the register of members of the Company on 25 May 2023. 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

RMB0.234 per share, the total dividend for the year ended 31 December 2022 will amount to RMB0.536 per share (2021: RMB0.566 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 Wednesday, 31 May 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 16 June 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 May 2023 to Friday, 19 May 2023, 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 19 May 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 May 2023 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 Thursday, 25 May 2023, and the register of members of the Company will be closed on Thursday, 25 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 24 May 2023 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 set out in the CG Code throughout the year ended 31 December 2022, save and except the following:

In respect of Code Provisions C.2.1 to C.2.9 of the CG Code, since the resignation of Mr. Chen Lang as the chairman of the Board (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 C.3.3 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, the responsibilities under statute and common law, legal and other regulatory requirements.

In respect of Code Provision D.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 F.2.2 of the CG Code, the position of the Chairman has been vacant at the annual general meeting of the Company held on 21 June 2022 (the “AGM”) and has not been filled up as at the date of this announcement. Mr. Hou Xiaohai, an Executive Director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at 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, 5 November 2021 and 20 December 2022, respectively. The prohibitions on securities dealing and disclosure requirements in the Code of Ethics also apply to specified individuals including 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 2022.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, 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 2023

** English names are for identification purposes only*

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, Mr. Lai Hin Wing Henry Stephen, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.