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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 (HKD counter) and 80291 (RMB counter))

### FINAL 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.
- 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<sup>®</sup>", "Snow Draft Beer", "Lao Xue" and "Amstel" in 2023 recorded robust double-digit growth as compared to last year.
- The sale volume of "Heineken<sup>®</sup>" 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<sup>®</sup>", which is to achieve a sales volume target of 600,000 kilolitres for "Heineken<sup>®</sup>" 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 30<sup>th</sup> 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).

## FINANCIAL HIGHLIGHTS

|  | 2023<br><i>RMB million</i>    | 2022<br><i>RMB million</i>    |
|--|-------------------------------|-------------------------------|
| Turnover   | 38,932                        | 35,263                        |
| Profit attributable to shareholders of the Company | 5,153                         | 4,344                         |
| Basic earnings per share                           | RMB1.59                       | RMB1.34                       |
| Dividend per share                                 |                               |                               |
| - interim  | RMB0.287                      | RMB0.234                      |
| - final  | RMB0.349                      | RMB0.302                      |
| - special  | RMB0.300                      | -                             |
|  | <b>RMB0.936</b>               | <b>RMB0.536</b>               |
|  | <b>As at 31 December 2023</b> | <b>As at 31 December 2022</b> |
|  | <i>RMB million</i>            | <i>RMB million</i>            |
| Equity attributable to shareholders of the Company | 30,295                        | 27,039                        |
| Non-controlling interests                          | 3,879                         | 38                            |
| Total equity                                       | <b>34,174</b>                 | <b>27,077</b>                 |
| Consolidated net cash <sup>1</sup>                 | 426                           | 9,129                         |
| Gearing ratio <sup>2</sup>                         | Net Cash                      | Net Cash                      |
| Current ratio                                      | 0.70                          | 0.88                          |
| Net assets per share - book value <sup>3</sup>     | <b>RMB9.34</b>                | <b>RMB8.33</b>                |

### Notes:

1. Consolidated net cash represents consolidated total cash and cash equivalents and pledged bank deposits minus consolidated total loans.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.
3. 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 |                    |
|---|--------------------|--------------------|---------------------------------------|--------------------|
|   | 2023               | 2022               | 2023                                  | 2022               |
|   | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i>                    | <i>RMB million</i> |
| Eastern region                            | 18,528             | 17,959             | 2,523                                 | 2,150              |
| Central region                            | 9,858              | 9,499              | 2,181                                 | 1,557              |
| Southern region                           | 9,930              | 9,495              | 2,185                                 | 1,569              |
| Beer sub-total                            | 38,316             | 36,953             | 6,889                                 | 5,276              |
| Baijiu                                    | 2,083              | -                  | 130                                   | -                  |
|   | 40,399             | 36,953             | 7,019                                 | 5,276              |
| Elimination of inter-segment transactions | (1,467)            | (1,690)            | -                                     | -                  |
| Net corporate expenses                    | -                  | -                  | (58)                                  | (49)               |
| <b>Total</b>                              | <b>38,932</b>      | <b>35,263</b>      | <b>6,961</b>                          | <b>5,227</b>       |

## STATEMENT FROM THE CHAIRMAN OF THE BOARD

2023 was a landmark and fruitful year for China Resources Beer (Holdings) Company Limited (the “Company” or “CR Beer”, together with its subsidiaries, the “Group”). The year 2023 marked both the Group's 30<sup>th</sup> 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 150<sup>th</sup> anniversary of Heineken<sup>®</sup> beer and the first five years of the landmark partnership between CR Beer and Heineken<sup>®</sup>. Looking back, CR Beer has witnessed the changes in China's beer industry, always keeping pace with the market and grasping industry trends. We have continuously explored and optimized our capabilities to form a premium beer brand matrix of “domestic brands + international brands” and pioneered the “New World” strategy to lead the industry.

### *2023 Annual Results*

In response to market changes, CR Beer launched the “3+3+3” strategy in 2017 to build a blueprint for high-quality development. In 2023, we entered the final three years of this strategy, officially commencing the crucial stage of “Winning at Premiumization”, focusing on the management topic of “Excellence in Development for Winning at Premiumization” and actively mapping out the “New World” of the consumer industry. Guided by this “New World” approach, we implemented organizational restructuring of the beer and baijiu business units at the beginning of the year and 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”, laying a solid foundation for future development.

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. For the year ended 31 December 2023, overall consolidated turnover increased by 10.4% year-on-year to RMB38,932,000,000, and earnings before interest and taxation and profit attributable to the Company’s shareholders increased by 33.2% and 18.6% year-on-year to RMB6,961,000,000 and RMB5,153,000,000, respectively, while the beer sales volume increased by 0.5% year-on-year to 11,151,000 kilolitres.

### *Final Dividend*

The Board of the Company 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 30<sup>th</sup> anniversary of the Group (2022: Nil) payable on or around 4 July, 2024 to shareholders whose names appear on the register of members of the Company on 24 May, 2024. 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) in appreciation of the shareholders' support to the Group.

## *Strategy Execution*

### *Beer Business*

In 2023, CR Beer actively promoted its new stage of development, the “Winning at Premiumization” strategy, firmly implemented the corporate vision of “becoming the leader of the new world of the beer industry”, continued to strengthen its core competitiveness, and promoted high-end development. With the gradual recovery of the beer market in China, the Group continued to promote the key brands through various activities, in turn, the turnover and earnings before interest and taxation of the beer business in 2023 increased by 4.5% and 30.6% to RMB36,865,000,000 and RMB6,889,000,000, respectively.

As the consumer market in China continues to evolve towards premium, personalized and value-added products, CR Beer has continued to diversify its product portfolio of “domestic brands + international brands” in the beer business. In 2023, the sales volume of the Group’s sub-premium beer segment and above continued to rise, with the sales volume achieved 2,500,000 kilolitres, increased by 18.9% compared to last year. Among the brands, the sales volume of the products such as “Heineken<sup>®</sup>”, “Snow Draft Beer”, “Lao Xue” and “Amstel” recorded robust double-digit growth as compared to last year.

The Group has started the co-operation with Heineken<sup>®</sup> five years ago, emphasizing our confidence and determination to China’s consumption upgrade and the development of premiumization. 2023 marked the 150<sup>th</sup> anniversary of Heineken<sup>®</sup> beer. To celebrate, Heineken<sup>®</sup> held a global carnival in Shanghai, China in November with the Group’s coordination, reflecting its strong optimism for the development of China’s beer market. In 2023, the first five-year plan of our partnership to sell 600,000 kilolitres of Heineken<sup>®</sup> branded beer in China was successfully accomplished, and China has become the second largest market for Heineken<sup>®</sup> globally.

Benefitted from the increase in overall beer sales volume and turnover, as well as the decrease in the cost of certain packaging materials, the gross profit margin of the beer business increased by 1.7 percentage points to 40.2% as compared to last year.

### *Baijiu Business*

While steadily developing the beer business, the Group actively explores the baijiu market, firmly implementing the dual empowerment model for its “beer + baijiu” businesses and “synergistic model of various baijiu companies”. We hope to explore and lead industry transformation by empowering channel management and corporate operations, while retaining the traditional advantages of the baijiu industry, striving to become “an explorer of the new world of the baijiu industry”. In January 2023, the Group completed the transfer of 55.19% equity interest of Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd.\* (貴州金沙窖酒酒業有限公司, “Guizhou Jinsha”) and included Guizhou Jinsha in the Group’s consolidated financial statements. After the completion of the acquisition, the Group established China Resources Wine, closely focusing on the management theme of “Exploration”, and carried out external benchmarking and internal integration, completed the reshaping of management, brand, products and channels, created a baijiu management system that features China Resources Wine’s characteristics, achieved standardized management and gradually improved operations. 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.

## ***PROSPECT***

Looking ahead to 2024, growth will continue to be the CR Beer's top priority. The recovery of China's economy is still at a critical stage, and the long-term trend remains positive. Under the guidance of the national policy to "Make Progress While Maintaining Stability", we will continue to pursue growth in scale and quality, consolidate and enhance the core capabilities, grasp market development trends, and promote high-quality development. In the face of an uncertain and challenging economic and market environment, we will remain cautious and stay optimistic, actively plan and develop with a foothold set in the "new world" of consumer industry, striving to achieve "balanced" growth in overall income, profit and the sales volume of overall and sub-premium beer segment and above in 2024.

### *Beer Business*

As the overall industry keeps changing, CR Beer will continue to deepen the growth of premium business and consolidate the business and scale of mid-end and other segments, invest in brands, products, channels, sales and marketing to explore opportunities amidst challenges. We will continue to deepen the second-time organizational transformation, improve management efficiency, and further consolidate our competitive advantages in premiumization, leading the development of China's beer business in the global beer industry with more advanced and influential power.

### *Baijiu Business*

We will strengthen its strategic confidence, maintain strategic focus and resolutely implement the three-year plan of "Explore, Develop, and Become Stronger", in order to become an explorer of the new world of the baijiu industry. We will continue to build a unique dual empowerment model for our "beer + baijiu" businesses under a market-oriented mechanism and under the organization of the same company, with a focus on four main advantages: experience in development, resources, management mechanisms, and listed platforms established by CR Beer. With that in mind, we 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.

In addition, as the nation and stakeholders emphasize more on the development of environmental, social and governance ("ESG"), the Group will continue to grasp the development trend, actively promote green development, and strive for better performance on ESG matters. We will continue to create more value in various areas including technological innovation, finance and branding, improve blueprint planning, and maintain long-term, sustainable and profitable growth. Leveraging the extensive experience and excellent organizational structure with nearly 30 years accumulation in CR Beer, the Group will accelerate towards the great vision of "becoming a world-class alcoholic beverage enterprise".

## ***APPRECIATION***

On behalf of the Board, I would like to take this opportunity to express our gratitude to Mr. Lai Ni Hium, Frank, Mr. Richard Raymond Weissend and Ms. Zhang Kaiyu for their invaluable contribution to the Company during their tenure. Meanwhile, we warmly welcome Ms. Guo Wei and Mr. Daniel Robinson to join the Board.

CR Beer's achievements are inseparable from the tremendous support of our shareholders, the efforts of the management team and employees, and the long-term trust of our customers and business partners for nearly 30 years in the past. We would like to sincerely thank you all. Going forward, we will continue to provide customers with high-quality products and services wholeheartedly, and create more attractive returns for our shareholders.

**Hou Xiaohai**

*Executive Director and Chairman of the Board*

Hong Kong, 18 March 2024

## 2023 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 2023 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

*For the year ended 31 December 2023*

|   |              | 2023                      | 2022               |
|---|--------------|---------------------------|--------------------|
|   | <i>Notes</i> | <u><i>RMB million</i></u> | <u>RMB million</u> |
| Turnover  | 4            | 38,932                    | 35,263             |
| Cost of sales                                       |              | <u>(22,829)</u>           | <u>(21,702)</u>    |
| Gross profit  |              | 16,103                    | 13,561             |
| Other income and gains                              | 5            | 2,651                     | 2,183              |
| Selling and distribution expenses                   |              | (8,065)                   | (6,750)            |
| Administrative and other expenses                   |              | (3,362)                   | (3,320)            |
| Share of results of joint ventures and an associate |              | (5)                       | (67)               |
| Finance costs                                       | 6            | <u>(244)</u>              | <u>(79)</u>        |
| Profit before taxation                              |              | 7,078                     | 5,528              |
| Taxation  | 7            | <u>(1,864)</u>            | <u>(1,178)</u>     |
| <b>Profit for the year</b>                          | 8            | <u><b>5,214</b></u>       | <u>4,350</u>       |
| <b>Attributable to:</b>                             |              |                           |                    |
| Shareholders of the Company                         |              | 5,153                     | 4,344              |
| Non-controlling interests                           |              | <u>61</u>                 | <u>6</u>           |
|   |              | <u><b>5,214</b></u>       | <u>4,350</u>       |
| <b>Earnings per share</b>                           |              |                           |                    |
| Basic   | 10           | <u><b>RMB1.59</b></u>     | <u>RMB1.34</u>     |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| <b>Profit for the year</b>  | <b>5,214</b>               | <b>4,350</b>               |
| <b>Other comprehensive income/(expenses):</b>                                       |                            |                            |
| <b>Item that will not be reclassified to profit or loss:</b>                        |                            |                            |
| Exchange differences on translation of functional currency to presentation currency | -                          | 2,433                      |
| <b>Items that may be reclassified subsequently to profit or loss:</b>               |                            |                            |
| Exchange differences on translating foreign operations                              | 9                          | (2,401)                    |
| <b>Other comprehensive income for the year, net of tax</b>                          | <b>9</b>                   | <b>32</b>                  |
| <b>Total comprehensive income for the year</b>                                      | <b>5,223</b>               | <b>4,382</b>               |
| <b>Attributable to:</b>   |                            |                            |
| Shareholders of the Company   | 5,162                      | 4,376                      |
| Non-controlling interests   | 61                         | 6                          |
|   | <b>5,223</b>               | <b>4,382</b>               |

# CONSOLIDATED BALANCE SHEET

As at 31 December 2023

|   | Notes | <u>2023</u><br><u>RMB million</u> | <u>2022</u><br><u>RMB million</u> |
|---|-------|-----------------------------------|-----------------------------------|
| <b>Non-current assets</b>                                 |       |                                   |                                   |
| Fixed assets  |       | 16,294                            | 14,050                            |
| Right-of-use assets                                       |       | 3,229                             | 3,156                             |
| Goodwill  |       | 16,806                            | 9,385                             |
| Other intangible assets                                   |       | 8,991                             | 203                               |
| Interests in joint ventures and an associate              | 11    | 1,451                             | 1,489                             |
| Financial assets at fair value through profit or loss     | 12    | 3,716                             | 4,740                             |
| Prepayments   |       | 150                               | 128                               |
| Deferred taxation assets                                  |       | 3,728                             | 3,266                             |
| Pledged bank deposits                                     |       | 18                                | 18                                |
|   |       | <u>54,383</u>                     | <u>36,435</u>                     |
| <b>Current assets</b>                                     |       |                                   |                                   |
| Stocks  |       | 9,502                             | 7,402                             |
| Trade and other receivables                               | 13    | 1,506                             | 2,612                             |
| Taxation recoverable                                      |       | 613                               | 653                               |
| Pledged bank deposits                                     |       | -                                 | 3                                 |
| Cash and cash equivalents                                 |       | 5,520                             | 10,208                            |
|   |       | <u>17,141</u>                     | <u>20,878</u>                     |
| <b>Current liabilities</b>                                |       |                                   |                                   |
| Trade and other payables                                  | 14    | (22,755)                          | (23,002)                          |
| Short-term bank loans                                     | 15    | (931)                             | (512)                             |
| Lease liabilities   |       | (84)                              | (53)                              |
| Taxation payable  |       | (594)                             | (100)                             |
|   |       | <u>(24,364)</u>                   | <u>(23,667)</u>                   |
| <b>Net current liabilities</b>                            |       | <u>(7,223)</u>                    | <u>(2,789)</u>                    |
| <b>Total assets less current liabilities</b>              |       | <u>47,160</u>                     | <u>33,646</u>                     |
| <b>Non-current liabilities</b>                            |       |                                   |                                   |
| Long-term bank loans                                      | 15    | (4,181)                           | (588)                             |
| Lease liabilities   |       | (89)                              | (59)                              |
| Deferred taxation liabilities                             |       | (4,391)                           | (1,850)                           |
| Other non-current liabilities                             |       | (4,325)                           | (4,072)                           |
|   |       | <u>(12,986)</u>                   | <u>(6,569)</u>                    |
|   |       | <u>34,174</u>                     | <u>27,077</u>                     |
| <b>Capital and reserves</b>                               |       |                                   |                                   |
| Share capital   |       | 14,090                            | 14,090                            |
| Reserves  |       | 16,205                            | 12,949                            |
| <b>Equity attributable to shareholders of the Company</b> |       | <u>30,295</u>                     | <u>27,039</u>                     |
| <b>Non-controlling interests</b>                          |       | <u>3,879</u>                      | <u>38</u>                         |
| <b>Total equity</b>                                       |       | <u>34,174</u>                     | <u>27,077</u>                     |

## Notes:

### 1. Basis of preparation

The results announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 (which has been renumbered to Appendix D2 with effect from 31 December 2023) 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 2023 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 of the 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 2022, except for the application of amendments to HKFRSs, which are effective for the Group’s financial year beginning 1 January 2023.

#### 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 Group’s annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12  | International Tax Reform-Pillar Two model Rules                                  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |

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.

## 2. Principal accounting policies (continued)

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

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.

### Amendments to HKFRSs in issue but not yet effective

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

|                                    |   |
|------------------------------------|---|
| 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 7 and HKFRS 7   | Supplier Finance Arrangements   |
| Amendments to HKAS 21              | Lack of Exchangeability   |

These amendments to HKFRSs are not expected to have a material impact on consolidated financial statements in the foreseeable future.

## 3. Change in functional currency

During the current year, the functional currency of the Company was changed from Hong Kong dollars to Renminbi (“RMB”) upon completion of an 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, hereinafter “Guizhou Jinsha”). Following the development of Baijiu business, the Company placed more reliance on RMB as a major financing source, as a result of which the directors of the Company revisited the functional currency of the Company. The underlying operations of the principal subsidiaries of the Company are primarily in the People's Republic of China (the “PRC”) with RMB being the functional currency. The directors of the Company have considered that RMB better reflects the economic substance and financing sources of the Company. Accordingly, the functional currency of the Company was changed prospectively from the date of 1 January 2023.

## 4. Segment information

|   | Eastern<br>region  | Central<br>region  | Southern<br>region | Beer<br>Sub-total  | Baijiu <sup>4</sup> | Corporate /<br>Elimination | Total              |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|----------------------------|--------------------|
|   | <i>RMB million</i>  | <i>RMB million</i>         | <i>RMB million</i> |
| <b>For the year ended</b>                                 |                    |                    |                    |                    |                     |                            |                    |
| <b>31 December 2023</b>                                   |                    |                    |                    |                    |                     |                            |                    |
| <b>TURNOVER<sup>1</sup></b>                               |                    |                    |                    |                    |                     |                            |                    |
| External sales  | 17,508             | 9,511              | 9,846              | 36,865             | 2,067               | -                          | 38,932             |
| Inter-segment sales                                       | 1,020              | 347                | 84                 | 1,451              | 16                  | (1,467)                    | -                  |
| Total   | 18,528             | 9,858              | 9,930              | 38,316             | 2,083               | (1,467)                    | 38,932             |
| <b>Segment result<sup>2</sup></b>                         | <b>2,523</b>       | <b>2,181</b>       | <b>2,185</b>       | <b>6,889</b>       | <b>130</b>          |                            | <b>7,019</b>       |
| Unallocated corporate expenses                            |                    |                    |                    |                    |                     |                            | (58)               |
| Interest income   |                    |                    |                    |                    |                     |                            | 361                |
| Finance costs   |                    |                    |                    |                    |                     |                            | (244)              |
| <b>Profit before taxation</b>                             |                    |                    |                    |                    |                     |                            | <b>7,078</b>       |
| Taxation  |                    |                    |                    |                    |                     |                            | (1,864)            |
| <b>Profit for the year</b>                                |                    |                    |                    |                    |                     |                            | <b>5,214</b>       |
| <b>As at 31 December 2023</b>                             |                    |                    |                    |                    |                     |                            |                    |
| <b>ASSETS</b>   |                    |                    |                    |                    |                     |                            |                    |
| Segment assets  | 20,285             | 7,881              | 11,194             | 39,360             | 21,482              |                            | 60,842             |
| Deferred taxation assets                                  |                    |                    |                    |                    |                     |                            | 3,728              |
| Taxation recoverable                                      |                    |                    |                    |                    |                     |                            | 613                |
| Unallocated corporate assets <sup>6</sup>                 |                    |                    |                    |                    |                     |                            | 6,341              |
| <b>Consolidated total assets</b>                          |                    |                    |                    |                    |                     |                            | <b>71,524</b>      |
| <b>LIABILITIES</b>  |                    |                    |                    |                    |                     |                            |                    |
| Segment liabilities                                       | 12,392             | 6,529              | 5,728              | 24,649             | 6,446               |                            | 31,095             |
| Taxation payable  |                    |                    |                    |                    |                     |                            | 594                |
| Deferred taxation liabilities                             |                    |                    |                    |                    |                     |                            | 4,391              |
| Unallocated corporate liabilities                         |                    |                    |                    |                    |                     |                            | 1,270              |
| <b>Consolidated total liabilities</b>                     |                    |                    |                    |                    |                     |                            | <b>37,350</b>      |
| <b>OTHER INFORMATION</b>                                  |                    |                    |                    |                    |                     |                            |                    |
| Additions to non-current assets <sup>3</sup>              | 1,357              | 683                | 718                | 2,758              | 17,825              | 559                        | 21,142             |
| Depreciation and amortisation                             | 775                | 421                | 345                | 1,541              | 718 <sup>5</sup>    | 18                         | 2,277              |
| Impairment loss recognised for<br>fixed assets and stocks | 344                | 30                 | 30                 | 404                | -                   | -                          | 404                |

#### 4. Segment information (continued)

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

Notes:

- Turnover represents sales of beer and baijiu products and was recognised at a point in time.
- Segment result represents earnings before interest income, finance costs and taxation.
- Additions to non-current assets included fixed assets, right-of-use assets, goodwill and other intangible assets. For the year ended 31 December 2023, the additions included RMB17,599 million arising from the acquisition of Guizhou Jinsha (Note 16).
- During the year ended 31 December 2023, the Group has completed the acquisition of Guizhou Jinsha as detailed in note 16 and has been included in the Group's consolidated financial statements. With the development of Baijiu business, it is considered as a new operating and reportable segment by the chief operating decision maker.
- Depreciation and amortisation of Baijiu segment includes amortisation of other intangible assets that amounted to RMB667 million arising from the acquisition of Guizhou Jinsha.
- Unallocated corporate assets mainly represent cash and cash equivalents and fixed assets being managed by corporate headquarter. Following the acquisition of Guizhou Jinsha, the Group underwent organisational restructuring by establishing two business units, namely China Resources Snow and China Resources Wine, which are responsible for the operation and management of the Group's beer and baijiu business, respectively.

## 5. Other income and gains

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| <b>Other income and gains includes the following:</b>                                   |                            |                            |
| Interest income   | 361                        | 380                        |
| Government grants recognised  | 667                        | 242                        |
| Profit on disposal of fixed assets  | 39                         | 95                         |
| Profit on disposal of interests in leasehold land held for own use                      | 447                        | 201                        |
| Change in fair value of financial assets at fair value through profit or loss (Note 12) | 5                          | 100                        |
| Sales of scrapped materials   | 217                        | 256                        |
| Bottles usage income  | 589                        | 510                        |

## 6. Finance costs

|                                | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|--------------------------------|----------------------------|----------------------------|
| Interests on bank loans        | 174                        | 33                         |
| Interests on lease liabilities | 8                          | 6                          |
| Financing charges              | 5                          | 8                          |
| Net exchange loss              | 57                         | 32                         |
|                                | <b>244</b>                 | <b>79</b>                  |

## 7. Taxation

|                                    | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|------------------------------------|----------------------------|----------------------------|
| <b>Chinese Mainland income tax</b> |                            |                            |
| Current taxation                   | 1,857                      | 1,248                      |
| Deferred taxation                  | 7                          | (70)                       |
|                                    | <b>1,864</b>               | <b>1,178</b>               |

Hong Kong Profits Tax is calculated at 16.5% (2022: 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 2023 is 25% (2022: 25%).

## 8. Profit for the year

|  | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|--|----------------------------|----------------------------|
| <b>Profit for the year has been arrived at after charging<br/>/(crediting):</b>            |                            |                            |
| Auditors' remuneration   |                            |                            |
| - Audit services   | 11                         | 10                         |
| - Non-audit services   | 3                          | 5                          |
| Staff costs (including directors' emoluments)  | 5,867                      | 5,729                      |
| Depreciation   |                            |                            |
| - Owned fixed assets   | 1,393                      | 1,335                      |
| - Right-of-use assets  | 172                        | 175                        |
| Amortisation of other intangible assets  | 712                        | 52                         |
| Impairment loss recognised on  |                            |                            |
| - Owned fixed assets   | 142                        | 212                        |
| - Stocks   | 262                        | 261                        |
| Change in fair value of financial assets at fair value through<br>profit or loss (Note 12) | (5)                        | (100)                      |
| Cost of goods sold   | 22,829                     | 21,702                     |
| Expense relating to short-term leases  | 82                         | 64                         |

## 9. Dividends

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| 2023 interim dividend paid of<br>RMB0.287 per ordinary share (2022: RMB0.234)   | 931                        | 759                        |
| 2023 proposed final dividend of<br>RMB0.349 per ordinary share (2022: RMB0.302) | 1,132                      | 980                        |
| 2023 proposed special dividend of<br>RMB0.300 per ordinary share (2022: Nil)    | 973                        | -                          |
|   | <b>3,036</b>               | <b>1,739</b>               |

At the meeting held on 18 March 2024, the directors proposed a final dividend of RMB0.349 (2022: RMB0.302) per ordinary share and special dividend of RMB0.300 (2022: Nil) per ordinary share for celebrating the 30<sup>th</sup> anniversary of the Group. The proposed dividends, which are calculated on the Company's number of ordinary shares as at the date of the board meeting, are not recognised as a liability in these consolidated financial statements. The total dividends paid by the Company, including the final dividend for the year 2022 and the interim dividend for the year 2023, amounted to RMB1,911 million (2022: RMB1,739 million, including the final dividend for the year 2021 and the interim dividend for the year 2022) 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 2023 (2022: RMB3 million).

## 10. Earnings per share

|   | <b>2023</b>               | 2022               |
|---|---------------------------|--------------------|
|   | <b><i>RMB million</i></b> | <i>RMB million</i> |
| The calculation of the basic earnings per share is based on the following data:                             |                           |                    |
| <b>Earnings</b>   |                           |                    |
| Profit attributable to shareholders of the Company for the purposes of calculating basic earnings per share | <b>5,153</b>              | 4,344              |
|   | <b>2023</b>               | 2022               |
| <b>Number of shares</b>   |                           |                    |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share          | <b>3,244,176,905</b>      | 3,244,176,905      |
|   | <b>2023</b>               | 2022               |
|   | <b><i>RMB</i></b>         | <i>RMB</i>         |
| <b>Basic earnings per share</b>   | <b>1.59</b>               | 1.34               |

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding issue for both years.

## 11. Interests in joint ventures and an associate

### (a) Interests in joint ventures

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| Cost of investment in joint ventures  | 602                        | 602                        |
| Elimination of profit of disposal of land to a joint venture                  | (438)                      | (436)                      |
| Elimination of profit of disposal of fixed assets to a joint venture          | (43)                       | (6)                        |
| Accumulated share of post-acquisition losses and total comprehensive expenses | (71)                       | (69)                       |
| Others  | 5                          | -                          |
|   | <u>55</u>                  | <u>91</u>                  |

### (b) Interests in an associate

|  | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|--|----------------------------|----------------------------|
| Cost of investment in an associate   | 1,279                      | 1,300                      |
| Accumulated share of post-acquisition loss and total comprehensive expense | (22)                       | (19)                       |
| Exchange difference  | 139                        | 117                        |
|  | <u>1,396</u>               | <u>1,398</u>               |

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 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 of directors of Shandong Jingzhi Baijiu.

## 12. Financial assets at fair value through profit or loss

|                                     | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|-------------------------------------|----------------------------|----------------------------|
| Unlisted equity interest            | -                          | 1,027                      |
| Consideration receivable (Note (i)) | <b>3,716</b>               | 3,711                      |
| Other financial assets              | -                          | 2                          |
|                                     | <b>3,716</b>               | <b>4,740</b>               |

### Notes:

- (i) The Company, through its wholly-owned subsidiary China Resources Snow Breweries (China) Investment Co., Ltd. (“CR Snow Investment”), entered into the following agreements with the wholly-owned subsidiaries of China Resources Land Limited (“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 the capital injection of RMB500 million to Shenzhen Runxue Industrial Co., Ltd.\* (深圳市潤雪實業有限公司, “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 2023 amounted to RMB500 million (2022: 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 construction is expected to be completed in late 2024 and the first installment of consideration receivable is expected to be received from Shenzhen Runxue by CR Snow in 2025.

On 26 May 2021, the gain on disposal of right-of-use assets of approximately RMB3,510 million arose from the disposal of the 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 2023, the fair value of consideration is measured at approximately RMB3,716 million (31 December 2022: RMB3,711 million). Accordingly, the fair value gain of approximately RMB5 million was recognised in profit or loss during the year ended 31 December 2023 (2022: fair value gain of approximately RMB100 million).

### 13. Trade and other receivables

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| Trade receivables from third parties                                | 141                        | 144                        |
| Trade receivables from fellow subsidiaries                          | 9                          | 7                          |
| Less: allowance for credit losses                                   | <u>(26)</u>                | <u>(33)</u>                |
|   | 124                        | 118                        |
| Value-added tax recoverable   | 235                        | 202                        |
| Prepayments   | 243                        | 172                        |
| Deposits paid   | 44                         | 30                         |
| Other receivables   | 637                        | 179                        |
| Consideration refundable of acquisition of Guizhou Jinsha (Note 16) | 122                        | -                          |
| Short-term bank deposits  | -                          | 220                        |
| Amount due from a joint venture                                     | -                          | 691                        |
| Amounts due from fellow subsidiaries (Note (i))                     | <u>101</u>                 | <u>1,000</u>               |
|   | <u><b>1,506</b></u>        | <u><b>2,612</b></u>        |

Notes:

- (i) Amounts due from fellow subsidiaries mainly included loans of RMB101 million (2022: RMB1,000 million) and were unsecured, beared interest at 3.2% (2022: 3.915%) per annum and were 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:

|              | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|--------------|----------------------------|----------------------------|
| 0 – 30 days  | 54                         | 43                         |
| 31 – 60 days | 2                          | 22                         |
| 61 – 90 days | 15                         | 11                         |
| > 90 days    | <u>53</u>                  | <u>42</u>                  |
|              | <u><b>124</b></u>          | <u><b>118</b></u>          |

Impairment assessment on trade receivables uses 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.

## 14. Trade and other payables

|   | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|---|----------------------------|----------------------------|
| Trade payables to third parties                 | 2,956                      | 3,438                      |
| Trade payables to fellow subsidiaries           | 3                          | 3                          |
|   | <u>2,959</u>               | <u>3,441</u>               |
| Contract liabilities (Note (i))                 | 7,896                      | 6,642                      |
| Accruals  | 3,720                      | 3,277                      |
| Deposits received (Note (ii))                   | 5,001                      | 7,267                      |
| Other payables                                  | 3,129                      | 2,158                      |
| Capital contribution payable                    | 19                         | 160                        |
| Amount due to a holding company (Note (iii))    | 5                          | 5                          |
| Amounts due to fellow subsidiaries (Note (iii)) | 26                         | 52                         |
|   | <u>22,755</u>              | <u>23,002</u>              |

Notes:

- (i) Included receipt in advance on sales of RMB1,262 million (2022: RMB749 million) and liabilities on promotional schemes of RMB6,634 million (2022: RMB5,893 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 2023, revenue recognised that was included in the contract liabilities balance at the beginning of the year amounted to RMB6,642 million (2022: RMB6,873 million).
- (ii) Amounts mainly included deposits received for consumables and packing materials.
- (iii) Amounts 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:

|              | 2023<br><i>RMB million</i> | 2022<br><i>RMB million</i> |
|--------------|----------------------------|----------------------------|
| 0 – 30 days  | 2,894                      | 3,407                      |
| 31 – 60 days | 34                         | 10                         |
| 61 – 90 days | 16                         | 1                          |
| > 90 days    | 15                         | 23                         |
|              | <u>2,959</u>               | <u>3,441</u>               |

The fair value of the Group's trade and other payables as at balance sheet date was approximate to the corresponding carrying amount.

## 15. Bank loans

|                                   | 2023               | 2022               |
|-----------------------------------|--------------------|--------------------|
|                                   | <i>RMB million</i> | <i>RMB million</i> |
| <b>Unsecured bank loans</b>       |                    |                    |
| Within 1 year                     | 931                | 512                |
| After 1 years, but within 2 years | 2,418              | 12                 |
| After 2 years, but within 5 years | 1,763              | 576                |
|                                   | <b>5,112</b>       | <b>1,100</b>       |

As at 31 December 2023, the Group has fixed-rate bank loans denominated in Renminbi with interest rate of 2.40%-2.83% (2022: 1.75%) per annum.

The Group has floating-rate bank loans denominated in Renminbi with interest rates linked to the lending rate stipulated by the People's Bank of China.

As at 31 December 2023, the effective interest rates on the Group's floating rate unsecured bank loans were 2.02%-2.20% (2022: 2.40%) per annum.

## 16. Acquisition of equity interest in Guizhou Jinsha

On 10 January 2023, the Company completed the acquisition of Guizhou Jinsha, of which all conditions precedent to the completion of the capital increase agreement and the share purchase agreement in respect of the aforesaid acquisition have been fulfilled and the transfer of equity interest has been completed. 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, acquired 50.58% equity interest in Guizhou Jinsha with an initial cash consideration of approximately RMB11,273 million. Together with the 4.61% equity interest invested during the year ended 31 December 2022, the Group holds a total of 55.19% equity interest in Guizhou Jinsha after the acquisition and Guizhou Jinsha has become an indirect non-wholly owned subsidiary of the Company after the aforesaid acquisition. The total cash consideration for the acquisition amounted to approximately RMB11,054 million after the agreed subsequent price adjustment of approximately RMB219 million.

Goodwill arising from the aforesaid acquisition amounted to approximately RMB7,421 million, which was attributable to the profitability and the synergies expected to be arisen from the acquired businesses. The goodwill will not be deductible for tax purposes.

## 16. Acquisition of equity interest in Guizhou Jinsha (Continued)

Identifiable assets and liabilities acquired at the date of acquisition are as follows:

|  | Fair value<br>RMB million |
|--|---------------------------|
| Fixed assets   | 609                       |
| Right-of-use assets  | 69                        |
| Other intangible assets  | 9,500                     |
| Stocks   | 2,136                     |
| Trade and other receivables (mainly comprised other receivables)                                   | 314                       |
| Deferred taxation assets   | 295                       |
| Other assets   | 111                       |
| Cash and cash equivalents  | 1,467                     |
| Trade and other payables   | (2,721)                   |
| Bank loans   | (895)                     |
| Other liabilities  | (67)                      |
| Deferred taxation liabilities  | (2,375)                   |
|  | <hr/> 8,443               |
| Non-controlling interests  | (3,783)                   |
| Fair value of 4.61% equity interest of Guizhou Jinsha previously acquired                          | (1,027)                   |
| Goodwill on acquisition  | 7,421                     |
|  | <hr/> <b>11,054</b>       |
| Discharged by:   |                           |
| Cash   | <hr/> <b>11,054</b>       |
| Analysis of the net outflow of cash and cash equivalents in respect of acquisition of subsidiaries |                           |
| Cash consideration for 50.58% equity interest of Guizhou Jinsha                                    | (11,054)                  |
| Consideration refundable   | (122)                     |
| Cash and bank balances acquired  | 1,467                     |
|  | <hr/> <b>(9,709)</b>      |

Turnover and net profit of RMB2,067 million and RMB617 million, respectively, were contributed by Guizhou Jinsha from the date of acquisition to the end of the reporting period. Had the acquisition of Guizhou Jinsha been completed on 1 January 2023, there is no significant impact to the Group's financial performance for year ended 31 December 2023.

Non-controlling interests in Guizhou Jinsha are measured by reference to the proportionate share of recognised amounts of net identifiable assets of Guizhou Jinsha at the date of the acquisition.

## 17. Other information

### SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit and loss and comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 December 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results for the year ended 31 December 2023 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 2022 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 2023 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 2023. 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 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. 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.

### **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<sup>®</sup>", "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 150<sup>th</sup> anniversary of "Heineken<sup>®</sup>" 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<sup>®</sup> 0.0", driving the sale volume of "Heineken<sup>®</sup>" 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<sup>®</sup>" 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.

## ***FINANCIAL REVIEW***

### **Capital and Funding**

As at 31 December 2023, the Group's consolidated net cash amounted to RMB426,000,000. The Group's borrowings as at 31 December 2023 were RMB5,112,000,000 with RMB931,000,000 repayable within one year, and RMB4,181,000,000 repayable after one year but within five years. The Group's borrowings were denominated in RMB with fixed interest rates ranging from 2.40% to 2.83% per annum and the effective interest rates of floating rates were in the range of 2.02% to 2.20%.

The Group was in a net cash position as at 31 December 2023 and 31 December 2022.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars (HKD), RMB, and US dollars. As at 31 December 2023, 0.4% of the Group's cash and bank deposit balance was held in HKD, 99.1% in RMB and 0.5% in US dollars.

As at 31 December 2023, the Group's current liabilities and current ratio were RMB24,364,000,000 and 0.70, respectively. The current liabilities included receipts in advance on sales of beer 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 2023, assets with a carrying value of RMB18,000,000 (31 December 2022: RMB21,000,000) were pledged for construction in progress and notes payable.

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 31 December 2023.

### **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 INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS**

### **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. Saved as disclosed above, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2023.

## **EMPLOYEES**

As at 31 December 2023, the Group had a staff size of around 27,000 (31 December 2022: 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 RMB5,867,000,000 for the year ended 31 December 2023. 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 RMB0.349 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 30<sup>th</sup> anniversary of the Group (2022: Nil) payable on or around 4 July 2024 to shareholders (the "Shareholders") whose names appear on the register of members of the Company on 24 May 2024. The final dividend and special dividend, if approved (where applicable), are to be payable in cash in Hong Kong dollars ("HKD") 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 RMB0.287 per share for the six months ended 30 June 2023, the total dividend for the year ended 31 December 2023 (including the final dividend and the special dividend) will amount to RMB0.936 per share (2022: RMB0.536 per share). The final dividend and the special dividend will be payable in cash in HKD respectively unless a dividend currency election form is made to receive the same in RMB.

Unless a permanent election on dividend currency had been made by shareholders, the dividend currency election form is expected to be despatched to the Shareholders on Wednesday, 29 May 2024. If Shareholders elect to receive all or part of the final dividend and the special 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, 14 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 13 May 2024 to Monday, 20 May 2024, 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 20 May 2024 (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, 10 May 2024 for registration.

Subject to the approval of Shareholders at the Annual General Meeting (where applicable), the proposed final dividend and special 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 Friday, 24 May 2024, and the register of members of the Company will be closed on Friday, 24 May 2024, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and special 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 Thursday, 23 May 2024 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, 1 January 2022 and 18 August 2023, incorporates almost all the applicable principles and Code Provisions of the Corporate Governance Code ("CG Code") contained in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules and includes the implementation details for the applicable principles and 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 applicable principles and the Code Provisions set out in the CG Code throughout the year ended 31 December 2023, 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") as disclosed in the announcement of the Company dated 11 July 2019, the position of the Chairman had been vacant. Following the re-designation of Mr. Hou Xiaohai from the Chief Executive Officer of the Company to the Chairman as disclosed in the announcement of the Company dated 20 April 2023, the said Code Provisions of the CG Code have been duly complied with. During the period of vacancy of the position of Chairman, the Board as a whole and its members had discharged their 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 if and where applicable.

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 (the “Articles”). In any event, all Directors must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, Shareholders are given information that is reasonably necessary for them to make an informed decision on the reappointment of the retiring Directors. 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” (if applicable) 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 statutes and common law, legal and other regulatory requirements and the Company’s business and governance policies.

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 as a whole and each Director to discharge their duties. In the event of any significant updates to be provided, the Company will update all the Directors as early as practicable for discussion and resolution.

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 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules. The Code of Ethics has been amended, approved and reconfirmed by the Board 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, 20 December 2022 and 18 August 2023, 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 enquiries with the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and Code of Ethics during the year ended 31 December 2023.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2023, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## EVENTS AFTER THE PERIOD UNDER REVIEW

On 29 January 2024, China Resources Wine Holdings Co., Ltd.\* (華潤酒業控股有限公司) (“CRWH”), an indirect wholly-owned subsidiary of the Company, entered into the raw grains supply framework agreement with China Resources Ng Fung (China) Investment Limited\* (華潤五豐(中國)投資有限公司) (“CRNF Investment”), pursuant to which CRNF Investment has agreed to supply raw grains and other supporting services such as packaging, logistics and storage services (through itself or its subsidiaries) for the production of baijiu products to CRWH and its subsidiaries for a term of three years commencing from 1 January 2024 to 31 December 2026. Further, CRWH has also agreed to provide certain supporting services to CRNF Investment and its subsidiaries during the term of the abovementioned framework agreement. Details of the transaction can be referred to the continuing connected transactions announcement of the Company dated 29 January 2024.

On 18 March 2024, the Board resolved to change the board lot size of the Shares for trading on Main Board of The Stock Exchange of Hong Kong Limited from 2,000 Shares to 500 Shares with effect from 9:00 a.m. on Thursday, 11 April 2024 (the “Change in Board Lot Size”). Upon the Change in Board Lot Size becoming effective, both Shares under the HKD counter and the RMB counter will be traded in board lot of 500 Shares. An announcement in relation to the Change in Board Lot Size will be published on the same date as this announcement.

By order of the Board

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

**Hou Xiaohai**

*Executive Director and Chairman*

Hong Kong, 18 March 2024

*\* For identification purposes only*

*As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chairman), Mr. Zhao Chunwu (President) and Mr. Zhao Wei (Chief Financial Officer). The Non-executive Directors are Mr. Daniel Robinson, Mr. Tang Liqing and Ms. Guo Wei. 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.*