

For Immediate Release

Press Release

## **China Resources Beer Announces Interim Results for 2022 “Convergence to Strengthen and Achieve Success in Premiumization”**

- **The consolidated turnover of the Group in the first half of 2022 was RMB21,013,000,000, representing an increase of approximately 7.0% compared with the same period last year.**
- **Excluding one-off initial compensation gain on the transfer of a piece of land owned by the Group last year pursuant to the Relocation Compensation Agreement dated 22 January 2021, as recognised in other income and gains, of approximately RMB1,755,000,000 (corresponding to an after-tax gain of approximately RMB1,316,000,000), the Group’s earnings before interest and taxation and profit attributable to shareholders of the Company for the first half of 2022 increased approximately by 24.1% and 27.8%, respectively, compared with the same period last year.**
- **Despite the fact that pandemic brought a significant impact on beer sales volume in the first half of 2022, the Group’s overall sales volume of beer in the first half of 2022 was basically the same as that of the same period last year, which was better than overall industry performance.**
- **The Group’s sales volume of the sub-premium beer segment and above was approximately 1,142,000 kilolitres in the first half of 2022, representing an increase of approximately 10.0% compared with the same period last year with a continuous improvement in the product mix. Of which, the sales volume of “Heineken®” products has recorded a double-digit growth in the first half of 2022.**
- **The Group’s overall average selling price increased by approximately 7.7% in the first half of 2022 compared with the same period last year.**
- **The Group continued to build and promote its diversified brand portfolio by launching a number of new products in the first half of 2022, including premium product “Löwen Fruit Beer” (#703 Cherry), new peach flavor and pineapple passion fruit lactobacillus flavor of the carbonated beverage “Snow Xiao Pi Qi”, which have further enriched the Group’s product portfolio and supported its premiumization development.**
- **The Board of Directors has declared an interim dividend of RMB0.234 per share.**

[Hong Kong, 17 August 2022] **China Resources Beer (Holdings) Company Limited** (the “Company”, or together with its subsidiaries, the “Group”; stock code under the Stock Exchange of Hong Kong Limited: 00291) announced today its unaudited interim results for the six months ended

30 June 2022. The unaudited consolidated turnover of the Group in the first half of 2022 was RMB21,013,000,000, representing an increase of approximately 7.0% compared with the same period last year. The Group's earnings before interest and taxation and profit attributable to shareholders of the Company in the first half of 2022 decreased approximately by 12.8% and 11.4%, to RMB5,159,000,000 and RMB3,802,000,000, respectively, compared with the same period last year. Excluding one-off initial compensation gain on the transfer of a piece of land owned by the Group last year pursuant to the Relocation Compensation Agreement dated 22 January 2021, as recognised in other income and gains, of approximately RMB1,755,000,000 (corresponding to an after-tax gain of approximately RMB1,316,000,000), the Group's earnings before interest and taxation and profit attributable to shareholders of the Company for the first half of 2022 increased approximately by 24.1% and 27.8%, respectively, compared with the same period last year.

**Mr. Hou Xiaohai, Executive Director and Chief Executive Officer of the Company**, said, "2022 is the closing year of the second stage of the Group's '3+3+3' corporate strategy. Despite being affected by the pandemic in the first half of the year, we remained confident and determined in implementing strategic plan of 'Quality Development for Success in Premiumization' and have achieved distinguish outcomes. Of which, the outcomes include further enhancement of product mix for 'domestic brands + international brands', the accelerated establishment of key customer platform, the well-defined diversified development in alcoholic categories, the initiation of second-time organizational transformation, the additional improvement on cost-effectiveness, the establishment of CRSB Technology Research Institute as well as the incorporation of green and low-carbon development into the Group's development strategies. We believe that the Group is well-prepared with competitiveness to achieve 'Win at Premiumization' in the coming three years and will stand out in the 'new world' of the beer industry!"

In the first half of 2022, the pandemic spread globally and the pandemic in Mainland China has been characterised by multiple outbreaks, a large number of cases and widespread impact with long duration since March, which posed a serious challenge to the beer sales. Since May, the pandemic has subsided in most parts of Mainland China except in some local areas. The local governments have gradually relaxed pandemic prevention measures and the overall beer market has started returning to normal. Despite the fact that pandemic brought a significant impact on beer sales volume in the first half of 2022, the Group's overall sales volume of beer in the first half of 2022 decreased slightly by 0.7% to approximately 6,295,000 kilolitres compared with the same period last year, which was better than overall industry performance.

In the first half of 2022, the sales volume of the sub-premium beer segment and above was approximately 1,142,000 kilolitres, representing an increase of approximately 10.0% compared with the same period last year with a continuous improvement in the product mix. In order to offset the continuously increasing pressure of rising prices of raw materials and packaging materials due to geopolitical issues and global supply chain disruptions, the Group made modest adjustments to the prices of certain products in the first half of 2022. The Group's overall average selling price increased by approximately 7.7% in the first half of 2022 compared with the same period last year. The Group's gross profit margin for the first half of 2022 remained flat as compared with the same period last year, while the overall gross profit increased by approximately 6.9% to RMB8,878,000,000 as compared with the same period last year.

During the period under review, the Group continuously promoted the strategy of "Achieving Success in Premiumization" through the launch of various thematic promotional and channel marketing activities, to cultivate and promote various signature premium brands. In respect of the domestic brands, while enhancing brand affinity by collaborating with brand endorsers, the Group also sponsored numerous activities such as the variety show "Camping LIFE", China's extreme event "X GAMES" and the "LGD Gaming". Among these brands, "Brave the World superX", "Snow Draft Beer" and "SNOW MARRSGREEN BEER" maintained a continuous growth in the first half of 2022. In respect of the international brands, the launch of various marketing activities with the theme of the UEFA Champions League and "Heineken®" soundscape assisted the brand promotion of "Heineken®" and contributed to a double-digit growth of "Heineken®" products in the first half of 2022.

During the period under review, affected by accumulated risks of the external operating environment, the Group upheld the concept of "austerity" in the first half of 2022 and adopted various cost-reduction and efficiency-enhancing measures to control operating expenses. At the same time, the Group's selling and distribution expenses in the first half of 2022 decreased by approximately 2.2% compared with the same period last year, with the reduction in marketing and advertising expenses. In addition, the Group did not recognize any impairment loss on fixed assets and one-off staff compensation and settlement expenses in relation to production capacity optimization in the first half of 2022 (for the first half of 2021: RMB245,000,000), resulting in a decrease of approximately 17.8% in administrative and other expenses compared with the same period last year.

The Group continued to build and promote its diversified brand portfolio by launching a number of new products in the first half of 2022, including its premium product “Löwen Fruit Beer” (#703 Cherry), new peach flavor and pineapple passion fruit lactobacillus flavor of the carbonated beverage “Snow Xiao Pi Qi”, which have further enriched the Group’s product portfolio and supported its premiumization development.

As at the end of June 2022, the Group operated 65 breweries in Mainland China with an aggregate annual production capacity of approximately 18,300,000 kilolitres.

Looking ahead, despite the uncertainty associated with the ongoing pandemic, the Group will be well-prepared to ensure a stable supply against disruption, as well as actively expand the channels in community group buying and home delivery online platform. Besides, affected by the geopolitical issues and global supply chain disruptions, the pressure of rising prices of raw materials and packaging materials are expected to persist. In response, the Group will continue to closely monitor the market dynamics of domestic and foreign raw materials and packaging materials, replenish stocks reasonably at appropriate times and implement staggered peak procurement to mitigate the pressure of rising prices. In respect of research and development of new products, the Group plans to launch products such as “Snow Draft Pure Malt Beer” in the second half year of 2022, to enrich product diversity and cater to different consumer needs. Moreover, in response to the business development of competitors in bars and bistros, the Group will actively explore the expansion of its bistro business and develop new marketing channels for beer products. In the meantime, adhering to the strategic theme of “Quality Development for Success in Premiumization”, the Group will continue to effectively strengthen the promotion and channel marketing of its domestic and international brands, promote the implementation of business initiatives such as the four standards of talent selection, manufacturing excellence, upgrading informatization, operational reforms, second-time organizational transformation and marketing digitization to enhance the Group’s competitive position. In respect of Baijiu business, through the continuous sales development of Jingzhi Baijiu, the Group will form a “dual empowerment” model to develop both beer and non-beer businesses at the same time by facilitating team building, channel networking and brand building. The Group will also continue to pay attention to the development opportunities for appropriate non-beer alcoholic beverages in the pursuit of well-defined diversified development to explore potential synergies and further expand its business.

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

Listed on The Stock Exchange of Hong Kong Limited (stock code: 00291) and one of the constituent stocks of the Hang Seng Index in Hong Kong, the Company focuses on the manufacturing, sales and distribution of beer products.

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