

For Immediate Release

Press Release

China Resources Beer Announces Interim Results for 2023 “Leader of The New World of The Beer Industry, Explorer of The New World of The Baijiu Industry”

- **The unaudited consolidated turnover of the Group in the first half of 2023 was RMB23,871,000,000, representing an increase of 13.6% when 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 2023 were RMB6,245,000,000 and RMB4,649,000,000, representing an increase of 21.1% and 22.3% when compared with the same period last year, respectively.**
- **In respect of the beer business, the Group’s overall beer sales volume in the first half of 2023 increased by 4.4% to approximately 6,571,000 kilolitres when compared with the same period last year. In the first half of 2023, the sales volume of the sub-premium beer segment and above was approximately 1,444,000 kilolitres, representing an increase of 26.4% when compared with the same period last year, with a continuous improvement in the product mix. Of which, the sales volume of “Heineken®” brand achieved nearly 60% growth.**
- **The average selling price of the Group’s beer products increased by 4.4% in the first half of 2023 when compared with the same period last year.**
- **In respect of the baijiu business, the Group has completed the transfer of equity interest in Guizhou Jinsha in the first half of 2023. The turnover and earnings before interest and taxation of the Group’s baijiu business in the first half of 2023 were RMB977,000,000 and RMB71,000,000, respectively. Excluding the impact of the amortization of intangible assets arising from the acquisition of Guizhou Jinsha, the earnings before interest and taxation was RMB395,000,000.**
- **The Board of Directors has declared an interim dividend of RMB0.287 per share.**

[Hong Kong, 18 August 2023] **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: 291 (HKD counter) and 80291 (RMB counter)) announced today its unaudited interim results for the six months ended 30 June 2023. The unaudited consolidated turnover of the Group in the first half of 2023 was RMB23,871,000,000, representing an increase of 13.6% when 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 2023 were RMB6,245,000,000

and RMB4,649,000,000, representing an increase of 21.1% and 22.3% when compared with the same period last year, respectively. On 10 January 2023 (the “Completion Date”), the Group completed the transfer of equity interest in Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd. * (貴州金沙窖酒酒業有限公司, “Guizhou Jinsha”). As a result, Guizhou Jinsha has become an indirect non-wholly owned subsidiary of the Group and has been included in the Group’s consolidated financial statement since the Completion Date. The turnover and earnings before interest and taxation of the Group’s beer business in the first half of 2023 were RMB22,894,000,000 and RMB6,202,000,000, representing an increase of approximately 9.0% and 20.0% when compared with the same period last year, respectively.

Mr. Hou Xiaohai, Executive Director and Chairman of the Board, said, “In the first half of 2023, the Group has entered the last three-year of its ‘3+3+3’ corporate development strategy and officially entered the key stage of “Winning at Premiumization” while firmly advancing the new dual empowerment model of ‘Beer + Baijiu’ businesses. After the acquisition of Guizhou Jinsha, the Group has actively optimized and strengthened its organizational structure 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 businesses, respectively. The two business units have outlined clear development blueprints, allowing for a more focused, refined and balanced beer business, as well as an improved system and mechanism for the baijiu business. Looking ahead to the second half of 2023, growth will continue to be the Group’s top priority. The Group will focus on expanding scale, improving quality, strengthening its foundation, optimizing pricing with modest adjustments, streamlining expenses and managing stores with more precision. These measures aim to further consolidate the Group’s competitive advantages, build on the development momentum generated in the first half of the year, and strive for a balanced sales growth for the full year of 2023, steadily marching towards the position of ‘becoming the leader of the new world of the beer industry’ and ‘becoming an explorer of the new world of the baijiu industry’!”

Beer Business

In the first half of 2023, the beer market in Mainland China has gradually recovered since the beginning of the year, and additionally, the hot weather conditions in the first half of the year also contributed to the sales of the Group’s beer. The Group’s overall beer sales volume in the first half of 2023 increased by 4.4% to approximately 6,571,000 kilolitres when compared with the same period last year.

During the period under review, the Group continued to promote the implementation of its “Winning at Premiumization” strategy, cultivating and promoting key brands through various thematic promotions and channel marketing activities. In the first half of 2023, the sales volume of the sub-premium beer segment and above was approximately 1,444,000 kilolitres, representing an increase of 26.4% when compared with the same period last year. The product mix continued to improve, while also driving up the average selling price by 4.4%. In respect of the promotion for domestic brands, while enhancing brand affinity by collaborating with brand endorsers, the Group also sponsored multiple marathon events “Brave, Never Stop”, variety show “Camping LIFE Season 2”, China’s extreme event “X GAMES”, and launched the industry’s first human + AI co-creation designed beer “X Universe Project”, with an aim to cultivate and promote its premium brands. Among the brands, “Snow Draft Beer”, “Brave the World superX” and “Lao Xue” maintained rapid growth in the first half of 2023. In respect of the international brands, the Group launched a themed marketing campaign leveraging the UEFA Champions League, and embarked on a public launch campaign featuring the launch of the new premium non-alcoholic beer “Heineken® 0.0”, driving the sale volume of “Heineken®” brand to achieve nearly 60.0% growth in the first half of 2023.

While the increase in overall beer sales volume and overall average selling price drove the turnover, the cost of some packaging materials decreased. As a result, the gross profit of the Group’s beer business in the first half of 2023 increased by 16.6% compared with the same period last year, while the gross profit margin increased by 2.9 percentage points to 45.2%, further enhancing the profitability of the business.

The sales and distribution expenses of the Group’s beer business in the first half of 2023 were affected by the increase in marketing and advertising expenses, resulting in an increase of 10.0% compared with the same period last year. The Group has continued to optimize its deployment of production capacity and ceased operations of one brewery during the period under review, while setting up a new intelligent factory in Bengbu, Anhui. As at the end of June 2023, the Group operated 63 breweries in 24 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 19,000,000 kilolitres. In the first half of 2023, the Group’s impairment loss on fixed assets and one-off staff compensation and settlement expenses in relation to capacity optimization increased to approximately RMB94,000,000 compared with the same period last year (for the first half of 2022: nil).

Looking ahead, in the face of competition and changing market environment, the Group will continue to adhere to the strategic theme of “Excellence in Development for Winning at

Premiumization”, strengthen the promotion and channel marketing of its domestic and international brands, and promote the implementation of business initiatives such as brand building, second-time organizational transformation, excellence in manufacturing, and low-carbon operations to enhance the Group’s competitive position and to “become the leader of the new world of the beer industry”. Furthermore, as for the business development with bistros, the Joy Brew Shenzhen store started trial operations in the first half of 2023. Moving forward, in the second half of the year, the Group will further optimize the positioning and overall strategy for products and operations of bistros, facilitating the expansion of Joy Brew bistros in more cities.

Baijiu Business

In respect of expanding its non-beer businesses, the Group has completed the transfer of equity interest in Guizhou Jinsha in the first half of 2023. The turnover and earnings before interest and taxation of the Group's baijiu business in the first half of 2023 were RMB977,000,000 and RMB71,000,000, respectively. Excluding the impact of the amortization of intangible assets arising from the acquisition of Guizhou Jinsha, the earnings before interest and taxation was RMB395,000,000.

Since the completion of the acquisition, the Group has actively promoted the post-investment integration, empowerment, and improvement of Guizhou Jinsha. In terms of business promotion, during the period under review, the Group focused on six areas of “destocking and reducing pressure, restoring online and offline prices, boosting channel confidence, establishing sales order, seizing opportunities to expand the market, and restructuring the sales force”, which in turn gradually restoring channel confidence. In terms of production management, the Group has focused on production and quality assurance since the Completion Date, increasing the production of base wine and the proportion of high-quality products, and synchronously advancing project construction to provide core elements for the Company’s future development. In terms of management integration, while ensuring the talent demand in key business areas, the Group has introduced China Resources Beer’s marketing strategies, management model, and experience 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 labour, and systematic management and control”.

As at the end of June 2023, the Group’s baijiu business operated two baijiu distilleries in Guizhou Province, Mainland China, with an annual production capacity of approximately 20,000 kilolitres.

Looking ahead, the Group will position itself as the “explorer of the new world of the baijiu industry”, focusing on promoting the marketing system, excellent operation system, and human resource management system of the new world of the baijiu industry. At the same time, the Group will actively promote the multi-brand strategy and continue to build its “dual empowerment model for beer and baijiu businesses” that features “Organizational Connection”, “Value Enhancement”, “Talent Pooling”, “Splitting Investment in Costs”, “Channel Sharing” and “Point-of-sale Joint Expansion” under a marketized environment, enhancing the development of both beer and non-beer businesses. The Group will form a “synergistic model of various baijiu companies” with the advantages of “Strategic Collaborations”, “Independent Management” and “Mutual Growth”, while leveraging the advantages in the marketing channels of the Group’s beer business to expand and upgrade its retail network for a bigger and stronger baijiu business. The Group will also continue to pay close attention to the development opportunities for appropriate non-beer alcoholic beverages in the pursuit of well-defined diversified development to explore potential synergies and further expand its business.

** English names are for identification purposes only*

About China Resources Beer (Holdings) Company Limited

Listed on The Stock Exchange of Hong Kong Limited (stock code: 291 (HKD Counter) and 80291 (RMB Counter)) and one of the constituent stocks of the Hang Seng Index in Hong Kong, the Company focuses on the manufacturing, sales and distribution of alcoholic beverages.

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