

For Immediate Release
Press Release

China Resources Beer Announces Interim Results for 2020

“Moving Towards Premium and Dedicated to Brewing Excellence”

- The consolidated turnover of the Group for the first half of 2020 was RMB17,408,000,000, representing a decrease of 7.5% compared with the same period of last year which was mainly affected by COVID-19.
- The Group’s earnings before interest and taxation and profit attributable to shareholders of the Company in the first half of 2020 increased by 6.0% and 11.1% to RMB2,790,000,000 and RMB2,079,000,000 respectively over the same period of last year.
- In the first half of 2020, the overall beer sales volume of the Group saw a 5.3% year-on-year drop to approximately 6,039,000 kiloliters, outperforming the industry. Of which, the overall beer sales volume of the Group in the second quarter recorded a better growth compared with the same period of last year.
- The sales volume of the mid- to high-end beer in the first half of 2020 decreased by 6.2% year-on-year. However, benefitting from the introduction of the Heineken international brand last year, together with the resumption of growth in beer sales volume in various segments in the second quarter of 2020, sales volume of the sub-high-end beer segment and above for the first half of 2020 increased by 2.9% year-on-year, while the product mix has further improved. The Group continued with its product portfolio diversification and launched the high-end beer product “Heineken® Silver” beer in the second quarter of 2020.
- The Board has declared an interim dividend of RMB0.128 per share.

[Hong Kong, 19 August 2020] **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), today announced its unaudited interim results for the six months ended 30 June 2020. In the first half of 2020, consolidated turnover of the Group reached RMB17,408,000,000, representing a decrease of 7.5% year-on-year. The Group’s earnings before interest and taxation and profit attributable to shareholders of the Company in the first half of 2020 increased by 6.0% and 11.1% to RMB2,790,000,000 and RMB2,079,000,000 respectively over the same period of last year. The Board has declared an interim dividend of RMB0.128 per share (first half of 2019: RMB0.12 per share).

Mr. Hou Xiaohai, the Chief Executive Officer of the Company, said, “Upholding our strategic management philosophy of ‘Quality Development for Success in High-end Segment’, we will carry out various high-quality growth measures, whilst actively implementing measures for developing high-end segment. With the long-term strategic co-operation with the Heineken Group, the Group will enhance the launch of international brands, strengthen the competitiveness of its brand in high-end segment, and continue to explore new sales channel for its high-end products. At the same time, the Group will enhance its competitiveness in first tier cities through measures such as building professional teams specialized in the high-end segment, building brand portfolio with Chinese brands and international brands, expanding leading edge for its business and sales channels, and implementing operation mechanisms for key customers.”

Since the outbreak of COVID-19 in early 2020 in Mainland China, local governments implemented lockdown policies in various cities and a number of emergency prevention and control measures to reduce the risk of the pandemic spreading in the country. The beer market was severely affected during the pandemic. Since the end of March, the pandemic situation in most areas in Mainland China started to ease, and the emergency level was gradually reduced. The recurrence of COVID-19 in areas such as Northeast China and Beijing was controlled quickly and effectively, and the beer market has gradually recovered to a normal level. Affected by the pandemic, the overall beer market size dropped significantly compared with the same period of last year.

During the outbreak of COVID-19, the Group overcame the difficulties in preventing and controlling the pandemic by enforcing remote office arrangement and, after obtaining approvals from local governments and ensuring staff safety, facilitated the resumption of production. Despite the pandemic, the Group has been looking for development and has launched a number of sales programs to enhance the competitiveness, paving the way for rapid growth once the market recovers from the pandemic. The overall beer sales volume of the Group recovered in the second quarter and recorded a better growth compared with the same period of last year. In the first half of 2020, the overall beer sales volume of the Group decreased by 5.3% year-on-year to approximately 6,039,000 kiloliters, outperforming the industry.

During the period under review, the sales volume of the mid- to high-end beer decreased by 6.2% year-on-year. However, benefitting from the introduction of the Heineken’s international

brands last year, together with the resumption of growth in beer sales volume in various segments in the second quarter, sales volume of the sub-high-end beer segment and above for the first half of 2020 increased by 2.9% year-on-year, while the product mix has further improved. In addition, more regions of the Group implemented the sales with returnable bottles during the period under review. In light of the above factors, the overall average selling price decreased by 2.4% compared with the same period of last year. Meanwhile, the promotion of the sales with returnable bottles and the decline in sales volume offset the rising cost of sales driven by further upgrade of product mix, resulting in the overall cost of sales declining by 11.3% compared with the same period of last year. Based on the above mentioned reasons, the gross profit in the first half of 2020 recorded a decrease of 1.3% year-on-year to RMB7,030,000,000.

Administrative and other expenses in the first half of 2020 decreased by 6.2% compared with the same period of last year. During the period under review, the Group continued to implement capacity optimization, resulting in larger amount of asset impairment in the first half of 2020. On the other hand, the compensation and settlement expenses related to capacity optimization and organizational restructuring decreased by RMB322,000,000 year-on-year.

The Group continued to expand its product portfolio and launched the high-end beer product “Heineken® Silver” beer in the second quarter of 2020. The launch, together with our high-end beer products, “SNOW MARRSGREEN BEER” and “Löwen White Beer” launched last year, further supported our premiumization strategy and enhanced our brand image.

The Group recognized impairment loss on fixed assets of RMB263,000,000 in the first half of 2020 (first half of 2019: RMB88,000,000). The Group continued with its deployment of production capacity optimization. 2 breweries ceased operation during the period under review. As at the end of June 2020, the Group operated 72 breweries across 25 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 19,600,000 kiloliters.

Mr. Jian Yi, Executive Director of the Company, stated, “Although the Group was affected by the pandemic in the first half of 2020, it continued to carry out long-term strategic co-operation with the Heineken Group, launched more Heineken’s international high-end products, and seized the opportunity for the development of China’s high-end beer market.

Facing the prevention and control of the pandemic overseas and the risk of the pandemic recurring in the domestic market, the Group is well prepared for the challenges that may emerge.”

About China Resources Beer (Holdings) Company Limited

Listed on The Stock Exchange of Hong Kong Limited, the Company focuses on the manufacturing, sales and distribution of beer products.

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Full details of our 2020 interim results have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the corporate website at www.crbeer.com.hk.