

For Immediate Release

Press Release

China Resources Beer Announces Annual Results for 2020 “Quality Development for Success in Premium Segment”

- The Group's consolidated turnover was RMB31,448,000,000 in 2020, representing a decrease of 5.2% year-on-year which was mainly affected by the COVID-19 pandemic.
- The Group's consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2020 rose by 59.6% and 42.3% to RMB2,094,000,000 and RMB3,079,000,000 respectively compared with 2019.
- The overall beer sales volume of the Group in 2020 recorded a 2.9% drop year-on-year, outperforming the industry. During the year under review, benefitting from the promotion of the Group's premiumization strategy, the implementation of its “five-point-one-line” methodology and the introduction of Heineken's international brands in 2019, the Group's sales volume of the sub-premium beer segment and above achieved 1,460,000 kiloliters and increased by 11.1% year-on-year, which has further improved the product mix and led to an increase in average selling price at the same time.
- The Group continued to enrich its product portfolio and launched the premium beer product “Heineken® Silver” beer in the second quarter of 2020. The launch, together with its premium products, “SNOW MARRSGREEN BEER” and “Löwen White Beer” launched in 2019, further supported its premiumization strategy and enhanced its brand image.
- The Board of Directors recommends a final dividend of RMB0.131 per share. Together with the interim dividend of RMB0.128 per share, the total dividend for 2020 will amount to RMB0.259 per share.

[Hong Kong, 22 March 2021] **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 audited annual results for the year ended 31 December 2020. In 2020, the Group's consolidated turnover was RMB31,448,000,000, which decreased by 5.2% year-on-year. Consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2020 increased by 59.6% and 42.3% year-on-year to RMB2,094,000,000 and RMB3,079,000,000 respectively. The Board of Directors recommends a final dividend of RMB0.131 per share for the year ended 31 December 2020 (2019: RMB0.045 per share). Together with the interim dividend of RMB0.128 per share, the total dividend for 2020 will amount to RMB0.259 per share (2019: RMB0.165 per share).

華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company
Limited

香港灣仔港灣道 26 號華潤大廈 39 樓

39/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
電話 T + 852 2827 1028 傳真 F + 852 2598 8453 www.crbeer.com.hk

華潤創業成員公司

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Mr. Hou Xiaohai, Chief Executive Officer of the Company, said, “2020 was the first year for the Group to execute its strategy of ‘Success in Premium Segment’. In the face of the pandemic, we regarded it as an opportunity instead of a crisis. We managed to overtake our peers and determined the direction of ‘strategy unchanged, goal unchanged, investment unchanged and resources concentrated’, which saw the Group accelerating towards the goal of its strategy and shortening the distance. The Group has completed its first three years of the ‘3 + 3 + 3’ corporate development strategy. As the second three-year plan begins, the Group believes it will reserve momentum, ride up and develop the critical competitive edge in the premium market through ‘developing premium segment’, ‘improving quality’ and ‘increasing efficiency’ in order to realize ‘Quality Development for Success in Premium Segment’.”

Since the outbreak of COVID-19 in early 2020 in Mainland China, local governments have implemented lockdown policies in various cities and a number of emergency prevention and control measures to mitigate the risk of the pandemic spreading further in the country. As a result, the beer market was severely affected. However, the pandemic situation began to ease in most areas in Mainland China after the end of March 2020, except for certain areas where there has been a recurrence of infections, the beer market has managed to gradually recover to a normal level. Due to the impact of the pandemic, the overall beer market capacity shrunk significantly compared with 2019.

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 the safety of staff, facilitating the resumption of production. Despite the pandemic, the Group has been striving for development and has launched a number of sales programs such as organizing strategic initiatives to gain market share in the premium segment, actively supporting channels, developing sales and marketing channels, restoring product prices to normalized levels and removing low quality sales. All in all, these measures promoted the Group’s competitiveness in an adverse market. The overall beer sales volume outperformed the industry and recorded a 2.9% drop compared with 2019.

During the year under review, benefitting from the promotion of the Group’s premiumization strategy, the implementation of its “five-point-one-line” methodology and the introduction of Heineken’s international brands in 2019, the Group’s sales volume of the sub-premium beer segment and above achieved 1,460,000 kiloliters and increased by 11.1% year-on-year, which has further improved the

product mix and led to an increase in average selling price at the same time. In addition, the Group implemented the beer sales with returnable bottles in more regions. In light of the above factors, the overall average selling price dropped by 2.4% compared with 2019. Meanwhile, the promotion of beer 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 7.6% compared with 2019. Due to the aforementioned reasons, the Group's overall beer sales volume in 2020 decreased by 2.9% as affected by the pandemic, the gross profit in 2020 recorded a decline of 1.2% year-on-year to RMB12,075,000,000, whereas profitability improved as the gross profit margin and average gross profit per kiloliters increased by 1.6 percentage points and 1.7%, respectively.

During the year under review, mainly benefiting from the increase in bottles usage income year-on-year, the overall other income increased by 65.9% to RMB1,687,000,000 as compared with 2019.

During the year under review, the Group increased its investments in brand cultivation and promotion compared with 2019. The Group implemented IP marketing activities covering whole chain like "Street Dance of China (Season 3)", "Where Are the Playful Dopes (Season 2)" and "Once Upon a Bite (Season 2)" as well as thematic marketing campaigns such as the "Heineken® Silver Mission S campaign" and "SOL Pool Party" that have driven up the advertising and promotion expenses substantially. At the same time, the overall selling and distribution expenses were up 3.3% compared with 2019. In addition, the Group's fixed asset impairment during the year under review was down RMB126,000,000 compared with 2019. Amid a one-off decrease in recognised employee compensation and settlement expenses of RMB 527,000,000, the administrative and other expenses in 2020 decreased by 12.4% year-on-year.

The Group continued to enrich its product portfolio and launched the premium beer product "Heineken® Silver" beer in the second quarter of 2020. The launch, together with its premium products, "SNOW MARRSGREEN BEER" and "Löwen White Beer" launched in 2019, further supported its premiumization strategy and enhanced its brand image.

The Group recognised impairment loss on fixed assets and inventory of RMB574,000,000 and RMB395,000,000 respectively in 2020. The Group continued with its deployment of production capacity optimization to minimize inefficiency and improve the average production scale of the breweries. 4 breweries ceased operation during the year under review. At the end of 2020, the

Group operated 70 breweries across 25 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 18,750,000 kiloliters.

As of February 2021, the Group's overall sales volume for the first two months has largely resumed to the level of the same period in 2019, in particular sub-premium segment and above recorded a satisfactory double-digit growth, even though certain regions were affected by a recurrence of the pandemic in certain period of time. Looking ahead, despite the uncertainty associated with the ongoing pandemic, the Group will be well-prepared to actively respond to the recurrence of the pandemic in certain areas. Nonetheless, the Group will continue to adhere to its strategic management philosophy of "Quality Development for Success in Premium Segment". The Group will also implement various high quality growth initiatives to enhance its competitiveness, such as continuing to expand its brand portfolio, introducing more international brands, strengthening its brand marketing, promoting its premiumization strategy, intensively maximizing the production capacity, advancing research and innovation, upgrading informatization and benchmarking itself with the global first-class enterprises.

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.

For further information, please contact:

China Resources Beer (Holdings) Company Limited

Investor Relations Department

Mr. Vincent Tse/ Mr. Kevin Leung

General Manager/ Deputy General Manager

Ms. Kelly Lau/ Ms. Haymond Leung

Senior IR and PR Manager/ Manager

Email: ir@cre.com.hk

Tel: +852 2829 9889

Hill+Knowlton Strategies Asia

Ms. Ada Leung

Associate Director

Ms. Phoebe Li

Senior Consultant

Email: cre-hk@hkstrategies.com

Tel: +852 2894 6231

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