

For Immediate Release

Press Release

China Resources Beer Announces Interim Results for 2021 “Quality Development for Success in Premium Segment”

- The Group’s earnings before interest and taxation and profit attributable to shareholders of the Company in the first half of 2021 increased by 111.9% and 106.4% to RMB5,913,000,000 and RMB4,291,000,000 respectively over the same period of last year. The increase was mainly attributable to: (i) the initial compensation gain on transfer of the land owned by the Group, which amounted to approximately RMB1,755,000,000, pursuant to the Relocation Compensation Agreement dated 22 January 2021 entered into between Shenzhen Runtou Consulting Co., Ltd. (深圳市潤投諮詢有限公司), China Resources Snow Breweries (China) Investment Co., Ltd. (華潤雪花啤酒(中國)投資有限公司) and China Resources Snow Breweries (China) Co., Ltd. (華潤雪花啤酒(中國)有限公司), an indirect wholly-owned subsidiary of the Company; and (ii) the increase in gross profit due to increase in sales volume and the average selling price of products of the Group.
- The consolidated turnover of the Group for the first half of 2021 was RMB19,634,000,000, representing an increase of 12.8% year-on-year.
- In the first half of 2021, the overall beer sales volume of the Group saw a 4.9% year-on-year increase to approximately 6,337,000 kilolitres. Of which, the sales volume of the sub-premium beer segment and above reached 1,000,000 kilolitres, representing an increase of 50.9% year-on-year and a significant improvement in product mix.
- The overall average selling price increased by 7.5% year-on-year to offset the impact of the increase in average costs of sales due to the increase in price of raw materials and packaging materials. Together with the increase in sales volume, the overall gross profit in the first half of the year increased by 18.1% year-on-year to RMB8,305,000,000.
- The Group continued to build and promote its brand portfolio by launching a number of new brands in the first half of 2021, including the super premium product “Li”, the premium product “Löwen Fruit Beer” (#485 Rosé), the carbonated beverage “Snow Xiao Pi Qi” as well as the international brand “Amstel”, to further enrich the Group’s product portfolio and support its premiumization development.
- The Board of Directors has declared an interim dividend of RMB0.264 per share.

[Hong Kong, 18 August 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 unaudited interim results for the six months

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

A Member of CR Enterprise

ended 30 June 2021. The consolidated turnover of the Group for the first half of 2021 was RMB19,634,000,000, representing an increase of 12.8% year-on-year. The Group's earnings before interest and taxation and profit attributable to shareholders of the Company in the first half of 2021 increased by 111.9% and 106.4% to RMB5,913,000,000 and RMB4,291,000,000 respectively over the same period of last year. The Board of Directors has declared an interim dividend of RMB0.264 per share (first half of 2020: RMB0.128 per share).

Mr. Hou Xiaohai, Chief Executive Officer of the Company, said, "This year is an important stage for the Group in realizing the core and the fight for success of its '3+3+3' strategy. Relying on its strong potential on brands, the Group will upgrade its customer channels through the implementation of a series of measures such as establishing a key customer platform, which will strengthen the high-quality sales capabilities so as to ensure the realization of its premiumization in the beer market, helping the Group reach the top of the beer industry. In the interim of accelerating towards the goal of becoming 'a world-class beer enterprise', the Group will actively explore the well-defined diversified development of product categories, share the fruits of its development and achieve win-win situations with our partners."

In the first half of 2021, even though the beer market sales volume was affected by the partial recurrence of the pandemic in some regions such as Guangdong, Heilongjiang, Liaoning and Anhui in certain period of time, the Group's overall beer sales volume in the first half of 2021 has largely resumed to the level of the same period in 2019, which was in line with the industry level. The Group's overall beer sales volume in the first half of 2021 increased by 4.9% to approximately 6,337,000 kilolitres compared with the same period last year.

During the period under review, benefitting from the continuous promotion of the Group's premiumization strategy and the launch of various marketing activities such as the UEFA Euro 2020, the UEFA Champions League, product tastings and brand campaign event "X-party" to cultivate and promote various signature brands, the sales volume of the sub-premium beer segment and above reached 1,000,000 kilolitres in the first half of 2021, representing an increase of 50.9% year-on-year and the product mix significantly improved. Among the brands, the sales volume of premium brands "Heineken" and "SNOW MARRSGREEN BEER" both increased by mid-double-digit, while the sales volume of the sub-premium brand "Brave the World superX" has doubled. Affected by the shrinking market capacity of mainstream segment as well as the Group's initiatives to normalize product prices and remove low quality sales, the Group's sales volume of products below mid-end

segment decreased in the first half of the year compared with the same period last year. Due to the aforementioned reasons, the overall average selling price increased by 7.5% year-on-year to offset the impact of the increase in average costs of sales due to the increase in price of raw materials and packaging materials. Together with the increase in sales volume, the overall gross profit in the first half of the year increased by 18.1% year-on-year to RMB8,305,000,000.

Pursuant to the Relocation Compensation Agreement dated 22 January 2021 entered into between Shenzhen Runtou Consulting Co., Ltd. (深圳市潤投諮詢有限公司), China Resources Snow Breweries (China) Investment Co., Ltd. (華潤雪花啤酒(中國)投資有限公司) and China Resources Snow Breweries (China) Co., Ltd. (華潤雪花啤酒(中國)有限公司), an indirect wholly-owned subsidiary of the Company, the initial compensation gain on transfer of the land owned by the Group amounted to approximately RMB1,755,000,000. Subsequently, other income and gains in the first half of 2021 increased by 377.1% year-on-year to RMB2,643,000,000.

The Group continued to build and promote its brand portfolio by launching a number of new brands in the first half of 2021, including the super premium product “Li”, the premium product “Löwen Fruit Beer” (#485 Rosé), the carbonated beverage “Snow Xiao Pi Qi” as well as the international brand “Amstel”, to further enrich the Group’s product portfolio and support its premiumization development.

During the period under review, the selling and distribution expenses of the Group in the first half of 2021 increased by 12.4% year-on-year due to the increase in labour costs and marketing expenses. In addition, administrative and other expenses in the first half of 2021 decreased by 10.2% year-on-year. The Group continued to implement capacity optimization during the period under review, and the related asset impairment in the first half of 2021 recorded a decrease year-on-year, while the related compensation and settlement expenses increased by RMB14,000,000 year-on-year.

The Group recognized impairment loss on fixed assets in the first half of 2021 of RMB205,000,000. Among them, the Group continued with its deployment of production capacity optimization and ceased operation of 2 breweries during the period under review. At the end of June 2021, the Group operated 68 breweries in 25 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 18,700,000 kilolitres.

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. In response

to the pressure of rising prices of raw materials and packaging materials, the Group will continue to closely monitor the market dynamics of domestic and foreign raw materials and packaging materials, and replenish stocks reasonably at appropriate times and implement staggered peak procurement to mitigate the pressure of rising prices. The Group will continue adhering to its strategic management philosophy of “Quality Development for Success in Premium Segment”, whilst effectively strengthening the promotion and channel marketing of its domestic and international brands. It will also continue to improve its innovation, research and development, execute its three-year talent planning, maximize the production capacity intensively, upgrade informatization and benchmark with world-class enterprises, to enhance the Group's competitive position. The Group will also pay attention to development opportunities for appropriate non-beer alcoholic beverages by well-defined diversified development to explore potential synergies and further expand its business.

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. Kevin Leung

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

Director

Ms. Phoebe Li

Senior Consultant

Email: cre-hk@hkstrategies.com

Tel: +852 2894 6231

The relevant details are published on the websites of Hong Kong Exchanges and Clearing Limited www.hkexnews.hk and the Company www.crbeer.com.hk.