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華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

- 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.

FINANCIAL HIGHLIGHTS

	2022 (Unaudited) RMB million	2021 (Unaudited) RMB million
For the six months ended 30 June		
Turnover	21,013	19,634
Profit attributable to shareholders of the Company	3,802	4,291
Basic earnings per share	RMB1.17	RMB1.32
Interim dividend per share	RMB0.234	RMB0.264
	As at 30 June 2022 (Unaudited) RMB million	As at 31 December 2021 (Audited) RMB million
Equity attributable to shareholders of the Company	27,362	24,432
Non-controlling interests	42	57
Total equity	27,404	24,489
Consolidated net cash ¹	13,628	5,396
Gearing ratio ²	Net cash	Net cash
Current ratio	0.93	0.75
Net assets per share - book value ³	RMB8.43	RMB 7.53

Notes:

1. Consolidated net cash represents consolidated total cash and cash equivalents and pledged bank deposits minus consolidated total loans.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.
3. Net assets per share – book value is calculated by dividing equity attributable to shareholders of the Company by the number of issued shares at the end of the period/year.

ANALYSIS OF TURNOVER AND EARNINGS BEFORE INTEREST AND TAXATION

	Turnover		Earnings before interest and taxation	
	For the six months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB million	RMB million	RMB million	RMB million
Eastern region	10,455	9,883	2,158	3,231
Central region	6,107	5,339	1,633	1,370
Southern region	5,357	5,193	1,378	1,345
	21,919	20,415	5,169	5,946
Elimination of inter-segment transactions	(906)	(781)	-	-
Net corporate expenses	-	-	(10)	(33)
Total	21,013	19,634	5,159	5,913

2022 INTERIM RESULTS

The Board of Directors (the “Board”) of China Resources Beer (Holdings) Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	RMB million	RMB million
Turnover		21,013	19,634
Cost of sales		<u>(12,135)</u>	<u>(11,329)</u>
Gross profit		8,878	8,305
Other income and gains	5	1,028	2,643
Selling and distribution expenses		(3,220)	(3,291)
Administrative and other expenses		(1,346)	(1,637)
Share of results of joint ventures and an associate		(41)	-
Finance costs	6	<u>(24)</u>	<u>(29)</u>
Profit before taxation		5,275	5,991
Taxation	7	<u>(1,472)</u>	<u>(1,695)</u>
Profit for the period	8	<u>3,803</u>	<u>4,296</u>
Attributable to:			
Shareholders of the Company		3,802	4,291
Non-controlling interests		<u>1</u>	<u>5</u>
		<u>3,803</u>	<u>4,296</u>
Earnings per share			
Basic	10	<u>RMB1.17</u>	<u>RMB1.32</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB million	RMB million
Profit for the period	3,803	4,296
Other comprehensive income/(expenses):		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of functional currency to presentation currency	1,204	(245)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(1,094)	247
Fair value adjustment on financial assets at fair value through other comprehensive income	-	2
	(1,094)	249
Other comprehensive income for the period, net of tax	110	4
Total comprehensive income for the period	3,913	4,300
Attributable to:		
Shareholders of the Company	3,912	4,295
Non-controlling interests	1	5
	3,913	4,300

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2022 (Unaudited) RMB million	As at 31 December 2021 (Audited) RMB million
	<i>Notes</i>		
Non-current assets			
Fixed assets		13,827	13,717
Right-of-use assets		3,227	3,379
Goodwill		9,314	9,250
Other intangible assets		230	255
Interests in joint ventures and an associate		1,432	1,381
Financial assets at fair value through profit or loss	11	3,712	3,613
Prepayments		188	175
Deferred taxation assets		3,180	3,368
Pledged bank deposits		19	18
		<u>35,129</u>	<u>35,156</u>
Current assets			
Stocks		5,999	6,458
Trade and other receivables	12	999	3,436
Taxation recoverable		110	625
Pledged bank deposits		1	2
Cash and cash equivalents		14,408	5,376
		<u>21,517</u>	<u>15,897</u>
Current liabilities			
Trade and other payables	13	(22,065)	(21,007)
Short-term loan		(800)	-
Lease liabilities		(85)	(71)
Taxation payable		(277)	(92)
		<u>(23,227)</u>	<u>(21,170)</u>
Net current liabilities		<u>(1,710)</u>	<u>(5,273)</u>
Total assets less current liabilities		<u>33,419</u>	<u>29,883</u>
Non-current liabilities			
Lease liabilities		(64)	(60)
Deferred taxation liabilities		(2,148)	(1,955)
Other non-current liabilities		(3,803)	(3,379)
		<u>(6,015)</u>	<u>(5,394)</u>
		<u>27,404</u>	<u>24,489</u>
Capital and reserves			
Share capital		14,090	14,090
Reserves		13,272	10,342
Equity attributable to shareholders of the Company		<u>27,362</u>	<u>24,432</u>
Non-controlling interests		42	57
Total equity		<u>27,404</u>	<u>24,489</u>

Notes:

1. Independent review

The interim results of the Group for the six months ended 30 June 2022 are unaudited and have been reviewed with no disagreement by the Company's Audit Committee.

2. Basis of preparation

This interim results announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

A full set of unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 ("interim financial information") which has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" will be published as soon as practicable.

The financial information relating to the year ended 31 December 2021 that is included in the interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Taking into account of the gearing ratio, historical and expected future cash flows from operations and unutilised available banking facilities of the Group, management expected that the Group has adequate resources to meet its liabilities and commitment as and when they fall due and to continue in operational existence for the foreseeable future.

3. Principal accounting policies

The accounting policies applied in the preparation of the interim financial information are consistent with those applied in the annual financial statements for the year ended 31 December 2021, except for the amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2022.

The adoption of these amendments to HKFRSs has no material effect on the results and financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

The Group has not early applied the new standard and amendments that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised standards and amendments but is not yet in a position to determine whether these new and revised standards and amendments would have a material impact on its results of operations and financial position.

4. Segment information

	Eastern Region (Unaudited) <i>RMB million</i>	Central Region (Unaudited) <i>RMB million</i>	Southern Region (Unaudited) <i>RMB million</i>	Corporate / Elimination (Unaudited) <i>RMB million</i>	Total (Unaudited) <i>RMB million</i>
For the six months ended					
30 June 2022					
Turnover¹					
External sales	10,061	5,750	5,202	-	21,013
Inter-segment sales	394	357	155	(906)	-
Total	<u>10,455</u>	<u>6,107</u>	<u>5,357</u>	<u>(906)</u>	<u>21,013</u>
Segment result²	<u>2,158</u>	<u>1,633</u>	<u>1,378</u>		5,169
Unallocated corporate expenses					(10)
Interest income					140
Finance costs					(24)
Profit before taxation					<u>5,275</u>
Taxation					<u>(1,472)</u>
Profit for the period					<u>3,803</u>
Other information					
Additions to non-current assets ³	327	410	134	-	871
Depreciation and amortisation	406	187	182	1	776
Impairment loss recognised for fixed assets and stocks	54	43	9	-	106
For the six months ended					
30 June 2021					
Turnover¹					
External sales	9,548	5,024	5,062	-	19,634
Inter-segment sales	335	315	131	(781)	-
Total	<u>9,883</u>	<u>5,339</u>	<u>5,193</u>	<u>(781)</u>	<u>19,634</u>
Segment result²	<u>3,231</u>	<u>1,370</u>	<u>1,345</u>		5,946
Unallocated corporate expenses					(33)
Interest income					107
Finance costs					(29)
Profit before taxation					<u>5,991</u>
Taxation					<u>(1,695)</u>
Profit for the period					<u>4,296</u>
Other information					
Additions to non-current assets ³	170	120	131	-	421
Depreciation and amortisation	423	206	185	2	816
Impairment loss recognised for fixed assets and stocks	242	115	74	-	431

Notes:

1. Turnover represents sales of beer products was recognised at a point in time.
2. Segment result represents earnings before interest income, finance costs and taxation.
3. Additions to non-current assets included fixed assets and right-of-use assets.

5. Other income and gains

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB million</i>	<i>RMB million</i>
Other income and gains includes:		
Interest income	140	107
Government grants recognised	148	259
Profit on disposal of fixed assets	38	24
Profit on disposal of interests in leasehold land held for own use	120	-
Profit on disposal of land to a joint venture (Note 11)	-	1,755
Change in fair value of financial assets at fair value through profit or loss (Note 11)	99	-
Sales of scrapped materials	122	117
Bottles usage income	249	269

6. Finance costs

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB million</i>	<i>RMB million</i>
Interests on bank loans and other loans	6	3
Interests on lease liabilities	4	3
Financing charges	8	2
Net exchange loss	6	21
	<u>24</u>	<u>29</u>

7. Taxation

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB million</i>	<i>RMB million</i>
Chinese Mainland income tax		
Current taxation	1,117	1,229
Deferred taxation	355	466
	<u>1,472</u>	<u>1,695</u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the period.

Chinese Mainland income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Chinese Mainland. The applicable principal income tax rate for the six months ended 30 June 2022 is 25% (2021: 25%).

Under the Law of People's Republic of China ("PRC"), withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for undistributed profits to the extent that declarations of dividends are anticipated in the foreseeable future.

8. Profit for the period

	Six months ended 30 June	
	2022 (Unaudited) RMB million	2021 (Unaudited) RMB million
Profit for the period has been arrived at after charging:		
Staff cost (including directors' emoluments)	2,748	2,725
Depreciation		
- Owned fixed assets	664	700
- Right-of-use assets	88	88
Amortisation of other intangible assets	24	28
Impairment loss recognised on		
- Owned fixed assets	-	205
- Stocks	106	226
Cost of goods sold	12,135	11,329

9. Dividends

At the Board meeting held on 24 March 2022, the directors proposed a final dividend of RMB0.302 per share for the year ended 31 December 2021. Such proposal was subsequently approved by shareholders on 21 June 2022. The dividend was translated to and shall be paid in Hong Kong dollars (“HK\$”) at HK\$0.353 per share. The 2021 final dividend recognised as distribution during the period was approximately RMB980 million (2021: RMB425 million was paid for 2020).

At the Board meeting held on 17 August 2022, the Board has declared an interim dividend of RMB0.234 (for the six months ended 30 June 2021: RMB0.264) per share. Based on the latest number of shares in issue at the date of this announcement, the aggregate amount of the interim dividend is estimated to be RMB759 million (2021: RMB856 million).

10. Earnings per share

	Six months ended 30 June	
	2022 (Unaudited) RMB million	2021 (Unaudited) RMB million
The calculation of the basic earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company for the purposes of calculating basic earnings per share	3,802	4,291
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	3,244,176,905	3,244,176,905
Basic earnings per share	1.17	1.32

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding issue for both periods.

11. Financial assets at fair value through profit or loss

	As at 30 June 2022 (Unaudited) RMB million	As at 31 December 2021 (Audited) RMB million
Consideration receivable	3,710	3,611
Other financial assets	<u>2</u>	<u>2</u>
	<u>3,712</u>	<u>3,613</u>

The Company, through its wholly-owned subsidiaries China Resources Snow Breweries (China) Investment Co., Ltd. (“CR Snow Investment”) entered into the following agreements with the wholly-owned subsidiaries of China Resources Land Limited (“CR Land”) on 22 January 2021: (1) the joint venture agreement (“JV Agreement”); (2) the Relocation Compensation Agreement; and (3) the Construction Agreement.

According to the JV Agreement, each of CR Snow Investment and Shenzhen Runtou Consulting Co., Ltd. (深圳市潤投諮詢有限公司) (a wholly-owned subsidiary of CR Land) (“Shenzhen Runtou”) committed to capital injection of RMB500 million to Shenzhen Runxue Industrial Co., Ltd* (深圳市潤雪實業有限公司, “Shenzhen Runxue”). Upon the formation of Shenzhen Runxue after the execution of the JV Agreement on 26 April 2021, each of CR Snow Investment and Shenzhen Runtou injected RMB50 million and therefore owned 50% equity interest of Shenzhen Runxue respectively. Shenzhen Runxue is primarily engaged in the development and management of real estate and it is responsible for the demolition of the existing building and relocation of several parcels of land (the “Land”) owned by China Resources Snow Breweries (China) Co., Ltd. (華潤雪花啤酒(中國)有限公司) (a wholly-owned subsidiary of CR Snow Investment) (“CR Snow”), as well as applying to Shenzhen Government together with CR Snow for land modification of the Land pursuant to the Relocation Compensation Agreement. The land modification involves the de-registration of the title certificate of the Land and modification of the Land for general industrial and emerging industrial uses with the relevant authority of Shenzhen Government.

The consideration will be settled by installment based on the proportion of the floor areas of properties sold to the total saleable floor areas of properties. The completion date of the construction is expected to be beginning of 2025 and the first installment of consideration receivable is expected to be received from Shenzhen Runxue by CR Snow in 2026.

On 26 May 2021, the gain on disposal of right-of-use assets of approximately RMB3,510 million arose from the disposal of the parcels of Land and related deferred tax liabilities of approximately RMB878 million had been recognised. 50% gain on disposal of right-of-use assets (after 50% elimination of downstream transaction) of was approximately RMB1,755 million.

As at 30 June 2022, the fair value of consideration is measured at approximately RMB3,710 million (31 December 2021: RMB3,611 million). Accordingly, the fair value gain of approximately RMB99 million was recognised in profit or loss during the six months ended 30 June 2022.

12. Trade and other receivables

Included in trade and other receivables are trade receivables and their aging analysis by invoice date is as follows:

	As at 30 June 2022 (Unaudited) RMB million	As at 31 December 2021 (Audited) RMB million
0 – 30 days	83	39
31 – 60 days	36	16
61 – 90 days	19	12
> 90 days	55	65
	<u>193</u>	<u>132</u>

The Group normally trades with its customers under the following credit terms:

- (a) cash upon delivery; or
- (b) open credit from 30 to 90 days

13. Trade and other payables

Included in trade and other payables are trade payables and their aging analysis by it invoice date is as follows:

	As at 30 June 2022 (Unaudited) RMB million	As at 31 December 2021 (Audited) RMB million
0 – 30 days	4,390	3,076
31 – 60 days	2	7
61 – 90 days	1	2
> 90 days	22	23
	<u>4,415</u>	<u>3,108</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

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.

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.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2022, the Group's consolidated cash and bank deposits amounted to RMB14,428,000,000. The Group's borrowings as at 30 June 2022, including a short-term loan, were RMB800,000,000 as compared with no borrowings as at 31 December 2021. The maturity profile of the short-term loan was repayable within one year and the facility is unsecured and with fixed interest rate. Save for the above, the Group has no other committed borrowing facilities.

The Group was at a net cash position as at 30 June 2022 and 31 December 2021.

The Group's principal assets, liabilities, turnover and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 30 June 2022, 0.2% of the Group's cash and bank deposit balances were held in Hong Kong dollars, 99.1% in Renminbi and 0.7% in US dollars.

As at 30 June 2022, the Group's current liabilities and current ratio were RMB23,227,000,000 and 0.93, respectively. The current liabilities included receipts in advance on sales and accruals on promotion and marketing expenses, the majority of these amounts would be offset by trade receivables or be realised through sales discounts in the future, and thus no significant net cash outflow was anticipated. Taking into account of the gearing ratio, historical and expected future cash flows from operations and unutilised available banking facilities of the Group, management expected the Group has adequate resources to meet its liabilities and commitment as and when they fall due and to continue in operational existence for the foreseeable future.

Pledge of Assets

As at 30 June 2022, assets with a carrying value of RMB20,000,000 (31 December 2021: RMB20,000,000) were pledged for construction in progress and notes payable.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The Group collects substantially all of its turnover in Renminbi ("RMB") and most of the Group's expenditures, including expenditure incurred in its operations as well as capital expenditure, are also denominated in RMB.

The Group's business transactions were mainly carried out in Hong Kong dollars ("HK\$") and RMB. The Group's exposure to currency risk was attributable to the bank balances and debts which were denominated in currencies other than the functional currency of the Company to which these bank balances and debts were related. The management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

Changes in Share Capital

There are no changes in the Company's share capital during the six months ended 30 June 2022.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2022.

Employees

As at 30 June 2022, the Group had a staff size of around 25,000, amongst which more than 99% were employed in the Mainland China, whilst the rest were mainly in Hong Kong. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends with built-in merit components, paid in the form of cash bonuses.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board has declared an interim dividend of RMB0.234 per share (equivalent to HK\$0.272 per share at the exchange rate of RMB1:HK\$1.16066, being the average CNY Central Parity Rate announced by the People's Bank of China for the five business days prior to and including the date of this announcement, and rounded to 3 decimal places) for the six months ended 30 June 2022 (2021: interim dividend RMB0.264 per share, equivalent to HK\$0.317 per share) payable on Friday, 21 October 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 1 September 2022. The interim dividend will be payable in cash in HK\$ unless an election is made to receive the same in RMB.

Dividend currency election form is expected to be despatched to the shareholders of the Company on Thursday, 8 September 2022. If shareholders elect to receive all or part of the interim dividend in RMB, shareholders should complete the dividend currency election form and return it to the share registrar of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 1 September 2022. In order to be eligible for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 August 2022 for registration.

CORPORATE GOVERNANCE

It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value. The Company is committed to attaining and maintaining high standards of corporate governance and it adopts corporate governance principles that emphasise a quality Board, accountability to all stakeholders, open communication and fair disclosure.

The Company has implemented its own corporate governance standards and objectives since November 2003. On 8 April 2005, the Board approved the Company's Corporate Governance Practice Manual ("Corporate Governance Manual"). The Corporate Governance Manual, which was revised on 31 March 2009, 18 November 2010, 21 March 2012, 7 December 2015, 18 March 2016, 21 November 2018, 5 November 2021 and 1 January 2022, incorporates almost all of the Code Provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and includes the implementation details for the Code Provisions and, where appropriate, the Recommended Best Practices. The Corporate Governance Manual can be downloaded from the Company's website and copies are available on request to the Company Secretary.

The Company has complied with the Code Provisions set out in the CG Code during the six months ended 30 June 2022, save and except the following:

In respect of Code Provisions C.2.1 to C.2.9 of the CG Code, since the resignation of Mr. Chen Lang as the Chairman with effect from 11 July 2019, the position of the Chairman has been vacant and has not been filled up as at the date of this announcement. The Board of the Company as a whole and its members have discharged the duties under the aforementioned Code Provisions of the CG Code as appropriate. The Board and the Nomination Committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

In respect of Code Provision C.3.3 of the CG Code, the Company did not have formal letters of appointment for the Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry of Hong Kong and “Guidelines for Directors”, and, if applicable, “Guide for Independent Non-Executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under the Listing Rules, the responsibilities under statute and common law, legal and other regulatory requirements.

In respect of Code Provision D.1.2 of the CG Code, the Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates to be provided, the Company will update all the Directors as early as practicable for discussion and resolution.

In respect of Code Provision F.2.2 of the CG Code, the position of the Chairman was vacant at the annual general meeting of the Company held on 21 June 2022 (the “AGM”) and has not been filled up as at the date of this announcement. Mr. Hou Xiaohai, an executive Director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM.

On 8 April 2005, the Company has adopted a Code of Ethics and Securities Transactions (“Code of Ethics”) which incorporates the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules. The Code of Ethics has been amended, approved and reconfirmed by the Board of Directors of the Company on 6 April 2006, 4 April 2007, 31 March 2008 and further revised on 31 March 2009, 18 November 2010, 7 December 2015 and 5 November 2021, respectively. The prohibitions on securities dealing and disclosure requirements in the Code of Ethics also apply to specified individuals which include the Group’s senior management and persons who are privy to inside information of the Group. The Code of Ethics is on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

EVENTS AFTER THE PERIOD UNDER REVIEW

There were no material subsequent events since 30 June 2022, being the end of the period under review.

By order of the Board

China Resources Beer (Holdings) Company Limited

Hou Xiaohai

Chief Executive Officer and Executive Director

Hong Kong, 17 August 2022

** For identification purposes only*

As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Wei Qiang (Chief Financial Officer). The Non-executive Directors are Mr. Lai Ni Hium, Frank, Mr. Richard Raymond Weissend, Ms. Zhang Kaiyu, and Mr. Tang Liqing. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.