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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 Codes: 291 (HKD counter) and 80291 (RMB counter))

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

- The unaudited consolidated turnover of the Group in the first half of 2024 was RMB23,744,000,000, benefiting from the continuous development of its premiumisation strategy in the beer and baijiu businesses. The Group's profit attributable to shareholders amounted to RMB4,705,000,000 in the first half of 2024, representing an increase of 1.2% when compared to the same period last year. During the period under review, the Group's net cash from operating activities increased by 25.6% year-on-year, demonstrating the Group's solid cash-generating capability.
- In respect of the beer business, overall beer sales volume decreased by 3.4% year-on-year to approximately 6,348,000 kilolitres, outperforming some of the largest beer companies. The Group's premium beer products continued to perform strongly. In the first half of 2024, the proportion of sales volume of the mid-end beer segment and above in the first half of a year exceeded 50% for the first time. In addition, sales volume of the sub-premium beer segment and above achieved a single-digit increase as compared to the same period last year, with the sales volume generated from e-commerce channels recorded an approximately 60% increase as compared to the same period last year. Notably, the sales volume of the premium beer segment and above recorded an increase of over 10% compared to the same period last year, with sales volume of products including "Heineken®", "Lao Xue" and "Amstel" all recording an increase of over 20% compared to the same period last year.
- The ongoing premiumisation strategy drove a year-on-year increase of 2.0% in the average selling price of the beer products. Moreover, lower costs for certain packaging materials contributed to an increase of 0.6 percentage point in the gross profit margin of the Group's beer business to 45.8% in the first half of 2024. The Group adopted various cost-reduction and efficiency-enhancing measures, thus operating expenses of its beer business remained largely unchanged compared to the same period last year. The Group's beer business achieved earnings before interest and taxation ("EBIT") of RMB 6,365,000,000, representing an increase of approximately 2.6% compared to the same period last year. Excluding the impairment loss on fixed assets and one-off compensation and settlement expenses in relation to capacity optimisation, EBIT of the Group's beer business doubled compared to the first half of 2019 before the pandemic, and the EBIT margin improved significantly by over 10 percentage points to 28.3%, hitting a record high.

- In respect of the baijiu business, the Group generated an unaudited consolidated turnover of RMB1,178,000,000 in the first half of 2024, representing an increase of approximately 20.6% compared to the same period last year. This performance drove an increase of 2.1 percentage points in the gross profit margin to 67.6%. Sales of the Group’s baijiu business expanded rapidly, with the sales volume of its nationwide premium single product, “Zhaiyao”, increased by over 50% compared to the same period last year, contributing approximately 70% of the turnover of the baijiu business.
- Looking ahead to the second half of 2024, in face of the rapidly changing market environment, the Group will prioritise growth as its primary strategy and uphold a long-term perspective, aiming to achieve high-quality development. The Group will also actively deepen the dual empowerment model for “beer + baijiu” businesses, and increase its efforts to control capital expenditure, striving to achieve annual turnover and profit growth.
- The Board of Directors has declared an interim dividend of RMB0.373 per share, representing an increase of 30% compared to same period last year, aiming to share the fruits of success with the shareholders.

FINANCIAL HIGHLIGHTS

	2024 (Unaudited) RMB million	2023 (Unaudited) RMB million
For the six months ended 30 June		
Turnover	23,744	23,871
Profit attributable to shareholders of the Company	4,705	4,649
Basic earnings per share	RMB1.45	RMB1.43
Interim dividend per share	RMB0.373	RMB0.287
	As at 30 June 2024 (Unaudited) RMB million	As at 31 December 2023 (Audited) RMB million
Equity attributable to shareholders of the Company	32,865	30,295
Non-controlling interests	3,907	3,879
Total equity	36,772	34,174
Consolidated net cash ¹	5,139	426
Gearing ratio ²	Net cash	Net cash
Current ratio	0.75	0.70
Net assets per share - book value ³	RMB10.13	RMB9.34

Notes:

1. Consolidated net cash represents consolidated total cash and cash equivalents and pledged bank deposits minus consolidated total bank 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	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Eastern region	10,958	11,196	2,368	2,289
Central region	6,490	6,609	2,035	2,037
Southern region	6,038	5,887	1,962	1,876
Beer sub-total	23,486	23,692	6,365	6,202
Baijiu	1,184	977	48	71
	24,670	24,669	6,413	6,273
Elimination of inter-segment transactions	(926)	(798)	-	-
Net corporate expenses	-	-	(45)	(28)
Total	23,744	23,871	6,368	6,245

STATEMENT FROM THE CHAIRMAN OF THE BOARD

HALF-YEAR RESULTS

In the first half of 2024, China's overall economy operated smoothly, with the market showing steady progress and high-quality development continuing to advance. 2024 marks the 30th anniversary of China Resources Beer (Holdings) Company Limited ("CR Beer" or the "Company", together with its subsidiaries, the "Group"). It is also a pivotal year of the final three-year phase of the Company's "3+3+3" corporate development strategy, which is crucial for implementing the "Winning at Premiumisation" strategy. Over the past three decades, CR Beer has accumulated extensive experience in the alcoholic beverage industry and built unique core competencies. As the consumer goods industry enters into a new era, changes are occurring across multiple aspects, including products, channels, consumption scenarios and quality, which offered ample opportunities and challenges for both the beer and baijiu industries.

Facing a complex and volatile market environment, the high base effect of the beer business from the first half of last year, and the impact of higher-than-usual rainfall in some regions in the first half of this year, the Group recorded an unaudited consolidated turnover of RMB 23,744,000,000 for the six months ended 30 June 2024. Benefiting from the continuous development of its premiumisation strategy in the beer and baijiu businesses, the Group's gross profit margin and earnings before interest, taxation, depreciation and amortisation ("EBITDA") margin both increased by 0.9 percentage point year-on-year to 46.9% and 31.7%, respectively, in the first half of 2024. The Group's profit attributable to shareholders for the first half of 2024 amounted to RMB4,705,000,000, representing an increase of 1.2% compared to the same period last year. In addition, during the reporting period, the Group's net cash from operating activities increased by 25.6% year-on-year, while interim dividend per share increased by 30%, with an aim to share the fruits of success with the shareholders.

INTERIM DIVIDEND

The Board of the Company has declared an interim dividend of RMB0.373 per share for the six months ended 30 June 2024 (first half of 2023: RMB0.287 per share), payable on Wednesday, 23 October 2024 to shareholders whose names appear on the register of members of the Company on Thursday, 5 September 2024, to thank shareholders for supporting the Group.

STRATEGY EXECUTION

In 2024, the Group continues to prioritise growth as its primary strategy. The Group leverages its dual empowerment model of "beer + baijiu", with "China Resources Snow Breweries (China) Investment Co., Ltd.*" (華潤雪花啤酒(中國)投資有限公司, "CR Snow") and "China Resources Wine Holdings Co., Ltd.*" (華潤酒業控股有限公司, "CRWH") being responsible for managing the beer and baijiu businesses, respectively. Furthermore, the Group continues to empower its operations in various areas, including organisational structure, talent, branding, sales management, supply chain and intelligent manufacturing management, technological innovation and digital development, finance and taxation, legal affairs, and risk prevention and control. These efforts aim to strengthen the Company's foundation, enhance its operational management capabilities, in order to effectively address the challenges presented by the "New World" of the consumer industry.

BEER BUSINESS

During the period under review, consumer consumption patterns became more diversified, and the beer industry entered into a phase of deep adjustment, with the premiumisation trend becoming increasingly evident. The Group firmly adheres to its strategic goal of “Excellence in Development for Winning at Premiumisation” by continuously promoting premiumisation and brand building. The Group has also remained committed to consolidating its rich product portfolio of “domestic brands + international brands”, laying a solid foundation for “becoming the leader of the new world of the beer industry”. Due to capacity contraction in the lower-end market, the Group’s overall beer sales volume decreased by 3.4% year-on-year to approximately 6,348,000 kilolitres, outperforming some of the largest beer companies. The Group’s beer business recorded an unaudited consolidated turnover of RMB 22,566,000,000 in the first half of 2024. The Group’s premium beer products continued to perform strongly. In the first half of 2024, the proportion of sales volume of the mid-end beer segment and above in the first half of a year exceeded 50% for the first time. In addition, sales volume of the sub-premium beer segment and above achieved a single-digit increase as compared to the same period last year, with the sales volume generated from e-commerce channels recorded an approximately 60% increase as compared to the same period last year. Notably, the sales volume of the premium beer segment and above recorded an increase of over 10% compared to the same period last year, with sales volume of products including “Heineken[®]”, “Lao Xue” and “Amstel” all recording an increase of over 20% compared to the same period last year.

The ongoing premiumisation strategy drove a year-on-year increase of 2.0% in the average selling price of the beer products. Moreover, lower costs for certain packaging materials contributed to an increase of 0.6 percentage point in the gross profit margin of the Group’s beer business to 45.8% in the first half of 2024. The Group adopted various cost-reduction and efficiency-enhancing measures continuously, thus operating expenses of the Group’s beer business remained largely unchanged compared to the same period last year. The Group’s beer business achieved earnings before interest and taxation (“EBIT”) of RMB 6,365,000,000 in the first half of 2024, representing an increase of approximately 2.6% compared to the same period last year, while EBIT margin increased by 1.1 percentage point to 28.2%. Excluding the impairment loss on fixed assets and one-off compensation and settlement expenses in relation to capacity optimisation, EBIT of the Group’s beer business doubled compared to the first half of 2019 before the pandemic, and the EBIT margin improved significantly by over 10 percentage points to 28.3%, hitting a record high.

BAIJIU BUSINESS

While firmly promoting the premiumisation of the beer business, the Group actively developed its baijiu business. During the period under review, the Group continued to implement brand upgrades, price control, inventory control, customer development, and new sales system. China’s baijiu industry development is currently entering a period of adjustment, but the trends of high-quality development and consumption upgrade remain unchanged. Since last year, the Group’s baijiu business has made progress in various areas, including industry insights, hands-on exploration, strategic reflection, and business strategy. The Group’s baijiu business generated an unaudited consolidated turnover of RMB1,178,000,000 in the first half of 2024, representing an increase of approximately 20.6% compared to the same period last year. This performance drove an increase of 2.1 percentage points in the gross profit margin to 67.6% in the first half of 2024. Sales of the Group’s baijiu business expanded rapidly, with the sales volume of its nationwide premium single product, “Zhaiyao”, increased by 50% compared to the same period last year, contributing approximately 70% of the turnover of the baijiu business. EBITDA of the Group’s baijiu business was RMB413,000,000, remaining largely unchanged compared to the same period last year.

PROSPECTS

Looking ahead to the second half of 2024, in the face of the rapidly changing market environment, the Group will prioritise growth as its primary strategy and uphold a long-term perspective, with an aim to achieve high-quality development. Meanwhile, the Group will expand its scale, optimise its management model, and actively deepen the dual empowerment model for its “beer + baijiu” businesses, further consolidating CR Beer’s competitive advantage. The Group will also increase its efforts to control capital expenditure, striving to achieve annual turnover and profit growth. The Group believes that maintaining a healthy and sufficient cash flow from operations will be conducive to future long-term business development, and steadily increase the amount of dividend and dividend payout ratio, thus bringing higher and better returns to the shareholders.

2024 marks an important milestone of CR Beer’s 30th anniversary. The Group will leverage its extensive experience to advance the strategic development of “Winning at Premiumisation” and seize opportunities within the “dual empowerment model for beer and baijiu businesses” to build competitive advantages through differentiation. The Group will continue to build an unique dual empowerment model for its “beer + baijiu” businesses under a market-oriented mechanism within the company, with a focus on four main advantages: experience in development, resources, management mechanisms, and listed platforms established by CR Beer. With that in mind, we will utilise the respective strengths of CR Beer, CR Snow, and CRWH to form a three-pronged driving force that will achieve mutual empowerment and synergies across several key areas. These areas include organisational structure, talent, sales, branding, supply chain, manufacturing, technological innovation, digitalisation, financial and tax, legal, and risk control aspects, resulting in new and enhanced competitiveness for CRWH.

The Group will continue to strive for the successful completion of its “3+3+3” corporate development strategy, aiming to achieve a comprehensive transformation and upgrade: from scale to quality, from traditional to modern, from a leading Chinese beer company to a world-class one, and from a mainstream product focus to a premiumisation focus. The Group will also continue to adhere to its dual-engine growth strategy, based on the steady growth of its beer business and driven by the rapid development of the baijiu business. It will continuously enhance product strength and brand power, foster win-win partnerships, and forge a common future with the suppliers, aiming to move towards realising its corporate vision of “becoming the leader of the new world of the beer industry” and “the explorer of the new world of the baijiu industry”.

BEER BUSINESS

In the beer business, CR Beer will strive to achieve steady growth, pursue innovation and technology empowerment, and steadily move towards a prosperous “new world of beer” driven by premiumisation. In this era of high-quality development, the Group will be market-, consumer-, and customer-centric, embracing new thinking, new capabilities, and new methods to address the emerging situations, challenges and goals presented by this era. The Group will also continue to enhance and enrich its product portfolio, create a more efficient supply chain by integrating raw material procurement, production and logistics, and further unlock business value and profit growth potential.

BAIJIU BUSINESS

As the baijiu industry development enters a period of adjustment, the Group will work hand-in-hand with channel partners to alleviate industry issues such as overcapacity, price inversion, and brand building, through initiatives such as manufacturer collaboration, resource integration, and model innovation. The Group will continue to empower its baijiu business in terms of capital, brand, organisation and channels, building “dual empowerment model for beer and baijiu businesses”, and

“synergistic model for various baijiu companies”. This aims to provide consumers with higher-quality products and brand experiences. Meanwhile, the Group will support CRWH in establishing unique competitive advantages, organisational capabilities, and a robust distributor management system, enabling it to become a “new force in Chinese baijiu”. CRWH will maintain strategic confidence and unwavering focus, employing a multi-brand strategy to reshape its baijiu product and brand portfolio, ultimately achieving its goals of “exploration, development, and enhancement”.

The Group will continue to promote the “new world of beer” and the “new world of baijiu”, further developing the market through multiple dimensions, including brand, quality, product and culture. As the overall consumer market undergoes profound transformations, the Group remains confident in the prospects for premiumisation and high-quality growth in China's consumer goods sector. Let us join hands to “step into the 30th anniversary, and raise a toast to the new world”!

APPRECIATION

We would like to take this opportunity to sincerely thank our shareholders for their tremendous support, our management team and employees for their hard work, and our customers and business partners for their long-term trust. Moving forward, we will continue to provide customers with high-quality products and services wholeheartedly, and create more attractive returns for our shareholders.

Hou Xiaohai

Executive Director and Chairman of the Board

Hong Kong, 19 August 2024

2024 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 2024 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	For the six months ended 30 June	
		2024 (Unaudited) RMB million	2023 (Unaudited) RMB million
Turnover		23,744	23,871
Cost of sales		(12,605)	(12,880)
Gross profit		11,139	10,991
Other income and gains	5	1,008	955
Selling and distribution expenses		(4,189)	(3,914)
Administrative and other expenses		(1,489)	(1,576)
Share of results of joint ventures and an associate		1	(3)
Finance costs	6	(56)	(135)
Profit before taxation		6,414	6,318
Taxation	7	(1,681)	(1,620)
Profit for the period	8	4,733	4,698
Attributable to:			
Shareholders of the Company		4,705	4,649
Non-controlling interests		28	49
		4,733	4,698
Earnings per share	10		
Basic		RMB1.45	RMB1.43

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB million</i>	2023 (Unaudited) <i>RMB million</i>
Profit for the period	<u>4,733</u>	<u>4,698</u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u>11</u>	<u>2</u>
Other comprehensive income for the period, net of tax	<u>11</u>	<u>2</u>
Total comprehensive income for the period	<u>4,744</u>	<u>4,700</u>
Attributable to:		
Shareholders of the Company	4,716	4,651
Non-controlling interests	<u>28</u>	<u>49</u>
	<u>4,744</u>	<u>4,700</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 June 2024 (Unaudited) <i>RMB million</i>	As at 31 December 2023 (Audited) <i>RMB million</i>
Non-current assets			
Fixed assets		17,128	16,294
Right-of-use assets		3,144	3,229
Goodwill		16,806	16,806
Other intangible assets		8,621	8,991
Interests in joint ventures and an associate		1,462	1,451
Financial assets at fair value through profit or loss	11	1,982	3,716
Prepayments		192	150
Deferred taxation assets		3,560	3,728
Pledged bank deposits		18	18
		52,913	54,383
Current assets			
Stocks		9,015	9,502
Trade and other receivables	12	1,436	1,506
Taxation recoverable		318	613
Financial assets at fair value through profit or loss	11	1,736	-
Cash and cash equivalents		6,499	5,520
		19,004	17,141
Current liabilities			
Trade and other payables	13	(24,426)	(22,755)
Short-term bank loans	14	(373)	(931)
Lease liabilities		(71)	(84)
Taxation payable		(387)	(594)
		(25,257)	(24,364)
Net current liabilities		(6,253)	(7,223)
Total assets less current liabilities		46,660	47,160
Non-current liabilities			
Long-term bank loans	14	(1,005)	(4,181)
Lease liabilities		(80)	(89)
Deferred taxation liabilities		(4,506)	(4,391)
Other non-current liabilities		(4,297)	(4,325)
		(9,888)	(12,986)
Capital and reserves			
Share capital		14,090	14,090
Reserves		18,775	16,205
Equity attributable to shareholders of the Company		32,865	30,295
Non-controlling interests		3,907	3,879
Total equity		36,772	34,174

Notes:

1. Independent review

The interim results of the Group for the six months ended 30 June 2024 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

A full set of unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 ("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 2023 that is included in the interim financial information for the six months ended 30 June 2024 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) ("Hong Kong Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong 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 Hong Kong Companies Ordinance.

Taking into account 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 2023, except for the amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board which are relevant to the Group, which are effective for the Group's financial year beginning 1 January 2024.

The adoption of these amendments to HKFRSs and Committee's agenda decision have 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 standards and new 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 amendments but is not yet in a position to determine whether these amendments would have a material impact on its results of operations and financial position.

4. Segment information

	Eastern Region (Unaudited) RMB million	Central Region (Unaudited) RMB million	Southern Region (Unaudited) RMB million	Beer Sub-total (Unaudited) RMB million	Baijiu (Unaudited) RMB million	Corporate / Elimination (Unaudited) RMB million	Total (Unaudited) RMB million
For the six months ended							
30 June 2024							
Turnover¹							
External sales	10,420	6,179	5,967	22,566	1,178	-	23,744
Inter-segment sales	538	311	71	920	6	(926)	-
Total	10,958	6,490	6,038	23,486	1,184	(926)	23,744
Segment result before depreciation and amortisation							
	2,748	2,257	2,135	7,140	413 ³		7,553
Depreciation and amortisation	(380)	(222)	(173)	(775)	(365)		(1,140)
Segment result²	2,368	2,035	1,962	6,365	48		6,413
Unallocated corporate expenses							(45)
Interest income							102
Finance costs							(56)
Profit before taxation							6,414
Taxation							(1,681)
Profit for the period							4,733
Other information							
Additions to non-current assets ⁴	747	76	338	1,161	155	284	1,600
Depreciation and amortisation	380	222	173	775	365	9	1,149
Impairment loss recognised for fixed assets and stocks	92	6	12	110	-	-	110
For the six months ended							
30 June 2023							
Turnover¹							
External sales	10,645	6,408	5,841	22,894	977	-	23,871
Inter-segment sales	551	201	46	798	-	(798)	-
Total	11,196	6,609	5,887	23,692	977	(798)	23,871
Segment result before depreciation and amortisation							
	2,653	2,238	2,082	6,973	415 ³		7,388
Depreciation and amortisation	(364)	(201)	(206)	(771)	(344)		(1,115)
Segment result²	2,289	2,037	1,876	6,202	71		6,273
Unallocated corporate expenses							(28)
Interest income							208
Finance costs							(135)
Profit before taxation							6,318
Taxation							(1,620)
Profit for the period							4,698
Other information							
Additions to non-current assets ⁴	466	517	331	1,314	17,942	188	19,444
Depreciation and amortisation	364	201	206	771	344	2	1,117
Impairment loss recognised for fixed assets and stocks	187	9	16	212	-	-	212

Notes:

1. Turnover represents sales of beer and baijiu products was recognised at a point in time.
2. Segment result represents earnings before interest income, finance costs and taxation.
3. Baijiu segment result mainly included the financial performance of Guizhou Jinsha Jiaojiu Winery Industry Co., Ltd* ("Guizhou Jinsha") and the result before interest, taxation, depreciation and amortisation of Guizhou Jinsha for the six months ended 30 June 2024 were 441 million (2023: 441 million).
4. Additions to non-current assets included fixed assets, right-of-use assets, goodwill and other intangible assets.

5. Other income and gains

	Six months ended 30 June	
	2024 (Unaudited) RMB million	2023 (Unaudited) RMB million
Other income and gains includes:		
Interest income	102	208
Government grants recognised	238	163
Profit on disposal of fixed assets	2	21
Profit on disposal of interests in leasehold land held for own use	5	14
Change in fair value of financial assets at fair value through profit or loss (Note 11)	2	3
Sales of scrapped materials	110	115
Bottles usage income	288	281

6. Finance costs

	Six months ended 30 June	
	2024 (Unaudited) RMB million	2023 (Unaudited) RMB million
Interests on bank loans	46	89
Interests on lease liabilities	2	4
Financing charges	3	7
Net exchange loss	5	35

7. Taxation

	Six months ended 30 June	
	2024 (Unaudited) RMB million	2023 (Unaudited) RMB million
Chinese Mainland income tax		
Current taxation	1,398	1,209
Deferred taxation	283	411

Hong Kong Profits Tax is calculated at 16.5% (2023: 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 2024 is 25% (2023: 25%).

Under the Law of the People's Republic of China (the "PRC"), withholding tax is imposed on dividends declared in respect of profits earned by the 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	
	2024 (Unaudited) <i>RMB million</i>	2023 (Unaudited) <i>RMB million</i>
Profit for the period has been arrived at after charging:		
Staff cost (including directors' emoluments)	2,882	2,783
Depreciation		
- Owned fixed assets	686	685
- Right-of-use assets	92	83
Amortisation of other intangible assets	371	349
Impairment loss recognised on		
- Owned fixed assets	34	87
- Stocks	76	125
Cost of goods sold	<u>12,605</u>	<u>12,880</u>

9. Dividends

At the Board meeting held on 18 March 2024, the directors proposed a final dividend of RMB0.349 per share for the year ended 31 December 2023 and special dividend of RMB0.300 per share for celebrating the 30th anniversary of the Group. Such proposal was subsequently approved by shareholders on 20 May 2024. The 2023 final dividend and special dividend recognised as distribution during the period were approximately RMB2,150 million (2023: RMB980 million was paid for 2022 final dividend).

At the Board meeting held on 19 August 2024, the Board has declared an interim dividend of RMB0.373 (for the six months ended 30 June 2023: RMB0.287) 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 RMB1,210 million (2023: RMB931 million).

10. Earnings per share

	Six months ended 30 June	
	2024 (Unaudited) <i>RMB million</i>	2023 (Unaudited) <i>RMB million</i>
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	<u>4,705</u>	<u>4,649</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,244,176,905</u>	<u>3,244,176,905</u>
Basic earnings per share		
	<u>1.45</u>	<u>1.43</u>

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 2024 (Unaudited) RMB million	As at 31 December 2023 (Audited) RMB million
Consideration receivable (Note)	<u>3,718</u>	<u>3,716</u>
	<u>3,718</u>	<u>3,716</u>

Note:

The Company, through its wholly-owned subsidiary China Resources Snow Breweries (China) Investment Co., Ltd. (“CR Snow Investment”), entered into the following agreements with a wholly-owned subsidiary 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, “Shenzhen Runtou”) (a wholly-owned subsidiary of CR Land) 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, “CR Snow”, a wholly-owned subsidiary of CR Snow Investment), 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 construction is expected to be completed in late 2024 and the first installment of consideration receivable is expected to be received from Shenzhen Runxue by CR Snow in 2025.

On 26 May 2021, the gain on disposal of right-of-use assets of approximately RMB3,510 million arose from the disposal of the 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 approximately RMB1,755 million had been recognised.

As at 30 June 2024, the fair value of consideration is measured at approximately RMB3,718 million (31 December 2023: RMB3,716 million). Accordingly, the fair value gain of approximately RMB2 million was recognised in profit or loss during the six months ended 30 June 2024 (During the six months ended 30 June 2023: RMB3 million).

The consideration receivable amounting to RMB1,736 million to be received within twelve months after the end of the reporting period was classified as current assets.

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 2024 (Unaudited) RMB million	As at 31 December 2023 (Audited) RMB million
0 – 30 days	64	54
31 – 60 days	8	2
61 – 90 days	7	15
> 90 days	30	53
	<u>109</u>	<u>124</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 2024 (Unaudited) RMB million	As at 31 December 2023 (Audited) RMB million
0 – 30 days	4,120	2,894
31 – 60 days	-	34
61 – 90 days	3	16
> 90 days	8	15
	<u>4,131</u>	<u>2,959</u>

14. Bank loans

	As at 30 June 2024 (Unaudited) RMB million	As at 31 December 2023 (Audited) RMB million
Unsecured bank loans		
Within 1 year	373	931
After 1 years, but within 2 years	969	2,418
After 2 years, but within 5 years	36	1,763
	<u>1,378</u>	<u>5,112</u>

The Group has floating-rate bank loans denominated in Renminbi with interest rates linked to the lending rate stipulated by the People's Bank of China.

As at 30 June 2024, the effective interest rates on the Group's floating rate unsecured bank loans were 0.99%-2.35% (31 December 2023: 2.02%-2.20%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The unaudited consolidated turnover of the Group in the first half of 2024 was RMB23,744,000,000, benefiting from the continuous development of its premiumisation strategy in the beer and baijiu businesses. In the first half of 2024, the Group's gross profit margin and earnings before interest, taxation, depreciation and amortisation ("EBITDA") margin both increased by 0.9 percentage points year-on-year to 46.9% and 31.7%, respectively. The Group's profit attributable to shareholders amounted to RMB4,705,000,000 in the first half of 2024, representing an increase of 1.2% when compared with the same period last year. During the period under review, the Group's net cash from operating activities increased by 25.6% year-on-year, demonstrating the Group's solid cash-generating capability. On 10 January 2023 (the "Completion Date"), the Group completed the transfer of 55.19% equity interest of 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.

Beer Business

Facing with a complex and volatile market environment, high base effect from the first half of last year, the impact of higher-than-usual rainfall in some regions in the first half of this year, and the capacity contraction in the lower-end market, the Group's overall beer sales volume in the first half of 2024 decreased by 3.4% year-on-year to approximately 6,348,000 kilolitres, outperforming some of the largest beer companies. However, the Group's premium beer products continued to perform strongly. In the first half of 2024, the proportion of sales volume of the mid-end beer segment and above exceeded 50% for the first time. In addition, sales volume of the sub-premium beer segment and above achieved a single-digit increase as compared to the same period last year, with the sales volume generated from e-commerce channels recorded an approximately 60% increase as compared to the same period last year. Notably, the sales volume of the premium beer segment and above recorded an increase of over 10% compared to the same period last year, with sales volume of products including "Heineken[®]", "Lao Xue" and "Amstel" all recording an increase of over 20% compared to the same period last year, while sales volume of key product "Snow Draft Beer" also achieved a positive year-on-year growth.

The unaudited consolidated turnover of the Group's beer business in the first half of 2024 was RMB22,566,000,000. The ongoing premiumisation strategy drove a year-on-year increase of 2.0% in the average selling price of the beer products. Moreover, lower costs for certain packaging materials contributed to an increase of 0.6 percentage point in the gross profit margin of the beer business to 45.8% in the first half of 2024. The Group upheld the concept of "austerity" and adopted various cost-reduction and efficiency-enhancing measures to control operating expenses. Operating expenses of the Group's beer business in the first half of 2024 remained largely unchanged compared to the same period last year. The Group's beer business achieved earnings before interest and taxation ("EBIT") of RMB6,365,000,000 in the first half of 2024, representing an increase of approximately 2.6% compared to the same period last year, while EBIT margin increased by 1.1 percentage point to 28.2%.

In the first half of 2024, the Group's impairment loss on fixed assets and one-off staff compensation and settlement expenses in relation to capacity optimisation were approximately RMB19,000,000 (for the first half of 2023: RMB94,000,000). Excluding such expenses, EBIT of the Group's beer business doubled compared to the first half of 2019 before the pandemic, and the EBIT margin improved significantly by over 10 percentage points to 28.3%, hitting a record high.

During the period under review, the Group continued to optimise its production capacity deployment and ceased operation of one brewery while setting up one new intelligent factory in Jinan City, Shandong Province, which has already been put into operation. As at 30 June 2024, the Group operated 62 breweries in 24 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 19,400,000 kilolitres.

In respect of Chinese brand and product promotion, the Group launched the rebrand and upgrade of “Brave the World superX” in the first half of 2024. Regarding the brand promotion, the Group successfully held the “Brave People are Always 18” campaign, generating phenomenal popularity. In addition, the Group’s collaborations with the major annual drama “Always on the Move” and the nationwide campaigns “Chinese New Year is Only Complete with Snow” and “Classic Lao Xue - Challenge Accepted” further strengthened brand building efforts. In respect of international brand promotion, the Group continued to actively expand into new regions and sales channels. The Group also engaged in sports marketing initiatives, with campaigns centred around “F1”, “the UEFA Champions League”, “UEFA European Football Championship”, “ATP” and “Heineken Soundscape”, thereby attracting young consumer groups and driving the sustained high growth of the “Heineken®” brand.

Looking ahead, in the face of the new normal in the consumer market, the Group will uphold a high-quality development and long-term perspective, and continue to implement the strategic theme of “Excellence in Development for Winning at Premiumisation”. The Group remains committed to a market-centric, consumer-centric, and customer-centric approach, fostering win-win partnerships, and forging a common future with the suppliers, in order to navigate the evolving landscape, challenges, and goals together. Through innovative marketing models and product concepts, the Group will enhance its competitive position and continue to lead the development of the industry, striving to “become the leader of the new world of the beer industry”.

Baijiu Business

In respect of expanding its non-beer businesses, the Group has completed the transfer of 55.19% equity interest in Guizhou Jinsha in 2023. The Group’s baijiu business generated an unaudited consolidated turnover of RMB1,178,000,000 in the first half of 2024, representing an increase of approximately 20.6% compared to the same period last year. This performance drove an increase of 2.1 percentage points in the gross profit margin to 67.6% in the first half of 2024. Sales of the Group’s baijiu business expanded rapidly, with the sales volume of its nationwide premium single product, “Zhaiyao”, increased over 50% compared to same period last year, contributing approximately 70% of the turnover of the baijiu business. EBITDA of the Group’s baijiu business was RMB413,000,000, remaining largely unchanged compared to the same period last year.

Since the completion of the acquisition, the Group has actively promoted the post-investment integration, empowerment, and improvement of Guizhou Jinsha. In terms of products, the Group continued to drive product innovation and upgrades, launching “Zhaiyao 3.0”, “Zhaiyao Song Lyrics series”, “Jinsha Classic”, and unpackaged product series to cater to the needs of the diverse consumer groups. In terms of business promotion, the Group’s key focus areas include “adhering to large single products, focusing on core markets, developing connections with genuine key distributors, price control, inventory control, quality enhancement, consumer education, supplier relationship building, and digitisation construction”. These efforts aim to align with consumer trends and navigate industry cycles. In terms of management, the Group firmly promotes the models of dual empowerment of “beer + baijiu” businesses and mutual growth of “baijiu + baijiu” businesses. The Group has also introduced CR Beer’s marketing philosophy, management model, and experience to form management empowerment.

Looking ahead, the Group will continue to position itself to become “an explorer of the new world of the baijiu industry”, and to learn from renowned baijiu enterprises, aiming to explore and lead industry transformation. The Group will continue to build a unique dual empowerment model for its “beer + baijiu” businesses under a market-oriented mechanism, with a focus on four main advantages: experience in development, resources, management mechanisms within the company, and listed platforms established by CR Beer. With that in mind, we will utilise the respective strengths of CR Beer, CR Snow, and CRWH to form a three-pronged driving force that will achieve mutual empowerment and synergies across several key areas. These areas include organisational structure, talent, sales, branding, supply chain, manufacturing, technological innovation, digitalisation, financial and tax, legal, and risk control aspects, resulting in new and enhanced competitiveness for CRWH. In addition, the Group will collaborate with its channel partners and forge a common future with the suppliers, aiming to elevate brand value and market position together, drive the steady development and sustained growth of the business, and enhance core competitiveness. Let’s raise a toast to the new world of the baijiu industry.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2024, the Group’s consolidated cash and bank deposits amounted to RMB6,517,000,000. The Group’s borrowings as at 30 June 2024 were RMB1,378,000,000 with RMB373,000,000 repayable within one year, and RMB1,005,000,000 repayable after one year but within five years. The Group’s borrowings were denominated in RMB with effective interest rate of floating rate ranging from 0.99% to 2.35%.

The Group was at a net cash position as at 30 June 2024 and 31 December 2023.

The Group’s principal assets, liabilities, turnover and payments are denominated in Hong Kong dollars (“HK\$”), RMB and US dollars. As at 30 June 2024, 32.6% of the Group’s cash and bank deposit balances were held in HK\$, 67.2% in RMB and 0.2% in US dollars.

As at 30 June 2024, the Group’s current liabilities and current ratio were RMB25,257,000,000 and 0.75, respectively. The current liabilities included receipts in advance on sales and accruals on promotion and marketing expenses, 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 to have 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 2024, assets with a carrying value of RMB18,000,000 (31 December 2023: RMB18,000,000) 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 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 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 relevant entities 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 2024.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2024.

Employees

As at 30 June 2024, the Group had a staff size of around 27,000 (31 December 2023: 27,000), amongst which more than 99% were employed in the Mainland China, whilst the rest were mainly in Hong Kong. The staff costs (including directors' emoluments) of the Group was approximately RMB2,882,000,000 for six months ended 30 June 2024. 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.

Acquisition and Disposal

The Group did not have any significant acquisition and disposal during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has declared an interim dividend of RMB0.373 per share (equivalent to HK\$0.407 per share at the exchange rate of RMB1:HK\$1.09090, 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 2024 (2023: interim dividend RMB0.287 per share, equivalent to HK\$0.312 per share) payable on Wednesday, 23 October 2024 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Thursday, 5 September 2024. The interim dividend will be payable in cash in HK\$ unless a dividend currency election form is made to receive the same in RMB.

Unless a permanent election on dividend currency had been made by the Shareholders, the dividend currency election form is expected to be despatched to the Shareholders on Wednesday, 11 September 2024. If the Shareholders elect to receive all or part of the interim dividend in RMB, the 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 Friday, 27 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 5 September 2024. 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, 4 September 2024 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 adopts principles of corporate governance emphasising 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 Company adopted the Corporate Governance Practice Manual (“CG Manual”). The CG 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, 1 January 2022, 18 August 2023 and 27 June 2024, incorporates almost all of the applicable principles and Code Provisions of the Corporate Governance Code (“CG Code”) contained in Appendix C1 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 applicable principles and Code Provisions and, where appropriate, the recommended best practices. The CG 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 applicable principles and the Code Provisions set out in the CG Code during the six months ended 30 June 2024, save and except the following:

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 (the “Articles”). In any event, all Directors must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, Shareholders are given information that is reasonably necessary for them to make an informed decision on the reappointment of the retiring Directors. 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” (if applicable) 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 statute and common law, legal and other regulatory requirements and the Company’s business and governance policies.

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 as a whole and each Director to discharge their duties. In the event of any significant updates to be provided, the Company will update all the Directors as early as practicable for discussion and resolution.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

On 8 April 2005, the Company 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 C3 to the Listing Rules. The Code of Ethics has been amended, approved and reconfirmed by the Board on 6 April 2006, 4 April 2007, 31 March 2008 and further revised on 31 March 2009, 18 November 2010, 7 December 2015, 5 November 2021, 20 December 2022, 18 August 2023 and 27 June 2024 respectively. The prohibitions on securities dealing and disclosure requirements in the Code of Ethics also apply to specified individuals including 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 enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and Code of Ethics during the six months ended 30 June 2024.

REVIEW BY AUDIT COMMITTEE AND AUDITORS

The Group’s interim results for the six months ended 30 June 2024 have been reviewed by the Audit Committee of the Company with no disagreement. The unaudited interim financial information of the Group for the six months ended 30 June 2024 had been reviewed by the Company’s independent auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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 2024.

EVENTS AFTER PERIOD UNDER REVIEW

On 2 July 2024, the Company has entered into the Integrated Energy Projects Framework Agreements (as defined in the announcement of the Company dated 2 July 2024 (the “Announcement”) with China Resources Power Holdings Company Limited (華潤電力控股有限公司) and China Resources Gas Group Limited (華潤燃氣控股有限公司), respectively, in relation to the cooperation on Integrated Energy Projects (as defined in the Announcement), respectively, for a term of three years commencing from 1 January 2024 to 31 December 2026. The Integrated Energy Projects Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules. Details of the transactions can be referred to the Announcement. Save as disclosed above, there were no other material subsequent events after the period under review.

By order of the Board

China Resources Beer (Holdings) Company Limited

Hou Xiaohai

Executive Director and Chairman

Hong Kong, 19 August 2024

** For identification purposes only*

As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chairman), Mr. Zhao Chunwu (President) and Mr. Zhao Wei (Chief Financial Officer). The Non-executive Directors are Mr. Daniel Robinson, Mr. Tang Liqing and Ms. Guo Wei. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Mr. Lai Hin Wing Henry Stephen, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.