





Results Summary	H1 2016	H1 2015	change
	RMB'm **	RMB'm **	
Continuing operations *			
Turnover	15,213	15,499	-2%
EBIT	1,657	1,191	+40%
Profit attributable to shareholders	605	417	+45%
EPS (RMB)	0.23	0.16	+44%
ROE	5.7%	4.5%	+27%
Additions to non-current assets	651	1,038	-37%
Net cash/(debt)	7	(685)	+101%
Net assets	20,514	18,910	+8%
Gearing ratio	-	(3.6%)	+100%

Note:

Please be advised that the performance of the beer business is seasonal in nature and may not be an indicator for the Group's future performance. The Group will adjust its selling strategy and cost incurrence for the rest of the year in 2016 depending on competitive environment and market situation, which may be volatile.



<sup>\*</sup> Disposal of discontinued operations – retail, food and beverage businesses was completed at 1 September 2015.

<sup>\*\*</sup> With effective from 1 January 2016, the Company changed the currency in which it presents its financial results and position from HKD to RMB.







Growth through: Solidifying market leader position and upgrade of product mix

	H1 2016 RMB'm	H1 2015 RMB'm	change
Sales volume (million kl)	6.13	6.25	-2%
ASP (in RMB/kl)	2,483	2,480	-
Turnover	15,213	15,499	-2%
Gross profit	5,120	5,194	-1%
EBIT	1,689	1,191	+42%
GP margin (%) EBIT margin (%)	33.7 11.1	33.5 7.7	+0.2% point +3.4% point

Overall sales volume was mainly affected by continuing sluggish economic environment and unfavourable weather conditions. Profitability improved mainly through reduction in certain material costs and better use of selling expenses.







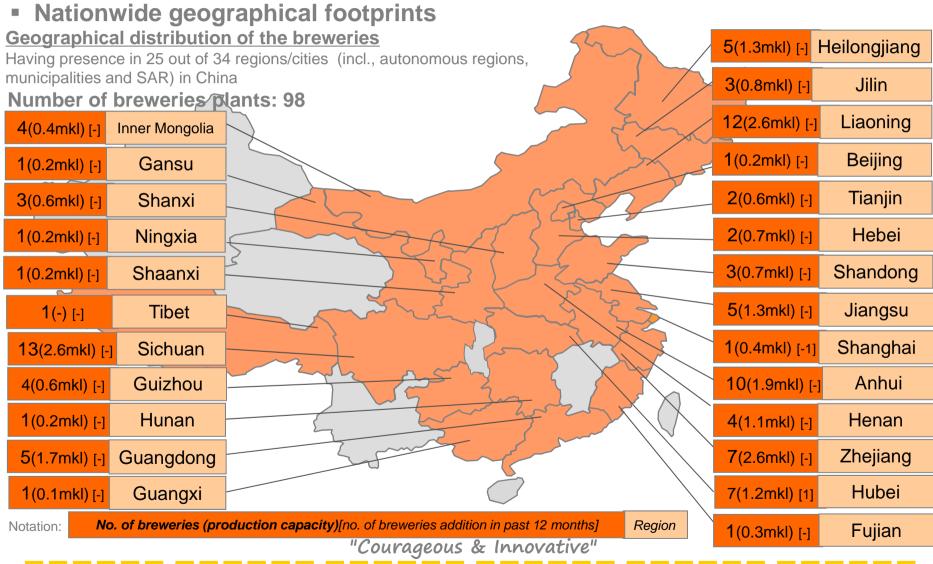
#### Segment results

#### **Turnover contribution EBIT** margin improvement RMB'm 20,000 20% -2% 19% +8% RMB15,213m RMB15,499m 16,000 16% RMB3,749m RMB3,711m 24% of total 24% of total 11% 12% 12.000 +3% RMB3,662m RMB3,793m +1% 11% 25% of total 24% of total 10% 8.000 8% 8% +3% RMB7,957m RMB7,840m 6% 4,000 52% of total 51% of total 4% 3% 0 0% H1 2016 H1 2015 Overall **Eastern** Central Southern ■H1 2016 ■H1 2015 Southern Central Eastern









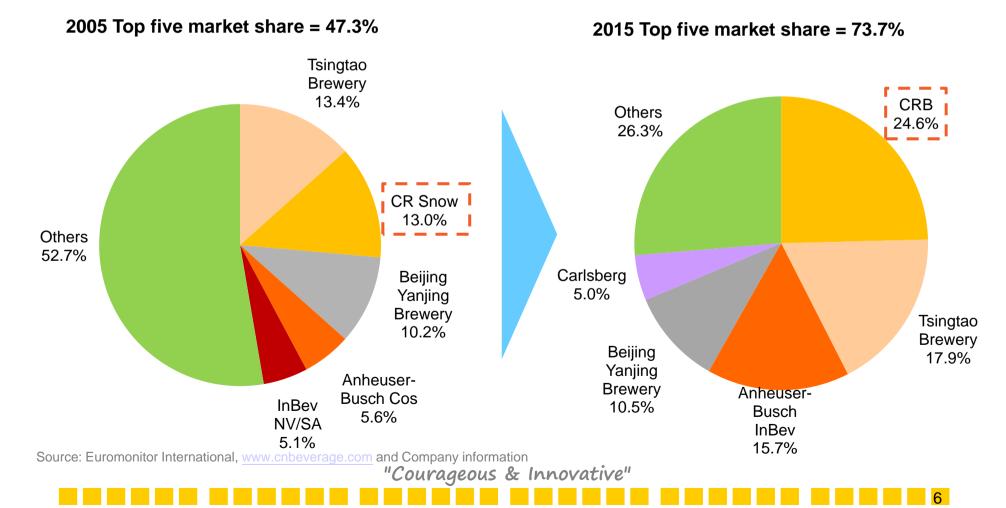






#### Market share distribution

#### China beer market competitive landscape by volume

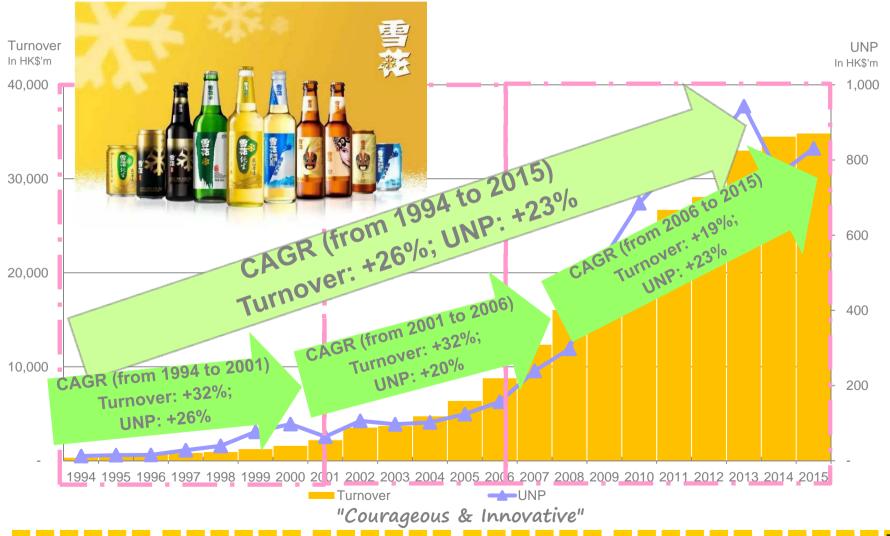








Proven growth track records









#### Evolution of the China Beer Market Over the Past 3 Decades

CR Snow has been at the forefront of evolution, effectively positioning itself to capture outsized growth

#### **First Stage Second Stage Third Stage** Regional Expansion **Future Development Market Consolidation** Premiumisation 1990-1996 1996-2010<sup>(1)</sup> 2010-2014(2) #1 #2 #2 **ISINGTAO** SNOW SNOW **Industry** #3 #3 Leaders · Increasing sophistication of China economic Inorganic growth / M&A Product premiumisation Chinese consumer taste liberalization and brand building Critical success factors : Ongoing premiumisation · Successful integration and Regional expansion Scale advantages drive Kev · Packaging innovation and realization of synergies beyond core provincial operational leverage Growth conversion from glass to can Channel penetration markets **Drivers** Continued M&A · Gaining regional market Increase in product consolidation of smaller / share quality/operational efficiency mid-sized players E-commerce growth 1994 - CRSnow first CRSnow expands its presence CRSnow launches mid to Product premiumisation enters the China market into developed coastal regions high end brand portfolio Increase canned beer via strategic acquisitions and 2013 - CRSnow acquires market share Sets up first brewery **CR Snow** organic growth Kingway Brewery, Upgrade breweries and facility in Shenyang Strategic Builds nationwide CR Snow significantly enhancing drive efficiency and province brand its presence in Southern productivity gains • 2006 - CRSnow becomes the China Notes No.1 brewer in China by vol. 1. Euromonitor International as of 2005 "Courageous & Innovative"







#### CRB: Pure beer business

#### The Undisputed Leader in World's Most Attractive Beer Market

- China is the largest<sup>1</sup> and most attractive beer market globally valued at US\$79bn in 2014
- CRE is the #1 brewer in China for the past 9 years with 23% market share<sup>1</sup> vs. 18% for the next player in 2014

#### Irreplaceable Heritage Brands That Resonate Nationwide with the Local Consumer

- Snow ("雪花") is the world's largest selling beer brand by volume since 2008
- Portfolio of 30+ sub-brands and products catering across the entire consumer spectrum
- Nationwide presence operating 97 breweries in 25 out 34 provinces in China

#### Proven Track Record of Double-Digit Growth Through Premiumisation and Innovation

- Successful track record of growth through increasing volumes and ASPs
- Sales and net income CAGR of 26% and 23%, respectively since inception in 1994
- Increasing focus on premiumisation of mid-end to high-end products

#### The Leading Platform for Industry Consolidation

- Leading market consolidator with successful acquisition and integration of domestic breweries in the past
- Track record of M&A with 20+ acquisitions over last 10 years, including the HK\$6.6bn acquisition of Kingway in 2013

#### **Consistent and Proven Management Leadership**

- Experienced management team members who works in CR Snow for many years
- Sponsorship from one of the leading SOEs in China

#### Proposed full ownership with faster response

- Shareholders will enjoy full economic benefit of future earnings growth
- Will enable faster responses to the dynamics of current beer market

Note

1.By volume according to Euromonitor International







Differentiated sales channel strategy with unique on-the-ground capabilities Distribution strategy focused on professionalism, exclusivity and flatness of network

### **Urban markets**

#### High end ontrade channel

- **Specific sales force** to target on-trade customers such as high-end restaurants and night clubs to promote sales of mid to high-end products
- Build and maintain a strong channel and customer relationship

#### Other on-trade channel and traditional retail channel

- Established a flat distributor network by dividing targeted markets into smaller areas which eliminates layers of distributors
- Allows for higher profitability, closer proximity to end customers and better management of distributors and retailers

#### Modern retail channel

- Sales team at headquarters covers and negotiates with nationwide retailers directly
- Regional sales team coordinate negotiations with regional retailers and provide comprehensive sales support and monitor performance
- Sales on e-commerce platforms such as Yihaodian, JD.com
- Flagship stores on platforms such as T-mall, Haigou.com
- Establishing own e-commerce platform to directly interact with end customers and consumers

#### Regional markets<sup>1</sup>

- Maintain long standing relationships with local distributors to broaden coverage and penetration
- Flat distribution model through careful and finer division of regional markets
- Utilize **secondary** distributors to supply to rural areas

Regional markets in smaller towns and rural areas







- Future growth strategy
  - Further penetrate high-end on-trade and modern retail channels well suited for premium brands
    - Focus on premiumization to drive sales and profitability growth
    - Grow higher-priced and higher margin brands and products
  - 2 Strengthen our regional presence through organic growth and acquisitions
    - Continue to grow market share on a regional basis both organically and through acquisitions
      - Focus on expanding and upgrading current breweries and improve efficiencies
      - Ongoing evaluation of acquisition targets that can help strengthen regional presence
    - Continue to optimize utilization of existing production plants
      - Continue to improve the acquired breweries to CR Snow's best-in-class operating standards



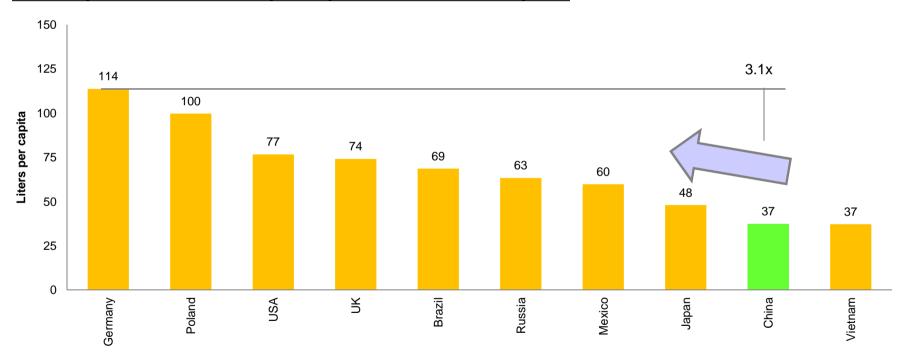


### Appendix I – Global beer consumption summary



### Long term potential on market volume growth (32% of Germany only)

#### 2014 Top ten beer markets per capita volume consumption



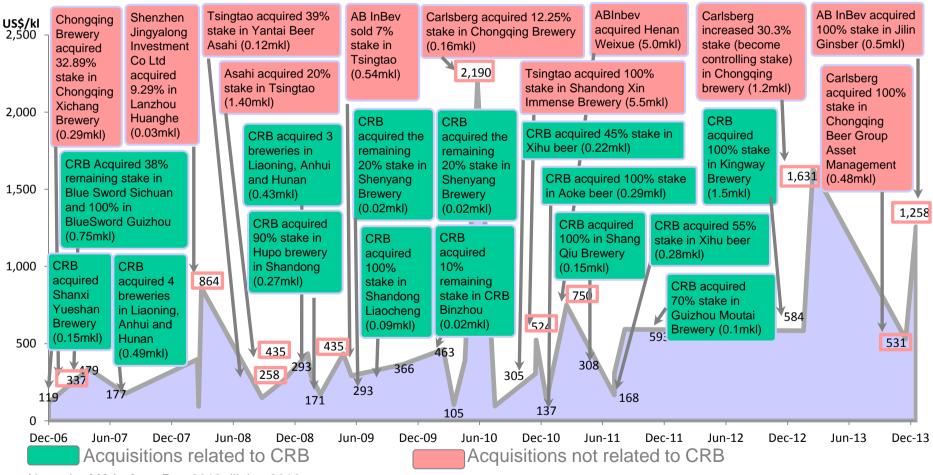




### <u> Appendix II – Historical major M&As in beer business</u>



### Strong bargaining power and lower acquisition cost on M&A



No major M&As from Dec 2013 till Jun 2016. (The acquisition of 49% stake in CRSB from ABI is subject to the completion of global deal of ABI and SABMiller) "Courageous & Innovative"

Source: Deutsche bank and Company data





# Appendix III – CRE awards

### Highlights of accolades received

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2005-2015	Named one of Hong Kong Outstanding Enterprises by Economic Digest
2006-2011	Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by Corporate Governance Asia
2006/2010/ 2012/2014	Honored as one of the awardees in the Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)" in "Directors Of The Year Awards" by <i>Hong Kong Institute of Directors</i>
2009-2015	Ranked Top Retailer Awards (China) (Gold award in 2013-2015), Best of the Best Retailers Award (Asia Pacific) (2014, 2015) in Retail Asia-Pacific Top 500 Awards by Retail Asia
2009/ 2010/ 2012-2015	Received "The Platinum (2009/2010)/Gold (2012-2015) Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations" by <i>The Asset</i>
2010-2012, 2014	Mr. Chen Lang (2010-2012), Mr. Hong Jie (2014) was selected as one of winners in China of Asian Corporate Director Recognition Awards by <i>Corporate Governance Asia</i>
2010- 2014	Received "CAPITAL Outstanding China Enterprise Award-Consumer Goods" in The CAPITAL Outstanding China Enterprise Awards from CAPITAL
2011-2016	Ranked number 981/861/800/1067/1200/1628 in Global 2000 from <i>Forbes</i>
2012	Ranked number 428 in Green Rankings – Global 500 List by Newsweek
2011 Please refer to c	Received "The Largest Captialization Company Award" in Mainland Enterprises Listed in Hong Kong Ranking by Yazhou Zhoukan pur company website, www.crbeer.com.hk, for further details of awards received prior to 2009.





## Appendix III - CRE awards (Cont'd)

### Highlights of accolades received

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Awards for cover photo/design; printing and production; non-traditional in the categories of food
distributors, processors & wholesalers, manufacturing & distributing, Food & Consumer Packaged
Goods and Multi-Industry-Products & Services, Retail-Supermarket, Convenience and
Department Stores, Food Processing in International Annual Report Competition Awards from
MerComm, Inc.

2010/2013	Awarded as Asia's best CEO (Investor Relations), Asia's best CFO (Investor Relations), Best
-2016	Investor relations professional, Best Investor Relations Company, Best Environmental
	Responsibility (2010, 2013 - 2015) and Asia's Best Corporate Social Responsibility (2013 - 2016)
	by Corporate Governance Asia

- 2010/2012 Received Overall Best companies in Asia for Corporate Governance, best awards in Asia region (ex-Japan) for disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, Best for Investor Relations (2012) and best awards in Hong Kong region for overall corporate governance, disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, investor relations and investor relations officer (2010) by *Asiamoney*
- 2011 Received the Best Management Team Award (2011), Best Corporate Governance for Listed Companies, Best Information Disclosure for Listed Companies (2014) in Golden Bauhinia Award by *Ta Kung Pao*
- 2011-2015 Ranked number 39/46/37/40/38 in Fortune China 500
- 2012-2014 Awarded as Best in Sector Consumer Goods & Services, Investor Relations by a Hong Kong Company (2012, 2013) and Investor Relations Officer (Hong Kong) (2012) by IR Magazine
  "Courageous & Innovative"



# Appendix III – CRE awards (Cont'd)

### Highlights of accolades received

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2011-2015	Awarded as one of the companies receiving the commendation in Corporate Social Responsibility Award by CAPITAL and CAPITAL Weekly
2011	Received 2 best awards for investor relations and investor relations officer and 4 awards of ranked second in Best for overall for corporate governance, disclosure and transparency, responsibilities of management and the board of directors and shareholders' rights and equitable treatment in Hong Kong region by <i>Asiamoney</i>
2010-2015	Selected as one of the companies with "Global Chinese Business 1000 – Outstanding Performance Award" by Yazhou Zhoukan
2012/2013/	Received Best IR Companies (Both Buy (2013) and Sell Side (2012/2013) – Consumer) Best

Received Best IR Companies (Both Buy (2013) and Sell Side (2012/2013) – Consumer), Best CEO (Sell Side – Consumer staple) in 2013/2016, ranked second (Sell Side – Consumer staple) in 2012, ranked second (Buy side – Consumer staple) in 2016, Best CFO (Sell Side – Consumer), Best CFO (Buy side) in 2016, Best Investor Relations Professional (Both Buy and Sell Side – Consumer Staple) in 2012/2013, ranked second in 2016, also ranked second (Sell Side – Consumer) in 2013, Best Investor Relations Program (Both Buy side and Sell side – Consumer staple) in 2016, Best Analyst Days (Consumer staple) in 2016, Best Website (Consumer Staple)

in 2016 in The All-Asia Executive Team Survey by *Institutional Investor* 

2012-2015 Awarded as Class of 2012/2013 - The Best of Asia (China), Asian Corporate Director (China) – Mr. Chen Lang in 2013, 2015, Asia's icon on Corporate Governance in Corporate Governance Asia Recognition Awards by *Corporate Governance Asia* 

2013/2014 Ranked 71<sup>th</sup>(2014) and 93<sup>th</sup>(2014) in Top 250 Global Retailers, 18<sup>th</sup>(2014) from 50 fastest-growing retailer from *Deloitte*"Courageous & Innovative"





### Highlights of accolades received

2012-2015	Received Outstanding Corporate Social Responsibility Award by <i>The Mirror Monthly Magazine</i>
2013/2014	Frank Lai was selected as Asian Company Secretary of the Year by Corporate Governance Asia
2013/2014	Received award as the Winner of Global Top Mid-Cap (2013) and ranked 19 <sup>th</sup> in Global Top 50 Gold (2013), Global Top 50 Silver (2014) in <i>IR Magazine</i>
2013-2015	Received award for Outstanding Listed Company of the Year by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited
2014	Ranked 3th in Top 5 Best Employers (Retail – Department Stores Industry) from ChinaHR.com
2014/2015	Received Gold award in Consumer –Food/Beverages/Tobacco category (2014/2015); Retailing – Multi-line Retail category (Gold in 2014, Silver in 2015); and Silver award from Retailing – Food and Specialty category (2014/2015) in Vision Awards Annual Report Competition from <i>League of American Communications Professionals LLC</i>
2014/2015	Received Silver award in Annual reports overall presentation – Food and Consumer Packaged Goods (2014), Department store (2015); Bronze award in Annual Reports overall presentation – Retail (Other and General) (2014), Consumer Goods (2015) and Honors award in Annual Report Covers (Special Treatment) from <i>MerComm, Inc.</i>
2014	Received The Most Promising Employer in China Best Employer Award from Zhaopin.com
2014	Ranked 5 <sup>th</sup> in the Top 10 Happiest Companies from <i>China Business Journal</i>
2015/2016	Received Best IR company – Mid Cap (2015/2016) and Best IRO – Mid Cap (2015). Best IR presentation Collaterals – Mid Cap (2016) from HKIRA Investor Relations Awards by HKIRA





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