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(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)



(Incorporated in the British Virgin Islands with limited liability)

**JOINT ANNOUNCEMENT
INSIDE INFORMATION
NON-LEGALLY BINDING HEADS OF TERMS IN RELATION TO
LONG TERM STRATEGIC COLLABORATION WITH THE HEINEKEN GROUP,
COMBINATION WITH HEINEKEN GROUP'S OPERATIONS IN THE EXCLUSIVE
TERRITORY
AND
GRANT OF LONG TERM EXCLUSIVE LICENCE TO USE THE
HEINEKEN TRADE MARK IN THE EXCLUSIVE TERRITORY**

Financial Advisers to China Resources Beer (Holdings) Company Limited



This announcement is jointly made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and by the Company's direct controlling shareholder, CRH (Beer) Limited (華潤集團(啤酒)有限公司) (**CBL**), with respect to matters affecting it, its holding company, China Resources Enterprise, Limited (**CRE**) and Heineken Group.

CBL announces that pursuant to heads of terms entered into between CRE (of which CBL is currently a wholly-owned subsidiary) and the Heineken Group on 3 August 2018 (or **CRE Heads of Terms**), CRE and the Heineken Group have agreed on the formation of a long term strategic partnership through (i) the allotment by CBL to the Heineken Group of such number of new CBL shares as will represent 40% of the issued share capital in CBL as enlarged and on a diluted basis at a total cash consideration of approximately HK\$24.35 billion; and (ii) the acquisition by CRE of approximately 5.2 million Heineken N.V. shares (equivalent to an approximate 0.9% shareholding in Heineken N.V.) which are currently held in treasury at a total cash consideration of approximately €463.63 million (together the **CRE/Heineken Strategic Partnership**).

The Board announces that on 3 August 2018, the Group entered into a TMLA Term Sheet, heads of terms (**Heads of Terms**) and a Framework Agreement Term Sheet with the Heineken Group (an

independent third party) for the establishment of a long term strategic collaboration arrangement between the two groups through (i) the entering into of a trade mark licensing agreement to use the Heineken® brand on an exclusive basis in mainland China, Hong Kong and Macau (or the **Exclusive Territory**); (ii) Heineken Group's contribution of its current operations in the Exclusive Territory and combining them with the Group's beer operations in China (the **Heineken China Transaction**); and (iii) the entering into of a framework agreement to allow the Company to leverage on the Heineken Group's global distribution channels to support and accelerate the international growth of the Company's Snow® brand and its other Chinese beer brands to become the Chinese beers of choice, and to govern the use of other premium brands owned by the Heineken Group which may be licensed to the Company in the Exclusive Territory (together the **Company Transactions**).

The CRE/Heineken Strategic Partnership and the Company Transactions are subject to, among others, due diligence and further negotiations and entering into of the definitive agreement(s). As at the date of this announcement, the terms and conditions of the definitive agreement(s) have yet to be agreed or entered into. As such, these transactions may or may not proceed. If the Heineken China Transaction materialises, it may constitute a notifiable transaction for the Company under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) in respect of the Company Transactions as and when appropriate in accordance with the Listing Rules.

This announcement is jointly made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and by the Company's direct controlling shareholder, CRH (Beer) Limited (華潤集團(啤酒)有限公司) (**CBL**), with respect to matters affecting it, its holding company, China Resources Enterprise, Limited (**CRE**) and Heineken Group.

LONG TERM CRE/HEINEKEN STRATEGIC PARTNERSHIP

CBL announces that pursuant to heads of terms entered into between CRE (of which CBL is currently a wholly-owned subsidiary) and the Heineken Group on 3 August 2018 (or **CRE Heads of Terms**), CRE and the Heineken Group have agreed on the formation of a long term strategic partnership through:

- (i) the allotment by CBL to the Heineken Group of such number of new CBL shares as will represent 40% of the issued share capital in CBL as enlarged by such allotment and on a diluted basis at a total cash consideration of approximately HK\$24.35 billion which represents an implied price of HK\$36.31 per Share, where CBL will remain a subsidiary of CRE immediately following implementation of the transaction; and
- (ii) the acquisition by CRE of approximately 5.2 million Heineken N.V. shares (equivalent to an approximate 0.9% shareholding in Heineken N.V.) which are currently held in treasury

at a total cash consideration of approximately €463.63 million.

These valuations are arrived at through arm's length negotiations (together the **CRE/Heineken Strategic Partnership**).

HEADS OF TERMS

Introduction

The Board announces that on 3 August 2018, the Company entered into a TMLA Term Sheet, Heads of Terms and a Framework Agreement Term Sheet with the Heineken Group for the establishment of a long term strategic collaboration between the two groups through (i) the entering into of a trade mark licensing agreement to use the Heineken® brand on an exclusive basis in mainland China, Hong Kong and Macau (or the **Exclusive Territory**); (ii) Heineken Group's contribution of its current operations in the Exclusive Territory and combining them with the Group's beer operations in China (the **Heineken China Transaction**); and (iii) the entering into of a framework agreement to allow the Company to leverage on the Heineken Group's global distribution channels to support and accelerate the international growth of the Company's Snow® brand and its other Chinese beer brands to become the Chinese beers of choice, and to govern the use of other premium brands owned by the Heineken Group which may be licensed to the Company in the Exclusive Territory. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the relevant Heineken Group entities and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Heineken China Transaction

Subject to satisfactory findings from the conduct of formal due diligence and parties reaching agreement on the definitive terms and conditions, the Heads of Terms envisage that the Heineken Group will, by way of sale of shares, contribute its current operations in the Exclusive Territory (including three breweries) and combine them with the Group's operations in China.

The parties to the Heads of Terms have agreed that subject to any adjustments from due diligence to be conducted by the Group, with the assumption that Heineken China Businesses would be debt-free and cash-free at completion, the cash consideration payable at completion of the Heineken China Transaction will be approximately HK\$2.35 billion. This valuation (subject to adjustments) is arrived at through arm's length negotiations. Other key terms of the Heineken China Transaction are subject to further arm's length negotiations between the parties, results of the due diligence investigation to be conducted by the Group and the terms and conditions of legally binding definitive agreement(s).

TMLA Term Sheet

Subject to the parties reaching agreement on the definitive terms and conditions, the TMLA Term Sheet envisages that the Heineken Group will license, and the Company (through itself or other members of the Group) will be licensed, the right to use the Heineken® brand on an exclusive basis in the Exclusive Territory. Key terms, such as a mechanism for payment of royalty and termination provisions, determined after arm's length negotiations between the parties will be

reflected in the terms and conditions of legally binding definitive agreement pertaining to the TMLA, if and when the parties enter into it.

Framework Agreement Term Sheet

Subject to the parties reaching agreement on the definitive terms and conditions, the Framework Agreement Term Sheet envisages that the Company and the Heineken Group will enter into a framework agreement governing the key terms and conditions on which other international premium brands owned by the Heineken Group (the current portfolio being comprised of over 300 brands) may be licensed by the Heineken Group to the Company (through itself or other members of the Group) for use in the Exclusive Territory. This Framework Agreement Term Sheet also envisages a basis on which the Group may leverage on the Heineken Group's global distribution channels in the premium beer sector in these markets to support and accelerate the international growth of the Company's Snow[®] brand and its other Chinese beer brands to become the Chinese beers of choice.

REASONS FOR AND BENEFITS OF THE COMPANY TRANSACTIONS

The Group principally focuses on the manufacturing, sales and distribution of beer products. As mentioned in the annual report of the Group for the year ended 31 December 2017, sales of mid-to high-end beer became the main driver for the Chinese beer market and premiumisation is one of the most important strategies for the Group. The Company Transactions represent an important strategic and long term growth, and value enhancing proposition for the Group to expand into the premium beer market. The resultant long term collaboration arrangement between the Group and the Heineken Group will be highly complementary, as the Group has a best-in-class route to market network, a wide brewery footprint and a deep understanding of the Chinese market, and will benefit from the addition of the strong international premium brand Heineken[®] to its portfolio.

The Directors consider that the terms of the Heads of Terms, the TMLA Term Sheet and the Framework Agreement Term Sheet to be fair and reasonable and that the Company Transactions to be in the interests of the Company and Shareholders taken as a whole.

GENERAL

The CRE/Heineken Strategic Partnership and the Company Transactions are subject to, among others, due diligence and further negotiations and entering into of the definitive agreement(s). As at the date of this announcement, the terms and conditions of the definitive agreement(s) have yet to be agreed or entered into. As such, these transactions may or may not proceed. If the Heineken China Transaction materialises, it may constitute a notifiable transaction for the Company under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) in respect of the Company Transactions as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, these terms shall have the meanings ascribed to them respectively as follows:

“Board”	the board of Directors of the Company
“CBL”	CRH (Beer) Limited (華潤集團(啤酒)有限公司), a company incorporated in the British Virgin Islands with limited liability, the direct controlling shareholder (as to approximately 51.67% of the issued Shares) of the Company, currently a wholly-owned subsidiary of CRE and remaining as a subsidiary of CRE immediately following implementation of the relevant transaction
“China”	the People’s Republic of China
“Company”	China Resources Beer (Holdings) Company Limited (formerly known as China Resources Enterprise, Limited), a company incorporated in Hong Kong with limited liability the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 291)
“Company Transactions”	the Heineken China Transaction and the licensing arrangements contemplated under the TMLA Term Sheet and the Framework Agreement Term Sheet
“CRE”	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability
“CRE Heads of Terms”	the non-legally binding heads of terms dated 3 August 2018 and entered into by CRE and the Heineken Group
“Director”	the directors of the Company
“€”	Euro, the lawful currency in countries of the

European Union

“Exclusive Territory”

China, for the purpose of this announcement only, including Hong Kong and Macau but excluding Taiwan

“Framework Agreement”

the agreement to be entered into between the Company and the Heineken Group whereby international premium brands owned by the Heineken Group may be licensed by the Heineken Group to the Company (through itself or other members of the Group) for use in the Exclusive Territory, and to allow the Company to leverage on the Heineken Group’s global presence to support the Company’s international distribution of the Company’s Chinese beer brands

“Framework Agreement Term Sheet”

the non-legally binding term sheet signed by the Company and the Heineken Group dated 3 August 2018 setting out the basic terms for governing the use by the Company of, amongst others, the international premium brands owned by the Heineken Group which may be licensed to the Group (through itself or other members of the Group) in the Exclusive Territory, and to allow the Company to leverage on the Heineken Group’s global presence to support the Company’s international distribution of the Company’s Chinese beer brands

“Group”

the Company and its subsidiaries

“Heads of Terms”

the non-legally binding heads of terms dated 3 August 2018, entered into by the Company and the Heineken Group

“Heineken China Businesses”

the entities (including three breweries) conducting Heineken Group’s current operations in the Exclusive Territory

“Heineken China Transaction”	the contribution by the Heineken Group of the Heineken China Businesses by way of sale of shares to the Group
“Heineken Group”	for the purpose of this announcement only, Heineken International and such other wholly-owned subsidiaries of Heineken N.V. as the context so requires
“Heineken International”	Heineken International B.V., a wholly-owned subsidiary of Heineken N.V.
“Heineken N.V.”	Heineken N.V., an independent third party listed on Euronext: HEIA; OTCQX: HEINY
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TMLA”	the trade mark licensing agreement which governs the use of the Heineken® brand which may be licensed by the Heineken Group to the Company (through itself or other members of the Group) for

use in the Exclusive Territory

“TMLA Term Sheet”

the non-legally binding term sheet signed by the Company and the Heineken Group dated 3 August 2018 setting out the basic terms for governing the use of, amongst others, the Heineken® brand by the Company (through itself or other members of the Group) in the Exclusive Territory

For and on behalf of
China Resources Beer (Holdings) Company Limited
Lai Po Sing, Tomakin
Chief Financial Officer, Executive Director and
Company Secretary

For and on behalf of
CRH (Beer) Limited (華潤集團(啤酒)有限公司)
Chen Lang
Director

Hong Kong, 3 August 2018

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Lang (Chairman), Mr. Jian Yi, Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Lai Po Sing, Tomakin (Chief Financial Officer). The Non-executive Directors of the Company are Mr. Chen Rong and Mr. Lai Ni Hium, Frank. The Independent Non-executive Directors of the Company are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.