

For Immediate Release

Press Release

## China Resources Beer Announces Annual Results for 2016

**“Focused on the Beer Business, Geared towards Future Development”**

- Consolidated turnover of the Group’s continuing operations reached RMB28,694 million, representing an increase of 2.6% year-on-year.
- The Group’s beer sales volume increased 0.3% to 11,715,000 kiloliters and the average selling price recorded an increase of 2.3%. Thanks to the continuous efforts of the Group in optimizing its product mix, the sales volume of mid- to high-end beer products maintained growth.
- The Group’s profit after tax recorded an increase of 6.8% year-on-year to RMB 1,419 million.
- Considering that the Company on 11 October 2016 completed its acquisition of 49% stake in China Resources Snow Breweries Limited, and that the fourth quarter is usually the slack season for the beer industry, the consolidated profit attributable to the Company’s shareholders was RMB629 million in 2016. It is expected that the benefit of the acquisition of 49% stake will be fully reflected in 2017.
- The Company completed the rights issue in August 2016 and successfully raised over HK\$9.5 billion.
- The Board recommended a final dividend of RMB0.08 per share.

[Hong Kong, 21 March 2017] **China Resources Beer (Holdings) Company Limited** (HKEx: 00291) (the “Company”, or together with its subsidiaries, the “Group”), today announced its audited final results for the year ended 31 December 2016. In 2016, consolidated turnover of the Group’s continuing operations reached RMB28,694 million, representing an increase of 2.6% year-on-year. Considering that the Company completed its acquisition of 49% stake in China Resources Snow Breweries Limited (“CRSB”) on 11 October 2016 and that the fourth quarter is usually the slack season of the beer industry, the consolidated profit attributable to the Company’s shareholders decreased 5.7% to RMB629 million. It is expected that the benefit of the acquisition of 49% stake will be fully reflected in 2017. Profit after tax in 2016 increased 6.8% to RMB1,419 million year-on-year. The Board recommended a final dividend of RMB0.08 per share, bringing the total dividend for 2016 to RMB0.08 per share.

In 2016, the overall beer market capacity was dampened by the sluggish macro-economic growth and the decline in consumer spending appetite. The market capacity was affected by the flooding in the cities along the Yangtze River and parts of southern China in the first half, but benefited

from a warmer-than-usual summer in the third quarter. The beer sales volume of the Group increased by 0.3% in 2016 to approximately 11,715,000 kilolitres. The performance was better than the industry average and the Group's market share was further enlarged. This was mainly on the back of sales strategies that were tailored to the local market, closer long-standing cooperative relationships with distributors and expansion in market coverage through strong brand promotions. The national brand “雪花 Snow” accounted for approximately 90% of total beer sales volume of the Group's business.

In addition, due to the Group's continuous efforts in optimizing its product mix, sales volume of its mid- to high-end beer products maintained growth. The Group promoted the consolidation of the regional production capacity and assets, so as to improve profitability in the medium to long term profitability. The overall average selling price increased by 2.3% in 2016, and an increase in turnover. Moreover, the decrease in certain raw material cost in 2016 resulted in an increase in gross profit margin by 2.6 percentage points, compared with the previous year. During the year under review, two mega sporting events — the Union of European Football Associations (“UEFA”) EURO and the Olympic Games — took place. The Group moderately increased its marketing and promotion expenses to raise brand awareness. At the end of 2016, the Group operated 98 breweries in 25 provinces, directly administrated municipalities and autonomous regions in mainland China, with an aggregate annual production capacity of approximately 22,000,000 kiloliters.

The Company actively created greater shareholder value through various means. In August 2016, the Company completed the excess rights issue on the basis of one rights share for every three shares at HK\$11.73 per rights share and raised over HK\$9.5 billion which effectively strengthened the Company's capital base and provided it with more flexibility to seize future development and expansion opportunities in the Company's beer business. In addition, in October 2016, the Company completed an acquisition of 49% stake in CRSB to ensure that the Company's domestic growth strategies are more effectively carried out.

**Mr. Chen Lang, the Chairman of the Company** said, “Despite the expected fluctuation in future China beer sales volume, the Group believes that there is still room for growth in the sales volume of mid- to high-end beer products in view of progressive consumption upgrades in the medium to long term, as compared to other mature countries. We are confident of the development of the China beer industry, and thus will continue to advance through both organic expansion and grasping appropriate acquisition opportunities to consolidate the market, in order to reinforce our market leadership across the nation and enhance our core competitiveness. Through implementing the strategies for innovative developments and for sales and marketing, lean sales, capacity optimization etc., the Group is determined to expand the proportion of its mid- to high-end beer products and canned beer products, with a view to enhancing the products' gross profit and

the effectiveness of its selling expenses. Also, the Group is dedicated to reinforcing its central procurements, improving its production efficiency and lean management as well as further strengthening its risk management awareness in order to cope with the complexities and multiple changes and the expected pressure from the possible rise in costs for raw materials, packaging materials, transportation etc. We will continue to be fully committed to delivering quality products to our customers and bringing attractive and stable returns to our shareholders.”

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### **About China Resources Beer (Holdings) Company Limited**

Listed on The Stock Exchange of Hong Kong Limited, the Company focuses on the manufacturing, sales and distribution of beer products. The overall total beer sales volume of the Group’s beer business has ranked number one in the mainland China market since 2006. The flagship brand “雪花 Snow” has become the largest beer brand by volume worldwide since 2008.

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Full details of our 2016 annual results have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the corporate website at [www.crbeer.com.hk](http://www.crbeer.com.hk).