

For Immediate Release

Press Release

China Resources Beer Announces Annual Results for 2017

“Move into a New Era with Innovation and Upgrade”

- Consolidated turnover of the Group reached RMB29,732,000,000, representing an increase of 3.6% year-on-year.
- The Group's beer sales volume increased 0.9% to 11,819,000 kiloliters. The performance was better than the industry average.
- The average selling price of the Group recorded an increase of 2.7%. Thanks to continuous efforts in optimizing its product mix, the sales volume of mid- to high-end beer products maintained growth.
- The Group's earnings before interest and taxation recorded an increase of 5.4% year-on-year to RMB1,851,000,000.
- The Group completed the acquisition of a 49% stake in China Resources Snow Breweries Limited (“CRSB”) on 11 October 2016, and the benefit of the acquisition was fully reflected in 2017. Upon completion of the acquisition, the Group's share of CRSB's profit increased from 51% before 11 October 2016 to 100% in 2017. Thus, the Group's consolidated profit attributable to the Company's shareholders increased by 86.8% year-on-year to RMB1,175,000,000.
- The Board recommended a final dividend of RMB0.07 per share. Total dividend for 2017 was RMB0.14 per share.

[Hong Kong, 21 March 2018] **China Resources Beer (Holdings) Company Limited** (HKEx stock code: 00291) (the “Company”, or together with its subsidiaries, the “Group”), today announced its audited final results for the year ended 31 December 2017. In 2017, consolidated turnover of the Group reached RMB29,732,000,000, representing an increase of 3.6% year-on-year. The Group completed the acquisition of a 49% stake in China Resources Snow Breweries Limited (“CRSB”) on 11 October 2016, and the benefit of the acquisition was fully reflected in 2017. Upon completion of the acquisition, the Group's share of CRSB's profit increased from 51% before 11 October 2016 to 100% in 2017. Thus, the Group's consolidated profit attributable to the Company's shareholders increased by 86.8% to RMB1,175,000,000 compared with 2016. The Group's earnings before interest and taxation in 2017 increased by 5.4% to RMB1,851,000,000 year-on-year. The Board recommended a final dividend of RMB0.07 per share, along with an interim dividend of RMB0.07 per share, bringing the total dividend for 2017 to RMB0.14 per share.

Mr. Hou Xiaohai, the Chief Executive Officer of the Company, said, “In 2017, the structure of the Chinese beer industry gradually transformed as sales of mid- to high-end beer became the main driver for the industry’s revenue growth. The Group focused on three main management themes – ‘quality growth, transformation and upgrade, innovative development’. The Group also implemented organizational restructuring, brand repositioning, capacity optimization, lean sales, channel renovation, operational reform, etc. The Group has achieved a sales increase in mid- to high-end beer through brand repositioning as well as an improvement in channel competitiveness through solidifying measures. The Group enjoyed continuous increase in both beer sales volume and average selling price with a higher market share.”

In 2017, the overall beer market capacity slightly decreased. Consumers’ growing demand for high quality products boosted the changes of product mix in the beer market, which increased the share of mid- to high-end products. The Group implemented CRSB’s tailored sales strategies to the local market that improved an established long-standing co-operative relationship with distributors; and a revamp of its channels for the construction of a channel management system to improve efficiency and competitiveness. In 2017, the Group’s beer sales volume increased by 0.9% to approximately 11,819,000 kilolitres compared with 2016, outperforming the industry average and capturing a larger market share. The national brand “雪花 Snow” accounted for approximately 90% of the total beer sales volume of the Group.

In 2017, the Group started its campaign to reposition its brand, which diversified its product portfolio; and continued to deepen its brand promotion and market expansion, to help the growth of the overall sales volume of mid- and high-end beers. This move brought an increase of approximately 2.7% in the overall average selling price in 2017 compared with 2016. Moreover, by increasing its production efficiency, improving its energy conservation and reducing its consumption to absorb the impact of certain rising costs, such as packaging materials, the Group maintained its gross profit margin to an adequate level. At the end of 2017, the Group operated 91 breweries in 25 provinces, directly administered municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 22,000,000 kiloliters.

In the medium to long term, the Group will endeavor to improve the impact of its brand and mid- to high-end products by utilizing continuously the three main management themes – “quality growth, transformation and upgrade, innovative development” and by further implementing organizational restructuring, brand repositioning, capacity optimization, lean sales, channel renovation, operational reform, etc. The Group will also create a digital sales and marketing model and upgrade its information platform, improve organizational efficiency, as well as reinforce its corporate culture and team building. The implementation of the aforementioned measures will help the Group’s business development in the future and boost profitability.

Mr. Chen Lang, the Chairman of the Company, concluded, “The sales volume of the beer market in China has started to stabilize after experiencing a downturn. Consumers also increasingly prefer mid- to high-end products and the Group believes that there is still room for growth in the market. Therefore, the Group is fully confident in the future development of the market and will advance its expansion by way of organic growth, by grasping appropriate acquisition and co-operation opportunities, as well as by one of the most important strategies – premiumization. As a leading beer enterprise in China, the Group strives to move into its new era and lead the advancement in the beer industry. We look forward to working together with all stakeholders to create higher corporate values and to make the Group a trusted and beloved beer enterprise.”

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” is the largest beer brand by volume worldwide.

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Full details of our 2017 annual results have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the corporate website at www.crbeer.com.hk.