

For Immediate Release
Press Release

China Resources Beer Announces Interim Results for 2018

“Grasp Market Opportunities, Strengthen Competitive Edge”

- The Group’s overall average selling price and consolidated turnover recorded an increase of 13.0% and 11.4% respectively year-on-year. Mainly due to the moderate price adjustment of certain products and the continuous growth in the proportion of mid- to high-end beer overall sales volume.
- Although the cost of sales increased due to the rising cost of certain raw materials and packaging materials, and also the further upgrade in the product mix, the Group’s gross profit was up 19.7% year-on-year. The Group continued to implement lean sales management, consolidated profit attributable to the Company’s shareholders increased by 28.9% to RMB1,508,000,000.
- The Company announced the formation of a long term strategic collaboration with the Heineken Group on 3 August 2018. This long term strategic collaboration will provide an important strategic opportunity for the Group to strengthen its presence in the premium beer market in China.
- The Board recommended an interim dividend of RMB0.09 per share.

[Hong Kong, 17 August 2018] **China Resources Beer (Holdings) Company Limited** (the “Company”, or together with its subsidiaries, the “Group”; stock code under The Stock Exchange of Hong Kong Limited: 00291), today announced its unaudited interim results for the six months ended 30 June 2018. In the first half of 2018, consolidated turnover of the Group reached RMB17,565,000,000, representing an increase year-on-year of 11.4%. During the period under review, consolidated profit attributable to the Company’s shareholders increased by 28.9% to RMB1,508,000,000. The earnings before interest and taxation recorded an increase year-on-year of 22.3% to RMB 2,064,000,000. The Board recommended an interim dividend of RMB0.09 per share.

Mr. Hou Xiaohai, the Chief Executive Officer of the Company, said, “Focusing on its three key management themes of ‘Innovative Development, Transformation and Upgrade, Quality Growth’, the Group made solid moves in the first half of 2018, implementing a series of strategic measures encompassing channel upgrade and transformation, brand repositioning,

operational reformation, organization restructuring and capacity optimization, and achieving remarkable results. We have just announced the long term strategic collaboration with the Heineken Group. The Group believes that its combined strengths with the Heineken Group will help unlock significant market potential. With the Heineken Group's long heritage and world-class iconic brand portfolio, along with the Group's leading presence and deep understanding of China, the partnership will seize the opportunities in the rapid growing high-end beer market in China and create a win-win situation in the new era of China beer market.”

During the period under review, beer consumption benefited from economic development and weather conditions. The overall beer market volume increased compared with the same period last year. The beer market continued to enjoy a consumption upgrade, with growth in the proportion of mid- to high-end beer sales volume, which drove the growth of the industry revenue as a whole. The Group moderately adjusted the price for some of the products, and together with the continuous growth in sales volume of mid- to high-end beer products, the Group's overall average selling price significantly increased by 13.0% compared with the corresponding period last year. With the decrease of volume in the northeastern market and intensified competitions, as well as the decline in sales volume from the increase of products price in certain areas, the Group's overall sales volume in the first half of 2018 decreased by 1.5%. Although the cost of sales increased due to the rising cost of certain raw materials and packaging materials, and also the further upgrade in the product mix, the Group's gross profit was up 19.7% year-on-year for the first half of 2018.

The Group continued the brand repositioning strategy and launched a new product named “Brave the World superX” in the first half of 2018. The Group aimed to tap into the high potential market of individualistic younger generation, broaden its product portfolio and strengthen its competitive edge. Through the promotion of the product line “Concept Series” and the launching of “Brave the World superX”, the Group aimed to increase customer's recognition toward new products.

The Group continued to carry out lean sales management in the first half of 2018, reinforced its sales capability and further controlled sales expenses. However, the increase in transportation costs resulted in a slight increase in overall selling expense compared with the same period last year. Moreover, the Group embarked on a new corporate annuity plan

during the period under review, which was effective from 1 January 2017. Therefore, the Group accrued an one-off provision of its staff cost for 2017 in the first half of 2018, with an approximate amount of RMB174,000,000. Along with the provision and impairment loss resulted from production capacity optimization, the overall general and administrative expenses increased year-on-year.

The recognized impairment loss of fixed assets and inventories for the first half of 2018 were RMB90,000,000 and RMB176,000,000, respectively. The Group continued to optimize its deployment of production capacity. During the period under review, one brewery ceased operation. As at the end of June 2018, the Group operated 90 breweries in 25 provinces, municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 22,500,000 kiloliters.

In terms of execution of the premiumization strategies, the Company announced the formation of a long term strategic collaboration with the Heineken Group and entered into a non-legally binding trade mark licensing agreement term sheet, non-legally binding heads of terms and a non-legally binding framework agreement term sheet on 3 August 2018. The Heineken Group will license the Group the right to use the Heineken® brand on an exclusive basis in mainland China, Hong Kong and Macau. The Heineken Group's beer operations in mainland China, Hong Kong and Macau will be combined with the Group's beer operations in China. Other international premium brands owned by the Heineken Group may be exclusively licensed by the Heineken Group to the Group for use in mainland China, Hong Kong and Macau in the future. In addition, the Group and the Heineken Group will work together to support and accelerate the international development of the Group's Chinese beer brands. This long term strategic collaboration will provide an important strategic opportunity for the Group to strengthen its presence in the premium beer market in China.

Mr. Chen Lang, the Chairman of the Company, concluded, "China's beer market will see a continuous upgrade in consumption, and the high-end beer market will grow rapidly. Focusing on its three key management themes of 'Innovative Development, Transformation and Upgrade, Quality Growth', the Group will continue to implement relative strategic measures to further increase its profitability. The Group is very excited about the partnership with the Heineken Group. In the Heineken Group, we have found the perfect partner to achieve our ambitions in China and they can help us grow our business outside China. We

also look forward to working together with the Heineken Group in our newly formed Strategic Advisory Council, and supporting the Group in its ambition to go international.”

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 2018 interim 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.