

For Immediate Release
Press Release

China Resources Beer Announces Annual Results for 2019

“Moving Towards Premium and Dedicated to Brewing Excellence”

- In 2019, the Group’s consolidated turnover amounted to RMB33,190,000,000, representing an increase of 4.2% year-on-year.
- The Group’s consolidated profit attributable to the shareholders of the Company for 2019 significantly increased by 34.3% to RMB1,312,000,000 year-on-year. The increase was mainly attributable to: (1) the decrease in impairment loss of fixed assets resulted from the implementation of production capacity optimization as compared with 2018; (2) cost savings from efficiency gain; (3) the contribution of Heineken China since the completion of its acquisition on 29 April 2019; and (4) as disclosed in the 2018 annual report of the Group, the Group initiated a new corporate annuity plan in 2018 with effect from 1 January 2017, and recorded an one-off provision of its staff cost for 2017 in 2018 with an approximate amount of RMB117,000,000, while no such extra provision was made in 2019.
- The Group's earnings before interest and taxation amounted to RMB2,163,000,000, representing an increase of 47.6% year-on-year.
- The overall sales volume of the Group delivered a 1.3% year-on-year growth to approximately 11,434,000 kiloliters. Benefitting from the brand repositioning strategy, further upgrade of product mix and contribution from the acquisition of Heineken China, the sales volume of the mid- to high-end beer expanded by 8.8%. The overall average selling price of the Group increased by 2.8% year-on-year.
- The Group completed the acquisition of Heineken China on 29 April 2019 and formed a long-term strategic partnership with the Heineken Group.
- The Board of Directors recommends a final dividend of RMB0.045 per share. Together with the interim dividend of RMB0.12 per share, the total dividend for 2019 will amount to RMB0.165 per share.

[Hong Kong, 20 March 2020] **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) announced today its audited annual results for the year ended 31 December 2019. In 2019, the Group’s consolidated turnover was RMB33,190,000,000, representing an increase of 4.2% year-on-year. Consolidated profit attributable to the Company’s shareholders and earnings before interest and taxation in 2019 increased by 34.3% and 47.6% year-on-year to RMB1,312,000,000 and RMB2,163,000,000,

respectively. The Board of Directors recommends a final dividend of RMB0.045 per share for the year ended 31 December 2019 (2018: RMB0.03 per share). Together with the interim dividend of RMB0.12 per share, the total dividend for 2019 will amount to RMB0.165 per share (2018: RMB0.12 per share).

Mr. Hou Xiaohai, Chief Executive Officer of the Company, said, “In 2019, the Group upholds its strategic management philosophy of ‘Quality Development for Success in High-end Segment’, and will carry out various high-quality growth measures, such as production capacity optimization, excellence in brewing, operational reform, use of intelligential information, and information sharing and co-creation, whilst actively implementing measures for developing high-end segment. With the long-term strategic co-operation with the Heineken Group, the Group will strengthen the competitiveness of its brands in high-end segment and explore new sales channels for its high-end beer products. At the same time, the Group will enhance its competitiveness in first-tier cities through such measures as building competent professional teams specified for high-end segment, building a brand portfolio with four Chinese brands + four international brands, obtaining leading edge for its business etc.”

During the year under review, the Group implemented its brand repositioning strategy and further boosted the product mix upgrade of “雪花 Snow” beer products, in addition to the acquisition of Heineken China. As a result, the Group recorded an increase of 8.8% in mid- to high-end beer sales volume compared with 2018, which led to the increase in average selling price by 2.8% compared with 2018. The Group’s overall beer sales volume in 2019 delivered a 1.3% growth compared with 2018, to approximately 11,434,000 kiloliters. Meanwhile, the Group saved certain cost of sales from efficiency gain brought by its production capacity optimization and organizational restructuring, offset the increase in cost after the acquisition of Heineken China and the rising cost of certain raw materials. Combining the above mentioned factors, the gross profit in 2019 recorded a year-on-year increase of 9.2% to RMB12,226,000,000.

The Group continued with its product portfolio diversification. In addition to the introduction of Heineken beer products, the Group launched two series of high-end beer products in 2019, “SNOW MARRSGREEN BEER” and “Löwen White Beer”, in April and July respectively, in conjunction with high-end beer product “Craftsmanship” and mid- to high-end beer product “Brave the World superX” that launched in 2018, further supported the growth of the Group’s mid- to high-end beer sales volume. In particular, “SNOW MARRSGREEN BEER” was

successfully launched through the strategy of “trendy product launch activity + spokesperson promotion”. Furthermore, the Group continued to promote “Brave the World superX” and “Craftsmanship” products through IP-based promotions, to enhance brand image of “雪花 Snow”, as well as elevate the brand value to create new features.

In 2019, the Group’s acquisition of Heineken China resulted in an increase of 6.4% in overall selling and distribution expenses compared with 2018. During the year under review, the Group continued to implement its production capacity optimization and organizational restructuring, the staff compensation and resettlement expenses was approximately RMB826,000,000 in 2019 (2018: approximately RMB483,000,000). The one-off annuity provision of its staff cost that the Group accrued for 2017 in 2018 (approximately RMB117,000,000) and the reduction in impairment loss of fixed assets recognized, offset the increased costs driven by the staff compensation and resettlement expenses along with the acquisition of Heineken China, as a result, general and administrative expenses for 2019 remained broadly stable compared with 2018.

The recognised impairment loss of fixed assets and inventory for 2019 were RMB700,000,000 and RMB352,000,000 respectively. In particular, the Group continued to optimize its deployment of production capacity by removing the inefficient production capacity and increasing the average scale of the breweries. During the year under review, 7 breweries ceased operations. By the end of 2019, the Group operated 74 breweries in 25 provinces, municipalities and autonomous regions in mainland China, with an aggregate annual production capacity of approximately 20,500,000 kiloliters.

The Group continued to execute premiumization strategies during the year under review. The acquisition of Heineken China was completed on 29 April 2019, whilst the Heineken trademark licensing agreement and framework agreement became effective on the same date. During the year under review, the Group completed the integration of Heineken China and set up nationwide sales for Heineken beer products.

As for the recent outbreak of COVID-19, the Group actively responded to fight against the outbreak by donating RMB15,000,000 to relevant charities in Wuhan, Hubei Province on 1 February 2020 for the purchase of emergency supplies and helping healthcare staff treat patients in a safer manner.

Mr. Jian Yi, Executive Director of the Company, said, “The Group carried out a long-term strategic collaboration with the Heineken Group during the year under review, and 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. We are confident in our premiumization strategy. Since the outbreak of COVID-19, the Group has swiftly and strictly implemented prevention and control measures, and encouraged all stakeholders to join hands and overcome this difficult time.”

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.

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Full details of our 2019 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.