For Immediate Release

Press Release

China Resources Beer Announces Annual Results for 2018

"Quality Growth"

- **In 2018, the Group's consolidated turnover stood at RMB31,867,000,000, representing an increase of 7.2% year-on-year. Consolidated profit attributable to the Company's shareholders dropped by 16.9% to RMB977,000,000.**
- **During the year under review, the Group adjusted the prices for certain products moderately and recorded a growth of 4.8% in mid- to high-end beer sales volume, which further boosted the product mix upgrade. As a result, the Group's overall average selling price recorded a year-on-year increase of 12.3%.**
- **Despite the increase in the cost of sales due to rising costs of certain raw materials and packaging materials as well as a further upgrade in the product mix, gross profit in 2018 recorded a year-on-year increase of 11.7% to RMB11,198,000,000.**
- **The recognized impairment loss of fixed assets and inventories of the Group for 2018 were RMB961,000,000 and RMB340,000,000 respectively.**
- **On 5 November 2018, the Group entered into a master share purchase agreement with the Heineken Group for the acquisition of the Heineken China Businesses, a trademark licensing agreement with the Heineken Group for the exclusive use of the Heineken® brand in mainland China, Hong Kong and Macau, and a framework agreement with the Heineken Group in relation to a long-term strategic partnership between the Group and the Heineken Group. 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 of Directors recommends a final dividend of RMB0.03 per share. Together with the interim dividend of RMB0.09 per share, the total dividend for 2018 will amount to RMB0.12 per share.**

[Hong Kong, 20 March 2019] **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 2018. In 2018, the Group's consolidated turnover was RMB31,867,000,000, representing an increase of 7.2% year-on-year. Consolidated profit attributable to the Company's shareholders and earnings before interest and taxation in 2018 decreased by 16.9% and 20.9% year-on-year to RMB977,000,000 and RMB1,465,000,000, respectively. The Board of Directors recommends a final dividend of RMB0.03 per share for the year ended 31 December 2018 (2017: RMB0.07 per share). Together with the interim dividend of RMB0.09 per share, the total dividend for 2018 will amount to RMB0.12 per share (2017: RMB0.14 per share).

Mr. Hou Xiaohai, Chief Executive Officer of the Company, said, "Focusing on our three key management themes of 'Innovative Development, Transformation and Upgrade, Quality Growth', we made solid moves in the year of 2018, implementing a series of strategic measures encompassing lean sales management, brand repositioning, operational reform, expanding internet sales channels, organization restructuring, capacity optimization, channel reform, information technology upgrade and corporate culture rebuilding. These helped us seize market opportunities and provided a solid foundation for future success."

During the year under review, the Group adjusted the prices for certain products moderately and recorded a growth of 4.8% in mid- to high-end beer sales volume, which further boosted the product mix upgrade. As a result, the Group's overall average selling price recorded a year-on-year increase of 12.3%. With the decrease of volume in the northeastern market and intensified competition, coupled with a decline in sales volume resulted from product price increases in certain areas, the Group's overall beer sales volume in 2018 decreased by 4.5% year-on-year to 11,285,000 kiloliters. The cost of sales increased due to rising costs of certain raw materials and packaging materials as well as a further upgrade in the product mix. Based on the above mentioned factors, the gross profit in 2018 recorded a year-on-year increase of 11.7% to RMB11,198,000,000.

Moving ahead with the brand repositioning campaign, new products of "Brave the World superX" and "Craftsmanship" were launched in 2018. In particular, as the Group's first core product for brand repositioning, "Brave the World superX" precisely targets young consumers with emphasis on internet marketing. Through the strategy of "trendy product launch activity + IP-based promotion + spokesperson-fans economy + scenario-based marketing", it achieved a significant breakthrough in the marketing for beer products. Such move not only contributed to the successful marketing of "Brave the World superX", but also provided a strong impetus to enhancing the value and renewing the entire brand of "雪花 Snow".

The Group continued to carry out lean sales management in 2018 to enhance cost input and output ratio. However, the increase in transportation and advertising costs resulted in an increase of 11.1% in overall selling and distribution expenses compared with 2017. With a view to enhancing the productivity per staff and organizational efficiency, the Group continued the production capacity optimization and organizational restructuring during the year under review. As a result, there were compensation and staff resettlement expenses of approximately RMB483,000,000 in 2018 (2017: RMB215,000,000). Along with the provision and impairment loss resulted from production capacity optimization, the overall general and administrative expenses recorded an increase of 26.8% compared with 2017. Moreover, the Group embarked upon a new corporate annuity plan during the year under review, which was effective from 1 January 2017. Hence, the Group accrued an one-off provision for its staff cost for 2017 in 2018 with an approximate amount of RMB117,000,000.

The recognized impairment loss of fixed assets and inventories for 2018 were RMB961,000,000 and RMB340,000,000 respectively. The Group continued to optimize its deployment of production capacity by removing the inefficient production capacity and increasing the average scale of production plants. During the year under review, 13 breweries ceased operation. As at the end of 2018, the Group operated 78 breweries in 24 provinces, municipalities and autonomous regions in mainland China, with an aggregate annual production capacity of approximately 21,000,000 kiloliters.

In terms of execution of the premiumization strategies, the Group entered into a master share purchase agreement with the Heineken Group for the acquisition of the Heineken China Businesses, a trademark licensing agreement with the Heineken Group for the exclusive use of the Heineken® brand in mainland China, Hong Kong and Macau, and a framework agreement with the Heineken Group in relation to a long-term strategic partnership between the Group and the Heineken Group on 5 November 2018. Under the aforementioned agreements, 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. Other international premium brands owned by the Heineken Group may be licensed by the Heineken Group to the Group for use exclusively in mainland China, Hong Kong and Macau in the future. In addition, the Group and the Heineken Group will work together to support the acceleration of 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. On 6 March 2019, the State Administration for Market

Regulation issued a written decision to not restrict the acquisition from a concentration of undertaking under the PRC anti-trust law. The completion of the transactions is still subject to the fulfillment of other conditions precedent.

Mr. Chen Lang, Chairman of the Company, concluded, "The Chinese beer market has been steadily shifting from its stage of 'high-speed volume growth' to 'high-quality development', with rapid growth on the high-end beer segment. Demands for personalized, diversified and premium products are constantly expanding, and cost pressure is rising concurrently. The prevailing transformation in the beer industry brings in not only challenges, but also valuable opportunities. The Group believes that forward-looking management and strategic initiatives can help us in capturing these opportunities, solidifying our industry position and achieving remarkable growth as we forge ahead. We are confident in our premiumization strategy and profit growth, and we look forward to working closely with the Heineken Group in the long term, which is set to provide an important strategic opportunity for us to heighten our presence in the premium beer market in China."

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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" is the largest beer brand by volume worldwide.

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Full details of our 2018 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.