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(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

ANALYSIS OF TURNOVER AND EARNINGS BEFORE INTEREST AND TAXATION

	Turnover		Earnings before interest and taxation	
	2019	2018	**2019**	2018
	RMB million	*RMB million*	***RMB million***	*RMB million*
Eastern region	**17,278**	16,065	**1,007**	199
Central region	**8,490**	7,860	**598**	396
Southern region	**8,466**	8,867	**714**	1,003
	34,234	32,792	**2,319**	1,598
Elimination of inter-segment transactions	**(1,044)**	(925)	**-**	-
Net corporate expenses	**-**	-	**(156)**	(133)
Total	**33,190**	31,867	**2,163**	1,465

2019 RESULTS

of China Resources Beer (Holdings) Company Limited (the

e year ended 31 December 2019 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Notes	**2019** ***RMB million***	2018 *RMB million*
Turnover	*3*	**33,190**	31,867
Cost of sales		**(20,964)**	(20,669)
Gross profit		**12,226**	11,198
Other income	*4*	**1,017**	993
Selling and distribution expenses		**(5,925)**	(5,570)
General and administrative expenses		**(5,046)**	(5,041)
Finance costs	*5*	**(70)**	(48)
Profit before taxation		**2,202**	1,532
Taxation	*6*	**(892)**	(547)
Profit for the year	*7*	**1,310**	985
Attributable to:			
Shareholders of the Company		**1,312**	977
Non-controlling interests		**(2)**	8
		1,310	985
Earnings per share	*9*		
Basic		**RMB0.40**	RMB0.30
Diluted		**RMB0.40**	RMB0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019 *RMB million*	2018 *RMB million*
Profit for the year	**1,310**	985
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**1**	(31)
Other comprehensive income/(expenses) for the year, net of tax	**1**	(31)
Total comprehensive income for the year	**1,311**	954
Attributable to:		
Shareholders of the Company	**1,313**	946
Non-controlling interests	**(2)**	8

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Notes	***2019*** ***RMB million***	*2018* *RMB million*
Non-current assets			
Fixed assets			
- Interests in leasehold land held for own use		**-**	3,141
- Other property, plant and equipment		**15,818**	16,491
Right-of-use assets		**3,595**	-
Goodwill		**9,365**	8,390
Other intangible assets		**384**	124
Financial assets at fair value through other comprehensive income		**9**	9
Prepayments		**113**	240
Deferred taxation assets		**2,532**	2,426
		31,816	30,821
Current assets			
Stocks		**6,018**	5,379
Trade and other receivables	*10*	**1,000**	906
Taxation recoverable		**349**	240
Pledged bank deposits		**68**	67
Cash and cash equivalents		**2,340**	1,858

Notes:

1. Basis of preparation

The announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with accounting principles generally accepted in Hong Kong and requirements of the Hong Kong Companies Ordinance (Cap. 622).

As set out in Note 12, the Group acquired Heineken N.V. operations in mainland China, Hong Kong and Macau on 29 April 2019. The provisional goodwill arising from the acquisition was recognised.

2. Principal Accounting Policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2018, except for the adoption of new standard, amendments, improvements to existing standards and interpretation
financial year beginning 1 January 2019.

<u>Adoption of new standard, amendments, improvements to existing standards and interpretation</u>

of new standard, amendments, improvements to existing standards and interpretation on
ing Standards
2019. In the current
year, the Group has adopted the following standard, amendments, improvements to existing standards and interpretation.

HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in an Associate or Joint Venture
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2015 2017 Cycle
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments

2. Principal Accounting Policies (continued)

Adoption of new standard, amendments, improvements to existing standards and interpretation (continued)

The adoption of the standard, amendments, improvements to existing standards and interpretation has had no material effect on the results or financial positions of the Group for

changes in accounting policies and adjustments to the amounts recognised in the financial information. In accordance with the transition provisions in HKFRS 16, the Group has adopted the modified retrospective approach for transition to the new leases standard. The adjustments arising from the new rules are therefore not reflected in the consolidated balance sheet as at 31 December 2018, but are recognised in the opening consolidated balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which

sured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was around 4%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities (which were classified as short term loans and long term loans in the last financial year according to HKAS 17) immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied from 1 January 2019. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	2019 **RMB million**
Operating lease commitments disclosed as at 31 December 2018	120
Discounted using the lessees incremental borrowing rate of at the date of initial application	(16)
Add: finance lease liabilities recognised as at 31 December 2018	12
Lease liabilities recognised as at 1 January 2019	116
Of which are:	
Current lease liabilities	38
Non-current lease liabilities	78
	116

The right-of-

2. Principal Accounting Policies (continued)

Adoption of new standard, amendments, improvements to existing standards and interpretation (continued)

(continued)

The recognised right-of-use assets relate to interests in leasehold land for own use, buildings and others.

Interests in leasehold land held for own use which were previously in fixed assets were reclassified to right-of-use assets as at 1 January 2019 after adoption of HKFRS 16.

The adjustments on the consolidated balance sheet as at 1 January 2019 are summarised below:

Consolidated balance sheet (extract)	31 December 2018 As originally presented RMB million	Effect of adoption of HKFRS 16 RMB million	1 January 2019 Restated RMB million
Fixed assets Interests in leasehold land held for own use	3,141	(3,141)	-
Fixed assets property, plant and equipment	16,491	(8)	16,483
Right-of-use assets	-	3,259	3,259
Trade and other receivables	906	(6)	900
Current lease liabilities	-	(38)	(38)
Non-current lease liabilities	-	(78)	(78)
Short term loans	(704)	3	(701)
Long term loans	(9)	9	-

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying HKAS 17 and HK(IFRIC) - Interpretation 4

The Group leases various interests in leasehold land held for own use, buildings and others. Rental contracts for buildings and others are typically made for fixed periods of 1 to 14 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2. Principal Accounting Policies (continued)

Adoption of new standard, amendments, improvements to existing standards and interpretation (continued)

(continued)

For leases of interests in leasehold land held for own use, buildings and others, the following factors are normally the most relevant:

- If there are significant penalties to not extend (or terminate), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in interests in leasehold land held for own use, buildings and others leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Accounting standard, amendments to existing standards and framework that are not yet effective

The Group has not early applied the following new standard, amendments to existing standards and framework that have been issued but are not yet effective.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKAS 39, HKFRS7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform
HKFRS 3 (Amendment)	Definition of a Business
HKFRS 17	Insurance Contracts
HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or qt.tS42qeBT/0 0 1 322.75 249.61 0 0 595t4AET(e)4f1W*gen-C4I2 208.22 T

3. Segment information

	Eastern region	Central region	Southern region	Corporate / Elimination	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
For the year ended 31 December 2019					
TURNOVER[1]					
External sales	16,927	8,073	8,190	-	33,190
Inter-segment sales	351	417	276	(1,044)	-
Total	17,278	8,490	8,466	(1,044)	33,190
Segment result[2]	1,007	598	714		2,319

4. Other income

	2019	2018
	RMB million	*RMB million*
Other income includes the following:		
Interest income	**109**	115
Government grants recognised	**162**	187
Profit on disposal of fixed assets	**161**	94
Profit on disposal of interests in leasehold land held for own use	**6**	-

5. Finance costs

	2019	2018
	RMB million	*RMB million*
Interests on finance leases		1
Interests on bank loans and other loans	**54**	62
Interests on leases liabilities	**12**	-
Financing charges	**1**	9
Exchange loss /(gain)	**4**	(13)
	71	59
Less: Interest capitalised	**(1)**	(11)
	70	48

6. Taxation

	2019	2018
	RMB million	*RMB million*
Chinese Mainland income tax		
Current taxation	**771**	571
Deferred taxation	**121**	(24)
	892	547

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the year.

Chinese Mainland income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Mainland China. The applicable principal income tax rate for the year ended 31 December 2019 is 25% (2018: 25%).

The effective tax rate is higher than the domestic rates mentioned above as there were tax losses arising from certain loss-making subsidiaries, including breweries which were determined to be closed down, of which no deferred tax assets were recognised as the realisation of the related tax benefit through the future taxable profits is not probable.

7. Profit for the year

	2019 ***RMB million***	2018 *RMB million*
Profit for the year has been arrived at after charging:		
Depreciation		
- Owned assets	**1,552**	1,630
- Assets held under finance leases	**-**	1
- Right-of-use assets	**123**	-
Amortisation of other intangible assets (included in general and administrative expenses)	**49**	23
Impairment loss recognised on (included in general and administrative expenses)		
- Fixed assets	**700**	961
- Stocks	**352**	340
Operating leases charges on land and buildings	**-**	125
Expense relating to short-term leases	**51**	-
Cost of goods sold	**20,964**	20,669

8. Dividends

	2019 ***RMB million***	2018 *RMB million*
2019 interim dividend paid of RMB0.12 (2018: RMB 0.09) per ordinary share	**390**	292

9. Earnings per share

	2019 *RMB million*	2018 *RMB million*
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	**1,312**	977

10. Trade and other receivables

	2019 *RMB million*	2018 *RMB million*
Trade receivables from third parties	**349**	457
Trade receivables from fellow subsidiaries	**26**	25
Provision for doubtful debts	**(46)**	(39)
	329	443
Value-added tax recoverable	**195**	173
Prepayments	**205**	173
Deposits paid	**20**	9
Other receivables (Note 1)	**249**	108
Amount due from a holding company (Note 2)	**1**	-
Amounts due from fellow subsidiaries (Note 2)	**1**	-
	1,000	906

Note:

1. Other receivables included the consideration refundable of RMB139 million from Heineken Group.
2. Amount due from a holding company and amounts due from fellow subsidiaries were unsecured, interest-free and repayable on demand.

The Group normally trades with its customers under the following credit terms:
(a) cash upon delivery; or
(b) open credit from 30 to 90 days

The following is the aging analysis of trade receivables from third parties and fellow subsidiaries as at the balance sheet date by invoice date:

	2019 *RMB million*	2018 *RMB million*
The Group		
0 30 days	**34**	78
31 60 days	**40**	68
61 90 days	**25**	41
＞90 days	**230**	256
	329	443

Impairment on trade receivables is using the expected loss rates, which are based on credit assessments on each aging category of customers and adjusted for forward-looking information affecting the ability of the customers to settle the trade receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since the initial recognition.

Based on the assessments performed by management, the
at balance sheet date was approximate to the corresponding carrying amount.

12.

14. Other information

The consolidated financial statements of the Group for the year ended 31 December 2019 have been reviewed by

unqualified auditor s report will be included in the Annual Report to shareholders.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31 December 2019

statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company will deliver the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies in due course.

consolidated financial statements of the Group for both years. The

hich the auditor drew attention

by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The consolidated turnover of the Group in 2019 was RMB33,190,000,000. This represents an 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.

In terms of executing the premiumization strategies, 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. 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. During the year under review, the Group completed the integration of Heineken China and set up nationwide sales for Heineken beer products.

Since the outbreak of COVID-19 in China in early 2020, provincial and municipal governments implemented various prevention and emergency measures, such as a partial lockdown policy and extending the holiday period of Chinese New Year, in order to mitigate the threat of spreading the epidemic across the country. During the outbreak of the epidemic, the Group gradually resumed operation and production by allowing staff to work in remote offices and implementing work shifts, in adherence to the approval of the provincial and municipal governments, so as to prepare for a swift return to normal operation and production once the epidemic eases. Nevertheless, it is anticipated that the above epidemic situation would have certain negative impact on the production and sales of the Group.
and earnings before interest and taxation for the two months ended 29 February 2020 decreased by approximately 26% and 42% year-on-year respectively.

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, excel 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 channel for its high-end beer products. At the same time, the Group will enhance its competitiveness in first tier cities through measures such as building competent professional teams specified for high-end segment, brand portfolio with 4 Chinese brands+4 International brands, obtaining leading edge for its business, expanding sales channels, implementing operation mechanisms for major customers etc.

FINANCIAL REVIEW

Capital and Funding

As at 31 December 2019 deposits amounted to RMB2,408,000,000 2019 were RMB511,000,000 and were repayable within 1 year.

The Group was in a net cash position as at 31 December 2019 and 31 December 2018.

Chairman has been vacant and has not been filled up as at the date of this announcement. The Board of the Company as a whole and its members have discharged the duties under the aforementioned Code Provisions of the CG Code as appropriate. The Board and the Nomination Committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

Pursuant to Code Provision A.2.7, the Chairman should at least annually hold meetings with Independent Non-executive Directors without other Directors present. In 2019, the Chairman did not hold meetings with the Independent Non-executive Directors without other Directors present, which deviates from the Code Provision A.2.7 from 1 January 2019 to 10 July 2019. Following the resignation of Mr. Chen Lang as the Chairman with effect from 11 July 2019, the deviation from Code Provision A.2.7 has ceased. For the period from 1 January 2019 to 10 July 2019, the Board is of the view that, the Independent Non-executive Directors can express their opinions to other Directors more directly and effectively at the Board meetings, hence it is of the view the deviation from the Code Provision does not have a material impact on the operation of the Board.

In respect of Code Provision A.4.1 of the CG Code, all the Non-executive Directors are not appointed for a fixed term. The Board does not believe in any arbitrary term of office. The current arrangement will give the Company sufficient flexibility to organize the composition of the Board to serve the needs of the Group. Further, the Articles of Association of the Company requires that one-third of the Directors (including Executive and Non-executive Directors) shall retire each year and every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire each year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

In respect of Code Provision C.1.2 of the CG Code, the Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties.

In respect of Code Provision D.1.4 of the CG Code, the Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least

On 8 April 2005, the Company

been amended, approved and reconfirmed by the Board of the Company on 6 April 2006, 4 April 2007, 31 March 2008 and further revised on 31 March 2009, 18 November 2010, and 7 December 2015 respectively. The prohibitions on securities dealing and disclosure requirements in

management and persons who are privy to inside information of the Group. The Code of Ethics is on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry with the directors, all directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the

By order of the Board
JIAN YI
Executive Director

Hong Kong, 20 March 2020

As at the date of this announcement, the Executive Directors of the Company are Mr. Jian Yi, Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Lai Po Sing, Tomakin (Chief Financial Officer). The Non-executive Directors of the Company are Mr. Lai Ni Hium, Frank, Mr. Tuen Muk Lai Shu and Mr. Rudolf Gijsbert Servaas van den Brink. The Independent Non-executive Directors of the Company are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.