



BUDWEISER BREWING COMPANY APAC LIMITED

百威亞太控股有限公司

Stock Code: 1876



Global Offering

Joint Sponsors

J.P.Morgan Morgan Stanley

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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Bank of America
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SOCIETE GENERALE



BRINGING PEOPLE TOGETHER FOR A BETTER WORLD

We're building a company to last, brewing beer and building brands that will continue to bring people together for the next 100 years and beyond. With a brewing history of more than a century, we've seen countless new friendships, connections and experiences built on a shared love of beer.

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Budweiser Brewing Company APAC Limited

百威亞太控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,262,350,000 Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	63,118,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Number of International Offer Shares	:	1,199,232,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
Maximum Offer Price	:	HKD30.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	USD0.00001 per Share
Stock Code	:	1876

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SOCIETE GENERALE

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI – Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or about Monday, 23 September 2019 and, in any event, not later than Wednesday, 25 September 2019. The Offer Price will not be more than HKD30.00 per Offer Share and is expected to be not less than HKD27.00 per Offer Share, unless otherwise announced.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (for themselves and on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the US and may not be offered, sold, pledged or transferred within the US, except that Offer Shares may be offered, sold or delivered (a) in the US solely to qualified institutional buyers in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act or (b) outside the US in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors." The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting."

18 September 2019

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences and
WHITE and **YELLOW** Application Forms
available from9:00 a.m. on Wednesday, 18 September 2019

Latest time for completing electronic
applications under the **White Form eIPO**
service through the designated website
at www.eipo.com.hk⁽²⁾11:30 a.m. on Monday, 23 September 2019

Application lists open⁽³⁾11:45 a.m. on Monday, 23 September 2019

Latest time for (a) lodging **WHITE** and **YELLOW**
Application Forms, (b) completing payment
for **White Form eIPO** applications by
effecting internet banking transfer(s) or
PPS payment transfer(s) and (c) giving
electronic application instructions
to HKSCC12:00 noon on Monday, 23 September 2019

Application lists close⁽³⁾12:00 noon on Monday, 23 September 2019

Expected Price Determination DateMonday, 23 September 2019

(1) Announcement of the Offer Price,
the level of indications of interest in the
International Offering, the level of applications
in the Hong Kong Public Offering and the basis
of allocations of the Hong Kong Offer Shares
to be published in the South China Morning Post
(in English) and the Hong Kong Economic Times
(in Chinese) on or beforeFriday, 27 September 2019

(2) Results of allocations in the Hong Kong
Public Offering to be available through a
variety of channels as described in
“How to Apply for Hong Kong Offer
Shares – Publication of Results” fromFriday, 27 September 2019

(3) Announcement containing (1) and (2) above to be
published on the websites of the Company and the
Stock Exchange at www.budweiserapac.com
and www.hkexnews.hk fromFriday, 27 September 2019

Results of allocations in the Hong Kong Public Offering
will be available at www.iporesults.com.hk (alternatively:
English <https://www.eipo.com.hk/en/Allotment>;
Chinese <https://www.eipo.com.hk/zh-hk/Allotment>)
with a “search by ID” function fromFriday, 27 September 2019

Dispatch of Share certificates and e-Refund payment
instructions/refund cheques on or before⁽⁴⁾⁽⁵⁾Friday, 27 September 2019

Dealings in the Shares on the Stock Exchange
expected to commence at 9:00 a.m. onMonday, 30 September 2019

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All dates and times refer to Hong Kong dates and times.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 23 September 2019, the application lists will not open and close on that day. See “*How to Apply for Hong Kong Offer Shares.*”
- (4) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Monday, 30 September 2019, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.
- (5) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “*Structure of the Global Offering*” and “*How to Apply for Hong Kong Offer Shares,*” respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. Neither the Company nor any of the Relevant Persons (as defined in this prospectus) has authorized anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by the Company or any of the Relevant Persons.

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SUMMARY

This summary is intended to provide you with an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide whether to invest in the Offer Shares. Some of the particular risks of investing in the Offer Shares are set out in "Risk Factors" and you should read that section carefully before you decide to invest in the Offer Shares.

We are Budweiser Brewing Company APAC Limited, part of the AB InBev Group. We are the largest and a fast growing beer company in Asia Pacific. We are also one of the most profitable Asia-based beer companies in terms of Normalized EBITDA in 2018. We produce, import, market, distribute and sell a portfolio of more than 50 beer brands, which we own or have licensed, including Budweiser, Stella Artois and Corona, our global brands, along with our multi-country brands and local brands, such as Hoegaarden, Cass and Harbin.

OUR PAN-ASIAN PLATFORM

Our pan-Asian platform is strategically positioned to serve the largest adult population in the world with favorable macroeconomic factors driving growth in consumption, including beer, and covers multiple beer markets within Asia Pacific. We consider China, South Korea, India and Vietnam to be our principal markets. Australia is not part of our pan-Asian platform as on 19 July 2019, AB InBev agreed to divest the entire business of the AB InBev Group in Australia, excluding certain assets and liabilities, to Asahi Group Holdings, Ltd.

According to GlobalData, we hold:

- the number one position by beer value in China, and the number one position in the fast growing premium and super premium categories collectively by beer value and beer volume in 2018;
- the number one position by beer value and by beer volume in South Korea in 2018;
- a top three position by beer value and by beer volume in India, and the number one position in the fast growing premium and super premium categories collectively by beer value and beer volume in 2018; and
- a top three position in the premium and super premium beer categories collectively by beer value and by beer volume in Vietnam in 2018.

We develop our markets using a market maturity model. This allows us to capture opportunities from different beer markets across different levels of maturity. For each level of maturity, we are able to identify gaps by measuring performance of various KPIs against growth potential and proactively take advantage of expansion opportunities. In terms of segmenting our business, we operate through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are our two reportable segments for financial reporting purposes.

SUMMARY

We have achieved growth in revenue and profitability in recent periods. In 2017 and 2018, our revenue was USD6,099 million and USD6,740 million, respectively, representing organic growth of 7.4%. Our revenue per hectoliter saw organic growth of 4.9% from 2017 to 2018, mainly driven by the increasing shift in our portfolio towards premium categories. In 2017 and 2018, our Normalized EBITDA was USD1,652 million and USD1,994 million, respectively, representing organic growth of 16.9%. Our net profit for 2017 and 2018 was USD572 million and USD959 million, respectively.

For the three months ended 31 March 2018 and 2019, our revenue was USD1,584 million and USD1,606 million, respectively, which represents organic growth of 7.2%. Our revenue per hectoliter saw organic growth of 8.1% over the same periods, driven by our revenue management initiatives and brand mix, as we continued to implement our premiumization strategies. For the three months ended 31 March 2018 and 2019, our Normalized EBITDA was USD479 million and USD558 million, respectively, representing organic growth of 23.1%. Our net profit for the three months ended 31 March 2018 and 2019 was USD213 million and USD240 million, respectively.

OUR BRANDS AND PRODUCTS

Our brands are the foundation and cornerstone of our relationship with consumers. On the basis of quality and price, we differentiate our beer into three categories of Premium and Super Premium brands, Core and Core+ brands and Value brands. Macroeconomic factors in Asia Pacific, such as growth in disposable income and urbanization, are leading a shift in consumer preferences toward more premium beer categories and higher priced beers. With a significant portion of our revenue contributed by our Premium and Super Premium category brands, we are well positioned to capture the premiumization and trading-up trends across Asia Pacific and particularly in China.

Our consumer-focused and insight-driven approach has led us to develop several product innovations, which enable us to capitalize on evolving consumer preferences. For example, we successfully cultivated several new occasions for the enjoyment of our products, such as the in-home occasion for Budweiser and beach party occasion for Corona in China, and the pre-meal beer occasion for Cass in South Korea. Budweiser bottle packaging has also evolved in China over the past 20+ years, which has enabled us to create new occasions for the consumption of our products.

SUMMARY

The chart below illustrates our three categories of beer as well as our key brands, including those we license from AB InBev, within each category.



Note: Includes brands licensed from AB InBev

OUR OPERATIONS

We produce the majority of the beer we sell in our breweries. As of 31 March 2019, our operations comprised 56 breweries primarily located across our principal markets. In addition, we have licenses to import more than 25 AB InBev brands for sale in Asia Pacific on an exclusive basis, such as Stella Artois from Belgium, Corona from Mexico, Beck's from Germany and other American and European brands.

Quality control is at the core of our business. We monitor the quality of every beverage we produce at each step of the production process, including by online real-time system monitoring and conducting extensive testing, to ensure that every beverage meets our Group-wide standards of quality.

OUR PRICING STRATEGY

In determining our pricing strategy, we take into account a variety of factors, such as the supply of and demand for our products, anticipated market trends, costs of raw materials and packaging materials, product costs, product categories, the distribution channel through which we are selling, retail prices of our competitors' products, spending patterns of target consumers, historical sales data and the expected profit margins for us and our distributors. We review and adjust our product prices periodically based on these factors and other general market conditions. Generally, we set recommended nationwide retail prices for our products, which are subject to adjustments reflecting the local competitive environment.

SUMMARY

OUR CUSTOMERS

Our customers include distributors, large retailers and certain other customers. We have cultivated a large B2B network where customers, such as distributors, place orders directly with us (and then on-sell them), in addition to our growing B2C network, where we engage with consumers directly. Our sales force organization of more than 10,000 employees and our distributors are our gateway to our consumers. The products we brew are sold to approximately 6,000 distributors across Asia Pacific.

OUR PEOPLE

Our greatest strength is our people. We dream big, and our culture of ownership drives us to achieve results. The culture of sharing best practices across our platform and between geographies is a key advantage of our geographic footprint and a core value that drives our operational excellence. We share the “Dream-People-Culture” principles together with our controlling shareholder, AB InBev. These principles are the foundation of our success and underpin our relentless efforts to continuously improve our performance. They inspire our more than 29,000 colleagues across the region to brew the highest quality products for our consumers and build a company to thrive for the next 100 years and beyond.

OUR COMMITMENT TO OUR COMMUNITIES

Our dream is to Bring People Together for a Better World. In all we do, we strive to ensure that we produce the highest-quality products, provide the best consumer experience and maximize shareholder value by building the strongest competitive and financial position. Through our reach, resources and energy, we aim to address the needs of our communities through:

- Improving environmental and social sustainability – we do this by striving to use natural resources responsibly and preserve them for the future – we develop innovative programs across our supply chain to improve our sustainability performance with our business partners;
- Promoting smart drinking – we want every experience with beer to be a positive one – our Smart Drinking Goals aim to contribute to the World Health Organization’s target of reducing the harmful use of alcohol by at least 10% in every country by 2025;
- Increasing workplace safety – we are committed to doing everything possible to create a safe work environment – we have operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries, electricity safety and emergency and evacuation procedures; and
- Business ethics – our leaders set the tone for our company – we never take shortcuts – Integrity, hard work, quality and responsibility are essential to our growth.

SUMMARY

STRENGTHS

By combining scale, resources and energy with the needs of the communities we serve, we believe that our past success and our ability to capitalize on future growth opportunities are attributable to our following competitive strengths:

- Pan-Asian brewing champion positioned for high growth and increased profitability
- Broad portfolio of brands that enables growth through category expansion
- Best positioned to capture premiumization and trading-up trends across Asia Pacific
- Marketing capabilities driven by consumer insights and product innovation
- Exceptional routes to market that bring us closer to consumers
- Driving industry premiumization through our leadership positions and long-term commitment in China, South Korea and India
- A culture that is focused on delivering results through operational excellence and financial discipline, ownership and long-term sustainability
- A highly experienced senior management team with a focus on delivering consistently strong business results and building high quality teams
- Mutually beneficial relationship with our controlling shareholder and strategic partner, AB InBev

For further details, see “*Business – Strengths.*”

STRATEGY

To achieve our objectives and strengthen our leading positions, we intend to pursue a comprehensive strategy focused on the following themes:

- Driving top line growth through our four main commercial strategies
 - Premiumize at scale – we will continue to leverage our brands to grow by exploring new ways of packaging and routes to market to target specific consumer trends
 - Differentiating the Core – we see significant potential to grow our brands in our Core and Core+ category
 - Growth via adjacencies – we will continue to create and identify new products by leveraging our core assets and resources to address evolving consumer needs
 - Commercial expansion – we have developed and will continue to deploy our commercial expansion model to address opportunities in new markets

SUMMARY

- Inorganic growth through regional M&A in Asia Pacific growth markets
- Business transformation enabled by technology
- Enhance reputation and license to operate
- Continue to maintain operational excellence and drive operational leverage
- Continue to invest in our people pipeline

For further details, see “*Business – Strategy.*”

RISK FACTORS

Our business is subject to numerous risks and there are risks relating to an investment in the Shares. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read “*Risk Factors*” in its entirety before you decide to invest in the Shares.

Some of the primary risks we face include the following:

- Our business and results of operations are affected by changes in regional and global economic conditions and certain risks common to the beer industry.
- We are exposed to political and regulatory risks associated with operating in highly regulated markets across Asia Pacific.
- Competition and changing consumer preferences could lead to a reduction in our margins, increase costs and adversely affect our profitability.
- We rely on the reputation of our brands, including brands licensed from AB InBev, and our marketing efforts may be restricted by regulations.
- AB InBev, our controlling shareholder, is currently involved in many aspects of our business, including the licensing of intellectual property rights, the export and production of AB InBev products for sale in the Asia Pacific region, and the negotiation of global procurement and strategic services agreements, and we are subject to risks associated with AB InBev’s global business.
- We have significant amounts of goodwill and intangible assets recorded on our balance sheet. An impairment of goodwill or other intangible assets would adversely affect our financial condition and results of operations.
- We are subject to risks from our participation in certain Cash Pooling Arrangements with the AB InBev Group.

RELATIONSHIP WITH AB INBEV, OUR CONTROLLING SHAREHOLDER

AB InBev is our controlling shareholder. As a result of the Reorganization and Global Offering, our Company will become a separately listed entity. No regulatory or shareholder approvals are required by AB InBev in connection with the Global Offering. On the Listing Date, AB InBev will indirectly control approximately 90.15% of our Shares (assuming the Offer Size Adjustment Option is not exercised at all). Following Listing, AB

SUMMARY

InBev will focus on the production, export, distribution and sale of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages outside of the APAC Territories. See “*Relationship with AB InBev*” for further details.

The reasons for, and benefits of, the Listing of a minority stake in the Group include: (a) creating value for Shareholders by offering the opportunity to directly participate in one of the most attractive beer markets globally and exposure to the largest regional brewer with a strong track record of growth and industry-leading profitability, (b) greater flexibility for us to pursue regional M&A in Asia Pacific, (c) creating a leading regional FMCG company with a local identity and local stakeholders and an agile and adaptive organization with more localized decision making, and (d) enhancing our ability to attract and retain local talent.

Delineation of Business

In order to limit future competition between our Group and the AB InBev Group, the AB InBev Group and our Group have entered into the Deed of Non-competition, which provides that the AB InBev Group will not, except through our Group, carry on, engage in or make any investment in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages within the APAC Territories, subject to certain limited exceptions, and our Group will not, except through the AB InBev Group, engage in or make any investment in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages outside the APAC Territories, subject to certain limited exceptions.

Both the AB InBev Group and our Group have agreed to refer to each other investment opportunities with respect to the other party’s territories in accordance with certain agreed procedures.

The Deed of Non-competition will terminate if AB InBev ceases to be interested in more than 50% of the shares in our Company, any other shareholder holds 30% or more of the shares of our Company or the shares of our Company cease to be listed on the Stock Exchange.

Arrangements with AB InBev

More than 40% of our net revenue is derived from brands, such as Budweiser, Stella Artois and Corona, that we import from AB InBev for sale or that we brew and sell under licenses from AB InBev. We require AB InBev to continue to export these products to us and to provide us with the rights to brew and sell these brands, which are core to our business. In order to maintain the rights to import, produce and sell these brands, we have entered into long-term licenses with AB InBev on arm’s-length terms.

In order to benefit from AB InBev’s global industry experience and knowledge, economies of scale and bargaining power, we have also entered into agreements with AB InBev on arm’s length terms with respect to cash pooling arrangements, the provision of strategic, procurement and administrative services and cost reimbursement between our Group and the AB InBev Group, as well as the provision of certain loans and guarantees by the AB InBev Group to our Group.

SUMMARY

The key terms of the agreements above that constitute Non-exempt Continuing Connected Transactions are summarized in the table below.

Transaction	Term	Pricing Policies	Annual Caps
Licenses granted to the Group to import the AB InBev Group's products for sale in the APAC Territories	25 years	Product cost plus mark-up covering indirect costs, distribution royalty and exporter margin	N/A
Licenses granted to the Group to manufacture the AB InBev Group's products for sale in the APAC Territories	25 years	Royalty assessed as a percentage of net sales determined based on a benchmark transfer pricing report	N/A
Deposits in the cash pooling arrangements of the AB InBev Group	8 years	Deposit interest rates offered by the Pooling Agent	2019:USD1.95 billion 2020:USD1.95 billion 2021:USD2.45 billion 2022:USD2.85 billion 2023:USD2.85 billion 2024:USD3 billion 2025:USD3.25 billion 2026:USD3.5 billion
Strategic services provided to the Group	10 years	Cost plus mark up in accordance with accepted methods of transfer pricing For technical value engineering projects provided under innovation and R&D services, 50% of savings generated by such technological innovations	2019:USD34 million 2020:USD44 million 2021:USD55 million
Procurement services provided to the Group	10 years	50% of realized and demonstrated annual cost savings capped by 6% of the service recipient's annual strategic spend categories	2019: USD59 million 2020: USD71 million 2021: USD85 million
Administrative services provided to the Group	3 years	Cost plus mark up in accordance with accepted methods of transfer pricing	Included under annual caps for Strategic services provided to the Group

See "*Connected Transactions*" for details of the Non-exempt Continuing Connected Transactions as well as the fully exempt continuing connected transactions.

SUMMARY

FINANCIAL AND OPERATIONAL INFORMATION

Selected Combined Income Statements

	Year ended 31 December				Three months ended 31 March			
	2017		2018		2018		2019	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(USD millions, except volumes) (unaudited)							
Operating Data:								
Volumes (thousand hectoliters)	93,966	N/A	96,245	N/A	22,311	N/A	22,116	N/A
Income Statement Data:								
Revenue	6,099	100.0%	6,740	100.0%	1,584	100.0%	1,606	100.0%
Cost of sales	(2,944)	(48.3)%	(3,240)	(48.1)%	(799)	(50.4)%	(776)	(48.3)%
Gross Profit	3,155	51.7%	3,500	51.9%	785	49.6%	830	51.7%
Selling, general and administrative expenses ⁽¹⁾	(2,321)	(38.1)%	(2,356)	(35.0)%	(514)	(32.4)%	(485)	(30.2)%
Other operating income/(expenses)	133	2.2%	154	2.3%	39	2.5%	27	1.7%
Profit from operations before non-recurring items	967	15.9%	1,298	19.3%	310	19.6%	372	23.2%
Non-recurring items	(45)	(0.7)%	(42)	(0.6)%	(8)	(0.5)%	(16)	(1.0)%
Profit from operations	922	15.1%	1,256	18.6%	302	19.1%	356	22.2%
Net finance cost	(51)	(0.8)%	(18)	(0.3)%	(24)	(1.5)%	(6)	(0.4)%
Share of results of associates	8	0.1%	17	0.3%	1	0.1%	2	0.1%
Profit before tax	879	14.4%	1,255	18.6%	279	17.6%	352	21.9%
Income tax expense	(307)	(5.0)%	(296)	(4.4)%	(66)	(4.2)%	(112)	(7.0)%
Profit of the period	572	9.4%	959	14.2%	213	13.4%	240	14.9%
Non-IFRS Financial Measures:								
Normalized EBITDA⁽²⁾	1,652	27.1%	1,994	29.6%	479	30.2%	558	34.7%

(1) Selling, general and administrative expenses represent our distribution expenses, sales and marketing expenses and administrative expenses.

(2) See “– Non-IFRS Financial Measures – Normalized EBITDA” below for a reconciliation of Normalized EBITDA to profit of the period.

SUMMARY

Selected Segment Financial and Operational Information

Volumes

Thousand hectoliters	2017	Scope ⁽¹⁾	Organic growth ⁽¹⁾	2018	Organic growth %
Asia Pacific East	13,855	6	259	14,120	1.9%
Asia Pacific West	80,111	18	1,996	82,125	2.5%
Total	93,966	24	2,255	96,245	2.4%

Thousand hectoliters	1Q2018	Scope ⁽¹⁾	Organic growth ⁽¹⁾	1Q2019	Organic growth %
Asia Pacific East	3,147	–	73	3,220	2.3%
Asia Pacific West	19,164	–	(268)	18,896	(1.4)%
Total	22,311	–	(195)	22,116	(0.9)%

Revenue

USD millions	2017	Scope ⁽¹⁾	Currency translation ⁽¹⁾	Organic growth ⁽¹⁾	2018	Organic growth %
Asia Pacific East	1,462	3	53	67	1,585	4.6%
Asia Pacific West	4,637	1	134	383	5,155	8.3%
Total	6,099	4	187	450	6,740	7.4%

USD millions	1Q2018 (unaudited)	Scope ⁽¹⁾	Currency translation ⁽¹⁾	Organic growth ⁽¹⁾	1Q2019	Organic growth %
Asia Pacific East	344	–	(15)	29	358	8.6%
Asia Pacific West	1,240	–	(77)	85	1,248	6.9%
Total	1,584	–	(92)	114	1,606	7.2%

Note:

- (1) The term “**organic**” means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations and scopes. “**Scope**” represents the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider part of the underlying performance of the business. See “*Financial Information – Selected Financial Figures.*”

SUMMARY

Non-IFRS Financial Measures

Profit from operations before non-recurring items (Normalized EBIT)

USD millions	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Normalized EBIT	967	(1)	43	289	1,298	29.9%

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Normalized EBIT	310	–	(22)	84	372	27.2%

Normalized EBITDA

USD millions	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Asia Pacific East	512	–	17	20	549	4.0%
Asia Pacific West	1,140	(1)	46	260	1,445	22.8%
Total	1,652	(1)	63	280	1,994	16.9%

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Asia Pacific East	110	–	(6)	23	127	20.7%
Asia Pacific West	369	–	(25)	87	431	23.7%
Total	479	–	(31)	110	558	23.1%

Normalized EBITDA is a non-IFRS measure. We believe Normalized EBITDA facilitates comparisons of our operating performance across our business units from period to period. In comparison to profit of the year, Normalized EBITDA excludes items which do not impact the day-to-day operation of our primary business (that is, the selling of beer and other operational businesses) and over which management has little control. For a detailed discussion of how we use Normalized EBITDA and its limitations, and a table showing the calculation of our Normalized EBITDA for the periods shown, see “Financial Information – Review of Historical Results of Operations – Three Months Ended 31 March 2019 (“1Q2019”) Compared to Three Months Ended 31 March 2018 (“1Q2018”) – Normalized EBITDA” and “Financial Information – Review of Historical Results of Operations – Year Ended 31 December 2018 Compared to Year Ended 31 December 2017 – Normalized EBITDA.”

SUMMARY

The following table reconciles our Normalized EBITDA to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit of the period, for the periods indicated:

	Year ended 31 December 2017	Year ended 31 December 2018	Three months ended 31 March 2018	Three months ended 31 March 2019
	(USD millions) (unaudited)			
Profit attributable to equity holders of the Company	574	958	213	240
Non-controlling interest	(2)	1	–	–
Profit of the period	572	959	213	240
Income tax expense	320	305	77	113
Share of results of associates ⁽¹⁾	(8)	(17)	(1)	(2)
Net finance cost (including non-recurring finance cost)	51	18	24	6
Non-recurring income tax benefit	(13)	(9)	(11)	(1)
Non-recurring items above EBIT (including non-recurring costs) ⁽²⁾	45	42	8	16
Normalized EBIT	967	1,298	310	372
Depreciation, amortization and impairment (excluding non-recurring impairment)	685	696	169	186
Normalized EBITDA	<u>1,652</u>	<u>1,994</u>	<u>479</u>	<u>558</u>

(1) Share of results of associates consists of the results of our investment in Zhujiang for the periods indicated. As we do not exercise control over Zhujiang or its day-to-day operation, our management does not consider the performance of Zhujiang to be indicative of our underlying business performance, which is the selling of beer and other operational businesses, rather than investment in beer companies.

(2) For the years ended 31 December 2017 and 2018, non-recurring items above EBIT (including non-recurring costs) consists of certain non-recurring restructuring costs (USD45 million and USD39 million) and acquisition and integration costs (nil and USD3 million), respectively, as detailed under “Financial Information – Review of Historical Results of Operations – Year Ended 31 December 2018 Compared to Year Ended 31 December 2017 – Non-recurring Items,” which our management does not consider to be items that drive our underlying business performance.

SUMMARY

For the three months ended 31 March 2018 and 2019, non-recurring items above EBIT (including non-recurring costs) consists of certain restructuring costs (USD8 million and USD1 million) and costs associated with the Listing (nil and USD15 million), respectively, as detailed under “Financial Information – Review of Historical Results of Operations – Three Months Ended 31 March 2019 (“1Q2019”) Compared to Three Months Ended 31 March 2018 (“1Q2018”) – Non-recurring Items,” which our management does not consider to be items that drive our underlying business performance.

Selected Combined Statements of Financial Position Data

USD millions	As at 31 December		As at 31 March
	2017	2018	2019
Current assets	2,873	2,680	2,892
Current liabilities	(4,544)	(4,468)	(4,369)
Net current liabilities	(1,671)	(1,788)	(1,477)
Non-current assets	13,887	13,182	13,132
Non-current liabilities	(1,869)	(1,222)	(1,238)
Total equity	10,347	10,172	10,417

As at 31 March 2019 and 31 December 2018, our balance sheet included USD6.7 billion of goodwill, representing approximately 42% of our total assets, and USD1.7 billion of other intangible assets, representing approximately 11% of our total assets. Any impairment of goodwill or other intangible assets would adversely affect our financial condition and results of operations.

We consider our net current liabilities position mainly a result of our business model and the way we choose to finance our business. The net current liability position is predominantly due to our level of trade payables, which is common in the FMCG sector. We finance working capital through trade creditors, on what we believe to be generally favorable credit terms, whereas our inventory and receivables cycles are shorter. During the Track Record Period, surplus cash generated from operations was extracted from the Group via transfer into the physical cash pool with AB InBev or dividend payments. Given our strong operating cash inflow, financial performance and available cash resources, we believe that our net current liabilities position does not indicate any issues with our liquidity position.

Selected Cash Flow Data

	Year ended 31 December		Three months ended 31 March	
	2017	2018	2018	2019
	(USD millions) (unaudited)			
Cash flow from operating activities	1,331	1,684	258	36
Cash flow used in investing activities	(532)	(472)	(64)	(66)
Cash flow from/(used) in financing activities	(187)	(1,237)	(355)	4
Net increase/(decrease) in cash and cash equivalents	612	(25)	(161)	(26)

SUMMARY

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The statistics in the following table are based on the assumption that neither the Offer Size Adjustment Option nor the Over-allotment Option for the Global Offering is exercised:

Unaudited pro forma adjusted net tangible assets per Share	=	HKD0.35 (based on an offer price of HKD27.00 per Share)
		HKD0.35 (based on an offer price of HKD30.00 per Share)

See “Appendix II – Unaudited Pro Forma Financial Information” for further details.

USE OF PROCEEDS

The Company will use the entire net proceeds from the Global Offering to satisfy loans due to AB InBev’s subsidiaries to complete the Reorganization. For further details, see “Future Plans and Use of Proceeds.”

LISTING EXPENSES

Total expenses (including underwriting commissions and the discretionary incentive fee, if any, and assuming the Offer Price is the mid-point of the Offer Price Range and neither the Offer Size Adjustment Option nor the Over-allotment Option is exercised) expected to be incurred in relation to the Listing are USD127 million, of which approximately USD53 million is expected to be charged to the combined income statement of the Group and approximately USD74 million is expected to be capitalized. As of 30 June 2019, we incurred USD39 million of expenses relating to the Listing, of which USD35 million has been charged to the combined income statement of the Group and USD4 million has been treated as a prepayment to be capitalized upon the Listing.

DIVIDEND POLICY

Our current dividend policy is to declare a dividend representing in aggregate at least 25% of our consolidated profit attributable to our equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

Final dividends are approved at our annual shareholders’ meeting and are paid on the dates appointed by our Board. Our Board may pay an interim dividend in accordance with Cayman Islands law. Any dividends will be paid on the dates communicated by the Board of Directors.

RECENT DEVELOPMENTS

As far as the Directors are aware, there have not been any material changes in our operations, nor in the general economic and market conditions in the regions or the industries in which we operate, that materially and adversely affected our business operations or financial condition since 31 March 2019 and up to the date of this prospectus.

On 18 December 2018, we entered into an agreement with Jebsen Beverage Company Limited in relation to sales of Blue Girl beer in the PRC. This transaction will not result in any material change to our financial position since the end of our Track Record Period. Completion of the transaction took place on 30 May 2019. See “Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Post Track Record Period Acquisition” for additional details.

SUMMARY

We expect our combined income statement in 2019 will be affected by certain charges in relation to the Listing. Such charges include a portion of the Listing expenses and tax charges resulting from the Reorganization pre-Listing. Such charges will be reflected in our combined income statement as non-recurring items.

Set forth below are certain material developments in our business and results of operations after 31 March 2019, which is the end of the Track Record Period. The financial information disclosed below is derived from the unaudited consolidated financial information for the six months ended 30 June 2019.

Six Months Ended 30 June 2019 (“1H2019”) Compared to Six Months Ended 30 June 2018 (“1H2018”)

Selected Segment Financial and Operational Information

Volumes

Thousand hectoliters	1H2018	Scope	Organic growth	1H2019	Organic growth %
Asia Pacific East	6,959	(145)	(64)	6,750	(0.9)%
Asia Pacific West	43,354	113	12	43,479	0.0%
Total	50,313	(32)	(52)	50,229	(0.1)%

Revenue

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Asia Pacific East	772	(12)	(49)	33	744	4.3%
Asia Pacific West	2,739	19	(179)	199	2,778	7.3%
Total	3,511	7	(228)	232	3,522	6.6%

Non-IFRS Financial Measures

Profit from operations before non-recurring items (Normalized EBIT)

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Normalized EBIT	746	3	(58)	184	875	24.8%

Normalized EBITDA

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Asia Pacific East	255	(3)	(18)	29	263	11.7%
Asia Pacific West	829	6	(62)	182	955	22.0%
Total	1,084	3	(80)	211	1,218	19.5%

SUMMARY

Normalized EBITDA is a non-IFRS measure. We believe Normalized EBITDA facilitates comparisons of our operating performance across our business units from period to period. In comparison to profit of the year, Normalized EBITDA excludes items which do not impact the day-to-day operation of our primary business (that is, the selling of beer and other operational businesses) and over which management has little control. For a detailed discussion of how we use Normalized EBITDA and its limitations, and a table showing the calculation of our Normalized EBITDA for the periods shown, see “*Financial Information – Recent Developments of Our Business Subsequent to the Track Record Period and Outlook – Six Months Ended 30 June 2019 (“1H2019”) Compared to Six Months Ended 30 June 2018 (“1H2018”) – Normalized EBITDA*” and “*Financial Information – Review of Historical Results of Operations – Year Ended 31 December 2018 Compared to Year Ended 31 December 2017 – Normalized EBITDA.*”

The following table reconciles our Normalized EBITDA to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit of the period, for the periods indicated:

	Six months ended 30 June 2018	Six months ended 30 June 2019
	<i>(USD millions)</i>	
	(unaudited)	
Profit attributable to equity holders of the Company	571	606
Non-controlling interest	–	(2)
Profit of the period	571	604
Income tax expense	174	246
Share of results of associates ⁽¹⁾	(7)	(8)
Net finance cost (including non-recurring finance cost)	20	(5)
Non-recurring income tax benefit	(23)	(1)
Non-recurring items above EBIT (including non-recurring costs) ⁽²⁾	11	39
Normalized EBIT	746	875
Depreciation, amortization and impairment (excluding non-recurring impairment)	338	343
Normalized EBITDA	1,084	1,218

(1) Share of results of associates consists of the results of our investment in Zhujiang for the periods indicated. As we do not exercise control over Zhujiang or its day-to-day operation, our management does not consider the performance of Zhujiang to be indicative of our underlying business performance, which is the selling of beer and other operational businesses, rather than investment in beer companies.

(2) Non-recurring items above EBIT (including non-recurring costs) consists of certain restructuring costs (USD11 million and USD4 million) and costs associated with initial public offering (nil and USD35 million) for the six months ended 30 June 2018 and 2019, respectively, as detailed below under “*Financial Information – Recent Developments of Our Business Subsequent to the Track Record Period and Outlook – Six Months Ended 30 June 2019 (“1H2019”) Compared to Six Months Ended 30 June 2018 (“1H2018”) – Non-recurring Items,*” which our management does not consider to be items that drive our underlying business performance.

SUMMARY

Selected Combined Statements of Financial Position Data

USD millions	As at 30 June 2019 (unaudited)
Current assets	2,317
Current liabilities	(4,802)
Net current liabilities	(2,485)
Non-current assets	13,350
Non-current liabilities	(1,575)
Total equity	9,290

As at 30 June 2019, our balance sheet included USD6.8 billion of goodwill, representing approximately 44% of our total assets, and USD1.9 billion of other intangible assets, representing approximately 12% of our total assets. Any impairment of goodwill or other intangible assets would adversely affect our financial condition and results of operations. During the three month period ended 30 June 2019, the net assets of the Group have reduced to USD9,290 million primarily as a result of profit for the period offset by the payment of dividends and the initial steps of the Reorganization being executed, including USD(461) million movement in contribution related to the net impact of the legal transfer of certain businesses into our Group.

We consider our net current liabilities position mainly a result of our business model and the way we choose to finance our business. The net current liability position is predominantly due to our level of trade payables, which is common in the FMCG sector. We finance working capital through trade creditors, on what we believe to be generally favorable credit terms, whereas our inventory and receivables cycles are shorter. During the Track Record Period, surplus cash generated from operations was extracted from the Group via transfer into the physical cash pool with AB InBev or dividend payments. Given our strong operating cash inflow, financial performance and available cash resources, we believe that our net current liabilities position does not indicate any issues with our liquidity position.

Selected Cash Flow Data

	Six months ended 30 June	
	2018	2019
	<i>(USD millions)</i> (unaudited)	
Cash flow from operating activities	780	819
Cash flow used in investing activities	(177)	(360)
Cash flow used in financing activities	(596)	(1,093)
Net increase/(decrease) in cash and cash equivalents	7	(634)

SUMMARY

KEY STATISTICS OF GLOBAL OFFERING

Global Offering	<p>Global offering of initially 1,262,350,000 Offer Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option) comprising the following:</p> <ul style="list-style-type: none">• the Hong Kong Public Offering of 63,118,000 Shares (subject to reallocation and the Offer Size Adjustment Option); and• the International Offering of 1,199,232,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
Offer Size Adjustment Option	<p>Up to 464,952,000 additional Offer Shares representing in aggregate up to 36.8% of the initial number of Offer Shares at the Offer Price to cover additional market demand if any</p>

Whether the Offer Size Adjustment Option is exercised or not, as at the end of the Over-allotment Option exercise period (which is 30 days after the last day for lodging applications under the Hong Kong Public Offering), the total number of issued Shares will be the same, and accordingly there will be no dilution effect on an investor's potential shareholding as at the end of such period. See "*History, Development and Reorganization – 7. Transfer of the South Korea Business in the Group*", "*History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan*" and "*Share Capital*"

Note: The additional Offer Shares will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering as determined after the application of the clawback arrangements. However, If the Hong Kong Public Offering is fully subscribed with no over-subscription, the additional Offer Shares pursuant to the Offer Size Adjustment Option will all be allocated to the International Offering due to insufficient demand in the Hong Kong Public Offering. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be approximately 3.65%. See "*Structure of the Global Offering – Offer size Adjustment Option*" for further details

SUMMARY

Over-allotment Option	Up to 189,352,000 additional Offer Shares representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering (assuming the Offer Size Adjustment Option is not exercised) or up to 259,095,000 additional Offer Shares representing not more than 15% of the number of Offer Shares being offered under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full) to be issued upon exercise
Offer Price Range	HKD27.00 to HKD30.00
Market Capitalization at Listing	Expected to be between HKD352,459.2 million (based on the Minimum Offer Price) and HKD391,621.4 million (based on the Maximum Offer Price) (assuming neither the Offer Size Adjustment Option nor the Over-allotment Option is exercised) Expected to be between HKD350,576.2 million (based on the Minimum Offer Price) and HKD389,529.1 million (based on the Maximum Offer Price) (assuming the Offer Size Adjustment Option is fully exercised and the Over-allotment Option is not exercised)
Board Lot	100 Shares

PAYMENT OF NET PROCEEDS FROM THE GLOBAL OFFERING AND ANY EXERCISE OF THE OVER-ALLOTMENT OPTION

Under the terms of the Share Issuance Agreement, the entire net proceeds from any exercise of the Over-allotment Option will be used to repay our obligations to APAC HoldCo 2 under the Shareholder Loan. To the extent the Over-allotment Option is not exercised in full, at the end of the Over-allotment Option exercise period, we will issue the same number of Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan. See “*History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and any exercise of the Over-Allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan*” for a detailed description.

SUMMARY

The following tables set out the shareholding structure of the Company showing the effect of the exercise of the Over-allotment Option in full (a) assuming the Offer Size Adjustment Option is not exercised at all and (b) assuming the Offer Size Adjustment Option is exercised in full:

(a) Assuming the Offer Size Adjustment Option is not exercised at all

This table reflects the shareholding structure of the Company assuming the Offer Size Adjustment Option is not exercised at all: (a) as at the Listing Date; (b) as at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all; and (c) as at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full.

	As at the Listing Date (assuming the Offer Size Adjustment Option is not exercised at all)		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all ⁽¹⁾		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full ⁽²⁾	
	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital
APAC HoldCo 2	11,768,695,000	90.15	11,958,047,000	90.29	11,768,695,000	88.86
Trustee	23,000,000	0.18	23,000,000	0.17	23,000,000	0.17
Public shareholders	1,262,350,000	9.67	1,262,350,000	9.53	1,451,702,000	10.96
Total	13,054,045,000	100.00	13,243,397,000	100.00	13,243,397,000	100.00

(b) Assuming the Offer Size Adjustment Option is exercised in full

This table reflects the shareholding structure of the Company assuming the Offer Size Adjustment Option is exercised in full: (a) as at the Listing Date; (b) as at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all; and (c) as at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full.

	As at the Listing Date (assuming the Offer Size Adjustment Option is exercised in full)		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all ⁽¹⁾		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full ⁽²⁾	
	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital
APAC HoldCo 2	11,234,000,000	86.52	11,493,095,000	86.78	11,234,000,000	84.83
Trustee	23,000,000	0.18	23,000,000	0.17	23,000,000	0.17
Public shareholders	1,727,302,000	13.30	1,727,302,000	13.04	1,986,397,000	15.00
Total	12,984,302,000	100.00	13,243,397,000	100.00	13,243,397,000	100.00

(1) Assuming the Over-allotment Option is not exercised at all, under the Share Issuance Agreement, the Company will issue the same number of Shares to APAC HoldCo 2 as would have been issued had the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan.

SUMMARY

- (2) Assuming the Over-allotment Option is exercised in full, the Shareholder Loan will be repaid in full from the net proceeds received therefrom and so no new Shares will be issued to APAC HoldCo 2 under the Share Issuance Agreement at all.

WAIVERS AND EXEMPTION

Shorter Trading Record Period

The Company has applied to the Stock Exchange and the SFC, and has been granted, a waiver under the Listing Rules and a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance respectively such that the Company can present a shorter trading record period in this prospectus covering financial information (as well as the relevant business and operational data) for only the two most recent financial years immediately preceding the issue of this prospectus being the two years ended 31 December 2017 and 2018.

This waiver and exemption was granted on the basis that AB InBev's business combination with SAB in October 2016 constituted exceptional circumstances such that: (1) our 2016 financial information would not have been a meaningful or useful comparison to the two most recent financial years immediately preceding the issue of this prospectus; (2) the non-disclosure of the 2016 financial information would not be prejudicial to the interests of the investing public; and (3) the preparation of the 2016 financial information would have been unduly burdensome.

The Company is applying for Listing using the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. In light of AB InBev's combination with SAB in 2016, the Company is not able to satisfy the management continuity for at least the three preceding financial years, but it has complied with Rule 8.05A(1) and (2) of the Listing Rules. See "*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Shorter Trading Record period – Satisfaction of the Market Capitalization/Revenue Test.*"

Public Float Requirements

We have applied to the Stock Exchange, and have been granted, a waiver such that the minimum public float may be any of the following depending on the extent to which the Offer Size Adjustment Option and/or the Over-allotment Option is exercised:

	<u>If the Offer Size Adjustment Option is not exercised</u>	<u>If the Offer Size Adjustment Option is partially exercised</u>	<u>If the Offer Size Adjustment Option is exercised in full</u>
If the Over-allotment Option is not exercised	9.53% of the total issued share capital of the Company	such percentage of shares to be held by the public immediately after the completion of the Global Offering as decreased by the issuance of new shares to ParentCo's subsidiary under the Share Issuance Agreement	13.04% of the total issued share capital of the Company

SUMMARY

	<u>If the Offer Size Adjustment Option is not exercised</u>	<u>If the Offer Size Adjustment Option is partially exercised</u>	<u>If the Offer Size Adjustment Option is exercised in full</u>
If the Over-allotment Option is partially exercised	<p>such percentage of Shares to be held by the public immediately after the completion of the Capitalization Issue and the Global Offering:</p> <ul style="list-style-type: none"> • as increased by the new shares to be issued upon any partial exercise of the Over-allotment Option and • then decreased by the issuance of the same number of new Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan (see “<i>History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan</i>”) 		
If the Over-allotment Option is exercised in full	<p>approximately 10.96% of the total enlarged issued share capital of the Company</p>	<p>such percentage of shares to be held by the public immediately after the completion of the Global Offering as increased from the issuance of additional shares to public shareholders</p>	<p>approximately 15.00% of the total enlarged issued share capital of the Company</p>

See “*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO*” for a description of all waivers.

OVERVIEW OF THE GLOBAL OFFERING

Company	Budweiser Brewing Company APAC Limited (百威亞太控股有限公司)
Global Offering	<p>Global offering of initially 1,262,350,000 Offer Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option) comprising the following:</p> <ul style="list-style-type: none">• the Hong Kong Public Offering of 63,118,000 Shares (subject to reallocation and the Offer Size Adjustment Option); and• the International Offering of 1,199,232,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
Offer Size Adjustment Option	An option of up to 464,952,000 additional Offer Shares representing in aggregate up to 36.8% of the initial number of Offer Shares at the Offer Price to cover additional market demand if any. See “ <i>Structure of the Global Offering – Offer Size Adjustment Option</i> ” for further details
Over-allotment Option	An Over-allotment Option of up to 189,352,000 additional Offer Shares representing not more than approximately 15% of the number of Offer Shares initially being offered under the Global Offering (assuming the Offer Size Adjustment Option is not exercised) or up to 259,095,000 additional Offer Shares representing not more than 15% of the number of Offer Shares being offered under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full)
Offer Price Range	HKD27.00 to HKD30.00
Price Determination Date	The Offer Price is expected to be determined on or about Monday, 23 September 2019 and, in any event, not later than Wednesday, 25 September 2019
Lock-up Undertakings	<ul style="list-style-type: none">• The Company – no issuance of new Shares for six months from the Listing Date, except pursuant to the Reorganization, the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-allotment Option and pursuant to the Share Issuance Agreement to the extent that the Over-allotment Option is not exercised in full) and the Share Award Schemes. See “<i>History, Development and Reorganization</i>” and “<i>Appendix V – Statutory and General Information</i>” for further details

OVERVIEW OF THE GLOBAL OFFERING

	<ul style="list-style-type: none">• Each of the Controlling Shareholders – six months absolute lock-up and six months lock-up on disposal of Shares that would result in it ceasing to be a controlling shareholder of the Company
Market Capitalization at Listing	<p>Expected to be between HKD352,459.2 million (based on the Minimum Offer Price) and HKD391,621.4 million (based on the Maximum Offer Price) (assuming both the Offer Size Adjustment Option and the Over-allotment Option are not exercised); or</p> <p>Expected to be between HKD350,576.2 million (based on the Minimum Offer Price) and HKD389,529.1 million (based on the Maximum Offer Price) (assuming the Offer Size Adjustment Option is fully exercised and the Over-allotment Option is not exercised)</p>
Board Lot	100 Shares
Listing and Trading	Expected to commence on Monday, 30 September 2019

See “*Underwriting*” and “*Structure of the Global Offering*” for further details.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group.

The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION AND REPRESENTATION

The Company has issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering.

This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should only rely on the information contained in this prospectus and the Application Forms to make your investment decision.

Neither the Company nor any of the Relevant Persons has authorized anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus.

No representation is made that there has been no change or development reasonably likely to involve a change in the Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as at any date subsequent to its date.

FORWARD-LOOKING STATEMENTS

There are statements in this prospectus, such as statements that include the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "anticipate," "estimate," "project," "may," "might," "could," "believe," "expect," "plan," "potential," "we aim," "our goal," "our vision," "we intend" or similar expressions that are forward-looking statements. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those suggested by these statements due to, among others, the risks or uncertainties listed below.

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside our control and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others:

- local, regional, national and international economic conditions, including the risks of a global recession or a recession in one or more of our key markets, and the impact they may have on us and our customers and our assessment of that impact;
- financial risks, such as interest rate risk, foreign exchange rate risk, commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, liquidity risk, inflation or deflation;
- continued geopolitical instability, which may result in, among other things, economic and political sanctions and currency exchange rate volatility, and which may have a substantial impact on the economies of one or more of our key markets;
- changes in government policies and currency controls;
- our ability to obtain the necessary funding for our future capital or refinancing needs;
- changes in applicable laws, regulations and taxes in jurisdictions in which we operate, including the laws and regulations governing our operations and changes to tax benefit programs, as well as actions or decisions of courts and regulators;
- limitations on our ability to contain costs and expenses;
- our expectations with respect to expansion plans, premium growth, accretion to reported earnings, working capital improvements and investment income or cash flow projections;
- our ability to continue to introduce competitive new products and services on a timely, cost-effective basis;
- the effects of competition and consolidation in the markets in which we operate, which may be influenced by regulation, deregulation or enforcement policies;
- changes in consumer spending;
- changes in pricing environments;
- volatility in the prices of raw materials, commodities and energy;
- difficulties in maintaining relationships with employees;
- regional or general changes in asset valuations;

RESPONSIBILITY STATEMENT AND FORWARD-LOOKING STATEMENTS

- greater than expected costs (including taxes) and expenses;
- the risk of unexpected consequences resulting from acquisitions, joint ventures, strategic alliances, corporate reorganizations or divestiture plans, and our ability to successfully and cost-effectively implement these transactions and integrate the operations of businesses or other assets we have acquired;
- the outcome of pending and future litigation, investigations and governmental proceedings;
- natural and other disasters;
- any inability to economically hedge certain risks;
- inadequate impairment provisions and loss reserves;
- technological changes and threats to cybersecurity;
- our dividend payout;
- general political, economic, legal and social conditions in our principal markets and other Asia Pacific markets in which we operate;
- regulatory changes affecting, among other things, the brewing industry, food and beverage industry, accounting standards and taxes pertaining to Asia Pacific and for the industries and markets in which we operate;
- our success in managing the risks involved in the foregoing;
- other statements included in this prospectus that are not historical; and
- other factors beyond our control.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in “*Risk Factors*.”

In this prospectus, statements of or references to our intentions or that of any of the Directors are made as at the date of this prospectus. Any of these intentions may change in light of future developments.

RISK FACTORS

An investment in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all other information contained in this prospectus, before deciding whether to invest in the Shares. If any of the following events occur or if these risks or any additional risks not currently known to the Group or which it now deems immaterial risks materialize, the business, financial condition, results of operations and/or the Group's ability to meet its financial obligations could be materially and adversely affected.

The market price of the Shares could fall significantly due to any of these events or risks (or such additional risks) and you may lose your investment.

The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition and results of operations.

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date of this prospectus and is subject to the cautionary statements in "Responsibility Statement and Forward-looking Statements."

RISKS RELATING TO OUR BUSINESS

Our business and results of operations are affected by changes in regional and global economic conditions and certain risks common to the beer industry.

Our business is affected by the global economy and the typically more volatile economics of emerging markets. Any adverse economic developments in Asia Pacific, whether as a result of a global recession or a recession in one or more of our key markets (such as China, South Korea and Asia Pacific generally), credit and capital markets volatility, an economic or financial crisis, or otherwise, could result in reduced consumption or sales prices of our products, which in turn could result in lower revenue and reduced profit. Our financial condition and results of operations, as well as our future prospects, would likely be hindered by an economic downturn in any of our key markets (in particular China and South Korea) or Asia Pacific generally.

Consumption of beer and other alcohol and non-alcohol beverages in many of the jurisdictions in which we operate is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income. Additionally, per capita consumption is inversely related to the sale price of our products.

Besides moving in concert with changes in per capita income, beer and other alcohol and non-alcohol beverage consumption also increases or decreases in accordance with changes in disposable income. Any decrease in disposable income resulting from an increase in inflation, income taxes, the cost of living, unemployment levels, political or economic instability or other factors would likely adversely affect the demand for beer. Moreover, because a substantial portion of our brand portfolio consists of premium and core beers, our volumes and revenue may be impacted to a greater degree than those of some of our competitors, as some consumers may choose to purchase value brands rather than premium or core brands.

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Moreover, the economies of the developing markets in which we operate (including key markets such as China) may be affected by developments in other developing markets and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact on the markets in which we operate. Due to our geographic mix, these factors could affect us more than our competitors with less exposure to developing markets, and any general decline in developing markets as a whole could impact us disproportionately compared to our competitors. The financial risks of operating in developing markets also include risks of illiquidity, inflation, devaluation, price volatility, currency convertibility and country default.

We are exposed to political and regulatory risks associated with operating in highly regulated markets across Asia Pacific.

Our business is highly regulated in the countries in which we operate. The regulations adopted by the authorities in these countries govern many parts of our operations. See *“Taxation and Regulatory Overview”* set out in Appendix III and *“– We could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern our operations”* below. We are required to maintain various approvals, licenses and permits in order to conduct our operations in the various countries in which we do business. In addition to published laws and regulations, in certain countries, our operations may be subject to compliance with unpublished government policies and internal rules. Such approvals, licenses and permits are subject to termination or non-renewal, even in instances where there has been no violation, which could result from a change in the political climate where we operate.

Examples of regulations our Asia Pacific operations are subject to that may be more cumbersome and restrictive than those in other jurisdictions include regulation of brewery licenses and product label approval at the state-level in some parts of India. See *“Taxation and Regulatory Overview”* set out in Appendix III. In certain countries where we operate, labor unions have strong membership and legal protections. See *“– We are exposed to labor strikes and disputes that could lead to a negative impact on our costs and production level”* below.

Our business also faces risks from the political climate in the countries in which we operate. For example, while the PRC economy has been transitioning from a planned economy to a more market-oriented economy, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Changes in public or political sentiment towards foreign business operations in the PRC could result in the PRC government taking any manner of actions, up to and including seizing or nationalizing certain businesses or assets. See *“– Risks Relating to Doing Business in the PRC and Other Countries in which We Operate – As a significant portion of our operations are conducted in the PRC, any adverse change in the PRC’s political, economic or social condition may have a material adverse effect on us”* below.

Our operations in developing markets are subject to the customary risks of operating in developing countries, which include political instability or insurrection, external interference, financial risks, changes in government policy, political and economic changes, excise and other taxes, uncertainties in land title systems, changes in the relations between countries, actions of governmental authorities affecting trade and foreign investment, regulations on repatriation of funds, interpretation and application of local laws and regulations, enforceability of intellectual property and contract rights, local labor conditions and regulations, lack of upkeep of public infrastructure, potential political and economic uncertainty, application of exchange

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controls, nationalization or expropriation, empowerment legislation and policy, corrupt business environments, crime and lack of law enforcement. Such factors could affect our results by causing interruptions to our operations or by increasing the costs of operating in those countries or by limiting our ability to repatriate profits from those countries.

Competition and changing consumer preferences could lead to a reduction in our margins, increase costs and adversely affect our profitability.

We compete with both global and regional brewers and other drinks companies, and our products compete with other beverages. Brewers, as well as other players in the beverage industry, compete mainly on the basis of brand image, price, quality, distribution networks and customer service.

Consolidation has significantly increased the capital base and geographic reach of our competitors in some of the markets in which we operate, and competition is expected to increase further as the trend towards consolidation among companies in the beverage industry continues. Consolidation activity has also increased along our distribution channels – in the case of both on-trade points of sale, such as pub companies, and off-trade retailers, such as supermarkets. Such consolidation could increase the purchasing power of players in our distribution channels. For more information, see “*We depend to a large extent on independent distributors over which we have no control to sell our products to consumers. In addition, we may be adversely impacted by the consolidation of retailers*” below.

Concurrently, competition in the beverage industry is expanding and the market is becoming more fragmented, complex and sophisticated as consumer preferences and tastes change. Such preferences can change rapidly and in unpredictable ways due to a variety of factors, including:

- changing levels of health consciousness among target consumers (including concerns about obesity and alcohol consumption) and resulting changes in behavior;
- changes in prevailing economic conditions;
- changes in the demographic make-up of target consumers;
- changing social trends and attitudes regarding alcohol beverages;
- increased use and acceptance of alternative products and distribution channels;
- changes in travel, vacation or leisure activity patterns;
- negative publicity resulting from regulatory action or litigation against us or comparable companies; or
- a downturn in economic conditions.

Consumers also may begin to prefer the products of competitors or may generally reduce their demand for products across our product categories.

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Competition with brewers and producers of alternative beverages in our various markets in Asia Pacific and an increase in the purchasing power of players in our distribution channels could cause us to reduce pricing, increase capital investment, increase marketing and other expenditures and/or prevent us from increasing prices to recover higher costs, thereby causing us to reduce margins or lose market share. Further, we may not be able to anticipate or respond adequately either to changes in consumer preferences and tastes or to developments in new forms of media and marketing. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Innovation presents inherent risks, and the new products we introduce may not be successful, while competitors may be able to respond more quickly than we can to emerging trends, such as the increasing consumer preference for “craft beers” produced by microbreweries. In recent years, many industries have seen disruption from non-traditional producers and distributors, in many cases, from digital-only competitors. Our business could be negatively affected if we are unable to anticipate changing consumer preference for such platforms.

Additionally, the absence of level playing fields in some Asia Pacific markets and the lack of transparency, or even certain unfair or illegal practices, such as tax evasion and corruption, may skew the competitive environment in favor of our competitors with material adverse effects on our profitability or ability to operate.

We rely on the reputation of our brands, including brands licensed from AB InBev, and our marketing efforts may be restricted by regulations.

Our success depends on our ability to maintain and enhance the image and reputation of our existing products and to develop a favorable image and reputation for new products. The image and reputation of our products may be affected in the future and concerns about product quality, even when unfounded, could tarnish the image and reputation of our products. An event, or series of events, that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Restoring the image and reputation of our products may be costly and may not be possible.

A substantial portion of our revenue is derived from globally available brands that we brew or import and sell under license from AB InBev. As such, the reputation and strength of these brands in our regions may be influenced by AB InBev’s global marketing campaigns and product innovations, and are therefore out of our control. Furthermore, adverse events with respect to these brands outside of our regions could negatively influence the perception of these brands within our regions.

Moreover, our marketing efforts are subject to restrictions on the permissible advertising style, media channels and messages used. In a number of countries, for example in India, television is a prohibited medium for advertising beer and other alcohol beverage products, and in other countries such as China and South Korea, television and other forms of advertising, while permitted, are carefully regulated by a number of advertising codes and applicable laws. Any additional restrictions in such countries, or the introduction of similar restrictions in other countries, may constrain our brand building potential and thus reduce the value of our brands and related revenues.

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If any of our products is defective or found to contain contaminants, we may be subject to product recalls or other associated liabilities.

Despite the precautions we take, in the event that any failure to comply with accepted food safety and regulatory standards (such as a contamination or a defect) does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on our business, reputation, prospects, financial condition and results of operations.

Although we maintain insurance against certain product liability (but not product recall) risks, we may not be able to enforce our rights in respect of these policies, and, in the event that contamination or a defect occurs, any amounts that we recover under our policies may not be sufficient to offset any damage we may suffer, which could adversely impact our business, results of operations and financial condition.

We depend to a large extent on independent distributors over which we have no control to sell our products to consumers. In addition, we may be adversely impacted by the consolidation of retailers.

We depend on effective distribution networks to deliver our products to consumers, and distributors play an important role in distributing a significant proportion of beer and other beverages. Generally, distributors purchase our products from us and then on-sell them either to other distributors or points of sale. See *“Business – Customers – Distribution of Products”* for further information.

There can be no assurance as to the financial affairs of such distributors or that these distributors, who often act both for us and our competitors, will not give our competitors’ products higher priority, thereby reducing their efforts to sell our products.

As independent companies, distributors make their own business decisions that may not always align themselves with our interests. If our distributors do not effectively distribute our products, our financial results could be adversely affected.

In addition, contractual restrictions and the regulatory environment of certain markets may make it difficult for us to change distributors. Such distributors could engage in practices that harm our reputation as consumers look to us for the quality and availability of our products. Our consequent inability to replace unproductive or inefficient distributors could adversely impact our business, results of operations and financial condition.

Moreover, the retail industry in certain countries in which we operate continues to consolidate, resulting in larger retailers with increased purchasing power, which may affect our competitiveness in these markets. Larger retailers may seek to improve their profitability and sales by asking for lower prices or increased trade spending. The efforts of retailers could result in reduced profitability for the beer industry as a whole, both within Asia Pacific and globally, and indirectly adversely affect our financial results.

Our financial performance and results of operations could be adversely affected by global or Asia Pacific trade policies and trade protection measures.

The pan-Asian reach of our operations exposes us to risks associated with doing business on a multinational basis, including changes in tariffs. The Office of the United States Trade Representative has enacted tariffs on certain imports into the US from China.

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Additionally, the US federal government continues to signal that it may alter trade agreements and terms between China and the US, including limiting trade with China, imposing additional tariffs on imports from China and potentially imposing other restrictions on exports from China to the US. Any changes in US trade policy could trigger retaliatory actions by affected countries, resulting in “trade wars” or in trading partners limiting their trade with the US.

These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade, which in turn could have a material adverse effect on our business in one or more of our key markets or in Asia Pacific generally.

While only a small portion of our raw materials are sourced from the US, and we are able to source comparable alternatives within Asia Pacific and from other parts of the world, the imposition of tariffs on agricultural products, raw materials or other items imported from the US and other parts of the world could require us to increase prices to our customers or, if unable to do so, result in lowering our gross margin on products sold.

Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.

Although we present our combined results in US dollars, in 2017, 2018 and the three months ended 31 March 2019, we derived all of our revenue from operating companies that have non-US dollar functional currencies (in most cases, in the local currency of the respective operating company). Consequently, any change in exchange rates between our operating companies’ functional currencies and the US dollar will affect our combined income statement and balance sheet when the results of those operating companies are translated into US dollars for our reporting purposes, as we cannot hedge against translational exposures.

Decreases in the value of our operating companies’ functional currencies against the US dollar will tend to reduce those operating companies’ contributions in dollar terms to our financial condition and results of operations.

As at 31 December 2018, several currencies, such as the RMB and South Korean won, had depreciated against the US dollar compared to 31 December 2017. The negative impact of unfavorable currency translation effects resulted in the recognition of USD495 million translation of foreign operations losses in other comprehensive income reserves in 2018. There was a positive impact of USD931 million and USD8 million recognized in other comprehensive income reserves in 2017 and for the three months ended 31 March 2019, respectively.

Significant changes in the value of foreign currencies relative to the US dollar could adversely affect the amounts we record for our assets, liabilities, revenues and expenses, and could have a negative effect on our results of operations and profitability and, in turn, the trading price of our Shares. See “*Financial Information – Significant Factors Affecting Our Results of Operations and Financial Condition – Foreign Currency*” for further details on the impact of currency translation effects on our results of operations.

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Changes in the availability or price of raw materials, commodities, energy and water, including as a result of currency fluctuations or unexpected increases in tariffs on such raw materials and commodities, like aluminum, could have an adverse effect on our results of operations.

A significant portion of our operating expenses is related to raw materials and commodities, such as malted barley, hops, yeast, water, glass, aluminum bottles, aluminum or steel cans and kegs, aluminum can stock, polyethylene terephthalate (“PET”) bottles, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

The supply and price of raw materials and commodities used for the production of our products can be affected by a number of factors beyond our control, including the level of crop production around the world, export demand, quality and availability of supply, speculative movements in the raw materials or commodities markets, currency fluctuations, governmental regulations and legislation affecting agriculture, trade agreements among producing and consuming nations, adverse weather conditions, natural disasters, economic factors affecting growth decisions, political developments, various plant diseases and pests.

We cannot predict future availability or prices of the raw materials or commodities required for our products. The markets in certain raw materials or commodities have experienced and may in the future experience shortages and significant price fluctuations, including as a result of unexpected increases in tariffs on such raw materials and commodities like aluminum. The foregoing may affect the price and availability of ingredients that we use to manufacture our products, as well as the cans and bottles in which our products are packaged. We may not be able to increase our prices to offset these increased costs or increase our prices without suffering reduced volume, revenue and operating income.

To some extent, derivative financial instruments and the terms of supply agreements can protect against increases in materials and commodities costs, as well as currency transaction risks from transactions that use a currency other than the applicable operating company’s functional currency, in the short term. However, derivatives and supply agreements expire and upon expiry are subject to renegotiation and therefore cannot provide complete protection over the medium or longer term.

To the extent we fail to adequately manage the risks inherent in such volatility, including if our hedging and derivative arrangements do not effectively or completely hedge against changes in commodity prices or currency exchange rates, our results of operations may be adversely impacted.

In addition, it is possible that the hedging and derivative instruments we use to establish the purchase price for commodities in advance of the time of delivery may lock us into prices that are ultimately higher than actual market prices at the time of delivery, and similarly, the instruments we use to hedge currency risk may lock us into unfavorable exchange rates. See Note 3 to the Accountant’s Report set out in Appendix IA for further details on our approach to hedging commodity price risk and currency transaction risk.

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The production and distribution of our products require material amounts of energy, including the consumption of oil-based products, natural gas, biomass, coal and electricity. Energy prices have been subject to significant price volatility in the recent past and may be again in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain geographies, may result in a negative effect on operating income and could potentially challenge our profitability in certain markets. There is no guarantee that we will be able to pass along increased energy costs to our customers in every case.

The production of our products also requires large amounts of water, including water consumption in the agricultural supply chain. Changes in precipitation patterns and the frequency of extreme weather events may affect our water supply and, as a result, our physical operations.

Water may also be subject to price increases in certain areas and changes in water taxation and regulation in certain geographies may result in a negative effect on operating income, which could potentially challenge our profitability in certain markets. There is no guarantee that we will be able to pass along increased water costs to our customers in every case. See “– *Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs*” below for further information on the potential impact on our business and results of operations.

AB InBev, our controlling shareholder, is currently involved in many aspects of our business, including the licensing of intellectual property rights, the export and production of AB InBev products for sale in the Asia Pacific region, and the negotiation of global procurement and strategic services agreements, and we are subject to risks associated with AB InBev’s global business.

A substantial portion of our revenue is derived from brands that we import from AB InBev for sale or that we brew or import and sell under license from AB InBev, and we require AB InBev to continue to export these products to us and to provide us with the rights to brew and sell these brands, which are core to our business. In order to maintain the rights to import, produce and sell these brands, we have entered into long-term commercial agreements with AB InBev on arm’s-length terms. See “*Connected Transactions*” for further information. If AB InBev breaches the terms of such agreements, if such agreements are terminated or are not renewed, or if the agreements are renewed on terms that are less favorable to us, it may be more difficult for us to conduct our business profitably or it may otherwise have a material adverse effect on our business, results of operations and financial condition.

AB InBev is responsible for protecting many of the intellectual property rights of the brands we sell under license from them and that we import for sale in our regions. AB InBev may make decisions with respect to the production of those products which negatively impact our business based on the overall impact on its global operations, such as discontinuing a product that performs well in our regions but not in AB InBev’s other regions.

Moreover, we source certain of our supplies from suppliers through AB InBev’s procurement services, and participate in certain global marketing campaigns conducted by AB InBev on arm’s-length terms. We cannot assure you that we will continue to participate in such arrangements or agreements or that such agreements will be renewed on terms that are as favorable to us or at all.

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Events outside of our control and our regions that take place in one or more of AB InBev's global regions could affect the delivery of supplies and services to us under the global contracts in which we participate. Moreover, given AB InBev's status as our controlling shareholder and its ongoing involvement in many aspects of our business, we may be judged based on AB InBev's actions and performance even though outside of our control.

Further, given AB InBev's global business and multiple listings in Belgium, Mexico, South Africa and New York, AB InBev and its executives are exposed to the risk of litigation (including class actions) associated with AB InBev's business, operations and affairs. Such litigation may adversely affect us given AB InBev's ongoing involvement in our business and some of AB InBev's executives are also directors and/or senior management of our Group and may result in negative public perception of our Company. Negative public perception of our Company, our directors and senior management, or AB InBev could adversely impact the reputation of our brands and, in turn, our revenues derived from those brands. Negative publicity relating to AB InBev could in turn damage our reputation to the extent there is negative public perception of AB InBev resulting from such events. See "*Relationship with AB InBev*" for further information.

AB InBev is not subject to any obligation to maintain its ownership interest in us and, following the expiration of a lock-up period following the completion of the Global Offering, may elect to sell all or a substantial portion of or otherwise reduce its ownership interest in us. For more information, see "*Underwriting – Underwriting Arrangements and Expenses*." If AB InBev sells all or a substantial portion of its ownership interest in us, it may be less inclined to renew agreements with us or to enter into renewals on terms that are as beneficial to us. Such actions could have an adverse effect on our business, financial condition and results of operations.

In addition, we and our subsidiaries are party to certain agreements that may contain change of control or other restrictive provisions that our contractual counterparties may try to interpret as being triggered upon a significant reduction by AB InBev of its ownership interests in us. Some of those contracts may be material and, to the extent they may contain any such restrictive provisions, our counterparties may seek to enforce certain contractual remedies that may curtail material contractual rights and benefits that we have.

We are subject to risks from our participation in certain Cash Pooling Arrangements with the AB InBev Group.

We participate in certain Cash Pooling Arrangements with the AB InBev Group. Under certain notional Cash Pooling Arrangements, although participants' cash balances are notionally consolidated in a cash pool and remain in each participant's own bank account, our Group participants are jointly and severally liable to the extent of their cash pool credit balance for the liabilities of participants from the AB InBev Group.

With respect to the notional Cash Pooling Arrangements, we could be negatively impacted in the event of a future unavailability of funds from such cash pools, such as a result of actual or perceived issues with AB InBev's solvency or negative developments related to the financial markets. The Pooling Agent, J.P. Morgan Chase Bank N.A., is the counterparty under the notional Cash Pooling Arrangements as it consolidates the notional cash pool accounts. While we believe counterparty risk with the Pooling Agent to be lower than with regional or local banks in Asia Pacific, we are exposed to risks from our participation in these arrangements with members of the AB InBev Group.

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Under certain physical Cash Pooling Arrangements which our subsidiaries may participate in, participants' cash balances would be deposited into a centralized cash pool account of Cobrew NV/SA, a wholly-owned subsidiary of AB InBev. With respect to the physical cash pool, while the Group will put in place internal control measures to monitor the cash pool account, as is the case with bank deposits generally, it is not possible to completely eliminate the risk of failing to fully or timely receive the funds deposited in accounts headed by Cobrew NV/SA. An inability to repatriate funds from our Cash Pooling Arrangements on a timely basis, or at all, could have an adverse effect on our business, results of operations, cash flows or financial condition. See "*Connected Transactions – Cash Pooling Arrangements in place between the AB InBev Group and the Group*" for further details of these arrangements.

We may not be able to obtain the necessary funding for our future capital or refinancing needs and may face financial risks due to our incurrence of debt, uncertain market conditions and, if applicable, our future credit ratings.

We may be required to raise additional funds for our future capital needs or to refinance our current indebtedness and future indebtedness through public or private financing, strategic relationships or other arrangements. There can be no assurance that the funding, if needed, will be available or provided on attractive terms.

In addition, our future credit ratings may impact our ability to raise debt financing in a cost-effective manner. Ratings agencies may downgrade our future credit ratings below their currently expected levels. Moreover, as a majority-owned subsidiary of AB InBev following the completion of the Global Offering, our future credit ratings may be effectively capped by certain ratings agencies at an equal or lesser level than AB InBev's.

Following the completion of the Global Offering, we will operate as an independent company and our access to financial support from AB InBev's global business may not be the same as if we were a wholly-owned subsidiary of AB InBev. The cost of our future financing may also depend on our performance as an independent company. We cannot assure you that the terms of such future financing will be as favorable as those we could have obtained prior to the Global Offering.

The terms and availability of any refinancing of our indebtedness and our ability to repay will depend upon market conditions. An inability to refinance all or a substantial amount of our debt obligations when they become due, or more generally a failure to raise additional equity capital or debt financing or to realize proceeds from asset sales when needed, would have a material adverse effect on our financial condition and results of operations.

In the future, we may seek to borrow funds denominated in US dollars or euros in order to access the generally more liquid debt capital markets of the US or Europe, even though substantially all of our cash flows are denominated in other currencies.

From time to time, AB InBev has, on our behalf, invested in certain financial instruments to mitigate currency risk, and we or AB InBev on our behalf may in the future invest in such financial instruments. These transactions and any other efforts taken to better match the effective currencies of our liabilities to our cash flows could result in increased costs.

RISK FACTORS

We have incurred, or expect to incur, a portion of our debt at variable interest rates, which will expose us to changes in such interest rates. We may in the future enter into interest rate swap agreements to manage our interest rate risk, and also enter into cross-currency interest rate swap agreements to manage both our foreign currency risk and interest-rate risk on interest-bearing financial liabilities. There can be no assurance that such instruments will be successful in reducing the risks inherent in exposures to interest rate fluctuations. See Note 3 to the Accountant's Report set out in Appendix IA for further details on our approach to foreign currency risk and interest rate risk.

We record net current liabilities due to our business model and the way we choose to finance our business.

We had net current liabilities of USD1,671 million, USD1,788 million and USD1,477 million as at 31 December 2017 and 2018 and 31 March 2019, respectively. The net current liability position is predominantly due to our level of trade payables, which is common in the FMCG sector. We finance working capital through trade creditors, on what we believe to be generally favorable credit terms, whereas our inventory and receivables cycles are shorter. During the Track Record Period, surplus cash generated from operations was extracted from the Group via transfer into the physical cash pool with AB InBev or dividend payments. We expect to continue to deploy surplus cash in an efficient manner for the foreseeable future, and therefore we may continue to record a net current liability position at future reporting dates in the ordinary course of business.

Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.

We primarily sell beer and do so under key brands. To the extent we or AB InBev, including with respect to brands we license from them, are subject to negative publicity, and the negative publicity causes our consumers and customers to change their purchasing patterns, it could have a material adverse effect on our business, results of operations, cash flows or financial condition.

As a significant portion of our operations occur in developing and growth markets, there is a greater risk that we may be subject to negative publicity, in particular in relation to environmental and workplace safety issues, labor and human rights and local work conditions. In particular, the failure to provide safe environments for our workforce, third party contractors and the public while at our facilities or during the transportation of our products, could lead to injuries, loss of life or environmental damage. Negative publicity that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business, which could adversely impact our business, results of operations, cash flows and financial condition.

Moreover, in recent years, there has been increased public and political attention directed at the alcohol beverage and food and soft drinks industries, including in some of the countries in which we operate. This attention is the result of a rising health and well-being trend that is reshaping the entire food and drinks industry and of fiscal concerns as health costs become an increasingly important component of public finances in some markets. In the long term, this trend represents a risk for our business if it results in the social acceptance of our products being diminished in one or more of the countries in which we operate.

RISK FACTORS

The policy framework shaping the regulatory space for our products in the countries in which we operate has evolved, and will continue to evolve, and the expectations of our stakeholders will continue to increase. We welcome the opportunity to reduce the harmful use of alcohol. We may nevertheless be criticized and experience an increase in the number of publications and studies debating our efforts to reduce the harmful consumption of alcohol, as advocates try to shape the public discussions.

We may also be subject to laws and regulations aimed at reducing the affordability or availability of beer in some of our markets. Although public health concerns over harmful consumption of alcohol are frequently cited as the rationale for governments to increase beer taxation, fiscal needs or the lobbying of other alcohol categories are often also drivers.

Additional regulatory restrictions on our business, such as those on the legal minimum drinking age, product labeling, opening hours or marketing activities (including the marketing or selling of beer at sporting events), may cause the social acceptability of beer to decline significantly and consumption trends to shift away from it, which would have a material adverse effect on our business, financial condition and results of operations.

We may not be able to protect our intellectual property rights, and our ability to compete effectively may be harmed if our intellectual property rights are infringed by third parties.

Our future success depends significantly on our ability to protect our current and future brands and products and to defend our intellectual property rights, including trademarks, patents, registered designs and domain names. We have been granted numerous trademark registrations and patents covering our brands and products and have filed, and expect to continue to file, trademark and patent applications seeking to protect newly developed brands and products.

We cannot be sure that trademark and patent registrations will be issued with respect to any of our applications. There is also a risk that we could, by omission, fail to renew a trademark or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks and patents issued to us.

Although we have endeavored to take appropriate action to protect our portfolio of intellectual property rights (including patent applications, trademark registration and domain names), we cannot be certain that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate proprietary rights.

Moreover, some of the developing countries in which we operate offer less effective intellectual property protection than is available in more developed countries. AB InBev is responsible for protecting certain intellectual property rights with respect to the brands we license from them. If we or AB InBev are unable to protect our proprietary rights against infringement or misappropriation, it could have a material adverse effect on our business, results of operations, cash flows or financial condition and, in particular, on our ability to develop our business.

RISK FACTORS

We rely on third parties, including suppliers and logistics providers, for a range of raw materials and the termination or modification of the arrangements with such third parties could negatively affect our business.

We rely on third party suppliers for a range of raw materials, such as malted barley, hops, yeast, water, and for packaging material, such as glass, aluminum bottles, aluminum or steel cans and kegs, PET bottles, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films. We also rely on third parties for our transportation requirements and to brew beer on our behalf in India following our quality standards.

The termination of or any material change to arrangements with certain key suppliers, disagreements with suppliers as to payment or other terms, or the failure of a key supplier to meet the contractual obligations it owes to us or otherwise deliver materials consistent with current usage would or may require us to make purchases from alternative suppliers, in each case at potentially higher prices or lower quality than those agreed with that supplier.

Additionally, we may be subject to potential reputational damage if one of our suppliers violates applicable laws or regulations or our internal policies, or fails to meet certain quality standards. These factors could have a material impact on our production, distribution and sale of beer and have a material adverse effect on our business, results of operations, cash flows or financial condition.

For certain packaging supplies and raw materials, we rely on a small number of suppliers. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause us to spend increased amounts on such supplies in the future. If these suppliers became unable to continue to meet our requirements, and we are unable to develop alternative sources of supply, our operations and financial results could be adversely affected.

Moreover, we source certain of our supplies from suppliers through AB InBev's procurement services and, therefore, AB InBev negotiates the terms of such contracts. See "*Connected Transactions*" and "*– AB InBev, our controlling shareholder, is currently involved in many aspects of our business, including the licensing of intellectual property rights, the export and production of AB InBev products for sale in the Asia Pacific region, and the negotiation of global procurement and strategic services agreements, and we are subject to risks associated with AB InBev's global business.*"

We also rely on third party contractors for our transportation and logistics requirements, including the delivery of raw materials to our breweries and the transport of products to customers and consumers. In the event their services are disrupted or terminated for whatever reason, and we do not engage suitable replacements on commercially acceptable terms or in a timely manner, the delivery of raw materials to our breweries and the transport of our products to customers and consumers may be delayed, which may lead to a material adverse effect on our business, reputation, results of operations and prospects.

RISK FACTORS

We may be unsuccessful in identifying suitable acquisition targets or business partners or implementing our acquisitions, investments, joint ventures or alliances, which may negatively impact our growth strategy.

We will need to identify suitable acquisition targets and agree on the terms with them if we are to make future acquisitions, and there is a risk that we will not be able to identify suitable targets and/or agree on such terms. Our size, contractual limitations to which we are subject and our position in certain markets in which we operate may make it harder to obtain regulatory approval for future transactions in those markets. If appropriate opportunities do become available, we may seek to acquire or invest in other businesses; however, any future acquisition may pose regulatory, antitrust and other risks.

In addition, after completion of any transaction in the future, we may be required to integrate the acquired companies, businesses or operations into our existing operations. There is a risk that such integration will not be successful or will involve greater costs or result in fewer synergies than expected. Such transactions may also involve the assumption of certain actual or potential, known or unknown liabilities, which may have a potential impact on our financial risk profile. These risks and limitations may limit our ability to implement our business strategy and our ability to achieve or maintain future business growth.

Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for our products.

Weather conditions directly affect consumption of our products. High temperatures and prolonged periods of warm weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the spring and summer months, adversely affects our sales volumes and, consequently, our revenue. Accordingly, product sales are generally higher during the warmer months of the year (which also tend to be periods of increased tourist activity) as well as during major holiday periods.

An impairment of goodwill would adversely affect our financial condition and results of operations.

We have previously recognized significant goodwill on our balance sheet through acquisitions. As of 31 March 2019, our goodwill amounted to USD6.7 billion. Goodwill is determined as the excess of the consideration paid for an acquisition over our interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is recorded on the date of acquisition and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement.

The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. In evaluating the potential for impairment, we make assumptions and estimates regarding revenue projections, growth rates, cash flows, foreign exchange rates and discount rates, which are uncertain and by their nature may vary from actual results and are based on factors that are beyond our control. Any impairment of goodwill will not be subsequently reversed. If we meet unexpected difficulties or if our business does not develop as expected, impairment charges may be incurred in the future that could be significant and that could have an adverse effect on our results of operations and financial condition.

RISK FACTORS

An impairment of intangible assets would adversely affect our financial condition and results of operations.

As of 31 March 2019, our intangible assets and land use rights amounted to USD2.0 billion, USD1.5 billion of which consisted of intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that we purchased for our own products. Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. The carrying amounts of intangible assets are reviewed at each date of the statement of financial position to determine whether there is any impairment. Intangible assets with an indefinite useful life are tested for impairment annually at the cash-generating unit level.

An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. The recoverable amount is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment may result from, among other things, deterioration in our overall performance or a specific asset's performance, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

The process of evaluating the potential impairment of intangible assets is subjective and requires significant judgment at many points during the analysis. In evaluating the potential for impairment, we make assumptions and estimates regarding revenue projections, growth rates, cash flows, foreign exchange rates and discount rates, which are uncertain and by their nature may vary from actual results and are based on factors that are beyond our control.

If we meet unexpected difficulties or if our business does not develop as expected, impairment charges may be incurred in the future that could be significant and that could have an adverse effect on our results of operations and financial condition.

The ability of our subsidiaries to distribute cash upstream may be subject to various conditions and limitations, and dividends from our PRC subsidiaries are subject to PRC withholding tax.

To a large extent, we are organized as a holding company and our operations are carried out through subsidiaries. Our subsidiaries' and affiliated companies' ability to upstream or distribute cash (to be used, among other things, to meet our financial obligations) through dividends, intercompany advances, management fees and other payments is, to a large extent, dependent on the availability of cash flows at the level of such subsidiaries and affiliated companies and may be restricted by applicable laws and accounting principles.

In addition, some of our subsidiaries are subject to laws restricting their ability to pay dividends or the amount of dividends they may pay. If we are not able to obtain sufficient cash flows from our subsidiaries and affiliated companies, this could adversely impact our ability to pay dividends, and otherwise negatively impact our business, results of operations and financial condition. See "*Financial Information – Liquidity and Capital Resources – Transfers from Subsidiaries*" for further information in this respect.

RISK FACTORS

PRC laws require dividends to be paid out of net profit calculated according to PRC accounting principles, which, in many aspects, differ from the generally accepted accounting principles in other jurisdictions, including IFRS. Foreign-invested enterprises, such as our subsidiaries in the PRC, are also required to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends.

In addition, such dividends are also subject to PRC withholding tax. If our PRC subsidiaries incur any debts or losses, such indebtedness or loss may impair its ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and other distributions to Shareholders and to meet our financial obligations will be restricted.

We do not have an operating history as an independent company and our historical and pro forma financial information may not be a reliable indicator of our future results.

The historical financial information we have included in this prospectus has been derived from AB InBev's consolidated financial statements and accounting records and does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. AB InBev did not account for us, and we were not operated, as a single stand-alone company for the periods presented.

Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. In addition, the historical information may not be indicative of what our results of operations, financial position and cash flows will be in the future.

The completion of the Global Offering will also require significant amounts of our management's time and effort, which may divert management's attention from operating and growing our business. We may be unable to achieve some or all of the benefits that we expect to achieve as an independent company within the timeframe we expect. We may be more susceptible to market fluctuations and have less leverage with suppliers and distributors, and we may be impacted by other adverse events once we operate as an independent company.

We will also be responsible for the additional costs associated with being a publicly traded company, including costs related to corporate governance, regulatory compliance, investor and public relations and public reporting. The resources necessary to meet our obligations as an independent publicly traded company could be greater than we currently anticipate.

We cannot assure you that our operating results will continue at a similar level when we are a publicly traded company. As a result of the foregoing, our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISK FACTORS

If we are unable to achieve and maintain effective internal controls, our results of operations, cash flows and financial condition could be materially adversely affected.

While our financial results will continue to be included within the consolidated results of AB InBev following the completion of the Global Offering, we were not previously directly subject to the reporting and other requirements of a publicly listed company. As a majority owned subsidiary of AB InBev following the completion of the Global Offering, our activities will remain subject to the requirements of the US Sarbanes Oxley Act of 2002, as amended (“**Sarbanes-Oxley Act**”), which requires, among other things, that we maintain effective internal controls over financial reporting.

Moreover, following the completion of the Global Offering, we will be subject to reporting and other requirements as an independent publicly traded company. These reporting and other obligations, including the additional obligations imposed on us as a result of being a subsidiary of AB InBev, will place significant demands on our management and administrative and operational resources, including accounting resources, and could put us at a competitive disadvantage.

To comply with these requirements, we may in the future need to upgrade our systems, including information technology, and implement additional financial and management controls, reporting systems and procedures. We expect to incur additional annual expenses related to these steps, and those expenses may be significant.

If we are unable to upgrade our financial and management controls, reporting systems, information technology systems and procedures as may be needed in the future, our ability to comply with our financial reporting requirements and other rules that apply to publicly traded companies could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs.

There is a growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather and precipitation patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased quality, decreased availability or less favorable pricing for certain agricultural commodities necessary for our products, such as barley and hops.

Climate change may also subject us to water scarcity and quality risks due to the large amounts of water required to produce our products, including water consumed in the agricultural supply chain. In the event that climate change leads to droughts or water over-exploitation or has a negative effect on water availability or quality, the price of water may increase in certain areas and certain jurisdictions may enact unfavorable changes to applicable water-related taxes and regulations. Such measures, if adopted, could lead to increased regulatory pressures, production costs or capacity constraints. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment due to increased regulatory pressures. As a result, the effects of climate change could have a long-term, material adverse impact on our business and results of operations.

RISK FACTORS

More generally, our operations are subject to environmental regulations by national, state and local agencies, including, in certain cases, regulations that impose liability without regard to fault. These regulations can result in liability that might adversely affect our operations. The environmental regulatory climate in the markets in which we operate is becoming stricter, with a greater emphasis on enforcement.

While we have continuously invested in reducing our environmental risks and budgeted for future capital and operating expenditures to maintain compliance with environmental laws and regulations, there can be no assurance that we will not incur a substantial environmental liability or that applicable environmental laws and regulations will not change or become more stringent in the future. There is a risk of new environmental regulation in geographies where we operate, including China. Moreover, by virtue of the fact that we will be a majority owned subsidiary of AB InBev, our operations may remain subject to certain environmental and related laws and regulations that are applicable to AB InBev, which may put us at a competitive disadvantage.

We may be affected by parallel imports of our products and counterfeiting and imitation of our products by third parties.

A substantial portion of our revenue is derived from beer sold under brands that are also produced and sold in countries around the world outside Asia Pacific. We cannot assure you that distributors will not source our products from unauthorized importers if such products are available at a lower price. The import of these brands into our regions by unauthorized third parties (known as parallel imports) in significant amounts could negatively impact our volumes as well as the reputation of our products as such importers may not take the proper steps to maintain the quality of such products.

Furthermore, counterfeiting of products may occur from time to time in certain of our markets. Accordingly, there can be no assurance that we would be able to promptly detect and prevent the presence of counterfeited products in the markets in which we operate. Such counterfeited products may have serious quality and consumer safety issues, which consumers may associate with our brands. Failure to promptly detect and prevent the presence of counterfeited products in the markets in which we operate could have an adverse impact on our brands and reputation.

We may have a conflict of interest with AB InBev and, because of AB InBev's controlling ownership interest in our Company, we may not be able to resolve such conflict on terms favorable to us.

Conflicts of interest may arise between AB InBev and us in various situations due to AB InBev's status as our parent company and interests that may differ from ours. For example, we have entered into various framework agreements with AB InBev governing the transactions between us and AB InBev, which include, but are not limited to, the import of and manufacturing of certain of our brands from AB InBev, and business support (such as global marketing and procurement) and administrative services. See the section "*Connected Transactions*" for further details of these agreements.

AB InBev may use its influence over us to prevent us from bringing a legal claim against AB InBev in the event of a contractual breach, notwithstanding our contractual rights under agreements we have entered into or may enter into with AB InBev from time to time. As a result, our business, financial condition and results of operations could be materially and adversely affected. See "*Relationship with AB InBev*" for further details on our relationship with AB InBev.

RISK FACTORS

As of the date of this prospectus, certain of our Directors and/or our senior management are employees of AB InBev and/or hold shares in AB InBev, including as part of the remuneration they receive from AB InBev. Following the Global Offering, given the size of AB InBev's shareholding in the Company, certain officers or other employees of AB InBev will continue to be Directors of our Company. Since the interests of AB InBev and the Company are not necessarily always the same or wholly aligned, such dual mandates and other relationships with AB InBev or its subsidiaries or related parties may in the future result in conflicts of interest.

We are required to maintain various approvals, licenses and permits in order to operate our business.

We are required to maintain various approvals, licenses and permits in order to operate our business in our countries of operation. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations in relation to alcohol sales and distribution, food safety, hygiene, environmental protection and fire workplace safety. In some cases, these approvals, licenses and permits are subject to examinations or verifications by relevant authorities or are valid only for a fixed period of time subject to renewal and accreditation. See "*Taxation and Regulatory Overview*" set out in Appendix III.

We have experienced and may experience in the future difficulties, delays or failures in obtaining the necessary approvals, licenses and permits for our breweries. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licenses and permits required for our existing business operations in a timely manner or at all. Moreover, there can be no assurance that such approvals, licenses and permits will not be revoked. We may be penalized for failure to obtain and/or maintain required approvals, licenses or permits, our ongoing business could be interrupted and expansions of our business may be delayed.

We could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern our operations.

Our business is highly regulated in many of the countries in which we operate. The regulations adopted by the authorities in these countries govern many parts of our operations, including brewing, marketing and advertising (in particular to ensure our advertising is directed to individuals of legal drinking age), consumer promotions and rebates, environmental protection, workplace safety, transportation, distributor relationships, retail execution, sales and data privacy. We may be subject to claims that we have not complied with existing laws and regulations, which could result in fines and penalties or loss of our operating licenses, which may have a material adverse impact on our ability to operate our businesses in these markets.

We are also routinely subject to new or modified laws and regulations with which we must comply in order to avoid claims, fines and other penalties, which could adversely impact our business, results of operations and financial condition. Breach of any of these laws or regulations can lead to significant fines and/or damage to our reputation, as well as significantly restrict our ability to deliver on our productivity and growth plans.

RISK FACTORS

We may also be subject to laws and regulations aimed at reducing the availability of beer and other alcohol beverage products in some of our markets to address alcohol abuse and other social issues. See “– *Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.*” There can be no assurance that we will not incur material costs or liabilities in connection with compliance with applicable regulatory requirements, or that such regulation will not interfere with our business.

For further detail regarding regulations affecting our business, see “*Taxation and Regulatory Overview*” set out in Appendix III.

We may be subject to adverse changes in taxation or other tax-related risks.

Taxation on our products in the countries in which we operate comprises different taxes specific to each jurisdiction, such as excise and other indirect taxes (such as value-added tax). In many jurisdictions, these taxes make up a large proportion of the cost of beer charged to consumers. Increases in excise and other indirect taxes applicable to our products either on an absolute basis or relative to the levels applicable to other beverages tend to adversely affect our revenue or margins, both by reducing overall consumption of our products and by encouraging consumers to switch to other categories of beverages, including unrecorded or informal alcohol products. These increases also adversely affect the affordability of our products and our profitability.

In recent years, Singapore, among other markets in which we operate, has increased beer excise taxes. Tax increases can result in significant price increases and have a significant impact on our sales of beer. See “– *Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.*”

Proposals to increase excise or other indirect taxes may result from the current economic climate and may also be influenced by changes in political sentiment, fiscal needs or public perceptions regarding the consumption of beer and other alcohol beverages. To the extent changes to excise and other indirect duties in the countries in which we operate increase the total burden of indirect taxation on our products, our results of operations in those countries could be adversely affected.

In addition to excise and other indirect duties, we are subject to income and other taxes in the countries in which we operate. There can be no assurance that our operations will not become subject to increased taxation by local, national or foreign authorities or that we and our subsidiaries will not become subject to higher corporate income tax rates or to new or modified taxation regulations and requirements.

We may also be subject to tax audits or other related matters.

We are exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws.

We are subject to antitrust and competition laws in the jurisdictions in which we operate. As a majority owned subsidiary of AB InBev following the completion of the Global Offering, we may be subject to antitrust and competition laws from outside Asia Pacific resulting from AB InBev’s global operations, and we could be required to take actions based on AB InBev’s activities including the divestiture of certain of our assets or businesses. Consequently, we may be subject to regulatory scrutiny in certain of these jurisdictions.

RISK FACTORS

There can be no assurance that the introduction of new competition laws in the jurisdictions in which we or AB InBev operate, the interpretation of existing antitrust or competition laws, the enforcement of existing antitrust or competition laws by competent authorities or civil antitrust litigation by private parties, or any agreements with competent antitrust or competition authorities, against us or our subsidiaries will not affect our business or the businesses of our subsidiaries in the future or have a financial impact. We are currently subject to an ongoing investigation by the Competition Commission of India. For more information please see *“Business – Legal and Arbitration Proceedings and Compliance Matters.”*

If we do not successfully comply with applicable anti-corruption laws, export control regulations and trade restrictions, we could become subject to fines, penalties or other regulatory sanctions, as well as to adverse press coverage, which could cause our reputation, our sales or our profitability to suffer.

We operate our business and market our products in certain markets that, as a result of political and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present us with political, economic and operational risks. Although we are committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to our business, there is a risk that employees or representatives of our subsidiaries, affiliates, associates, joint ventures or other business interests may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business.

Such actions could expose us to potential liability and the costs associated with investigating potential misconduct. In addition, any press coverage associated with misconduct under these laws and regulations, even if unwarranted or baseless, could damage our reputation and sales. As a majority owned subsidiary of AB InBev following the completion of the Global Offering, our activities will remain subject to certain stringent anti-corruption laws from jurisdictions outside our regions in which AB InBev operates, such as the US Foreign Corrupt Practices Act and economic and trade sanctions enforced by the Office of Foreign Assets Control of the US Department of the Treasury, even if we would not otherwise be subject to such laws.

If we or any of our associates fail to comply with economic sanctions or trade restrictions imposed by national or international authorities that are applicable to us or them, we may be exposed to potential legal liability and the costs associated with investigating potential misconduct, as well as potential reputational damage.

Moreover, new export control regulations, economic sanctions, embargoes or other forms of trade restrictions imposed on countries in which we or our associates do business may curtail our existing business and may result in serious economic challenges in these geographies, which could have a material adverse effect on our and our subsidiaries' operations, and may result in impairment charges on goodwill or other intangible assets.

RISK FACTORS

We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damage awards and incur other costs.

We are now and may in the future be party to legal proceedings, claims and disputes, and significant damages may be asserted against us. Given the inherent uncertainty of litigation, it is possible that we might incur liabilities as a consequence of the proceedings and claims brought against us, including those that are not currently believed by us to be reasonably possible.

Moreover, companies in the alcohol beverage industry including our Company are, from time to time, exposed to collective suits (class actions) or other litigation relating to alcohol advertising, alcohol abuse problems or health consequences from the excessive consumption of beer and other alcohol beverages. If any of these types of litigation were to result in fines, damages or reputational damage to us or our brands, this could have a material adverse effect on our business, results of operations, cash flows or financial position. See *“Business – Legal and Arbitration Proceedings and Compliance Matters.”*

We may not be able to recruit or retain key personnel.

In order to develop, support and market our products, we must hire and retain skilled employees with particular expertise. The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies.

We face various challenges inherent in the management of a large number of employees operating in a number of countries across a large geographical area. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

Our success will depend on the contributions of our senior management team and key employees. These individuals have the ability to successfully execute our business strategy and many of them have extensive experience working in the beer industry in many jurisdictions. We may not be able to locate suitable or qualified replacements for such personnel and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and growth.

We are exposed to labor strikes and disputes that could lead to a negative impact on our costs and production level.

Our success depends on maintaining good relations with our workforce. In several of our operations, a majority of our workforce is unionized. For instance, a majority of the hourly employees at our breweries in several key countries in different geographies are represented by unions.

Our production may be affected by work stoppages or slowdowns as a result of disputes under existing collective labor agreements with labor unions or other groups of individuals. We may not be able to satisfactorily renegotiate our collective labor agreements when they expire and may face tougher negotiations or higher wage and benefit demands.

RISK FACTORS

Furthermore, a work stoppage or slowdown at our breweries could interrupt the transport of raw materials from our suppliers or the transport of our products to our customers. Such disruptions could put a strain on our relationships with suppliers and customers and may have lasting effects on our business even after the disputes with our labor force have been resolved, including as a result of negative publicity. In India, states may issue their own default rules for workers that can serve as default collective bargaining agreements when an agreement is not separately negotiated.

Our production and business may also be affected by work stoppages or slowdowns that affect our suppliers, distributors and retail delivery/logistics providers. These may occur, among other reasons, as a result of disputes under their respective collective labor agreements with labor unions, in connection with negotiations of new collective labor agreements, as a result of supplier financial distress or for other reasons. A strike, work stoppage or slowdown within our operations or those of our suppliers (for whatever reason) could have a material adverse effect on our earnings, financial condition and ability to operate our business.

Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could damage our reputation and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny.

We rely on information technology systems to process, transmit and store large amounts of electronic data, including personal information. We engage in e-commerce in several of the countries in which we operate, which includes direct sales to some customers.

Additionally, a significant portion of the communication between our personnel, customers and suppliers depends on information technology. As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers or other security issues.

We depend on information technology to enable us to operate efficiently and interface with customers, as well as to maintain in-house management and control. We also collect and store non-public personal information that customers provide to purchase products or services, including personal information and payment information.

We have entered into various information technology services agreements pursuant to which our information technology is partially outsourced to leading vendors, and we may share information about customers and employees with vendors that assist with certain aspects of our business.

In addition, the concentration of processes in shared services centers means that any technology disruption could impact a large portion of our business within the operating regions served. Any transitions of processes to, from or within shared services centers as well as other transformational projects could lead to business disruptions.

If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, loss of customers, operations disruptions, or the loss of or damage to intellectual property through a security breach. As with all information technology systems, our system could also be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes.

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We take various actions with the aim of minimizing potential technology disruptions, such as investing in intrusion detection solutions, proceeding with internal and external security assessments, building and implementing business continuity plans and reviewing risk management processes. These protections may be compromised as a result of third party security breaches, burglaries, cyberattack, errors by employees or employees of third party vendors, of contractors, misappropriation of data by employees, vendors or unaffiliated third parties, or other irregularities that may result in persons obtaining unauthorized access to company data or otherwise disrupting our business. For example, if outside parties gained access to confidential data or strategic information and appropriated such information or made such information public, this could harm our reputation or our competitive advantage, or could expose us or our customers to a risk of loss or misuse of information. More generally, technology disruptions can have a material adverse effect on our business, results of operations, cash flows or financial condition.

While we will continue to invest in new technology monitoring and cyberattack prevention systems, no commercial or government entity can be entirely free of vulnerability to attack or compromise given how rapidly and unpredictably techniques evolve to obtain unauthorized access or disable or degrade service. During the normal course of business, AB InBev experienced attempted breaches of its, and we expect to continue to experience attempted breaches of our, technology systems and networks from time to time.

Natural and other disasters could disrupt our operations.

Our business and operating results could be negatively impacted by natural, social, technical or physical risks such as a widespread health emergency (or concerns over the possibility of such an emergency), earthquakes, typhoons, flooding, fire, water scarcity, power loss, loss of water supply, telecommunications and information technology system failures, cyberattacks, political instability, military conflict and uncertainties arising from terrorist attacks, including a global economic slowdown, the economic consequences of any military action and associated political instability.

Our insurance coverage may not be sufficient.

We self-insure most of our insurable risk. Should an uninsured loss or a loss in excess of insured limits occur, this could adversely impact our business, results of operations and financial condition. For more information, see *“Business – Insurance.”*

RISKS RELATING TO DOING BUSINESS IN THE PRC AND OTHER COUNTRIES IN WHICH WE OPERATE

As a significant portion of our operations are conducted in the PRC, any adverse change in the PRC’s political, economic or social condition may have a material adverse effect on us.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of governmental involvement;
- level of development;

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- growth rate;
- control of foreign exchange; and
- allocation of resources.

In recent years, the PRC government implemented a series of laws, regulations and policies, which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of enterprises operating in our industry.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures, emphasizing responsiveness to market forces in the development of the PRC economy. However, the PRC government continues to play a significant role in regulating the development of industries. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, results of operations and financial condition.

Any adverse political developments or changes in PRC policies could have a material adverse effect on overall economic growth and the level of investment and expenditure in the PRC, which in turn could lead to a reduction in demand for our products.

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC legal system is based on written statutes and interpretations by the Supreme People's Court, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial law.

However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in other countries.

In addition, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provincial levels and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local application, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations.

There is at present no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation that it holds for on-going cases available for inspection. Accordingly, there is a risk that entities in the PRC acquired by us may be subject to proceedings that have not been disclosed.

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Our operations in the PRC are governed by PRC laws and regulations, pursuant to which we are required to maintain various approvals, licenses and permits in order to operate our business in the PRC. Complying with these laws and regulations may require substantial expenditures, and any non-compliance may expose us to liability and could have a material adverse effect on our business, results of operations and financial condition. In case of any non-compliance, we may have to incur significant expenses and divert substantial time and resources to resolving any deficiencies. The non-compliant facility may be required to temporarily close until it satisfies all legal and regulatory requirements. We may also experience negative publicity arising from such deficiencies.

Moreover, the PRC's legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of a violation of these policies and rules until sometime after the violation. Any failure to comply with applicable rules and regulations, including environmental regulations, may result in fines, restrictions on activities, administrative or criminal liability to us or our employees, or, in extreme cases, suspension or revocation of business licenses. There may be uncertainties regarding the interpretation and application of new laws, rules and regulations. For example, we may have to resort to administrative and court proceedings to enforce the legal protections that we have either by law or contract.

Furthermore, the interpretation and enforcement of certain Chinese laws that govern a portion of our operations involve uncertainties, which could limit the legal protections available to us. In particular, agreements that are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in other countries. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

We may be treated as a “resident enterprise” for PRC tax purposes under the EIT Law and be subject to PRC taxation on our worldwide income, which could result in unfavorable tax consequences to us and our non-PRC Shareholders.

Our company is registered under the laws of the Cayman Islands, but a substantial portion of our operations are in the PRC. Under the EIT Law and the EIT Rules, an enterprise incorporated in a foreign country or region may be classified as either a “non-resident enterprise” or a “resident enterprise.” If an enterprise incorporated in a foreign country or region has its “de facto management bodies” located within the PRC, such enterprise will be considered a PRC tax resident enterprise and will generally be subject to the enterprise income tax of 25% on its worldwide income. See “*Taxation and Regulatory Overview*” set out in Appendix III.

It remains unclear how it is determined whether an offshore entity is a non-PRC resident enterprise. We cannot assure you that we will not be considered to be a “resident enterprise” or whether the EIT Law and the EIT Rules will be amended in the future.

If we or our offshore holding companies are deemed to be or are classified as “resident enterprises” in the future, such entity or entities may be subject to enterprise income tax at a rate of 25% on their worldwide income, which could have an impact on our effective tax rate and materially and adversely affect our financial condition and results of operations.

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In addition, under the EIT Law and the EIT Rules, to the extent dividends from earnings derived since 1 January 2008 are sourced within the PRC, PRC income tax at the rate of 10% (or a lower rate pursuant to an applicable tax treaty or arrangements with China and other countries or areas) may be required to be withheld from dividends on the Shares payable by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in the PRC or if, despite the existence of such establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC. Furthermore, any gains realized on the transfer of the Shares by such “non-resident enterprise” investors would be subject to PRC income tax at a rate of 10% if such gains were deemed income derived from sources within the PRC.

Our subsidiaries’ and affiliated companies’ ability to upstream or distribute cash (to be used, among other things, to meet our financial obligations) through dividends, intercompany advances, management fees and other payments is, to a large extent, dependent on the availability of cash flows at the level of such subsidiaries and affiliated companies and may be restricted by applicable laws and accounting principles.

If we are required under the EIT Law to withhold PRC income tax on our dividends payable to foreign holders of the Shares that are “non-resident enterprises” or if our Shareholders are required to pay PRC income tax on the transfer of Shares under PRC tax laws, the value of an investment in the Shares may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of the Shares may be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

We are subject to PRC governmental controls on currency conversion and remittance, and the ability of our subsidiaries that are incorporated in the PRC to declare dividends may be limited by trapped cash.

Under the current foreign exchange regulations of the PRC, payments of current account items, including profit distributions, interest payments and goods trade-and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approvals from the SAFE as well as other appropriate authorities are required for payments in Renminbi (“RMB”) to be converted into foreign currencies and remitted from the PRC to pay for capital account items, such as the repayment of loans denominated in foreign currencies.

Receivables of capital account items in foreign currencies, including capital contribution and foreign shareholder’s loans, can be remitted into the PRC and converted into RMB by complying with certain regulatory requirements, obtaining approvals from the SAFE or completing certain registration procedures with the SAFE or the competent commercial banks.

While we have completed the necessary registration procedures with the competent bureau of the SAFE, any remittance of cash from the PRC will be subject to prior approval by the SAFE or filing with the SAFE via a remittance bank on a case-by-case basis and subject to the remittance bank’s review of the underlying transaction documents in order to verify the authenticity of the transaction. In addition, the PRC government may, at its discretion, take measures to restrict access to foreign currencies under certain circumstances or may otherwise modify existing currency conversion controls. As such, we may be required to make additional efforts and satisfy additional requirements in order to comply with the necessary regulatory requirements.

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Any failure on our part to fully comply with all existing or future regulatory requirements promulgated by the PRC government with regard to currency conversion or remittance could materially and adversely affect our business, results of operations and financial condition, and the ability of our subsidiaries in the PRC to participate in AB InBev's centralized cash pooling arrangements.

Moreover, there may be restrictions on our ability to receive payments from the PRC in foreign currencies for contracts entered into between customers in the PRC and our entities outside of the PRC. Existing PRC foreign exchange regulations impose restrictions on the conversion of RMB into foreign currency for remittance out of the PRC. Accordingly, we may in the future experience significant delays in receiving payments from our contractual counterparties if there are cross-border payment arrangements.

Furthermore, a PRC enterprise is permitted to declare and repatriate dividends on profits after tax based on PRC Accounting rules provided that the losses of such enterprise have been remedied and amounts for mandated reserves have been deducted. The mandated reserves include (i) statutory common reserve funds, which is 10% of after tax profits of each company (totaling up to 50% of the registered capital of each such company), and (ii) discretionary common reserve funds.

These reserve funds, if put aside discretionally by a Shareholders meeting or compulsorily by law, cannot be repatriated even if an enterprise has no losses or likely prospects of losses, and even if the reserve funds are not needed for their prescribed purposes. These reserves could potentially create a significant pool of trapped cash that cannot be used to pay dividends. If there are insufficient retained profits after tax after deducting these reserves, the amount of dividends that our PRC subsidiaries can declare will be limited, which may adversely affect our distributions to Shareholders.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors like us, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, (the "**M&A Rules**"), adopted by six PRC regulatory authorities in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

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Our Company and our offshore subsidiaries are regarded as foreign investors in the context of the M&A Rules. In the future, we may grow our business by acquiring complementary businesses. Complying with these regulations and other relevant rules could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Escalations in tensions with North Korea could have an adverse effect on us and our South Korean subsidiary.

Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between the two Koreas has been volatile and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its actions against South Korea. North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between South Korea and North Korea in 2018 and between the US and North Korea in 2018 and 2019, there can be no assurance that the level of tensions affecting the South Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between South Korea or the US and North Korea break down or further military hostilities occur, this could have a material adverse effect on the South Korean economy and on our business, financial condition and results of operations, both within the South Korean market and across our Asia Pacific operations.

The South Korean government may impose certain restrictions under emergency circumstances.

Under the Foreign Exchange Transaction Act of Korea, if the South Korean government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the South Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring South Korean or foreign investors to obtain prior approval from the Minister of Strategy and Economy of Korea for the acquisition of South Korean securities or for the repatriation of interest, dividends or sales proceeds arising from South Korean securities or from disposition of such securities or other transactions involving foreign exchange.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for the Shares may not develop.

Prior to the Global Offering, there has been no public market for the Shares and an active or liquid market for the Shares may never develop or be sustained after the Global Offering. The Offer Price may differ significantly from the market price for the Shares following the Global Offering. Listing and quotation does not guarantee that a trading market for the Shares will develop or, if a market does develop, the liquidity of that market.

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The price and volume of the Shares may be volatile.

The trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors, including, but not limited to:

- variations in our operating results;
- changes in financial estimates by securities analysts;
- announcements made by us, AB InBev or our competitors;
- regulatory developments affecting us, our customers or suppliers or our competitors;
- investors' perception of us and of the investment environment;
- developments in our business sector or in the financial sector generally, including the effect of direct governmental action in the financial markets;
- changes in pricing made by us, our suppliers or our competitors;
- the operating and securities price performance of AB InBev and companies that investors consider to be comparable to us;
- acquisitions by us or our competitors;
- the depth and liquidity of the market for the Shares;
- additions to or departures of, our executive officers and other members of our senior management;
- release or expiry of lock-up or other transfer restrictions on the Shares;
- sales or anticipated sales of additional Shares;
- involvement in litigation; and
- changes in global financial and credit markets and global economies and general market conditions, such as interest or foreign exchange rates as well as stock and commodity valuations and volatility.

As a result of these market fluctuations, the price of the Shares may decline significantly, and you may lose a significant value on your investment.

The interests of AB InBev, our controlling shareholder, may conflict with the interests of our other Shareholders.

On the Listing Date, AB InBev will indirectly control approximately 90.15% of our Shares (assuming the Offer Size Adjustment Option is not exercised at all) and therefore has control over us. For further information on these matters, see "*Relationship with AB InBev*" and "*Connected Transactions*."

AB InBev is able to elect the majority of the members of our Board of Directors and will generally be able to determine the outcome of most other actions requiring

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Shareholder approval, including dividend distributions, issuances of new Shares and amendments to constitutional documents. The interests and time horizons of AB InBev may differ from those of other Shareholders. AB InBev's concentration of voting power could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and could affect the market price of our Shares.

As a result of its influence on our business, AB InBev could prevent us from making certain decisions or taking certain actions that would protect the interests of our other Shareholders. For example, this concentration of ownership may delay or prevent a change of control of the Group, even in the event that this change of control may benefit other Shareholders generally.

Similarly, AB InBev could prevent us from taking certain actions that would dilute its percentage interest in our Shares, even if such actions would generally be beneficial to us and/or to other Shareholders. These and other factors related to AB InBev's holding of a significant interest in our Shares may reduce the liquidity of our Shares and their attractiveness to investors.

We may be unable to pay dividends.

As a general matter, we cannot guarantee that we will pay dividends in the future. The payment of dividends will depend on factors such as our business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate and other factors, including tax and other regulatory considerations.

Should the Offer Price be higher than the net tangible book value per share, subject to pricing, you may experience an immediate dilution in the book value of the Shares you purchased in the Global Offering and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Shares may be higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, you and other purchasers of the Shares in the Global Offering may experience an immediate dilution to a pro forma net tangible assets value of HKD0.35 per Share, based on the Maximum Offer Price of HKD30.00.

In order to expand our business, we may consider offering and issuing additional Shares in the future. You and other purchasers of the Shares may experience further dilution in the net tangible book value per Share if we issue additional Shares at a price lower than the net tangible book value per Share at the time of their issue.

The issuance of Shares under the Share Issuance Agreement may reduce the public float if the Over-allotment Option is not exercised at all or not exercised in full.

In connection with the Reorganization, on 2 July 2019, the Company, AB InBev Investment Holding Company Limited and APAC HoldCo 2 entered into the Share Issuance Agreement under which the parties have agreed, among other things, that to the extent that the Over-allotment Option is not exercised in full, then the Company will issue the same number of Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan.

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If Shares are issued to APAC HoldCo 2 under the Share Issuance Agreement, then this will decrease the ownership percentage of public Shareholders. For example, as at the Listing Date, assuming the Offer Size Adjustment Option is not exercised at all, public Shareholders will hold approximately 9.67% of the Company's issued Share capital, whereas following the issuance of Shares to APAC HoldCo 2 under the Share Issuance Agreement and assuming the Over-allotment Option is not exercised at all, public Shareholders would hold approximately 9.53% of the Company's issued Share capital. For further details regarding the issuance of Shares under the Share Issuance Agreement, see "*History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan.*"

The sale of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares.

Future sales of a substantial number of the Shares by our current Shareholders could negatively impact the market price in Hong Kong of the Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by AB InBev are subject to certain restrictions regarding their disposal for a lock-up period after the date on which trading in the Shares commences on the Stock Exchange. For more information, see "*Underwriting – Underwriting Arrangements and Expenses.*" We cannot assure you that the current Shareholders will not dispose of any Shares they own now or may own in the future.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research analyst reports regarding us, our business, our industry and the Global Offering.

There has been, prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding us, our business, our industry and the Global Offering.

You should rely solely upon the information contained in this prospectus in making your investment decisions regarding the Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Global Offering, our business, our industry or us.

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We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

In addition, prior to the date of this filing, AB InBev published its financial and operating results, including results for its Asia Pacific reporting segment, for the six months ended 30 June 2019. There are significant differences between the financial results of AB InBev's Asia Pacific reporting segment and our combined financial information. The differences primarily relate to the inclusion of Australia within AB InBev's Asia Pacific reporting segment for the six months ended 30 June 2019. Other differences relate to the financial impact of connected transactions between the Group and AB InBev that are not separately included in AB InBev's segments because historically they were fully eliminated from AB InBev's results as transactions between wholly-owned entities. These costs have been reflected in the financial information of the Group as they reflect underlying transactions of the Group. The costs are principally comprised of charges for imported products, royalties for local manufacturing and charges for services provided by AB InBev. See "*Connected Transactions*" for details of continuing connected transactions following the Listing. Therefore, you should rely only on the financial information contained in this prospectus in evaluating our financial and operating performance.

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect.

Such information has not been independently verified by us or any of the Joint Global Coordinators, Joint Sponsors, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in this Global Offering and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon the facts and statistics contained in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

The members of the Board of Directors are as follows:

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
Jan Eli B. Craps (Jan Craps) (楊克)	No. 432, Lane 418 Jin Xiu Dong Road, Shanghai, China	Belgian citizen
Renrong Wang (Frank) (王仁榮)	Flat C 33/F, Tower 1, 873 Lai Chi Kok Road, One West Kowloon, Cheung Sha Wan, Kowloon, Hong Kong	Chinese citizen
Non-executive Directors		
Carlos Alves de Brito (Carlos Brito)	250 Park Avenue, 2nd Floor, New York, the US ¹	Brazilian citizen
Luis Felipe Pedreira Dutra Leite (Felipe Dutra)	250 Park Avenue, 2nd Floor, New York, the US ¹	Brazilian citizen
Independent Non-executive Directors		
Martin Cubbon	Flat 19, Duchess of Bedford House, Duchess of Bedford Walk, London, W8 7QN United Kingdom	British citizen
Mun Tak Marjorie Yang (楊敏德)	5A, Cragside Mansion 23 Barker Road, Hong Kong	Chinese (Hong Kong) citizen
Katherine King-suen Tsang (曾環璇)	5A, Celestial Garden, 5 Repulse Bay Road, Hong Kong	Canadian citizen

See “*Directors and Senior Management*” for further details.

¹ This is the business address of the Non-executive Directors. We have applied for, and the SFC has granted, an exemption from strict compliance with paragraph 6 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance such that Company will only need to disclose the business address of Mr. Brito and Mr. Dutra instead of their residential addresses in the United States. See “*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Disclosure of Residential Address.*”

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

J.P. Morgan Securities (Far East) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P. Morgan Securities (Asia Pacific)
Limited
*(Joint Global Coordinator, and
Joint Bookrunner and Joint Lead Manager
in relation to Hong Kong Public Offering
only)*
28/F, Chater House
8 Connaught Road Central
Hong Kong

J.P. Morgan Securities plc
*(Joint Bookrunner and Joint Lead Manager
in relation to International Offering only)*
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Morgan Stanley Asia Limited
*(Joint Global Coordinator, and
Joint Bookrunner and Joint Lead
Manager in relation to Hong Kong Public
Offering only)*
46/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Morgan Stanley & Co. International plc
*(Joint Bookrunner and Joint Lead Manager
in relation to International Offering only)*
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Other Joint Bookrunners and Joint Lead Managers

BNP Paribas Securities (Asia) Limited
59/F to 63/F
Two International Finance Centre
8 Finance Street
Central, Hong Kong

Citigroup Global Markets Asia Limited
*(in relation to Hong Kong Public Offering
only)*
50th Floor, Champion Tower
Three Garden Road
Central, Hong Kong

Citigroup Global Markets Limited
(in relation to International Offering only)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG, Hong Kong Branch
52/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
*(Deutsche Bank Aktiengesellschaft
(incorporated in the Federal Republic of
Germany & members' liability is limited))*

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Other Joint Lead Managers

Banco Santander, S.A.
*(incorporated in Spain with limited liability
and in relation to International Offering
only)*
Paseo de Pereda, 9-12.
Santander Spain

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Coöperatieve Rabobank U.A.
(in relation to International Offering only)
Croeselaan 18, 3521 CB Utrecht
The Netherlands

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

ING Bank N.V.
*(incorporated in The Netherlands with
limited liability)*
8/F, Three Pacific Place
1 Queen's Road East
Hong Kong

Mizuho Securities Asia Limited
14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

MUFG Securities EMEA plc
(in relation to International Offering only)
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

SMBC Nikko Capital Markets Limited
*(incorporated in the United Kingdom with
limited liability and in relation to
International Offering only)*
One New Change
London, EC4M 9AF
United Kingdom

Societe Generale
(incorporated in France with limited liability)
34/F Three Pacific Place
1 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong and US laws:
Freshfields Bruckhaus Deringer
55/F, One Island East, Taikoo Place
Quarry Bay
Hong Kong

As to US laws:
Sullivan & Cromwell (Hong Kong) LLP
28th Floor
Nine Queen's Road
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to PRC laws:</i> Fangda Partners 24/F, HKRI Centre Two, HKRI Taikoo Hui 288 Shi Men Yi Road, Shanghai 200041, PRC</p>
	<p><i>As to South Korean laws:</i> KIM & CHANG 39, Sajik-ro 8-gil, Jongno-gu Seoul 03170 Korea</p>
	<p><i>As to Cayman Islands laws:</i> Conyers Dill & Pearman PO Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
Legal Advisers to the Joint Sponsors and the Underwriters	<p><i>As to Hong Kong and US laws:</i> Clifford Chance 27/F, Jardine House One Connaught Place Hong Kong</p> <p><i>As to PRC laws:</i> King & Wood Mallesons 17th Floor, One ICC Shanghai International Commerce Center 999 Middle Huai Hai Road, Shanghai 200031, PRC</p>
Auditor and Reporting Accountant	<p>PricewaterhouseCoopers 22/F, Prince's Building Central Hong Kong</p>
Industry Consultant	<p>GlobalData Plc 7 Carmelite Street London, EC4Y 0BS United Kingdom</p>
Receiving Banks	<p>The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong</p> <p>Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong</p>

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head Office and Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Flat/RM 1823, 18/F Soundwill Plaza II – Mid Town 1-29 Tang Lung Street Causeway Bay Hong Kong
Joint Company Secretaries	Renrong Wang (Frank) (王仁榮) Flat/RM 1823, 18/F Soundwill Plaza II-Mid Town 1-29 Tang Lung Street Causeway Bay Hong Kong Chan Wai Ling (陳蕙玲) (FCIS, FCS(PE)) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized Representatives	Renrong Wang (Frank) (王仁榮) Flat/RM 1823, 18/F Soundwill Plaza II-Mid Town 1-29 Tang Lung Street Causeway Bay Hong Kong Chan Wai Ling (陳蕙玲) Level 54, Hopewell Centre, 183 Queen's Road East Hong Kong
Audit Committee	Martin Cubbon (<i>Chair</i>) Katherine King-suen Tsang (曾璟璇) Felipe Dutra
Remuneration Committee	Mun Tak Marjorie Yang (楊敏德) (<i>Chair</i>) Katherine King-suen Tsang (曾璟璇) Carlos Brito
Nomination Committee	Carlos Brito (<i>Chair</i>) Mun Tak Marjorie Yang (楊敏德) Martin Cubbon
Compliance Adviser	Somerley Capital Limited 20th Floor, China Building 29 Queen's Road Central Central, Hong Kong

CORPORATE INFORMATION

Principal Banks

(in alphabetical order)

BNP Paribas (China) Ltd.
25F, Shanghai World Financial Center
100 Century Avenue
Shanghai, China
200120

Citibank (China) Co Ltd.
28F Citigroup Tower
No. 33 Hua Yuan Shi Qiao Road
Shanghai, China
200120

Industrial And Commercial Bank of China
Shanghai Municipal Branch
No. 9, Pudong Avenue
Shanghai, China
200120

ING Bank N.V. Shanghai Branch
19/F, Shanghai World Financial Center
100 Century Avenue
Shanghai, China
200120

JPMorgan Chase Futures Co., Ltd.
J78 1101, No. 171 Haibin Rd
Nansha District
Guangzhou, China

Standard Chartered Bank (China) Limited
23F Standard Chartered Tower
201 Century Avenue, Pudong
Shanghai, China
200120

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company's Website

www.budweiserapac.com

(A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus)

HISTORY, DEVELOPMENT AND REORGANIZATION

HISTORY

We have a long history in Asia Pacific. Our oldest beer brand in China is Harbin, which dates back to 1900 when it was first brewed in Harbin, China. Our roots in South Korea date back to 1952, when we first brewed beer at Oriental Brewery.

Over the years, as AB InBev has grown through its major combinations, acquisitions and divestitures, we have acquired breweries and brands that are embedded in local culture.

KEY BUSINESS MILESTONES

The following table sets forth our key development milestones:

<u>Year</u>	<u>Event</u>
1900	Harbin Brewery, China's oldest beer brand, was founded in Harbin, China.
1952	Oriental Brewery was originally established in South Korea.
1984	Entry into China: Interbrew began providing technology to Zhujiang Brewery, Guangzhou, China.
1995	Anheuser-Busch established a Budweiser brewery in Wuhan, China.
1998	Entry into South Korea: Interbrew entered into a joint venture with the Doosan Group in South Korea to operate the Oriental Brewery.
2003	Entry into India: SAB entered into a joint venture with Shaw Wallace Breweries in India.
2004	Interbrew and Ambev closed their merger transaction, creating InBev. Anheuser-Busch acquired Harbin Brewery Group Limited.
2006	Entry into Vietnam: SAB entered Vietnam for the first time with its joint venture with Vinamilk.
2008	InBev combined with Anheuser-Busch, whose key presence in China was in the northeast region, complementing InBev's key presence in the southeast region and forming AB InBev.
2014	AB InBev reacquired its 100% stake in Oriental Brewery, which it had previously sold in 2009.
2016	AB InBev completed its business combination with SAB – see “– Major Acquisitions, Disposals and Mergers” below.

HISTORY, DEVELOPMENT AND REORGANIZATION

OUR SHAREHOLDINGS AND CORPORATE STRUCTURE

Our Shareholders

Our ultimate parent company, AB InBev, is a publicly traded company listed in Belgium, with secondary listings on the Mexico and South Africa stock exchanges and a listing of American Depositary Receipts on the New York Stock Exchange. AB InBev was indirectly interested in 100% of our issued share capital as at the Latest Practicable Date. For further details of AB InBev's shareholders and the relationship among them, see "*Substantial Shareholders.*"

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

In October 2016, AB InBev completed its combination with SAB in a transaction that valued SAB's entire issued and to be issued share capital at approximately GBP79 billion. As part of the transaction, we added Haywards 5000 and Knockout to our portfolio of brands in India and Zorok to our portfolio of brands in Vietnam. In connection with this transaction, AB InBev also completed the sale of SAB's 49% stake in China Resources Snow Breweries Limited to China Resources Beer (Holdings) Co. Ltd. for USD1.6 billion on 11 October 2016. See "*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Shorter Trading Record Period*" for additional details regarding AB InBev's combination with SAB.

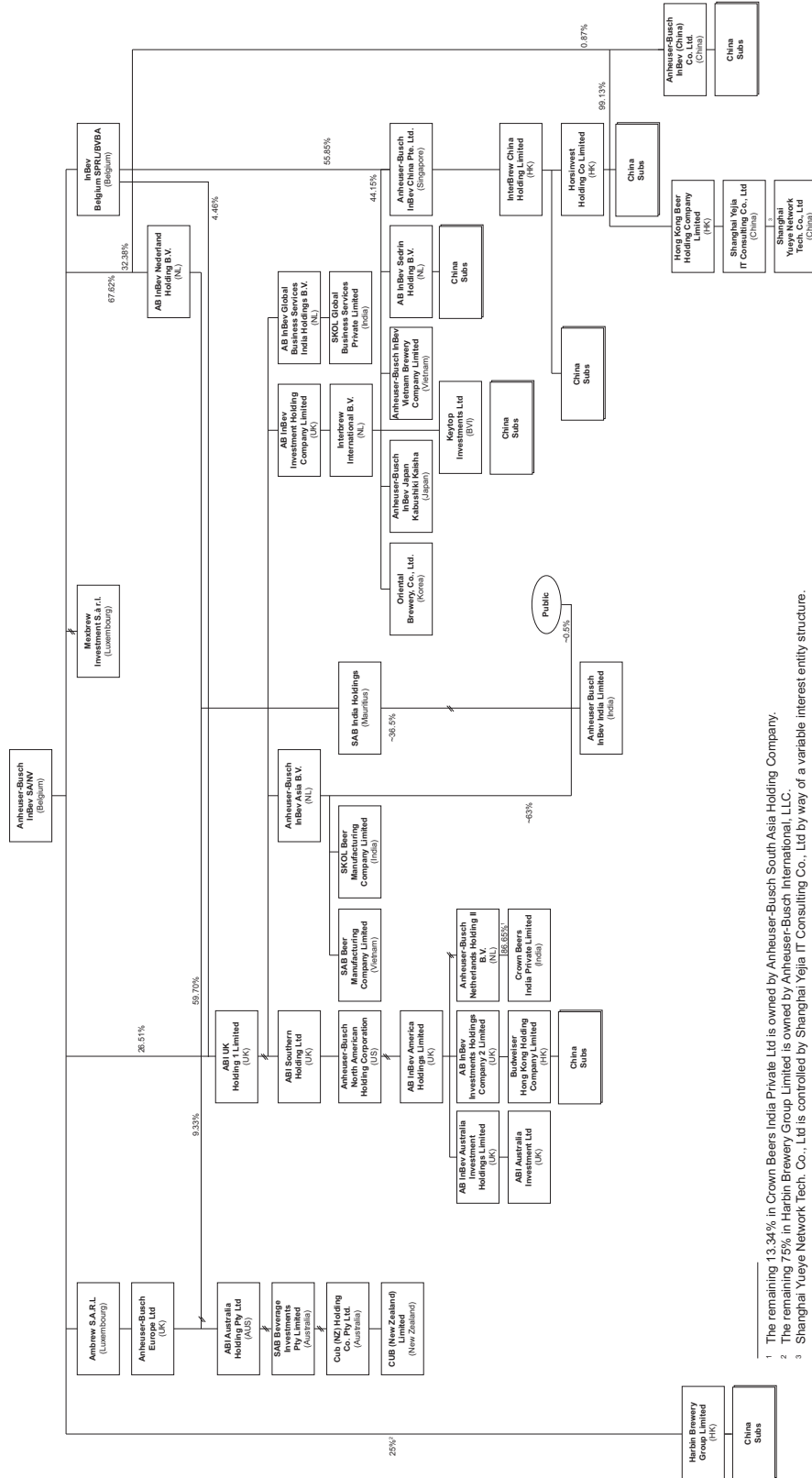
POST TRACK RECORD PERIOD ACQUISITION

On 18 December 2018, we entered into an agreement with Jebsen Beverage Company Limited in relation to sales of Blue Girl beer in the PRC. See "*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Post Track Record Period Acquisition*" for additional details.

OUR REORGANIZATION

Corporate Chart Immediately before the Reorganization

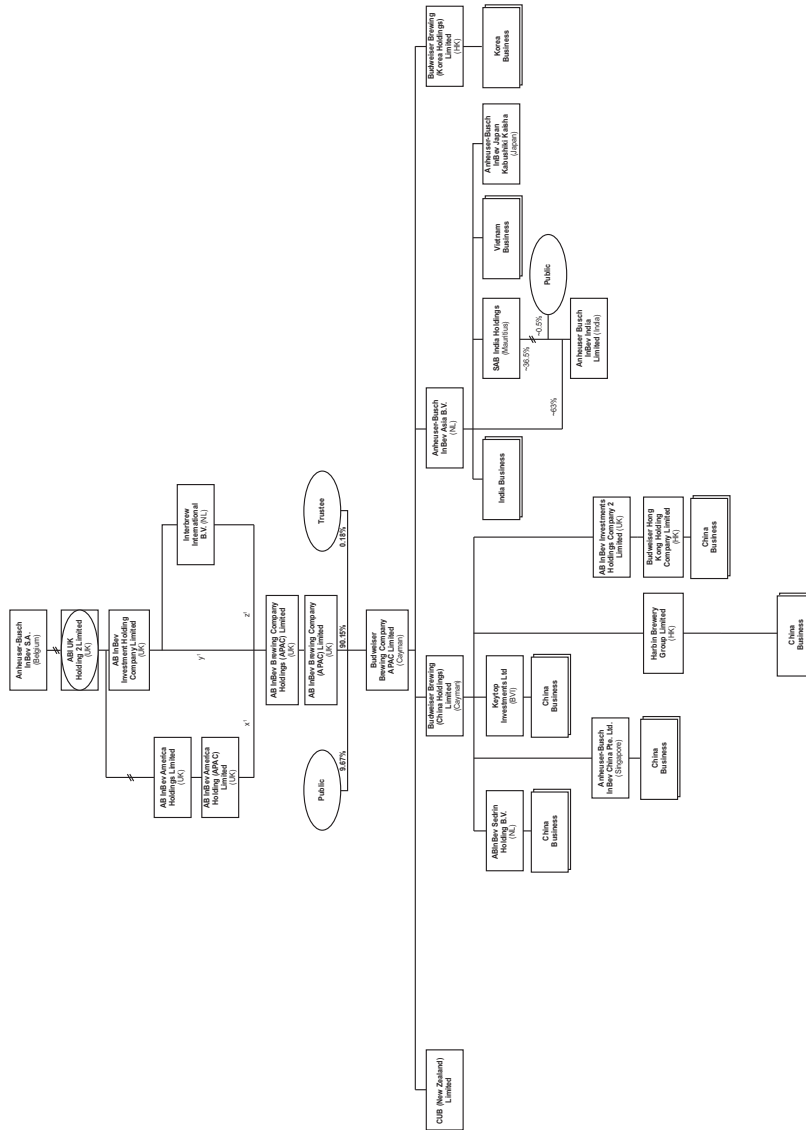
In preparation for the Global Offering and in order to streamline our corporate structure, the following Reorganization is being undertaken. The Reorganization will be completed shortly before the completion of the Global Offering. The following chart sets forth the simplified shareholder structure of the businesses and/or entities comprising our Group within the AB InBev Group prior to the commencement of Reorganization.



1 The remaining 13.34% in Crown Beers India Private Ltd is owned by Anheuser-Busch South Asia Holding Company.
 2 The remaining 75% in Harbin Brewery Group Limited is owned by Anheuser-Busch International, LLC.
 3 Shanghai Yueye Network Tech. Co., Ltd is controlled by Shanghai YeJia IT Consulting Co., Ltd by way of a variable interest entity structure.

Corporate Chart Immediately upon Completion of the Reorganization, the Capitalization Issue and the Global Offering

The following chart sets forth the simplified shareholder structure of the businesses and/or entities comprising our Group on the Listing Date (assuming the Offer Size Adjustment Option is not exercised at all).



¹ These percentages have not been determined as at the Latest Practicable Date but will in aggregate sum to 100% and depend on the Offer Price and reorganization steps that will take place after pricing but before the Listing Date.

Details of the principal entities of the Company are set out in "Appendix IA – Accountant's Report."

HISTORY, DEVELOPMENT AND REORGANIZATION

1. Incorporation and Funding of the Company

The following companies were incorporated in order to establish the Company and its direct and indirect holding companies:

- (a) the Company was incorporated in the Cayman Islands on 10 April 2019 and became a wholly-owned subsidiary of APAC HoldCo 2 on 22 May 2019;
- (b) APAC HoldCo 1 was incorporated in England and Wales on 10 May 2019 as a wholly-owned subsidiary of Interbrew International B.V.; and
- (c) APAC HoldCo 2 was incorporated in England and Wales on 10 May 2019 as a wholly-owned subsidiary of APAC HoldCo 1.

Upon completion of the Reorganization, the Capitalization Issue and the Global Offering, the shareholders of the Company will be APAC HoldCo 2, the Trustee and the public shareholders who subscribe for Offer Shares in the Global Offering.

In order to fund in part the transactions detailed in the steps below, AB InBev Investment Holding Company Limited, a member of the AB InBev Group outside of the Group, will enter into a Shareholder Loan with the Company, enabling the Company to fund the transfer of certain companies from the AB InBev Group into the Group at fair market value, as detailed below. The Shareholder Loan will be entered into on normal commercial terms or better for the Company and will not be secured by the Group's assets. The Shareholder Loan will be repaid or canceled as part of the Reorganization (see “– 9. Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan”).

2. Incorporation of the Company's Sub-Holding Companies

The following Group companies were incorporated to act as an intermediate holding company and sub-holding companies under the Company to hold its businesses in (i) China and (ii) South Korea.

- (a) Budweiser Brewing (China Holdings) Limited (“**China HoldCo**”) was incorporated in the Cayman Islands as a wholly-owned subsidiary of the Company on 21 May 2019. China HoldCo was formed solely for the purpose of becoming the holding company for the Group's businesses in China.
- (b) Budweiser Brewing (Korea Holdings) Limited (“**Korea HoldCo**”) was incorporated in Hong Kong as a wholly-owned subsidiary of the Company on 22 May 2019. Korea HoldCo was formed solely for the purpose of becoming the holding company for the Group's businesses in South Korea.

HISTORY, DEVELOPMENT AND REORGANIZATION

3. Transfer of the Vietnam Business into the Group

On 6 June 2019 and 13 June 2019, the Vietnamese business transfers were effected through a series of transfers amongst wholly-owned subsidiaries of AB InBev. Upon completion of such transfers, Anheuser-Busch InBev Vietnam Brewery Company Limited and Anheuser-Busch InBev Asia B.V. (“**ABI Asia BV**”) and their respective subsidiaries which hold the Vietnamese businesses became wholly-owned subsidiaries of the Company, and as a result, became part of the Group.

In connection with the transfer of the Vietnamese businesses, AB InBev and the Company have received approval from the Vietnamese Department of Planning and Investment.

4. Transfer of the India Business into the Group

On 6 June 2019, 12 June 2019, 14 June 2019 and 17 June 2019, the transfer of the Indian businesses to ABI Asia BV was effected through a series of transfers amongst wholly-owned subsidiaries of AB InBev. Upon completion of such transfers, Crown Beers India Private Limited, InBev India Limited, SAB India Holdings, SKOL Global Business Services Private Limited, Anheuser-Busch South Asia Holding Company and AB InBev Global Business Services India B.V. and their respective subsidiaries which hold the Indian businesses became indirect subsidiaries of ABI Asia BV, and as a result, became part of the Group.

5. Transfer of the China Business into the Group

(a) Keytop and Sedrin Holdings

On 1 July 2019, two members of our Group, Keytop Investments Ltd. (“**Keytop**”), a private limited company incorporated under the laws of the British Virgin Islands, and Sedrin B.V. (“**Sedrin Holdings**”), a company incorporated under the laws of the Netherlands, were transferred to China HoldCo in exchange for equity via a series of share transfers amongst wholly-owned, indirect subsidiaries of AB InBev. Upon completion of such transfers, Keytop, Sedrin Holdings and all of their respective subsidiaries became subsidiaries of China HoldCo, and as a result, become part of the Group.

(b) Anheuser Busch InBev China Pte. Ltd.

On 1 July 2019, InBev China Pte. Ltd., an entity organized under the laws of Singapore and a holding company for many members of our Group in China, transferred to China HoldCo via a series of share transfers in exchange for equity amongst wholly-owned, indirect subsidiaries of AB InBev. Upon completion of such transfers, InBev China Pte. Ltd. and all of its subsidiaries became subsidiaries of China HoldCo, and as a result, become part of the Group.

(c) Bud HK and Harbin Group

On 17 June 2019 and 1 July 2019, two members of our Group, Budweiser Hong Kong Holding Company, Limited (“**Bud HK**”), a private limited company incorporated under the laws of Hong Kong, and Harbin Brewery Group Limited (“**Harbin Group**”), a company incorporated under the laws of Hong Kong, were transferred to China HoldCo via a series of share transfers amongst wholly-owned,

HISTORY, DEVELOPMENT AND REORGANIZATION

indirect subsidiaries of AB InBev. Bud HK, as result of such transfers, became a wholly-owned direct subsidiary of AB InBev Investments Holdings Company 2 Limited, which in turn is wholly-owned by China HoldCo. Harbin Group became a wholly-owned direct subsidiary of China HoldCo. Accordingly, upon the completion of such transfers, Bud HK, Harbin Group and all of their respective subsidiaries became subsidiaries of China HoldCo, and as a result, became part of the Group.

The PRC Legal Adviser is of the opinion that the M&A Rules are not applicable to the Global Offering and no prior approval from PRC government departments is required.

6. Transfer of the Japan Business into the Group

On 6 June 2019, a wholly-owned indirect subsidiary of AB InBev transferred 100% of its interests in Anheuser-Busch InBev Japan Kabushiki Kaisha, the holder of the Japan business, to ABI Asia BV at fair market value. Upon the completion of such transfer, Anheuser-Busch InBev Japan Kabushiki Kaisha became a wholly-owned subsidiary of ABI Asia BV, and as a result, become part of the Group.

7. Transfer of the South Korea Business into the Group

Shortly before the Listing Date, the South Korean business transfers will be effected by (1) the transfer by AB InBev's wholly-owned indirect subsidiary of 100% of their interest in Oriental Brewery Co., Ltd. ("**Oriental Brewery**"), a company incorporated under the laws of South Korea, to Korea HoldCo and (2) the transfers of a previously existing intercompany loan receivable from AB InBev's wholly-owned indirect subsidiary Mexbrew Investment S.à r.l. to Korea HoldCo in exchange for the Korea Debt Receivable Loan due from the Company to Mexbrew Investment S.à r.l.

The Company will acquire Oriental Brewery in exchange for (1) Shares that the Company issues to APAC HoldCo 2 and (2) the payment of proceeds from the final drawdown of the Shareholder Loan. The aggregate amount of the Shareholder Loan, together with the Korea Debt Receivable Loan, is set to equal the maximum net proceeds from the Global Offering and the exercise of the Over-allotment Option (assuming it is exercised in full). As a result, the number of Shares that the Company issues to APAC HoldCo 2 in connection with the acquisition of Oriental Brewery will depend on the amount of net proceeds expected to be received in the Global Offering, which in turn depends on whether the Offer Size Adjustment Option is exercised. Assuming the Offer Size Adjustment Option is not exercised at all, then the Company will issue 4,234,282,000 Shares to APAC HoldCo 2 in this step. Assuming the Offer Size Adjustment Option is exercised in full, then the Company will issue 3,699,587,000 Shares to APAC HoldCo 2 in this step. See "*Share Capital*" for additional details.

Upon completion of these transfers, (a) Oriental Brewery and its subsidiaries which hold the South Korean businesses will become wholly-owned subsidiaries of Korea HoldCo, and as a result, become part of the Group and (b) the Korea Debt Receivable Loan will be left as an outstanding amount owed by the Company to Mexbrew Investment S.à r.l. The Korea Debt Receivable Loan will be repaid from the net proceeds from the Global Offering (see "*9. Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan*").

HISTORY, DEVELOPMENT AND REORGANIZATION

8. *Transfer of the New Zealand Business into the Group*

Shortly before the Listing Date, a wholly-owned indirect subsidiary of AB InBev will transfer 100% of its interest in CUB (New Zealand) Limited, the holder of the New Zealand business, to the Company at fair market value. Upon the completion of such transfer, CUB (New Zealand) Limited will become a wholly-owned subsidiary of the Company, and as a result, will become part of the Group.

9. *Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan*

Following completion of the Global Offering, the Company will use the entire net proceeds from the Global Offering to satisfy (1) in full, its obligations under the Korea Debt Receivable Loan and (2) in part, its obligations to AB InBev Investment Holding Company Limited under the Shareholder Loan. The Company will make an announcement following such payment. It is anticipated that such announcement will be made on the Listing Date.

Accordingly, following completion of the Global Offering and prior to any exercise of the Over-allotment Option, (1) the Korea Debt Receivable Loan will have been repaid in full, and (2) the amount of the Shareholder Loan that will remain outstanding will equal the net proceeds that would be received by the Company if the Over-allotment Option was exercised in full. AB InBev Investment Holding Company Limited shall contribute its outstanding Shareholder Loan receivable to APAC HoldCo 2.

In connection with the Shareholder Loan, on 2 July 2019, the Company, AB InBev Investment Holding Company Limited and APAC HoldCo 2 entered into the Share Issuance Agreement under which the parties agreed to the mechanism described below for the repayment or cancellation of the Shareholder Loan.

- Upon any exercise of the Over-allotment Option, the entire net proceeds will be used immediately to repay our obligations to APAC HoldCo 2 under the Shareholder Loan. As a result, if the Over-allotment Option is exercised in full, the entirety of the Shareholder Loan will be repaid in full and the Shareholder Loan will be terminated.
- To the extent the Over-allotment Option is not exercised in full, at the end of the Over-allotment Option exercise period, the Company will issue the same number of shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan. See also “*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Public Float Requirements.*”
- At the end of the Over-allotment Option exercise period (which is 30 days after the last day for lodging applications under the Hong Kong Public Offering), whether or not the Over-allotment Option is exercised in part or in full:
 - the total number of Shares in issue will be 13,243,397,000; and

HISTORY, DEVELOPMENT AND REORGANIZATION

- the Shareholder Loan will be repaid in full and will be terminated and no intercompany indebtedness will remain in place between any member of the Group and the AB InBev Group other than under commercial arrangements in the ordinary and usual course of business of our Group and pursuant to Cash Pooling Arrangements (see “*Connected Transactions – Cash Pooling Arrangements in place between the AB InBev Group and the Group*”).
- Rule 10.08 of the Listing Rules provides that no further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which securities of a listed issuer first commence dealing on the Stock Exchange. An exception to this rule is the issue of shares or securities pursuant to an agreement entered into before the commencement of dealing, the material terms of which have been disclosed in the listing document issued in connection with the initial public offering (Rule 10.08(4) of the Listing Rules). The issuance of Shares under the Share Issuance Agreement falls within this exception.

The following tables set out the shareholding structure of the Company showing the effect of the exercise of the Over-allotment Option in full (a) assuming the Offer Size Adjustment Option is not exercised at all and (b) assuming the Offer Size Adjustment Option is exercised in full:

(a) *Assuming the Offer Size Adjustment Option is not exercised at all*

This table reflects the shareholding structure of the Company assuming the Offer Size Adjustment Option is not exercised at all: (a) as at the Listing Date; (b) as at the end of Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all; and (c) as at the end of Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full.

	As at the Listing Date (assuming the Offer Size Adjustment Option is not exercised at all)		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all ⁽¹⁾		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full ⁽²⁾	
	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital
APAC HoldCo 2	11,768,695,000	90.15	11,958,047,000	90.29	11,768,695,000	88.86
Trustee	23,000,000	0.18	23,000,000	0.17	23,000,000	0.17
Public shareholders	1,262,350,000	9.67	1,262,350,000	9.53	1,451,702,000	10.96
Total	13,054,045,000	100.00	13,243,397,000	100.00	13,243,397,000	100.00

HISTORY, DEVELOPMENT AND REORGANIZATION

(b) *Assuming the Offer Size Adjustment Option is exercised in full*

This table reflects the shareholding structure of the Company assuming the Offer Size Adjustment Option is exercised in full: (a) as at the Listing Date; (b) as at the end of Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all; and (c) as at the end of Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full.

	As at the Listing Date (assuming the Offer Size Adjustment Option is exercised in full)		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is not exercised at all ⁽¹⁾		As at the end of the Over-allotment Option exercise period, assuming the Over-allotment Option is exercised in full ⁽²⁾	
	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital	Number of issued Shares	Approximate % of issued share capital
APAC HoldCo 2	11,234,000,000	86.52	11,493,095,000	86.78	11,234,000,000	84.83
Trustee	23,000,000	0.18	23,000,000	0.17	23,000,000	0.17
Public shareholders	1,727,302,000	13.30	1,727,302,000	13.04	1,986,397,000	15.00
Total	<u>12,984,302,000</u>	<u>100.00</u>	<u>13,243,397,000</u>	<u>100.00</u>	<u>13,243,397,000</u>	<u>100.00</u>

- (1) Assuming the Over-allotment Option is not exercised at all, under the Share Issuance Agreement, the Company will issue the same number of Shares to APAC HoldCo 2 as would have been issued had the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan.
- (2) Assuming the Over-allotment Option is exercised in full, the Shareholder Loan will be repaid in full from the net proceeds received therefrom and so no new Shares will be issued to APAC HoldCo 2 under the Share Issuance Agreement at all.

INDUSTRY OVERVIEW

*This section contains information relating to our markets. Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various publicly available government and official sources, industry statistics and publications. We also commissioned an independent industry consultant, GlobalData, to prepare an industry research report (the “**GlobalData Report**”) upon which this Industry Overview section is based. Unless otherwise indicated, all historical and forecast statistical information, including trends, sales, market share and growth, is from the GlobalData Report. See “– Report Commissioned from GlobalData.”*

While we have taken all reasonable care to ensure that the relevant official facts and statistics are accurately reproduced from these sources, such facts and statistics have not been independently verified by us or the Relevant Persons. Although we have no reason to believe that such information is false or misleading in any material respect, or that any fact has been omitted that would render such information false or misleading in any material respect, we make no representation as to the accuracy or completeness of such information, which may not be consistent with other information available. Accordingly, you should not place undue reliance on such information or statistics.

REPORT COMMISSIONED FROM GLOBALDATA

We commissioned GlobalData, an independent market research and consulting company, to conduct an analysis of, and to prepare an industry research report on, the Asia Pacific beer market for the period from 2013 to 2023. The report prepared by GlobalData for us is referred to in this prospectus as the GlobalData Report. We agreed to pay GlobalData a total fee of USD0.2 million, which we believe reflects market rates for reports of this type. The payment of such fee was not contingent on the success of our Global Offering or the results of the GlobalData Report. Except for the GlobalData Report, we did not commission any other industry research report in connection with the Global Offering.

GlobalData was formed in 2016 following the consolidation of several data and analytics providers. GlobalData has a team of industry consultants, market research analysts, technology analysts and economists globally. It conducts industry research among other services. GlobalData covers the Asia Pacific market from its offices in Singapore and Hong Kong. Its industry coverage in Asia Pacific includes all alcohol and non-alcohol beverage categories and brands across various key markets.

We have included certain information from the GlobalData Report in this prospectus because we believe this information facilitates an understanding of the Asia Pacific beer market for prospective investors. The GlobalData Report includes information on the Asia Pacific beer market, with additional information on our principal markets within the region, such as China, South Korea, India and Vietnam, as well as other economic data, which have been quoted in this prospectus. GlobalData’s independent research consists of both primary and secondary research obtained from various sources in the Asia Pacific beer industry. Primary research involved in-depth interviews with leading industry participants and industry experts in China. Secondary research involved reviewing company reports, independent research reports and data based on GlobalData’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. On this basis, our Directors are satisfied that the disclosure of future projections

INDUSTRY OVERVIEW

and industry data in this section is not biased or misleading. We believe that the sources of this information are appropriate sources for the information, and we have taken reasonable care in extracting and reproducing this information. We have no reason to believe that this information is false or misleading in any material respect of that any fact has been omitted that would render such information false or misleading in any material respect. Our Directors confirm, after taking reasonable care, that there is no material adverse change in the overall market information since the date of the GlobalData Report that would materially qualify, contradict or have an adverse impact on such information.

Except as otherwise noted, all of the data and forecasts contained in this section have been derived from the GlobalData Report, various official government publications and other publications.

In compiling and preparing the research, GlobalData assumed that the economies of the relevant countries are likely to maintain steady growth in the five years from 2018 to 2023 (the “**forecast period**”), the social, economic and political environment in the relevant markets is likely to remain stable in the forecast period, and market drivers such as consumers’ rising purchasing power, consumers’ upgrading consumption and other key drivers are likely to drive the Asia Pacific beer market during the forecast period. In addition, according to GlobalData, the bases and assumptions used for the preparation of the report mainly include the following:

General Bases and Assumptions

- **Asia Pacific region** (or the “**region**”) is defined as China, South Korea, India, Vietnam, Hong Kong, Taiwan, Japan, Australia, New Zealand, Indonesia, Malaysia, Singapore, the Philippines, Thailand, Myanmar, Cambodia, Laos and Sri Lanka for computation of Asia Pacific beer market size. Asia Pacific macroeconomic indicators are for the entire region as stated by International Monetary Fund (“**IMF**”)
- “**Principal markets**” are defined as the key markets in Asia Pacific that the Company operates in, namely China, South Korea, India and Vietnam
- “**Rest of Southeast Asia**” (or the “**SE Asia region**”) is defined as Indonesia, Malaysia, Brunei Darussalam, Singapore, the Philippines, Thailand, Myanmar, Cambodia and Laos
- “**Price categories**” of beer defined in this report are based on an index value assigned by GlobalData, based on retail pricing of beer. The methodology assumes the retail (off-premise) price of the leading brand in the most popular pack type as the standard (assigned 100 on the index), with all other brands indexed against this brand/pack type. Brands with an index of 115 to 150 are classified in the **premium category**, brands with an index in excess of 150 are classified in the **super premium category**, brands with an index of below 90 are classified in the **value** or **discount category** and brands with an index of 90 to 114 are classified in the **mainstream category**
- **RSP (“Retail Selling Price”)** is defined as the price of products sold to the end users for consumption
- **Value market size and shares** are based on average off-premise RSP sales

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- **PCC (“Per Capita Consumption”)** is defined as beer per capita consumption in terms of liters per year, based on total beer industry volume per unit of total population
- Market share data reflects business combinations of operators, and such combinations are applied retroactively to present a like-for-like comparison
- In calculating market share, sales of trademark brands are allocated to the licensed distributor of respective brands in the stated years

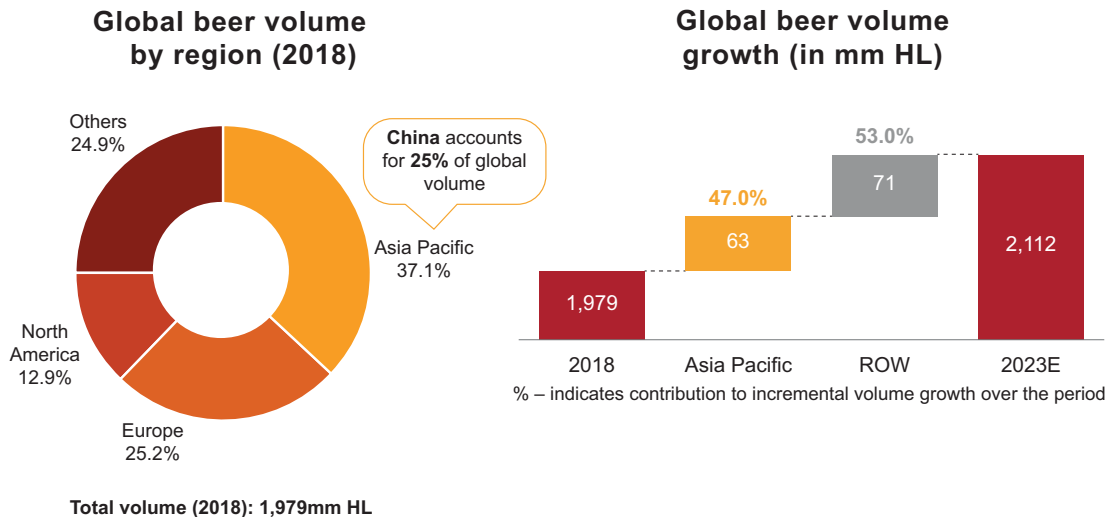
OVERVIEW OF THE ASIA PACIFIC BEER MARKET

We operate in Asia Pacific, with products primarily catering to the beer markets across various countries. We have a broad portfolio of over 50 brands and are well positioned to capture the beer consumption trends, including premiumization and trading up, across Asia Pacific. The following section provides an overview of the beer industry in the region, with a focus on our principal markets of operation, which are China, South Korea, India and Vietnam.

Summary of the overall Asia Pacific beer market

Asia Pacific is the largest beer consumption region by volume and value and one of the fastest growing beer consumption regions globally as of 2018. It accounted for 37% of the global beer consumption volume in 2018 and is also expected to contribute 47% to the incremental growth in beer consumption volumes globally from 2018 to 2023.

The following charts illustrate the current share of global volumes and incremental global beer volume growth over the forecast five years, represented by the Asia Pacific beer market.



Source: GlobalData

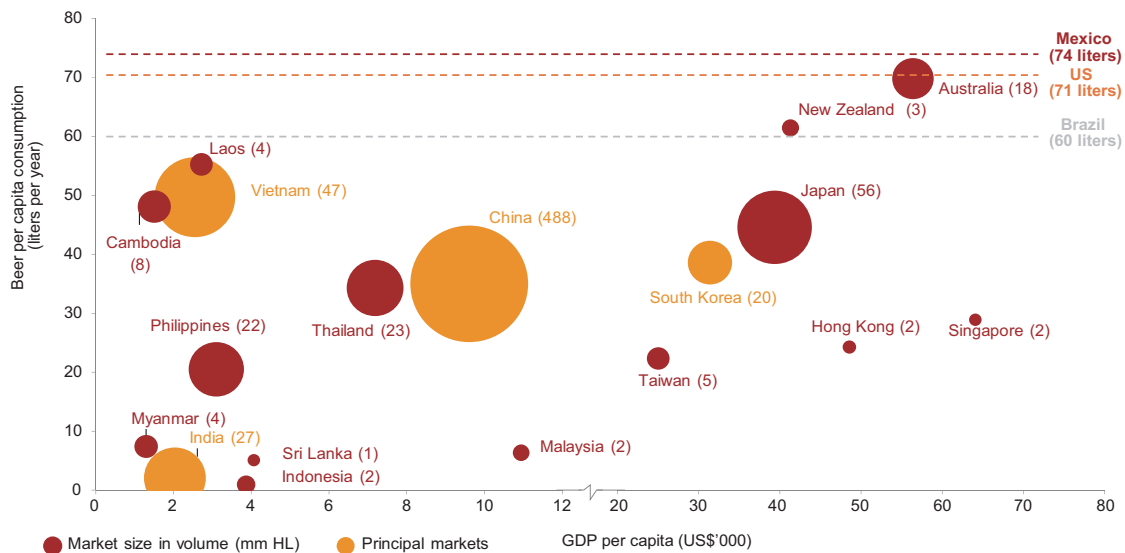
INDUSTRY OVERVIEW

Within Asia Pacific, beer comprises the largest volume share among alcohol drinks (“**share of throat**”), and its share is expected to remain relatively stable over 2018 to 2023. Beer consumption in Asia Pacific is also underpinned by highly favorable macroeconomic and demographic factors relative to other regions in the world. With a total population of 4.2 billion, Asia Pacific accounted for approximately 57% of the global population in 2018. The region is also expected to contribute around 46% to global population growth over 2018 to 2023. This large consumer base in Asia Pacific is relatively young, increasingly residing in urban centers and has growing spending power.

In addition to the large population base, urbanization is also driving the growth of consumption in Asia Pacific. As an illustration, according to the National Bureau of Statistics for China, China’s urban population has grown at a CAGR of 2.6% over 2013 to 2018, adding around 100 million to the urban population over the period. Urban population growth also outpaced the overall population growth, which grew at a CAGR of 0.5% over the same period. Average per capita disposable income for China’s urban population is estimated to be approximately three times higher than that of China’s rural population as of 2018. This indicates a considerable potential for consumption growth, including for beer.

The aggregate PCC for beer in Asia Pacific is also significantly low (around 20 liters in 2018) compared to global benchmark markets (such as the US at 71 liters, Brazil at 60 liters and Mexico at 74 liters in 2018). This is illustrated in the following chart that maps the various regional beer markets by PCC and GDP per capita. The current low beer PCC level in Asia Pacific indicates significant growth headroom for beer markets in the region.

PCC vs. GDP per capita for Asia Pacific beer markets



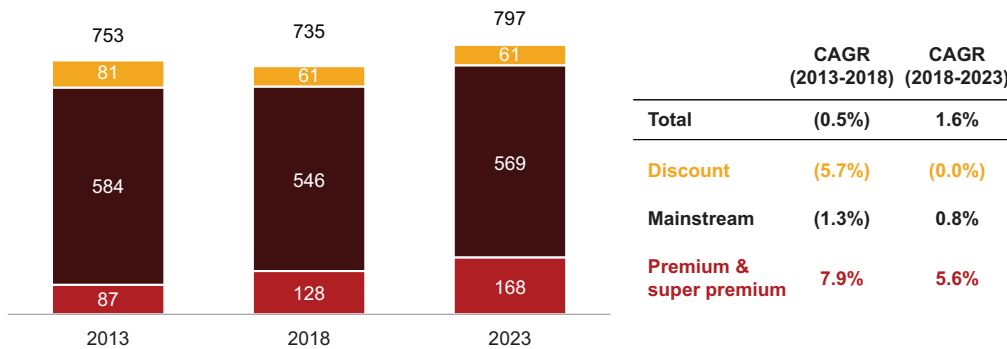
Source: GlobalData for beer market volumes, IMF for GDP and population data

INDUSTRY OVERVIEW

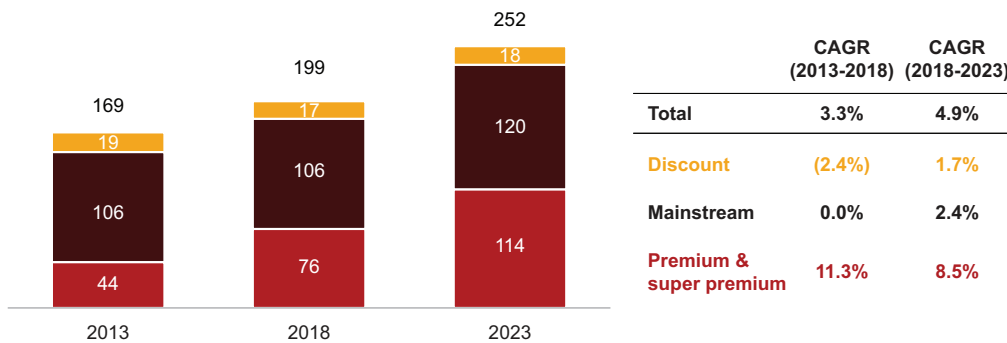
Premiumization and trading-up are structural trends in beer across Asia Pacific. While the premium and super premium beer categories are relatively underdeveloped in Asia Pacific relative to other markets globally, they are anticipated to grow significantly faster than the overall beer market in the region. The following charts illustrate the historical evolution of the beer market by price category in Asia Pacific over 2013 to 2018 and the anticipated evolution over 2018 to 2023, by volume and value, illustrating the regional premiumization trend in beer.

Evolution of overall beer market in Asia Pacific

Asia Pacific beer market volume by price categories (mm HL)



Asia Pacific beer market value by price categories (USD bn)



Source: GlobalData

Additionally, value growth across beer price categories is expected to continue to be higher compared to volume growth over 2018 to 2023. This indicates an overall continuation of an established trading-up trend and price increases within categories. The shift in mix towards premium beers is also expected to drive higher value growth versus volume growth over 2018 to 2023. The overall value growth in the beer market in Asia Pacific is expected to be 4.9%, as compared to expected 1.6% volume growth over the 2018 to 2023 period.

INDUSTRY OVERVIEW

The following sections provide an overview of the beer industry in our principal markets of operation.

SUMMARY OF THE CHINA BEER MARKET

China's beer market is the largest globally. GlobalData estimates the total beer market volume in China to be 488 million HL in 2018. However, included in this total is an estimation of unreported volumes by a large number of smaller scale regional brewers. According to the National Bureau of Statistics for China, the total beer market volume was 381 million HL in 2018 (reflecting the national production volume of brewers above a designated size), and we believe this is a more appropriate indication of the beer market size and our addressable market. China accounted for a 25% share of global beer volumes. China is also the largest beer market in the region by volume and value, accounting for an approximately 66% and 41% volume and value share, respectively, in 2018. Despite its large aggregate size, beer consumption in China continues to remain relatively low on a PCC basis, at 35 liters per capita in 2018, indicating a significant potential for growth in beer consumption (compared to other benchmark markets such as the US, Brazil and Mexico, which are at 71 liters, 60 liters and 74 liters, respectively).

Return to growth – Following declining volumes over 2013 to 2018, the beer market in China is expected to return to growth over the forecast period of 2018 to 2023 driven by multiple macroeconomic and industry specific factors. Key macro drivers include a recovery in overall economic growth, a reduction in sales taxes (from 17% in 2017 to 13% in 2019) and growth from lesser developed inland regions. Additionally, the beer industry as a whole is shifting its focus from gaining market share through higher volumes to providing consumers with better quality products across a broader portfolio range. This has resulted in an overall increase in the level of potential volume and value growth and a shift in the beer category as a whole, with an increased focus and ability to generate value from premiumization. Consumption of other alcohol drinks such as spirits is also slowing due to a reduction in corporate entertaining and gifting in the Chinese business culture.

Within the overall Chinese beer market, the premium and super premium categories have emerged as growth engines, both historically (over 2013 to 2018) and in the forecast period (over 2018 to 2023), outperforming overall beer market growth. The premium and super premium categories have also been more resilient to the recent moderation in economic growth as consumers seek out products that offer more in terms of flavor, strength and variety. The premiumization trend in beer is also significantly more pronounced in China versus the other principal markets that we operate in with the price of super premium beer in China nearly 11.6 times that of value beer, compared to a difference of 6.1 times in India in 2018.

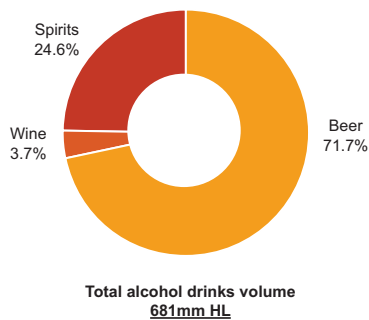
The premiumization momentum in the Chinese beer market can be seen as the share of the premium and super premium categories increased from 10.9% in 2013 to 16.4% by volume in 2018 with this trend expected to continue. Despite the recent strong growth, the share of the premium and super premium categories remains significantly lower than that of key benchmark developed/mature beer markets (versus 42.1% for the US) implying significant headroom for growth for the premium and super premium categories as the economy continues to develop.

INDUSTRY OVERVIEW

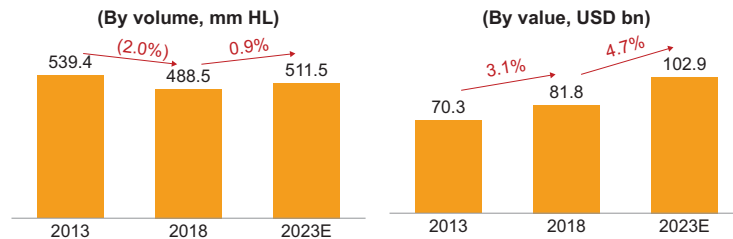
The historically large mainstream, or what the Company refers to as “Core,” category is also evolving, with the emergence of the higher growth “Core+” (upper mainstream) category, which comprises the higher priced beer brands and variants within the broader mainstream category, also illustrating the broader premiumization trend in beer.

The following charts show the key statistics of the beer market size in China according to the GlobalData Report.

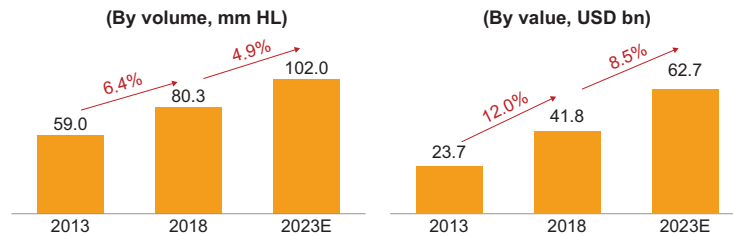
Beer vs. other alcohol drinks in China (2018, by volume)



Overall beer market size in China



Premium and super premium categories in China



Source: GlobalData

In addition to premiumization, growth drivers and trends in the Chinese beer market include:

Consumption trends driven by evolution of tastes and preferences

While lager continues to be the leading style in the Chinese beer market, new styles and types of beers are gaining popularity, including draft and ice beers, flavored beers, and speciality beers such as wheat beers and dark beers. Such new consumption trends are largely led by evolving consumer tastes, drinking habits and preferences and increasing urbanization and growing household spending, resulting in consumer openness to a wider variety of beer types and an ability and willingness to pay more for niche brews such as craft beers.

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Growth in the Core+ category

Consumers continue to trade-up to higher priced beers within the broader mainstream category, resulting in the emergence of the high growth Core+ category that comprises higher priced beers at the upper end of the mainstream category. We are actively focused on growing in the Core+ category through our brand Harbin and its variants. Other brands in the market in this category include Tsingtao Classic and Snow Adventure.

Emergence of craft beer

Craft beer has been gaining popularity in China. The category has largely been focused around Beijing, Nanjing and Shanghai; however, it is increasingly popular with younger consumers and is penetrating new markets in second tier cities such as Hangzhou, Wuhan and Xi'an. In 2017, we acquired Boxing Cat, a major craft brewer established in 2008 in Shanghai, and we are actively promoting our Goose Island brand in upscale metropolitan outlets. Moreover, we opened a craft brewery in Wuhan producing the Boxing Cat, Kaiba and Goose Island brands.

Broadening of consumption occasions

Brewers are targeting existing or new product offerings at new consumption occasions. Examples of new consumption occasions include in-home beer consumption and more easy-drinking occasions that involve men and women (compared to the traditionally male dominated drinking occasions). Western influence on consumer preferences and behaviors in urban centers has also resulted in changes in alcohol consumption habits (e.g., increased social consumption of premium and super premium beers).

Evolution in distribution and route to market, including e-commerce

The overall routes to market for various products in China are undergoing changes on account of growth in modern trade, increase in on-premise beer consumption and growth in e-commerce. On-premise consumption offers a significantly higher average selling price (“ASP”) and resulting profitability, which is expected to increase overall industry profitability along with the broader premiumization trend. The on-premise channel is also highly relevant in the distribution and sale of premium and super premium beers.

Overview of the Chinese beer market by regions

China represents a large, diverse collection of regions with differing beer market characteristics. This has resulted in slightly varied beer market growth and premiumization opportunities as relatively less wealthy regions (such as the West) move up the GDP per capita curve to similar levels as more developed regions (such as the South).

On account of macroeconomic development factors and historical foreign influences, consumption of premium and super premium beers is strongest in the South and East, while relatively weaker in the West. However, the West has witnessed the strongest growth in beer consumption since 2013.

INDUSTRY OVERVIEW

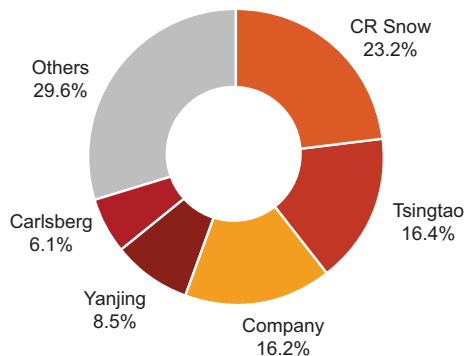
Beer brand preferences in China also vary by geography. While Snow and Tsingtao are large national brands, other brands such as Yanjing have a strong concentration in certain regions, such as the North (in Beijing and Inner Mongolia) and South (in Guangxi). While international brands such as Budweiser (licensed to us under a long term licensing agreement from our parent company, AB InBev) and Carlsberg are gaining popularity in the market, regional brands continue to remain relevant, with notable examples being our Harbin and Sedrin brands (strong positions in the North and South, respectively). Budweiser has a strong nationwide presence but is particularly strong in the South, East and Southeast.

China beer market competitive landscape

The beer market in China has transitioned from being highly fragmented to relatively consolidated, with the top five brewers (CR Snow Breweries, Tsingtao, our Company, Yanjing and Carlsberg) accounting for 70.4% of the total beer market by volume in 2018. This consolidation has been achieved primarily through acquisitions of smaller local breweries, with regional brands sometimes being displaced by larger national brands.

The following charts provide an overview of the beer competitive landscape in China with market shares according to GlobalData’s view of the total China beer market volume (488 million HL in 2018).

Market share by volume in China (2018)



Total volume (2018): 488mm HL

Source: GlobalData

Market share evolution of top five players in China (by volume)

	<u>2013</u>	<u>2018</u>
CR Snow	20.4%	23.2%
Tsingtao	15.4%	16.4%
Company	12.9%	16.2%
Yanjing	10.6%	8.5%
Carlsberg	5.9%	6.1%
Total of top five	65.2%	70.4%

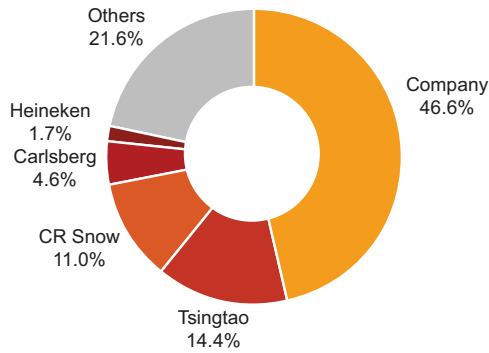
The competitive landscape in the beer market in China varies significantly by volume and value. By volume, CR Snow Breweries is the market leader, followed by Tsingtao and our Company in 2018. However, on a value basis, we are the market leader, followed by CR Snow Breweries and Tsingtao. Our portfolio has two of the top five brands measured by market share of retail sales value, with Budweiser being the largest brand and Harbin the fourth. We also have a successful track record of market share gain over 2013 to 2018 by volume in China.

According to GlobalData, we are also well positioned in the premium and super premium categories with a combined 46.6% market share by volume in 2018, having registered over 6% market share gain since 2013 with a portfolio of iconic brands such as Budweiser, Stella Artois, Corona and Hoegaarden. We believe that our leading portfolio of brands will favorably position us to continue to capture the higher growth potential in these categories.

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The following charts provide an overview of the beer competitive landscape in China in the premium and super premium categories.

**Market share by volume in China
Premium and super
premium category
(2018)**



Total volume (2018): 80mm HL

Source: GlobalData

**Market share evolution of
top five players in China
(by volume)
Premium and super
premium category**

	2013	2018
Company	40.2%	46.6%
Tsingtao	16.1%	14.4%
CR Snow	13.0%	11.0%
Carlsberg	4.9%	4.6%
Heineken	1.7%	1.7%
Total of top five	75.9%	78.4%

According to GlobalData, we are the only brewer among the top five in the premium and super premium categories to have increased our share by volume substantially over 2013 to 2018. Budweiser (licensed to us) is the leading brand in China in the premium and super premium categories by volume. The super premium category is mostly made up of imported brands as well as local specialties and the nascent craft category. Corona (licensed to us), Heineken, Carlsberg and Blue Girl are the leading brands in the super premium category.

Overview of beer distribution/channel landscape in China

Beer distribution in China is done mainly through distributors or direct delivery to key accounts. The relatively fragmented distributor segment is made up of many small operators with relatively small geographic footprints.

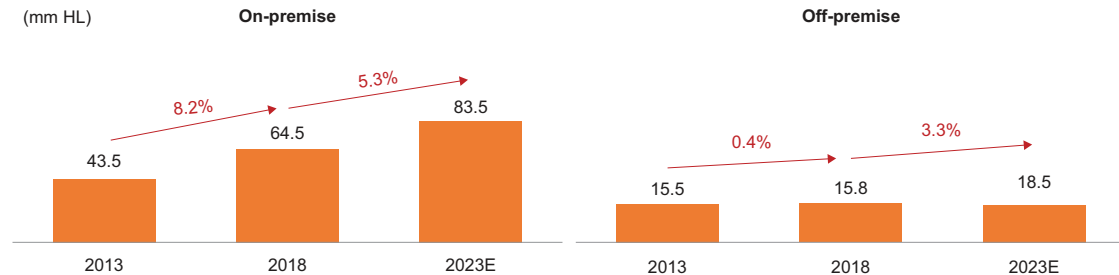
With the growth in more premium beers in China, distribution capabilities that have access to relevant points of sale have become a critical success factor for brewers. Brewers that target the premium and super premium categories in particular need a well-established distribution and sales force to ensure connectivity with the right consumers through the right channels. The on-premise channel, which has a higher growth rate than the off-premise channel in terms of value from 2013 to 2018, is also highly relevant for premium beers, as the majority of premium and super premium beers are consumed on-premise. The off-premise channel, which has historically catered to distribution of value and mainstream beer categories, is also expected to grow over 2018 to 2023 driven mainly by increasing premium and super premium beer volumes.

Beer distribution through e-commerce continues to grow, with many brewers having their own online shops on Tmall (part of Alibaba) and JD.com. Smaller retail outlets, restaurants and also consumers increasingly leverage B2B e-commerce.

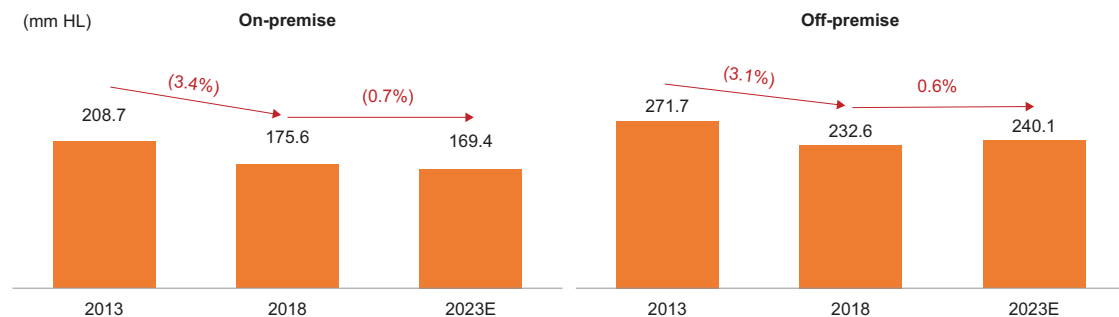
INDUSTRY OVERVIEW

The following charts show the on-premise and off-premise consumption by volume in China across price categories, for the periods specified.

Premium and super premium beer volume by channel in China



Value and mainstream beer volume by channel in China



Source: GlobalData

Key considerations and takeaways

The beer market in China has historically been a high volume market, with lesser focus on value growth. The industry has been characterized by multiple regional operators, with relatively older and inefficient production infrastructure and limited product innovation. Challenges in transport connectivity in parts of China, especially away from the large city centers, are responsible for the large numbers of breweries needed to achieve national distribution coverage, also resulting in high operating costs. While the premium and super premium beer categories are becoming popular, greater competition is also expected in these categories following the merger of CR Beer and Heineken.

Companies that have a wide range of global and local brands, particularly in the more premium categories, well invested and efficient manufacturing facilities and established route to market capabilities that are suited to distribution and execution of premium and super premium beers should be well positioned to capture sustained volume and value growth in the Chinese beer industry. Overall, the market is expected to return to moderate volume growth in the future taking into account that the PCC level for beer remains relatively low and favorable demographic and macroeconomic development is expected to continue.

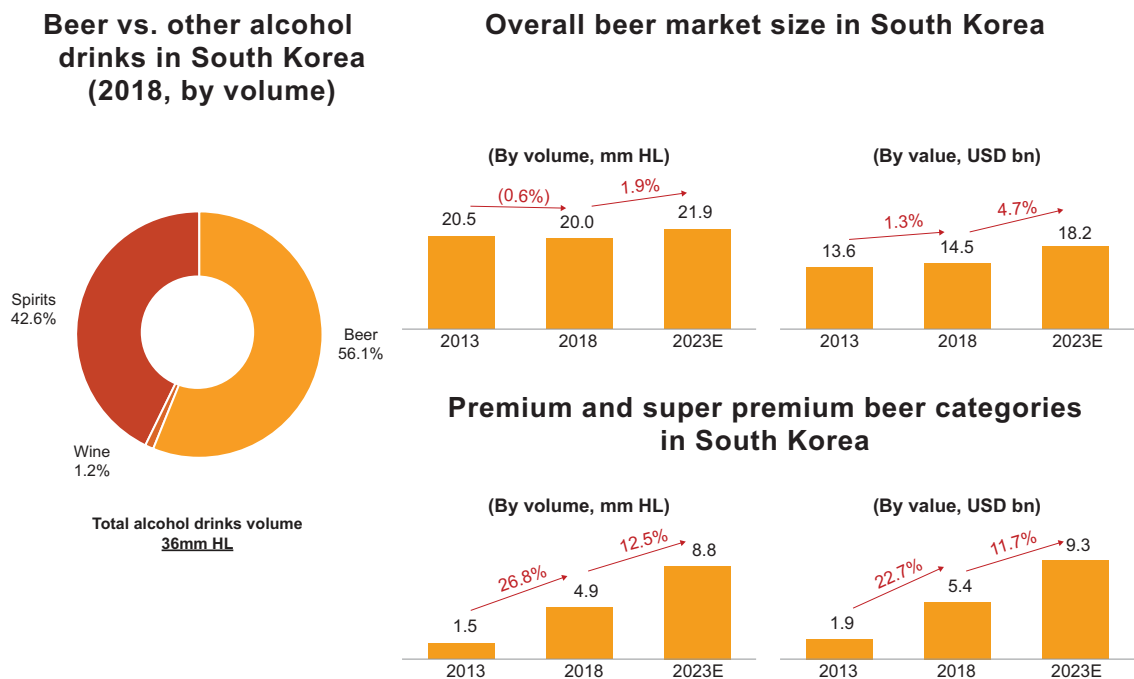
INDUSTRY OVERVIEW

SUMMARY OF THE SOUTH KOREA BEER MARKET

South Korea's beer market is characterized by strong GDP per capita, two large industry players in the beer market and a relatively high value per hectoliter of beer consumed.

According to GlobalData, the beer market in South Korea is expected to return to growth at 1.9% CAGR over the forecast period 2018 to 2023. Growth in the premium and super premium beer categories is expected to lead this return to growth with significantly higher growth than that of the general market, with volumes expected to grow at a CAGR of 12.5% over 2018 to 2023.

The following charts show the key statistics of the beer market size in South Korea.



Source: GlobalData

The key growth drivers and trends in the South Korean beer market include:

Strong premiumization trend

The beer market in South Korea is witnessing a strong premiumization trend, with consumers increasingly preferring premium and super premium beers in a market that was historically a mainstream beer category market, primarily as a result of steady GDP growth and higher levels of disposable income. The premium segment remains under-indexed, and the growth in premium and super premium categories' share of overall beer market should also drive industry profitability expansion.

Shift in demand from soju

Demand for beer is also supported by the shift in share of throat, as consumers are shifting from consuming traditional spirits like soju towards beer.

Growth in imported beer

Imported beer brands are accounting for an increasing share of the overall beer consumption in South Korea as consumers seek a wider variety that is not offered by the conventional domestic beer brands.

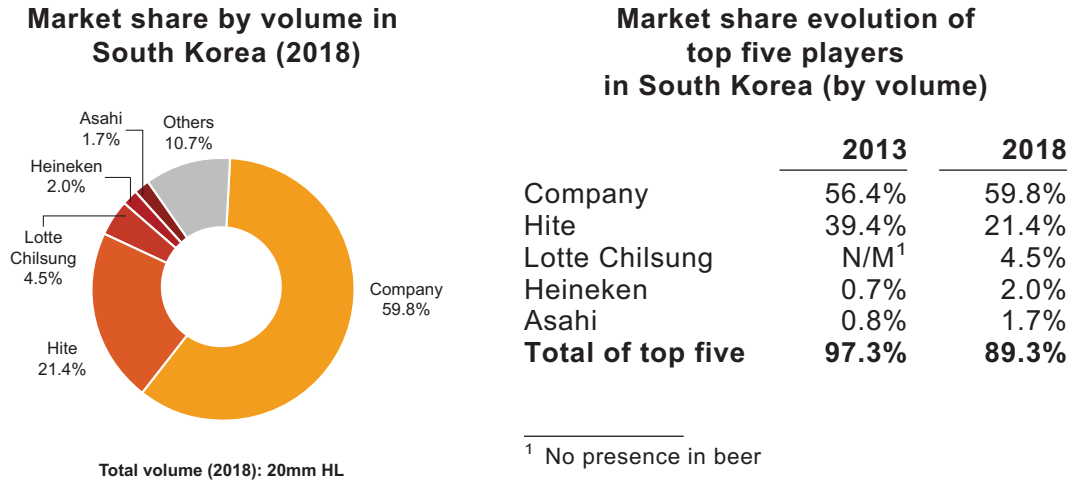
INDUSTRY OVERVIEW

Growth in craft beer

The craft beer category in South Korea is currently small but high growth, with a volume CAGR of 25.8% over 2013 to 2018, as consumers increasingly seek premium offerings and are willing to pay higher prices for beer.

South Korea beer market competitive landscape

The following charts provide an overview of the beer competitive landscape in South Korea.



Source: GlobalData

We were the significant market leader in the beer market in 2018, both in terms of volume and value, strengthening our position since 2013 with Hite Brewery the second largest player on both measures. Other brewers in the market include Lotte Chilsung, Heineken and Asahi. Our market share has continued to remain stable, and even marginally grew over 2013 to 2018 by volume, on the back of the strength of our brands, such as Cass. Brands such as Budweiser (licensed to us) also grew significantly over the past five years, growing market share in the premium category. Other players such as Heineken that cater to the premium category have also grown over the past three to four years but remain small on a market share basis.

Key considerations and takeaways

The South Korea beer market is gradually shifting from domestically produced brands to imported brands with some of the domestic brands in the mainstream category losing share to imports. In June 2019, South Korea proposed a move to a new taxation regime that treats locally produced and imported beers in a more comparable manner by taxing alcohol drinks based on volume and alcohol content instead of price. Overall, the new taxation should benefit the beer industry, creating a more leveled playing field for domestic brewers and imported brands.

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Companies such as Budweiser APAC that have brands with strong equity, such as Cass, and also a broad portfolio of domestic and international brands that are locally produced, as well as imported brands, should remain well positioned in the market. For example, any impact on volumes of imported brands will likely be offset by domestically brewed premium and core+ brands such as Budweiser and Beck's. Strong relationships with distributors will continue to remain essential for brewers to have visibility over points of sale and consumer preferences.

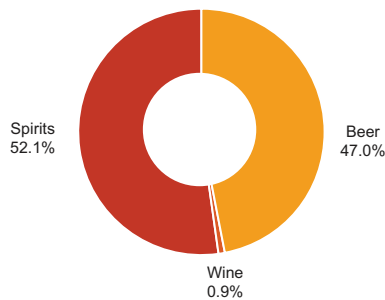
SUMMARY OF THE INDIA BEER MARKET

India is one of the largest and fastest growing beer consumption markets in the region, with a young population and growing middle class. While India has historically been mainly a spirits consumption market, beer has emerged as a growing alcohol drink category in recent years. The Indian beer market is currently underdeveloped compared to regional and global benchmarks, with a beer PCC of only 2 liters. The low PCC indicates significant headroom for growth in beer consumption versus other alcohol drinks, also making the Indian beer market among the fastest growing large markets in the region.

The value and mainstream categories have been popular historically, with consumer preference for beers with higher alcohol content by volume (“strong beers”). While the premium and super premium categories currently remain relatively underdeveloped, they have grown at a robust volume CAGR of 24.6% over 2013 to 2018, with this high growth forecast to continue with a projected volume CAGR of 12.9% over 2018 to 2023.

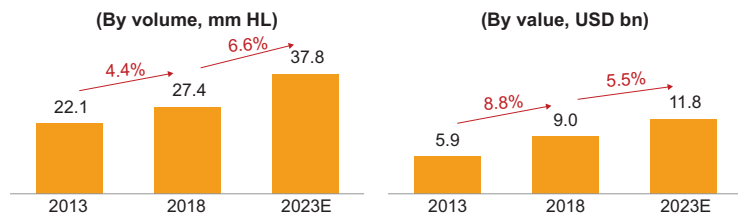
The following charts show the key statistics of the beer market size in India.

Beer vs. other alcohol drinks in India (2018, by volume)

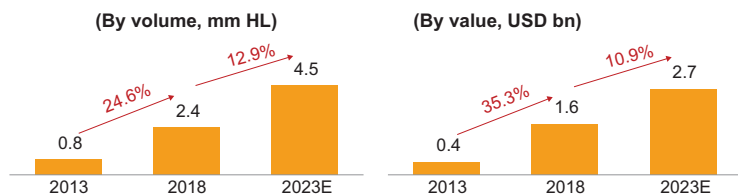


Total alcohol drinks volume
58mm HL

Overall beer market size in India



Premium and super premium beer categories in India



Source: GlobalData

INDUSTRY OVERVIEW

The key growth drivers and trends in the Indian beer market include:

Rise of easy drinking culture

Consumers have traditionally preferred strong beers, however this preference is shifting towards lower alcohol content, more easy drinking beers. Beer consumption is also replacing spirits with an increasing culture of social drinking, as beer is considered a safer drink versus other alcohol drinks among young consumers.

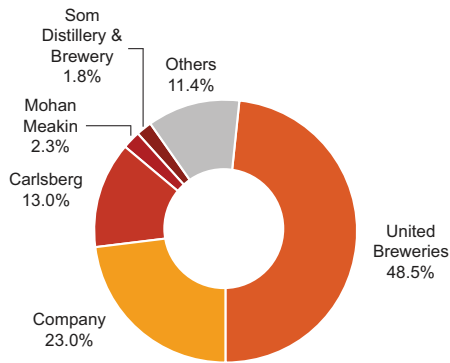
Premiumization and trading-up with growing preference for wider variety of beer types

There is a growing preference for more premium beers, especially among urban, middle class consumers that are increasingly influenced by western culture. Additional demand momentum from the opening of pubs, bars and microbreweries is also driving demand for premium beers. International brands such as Budweiser (licensed to us) are gaining popularity. Consumers are also beginning to shift from traditionally popular beer styles, such as lagers, to more innovative and differentiated beers. Consumers are also trading-up to core+ brands, such as our Beck's Ice.

India beer market competitive landscape

The following charts provide an overview of the beer competitive landscape in India.

Market share by volume in India (2018)



Total volume (2018): 27mm HL

Source: GlobalData

Market share evolution of top five players in India (by volume)

	2013	2018
United Breweries Company	51.3%	48.5%
Carlsberg	6.4%	13.0%
Mohan Meakin	2.9%	2.3%
Som Distillery & Brewery	1.4%	1.8%
Total of top five	85.8%	88.6%

United Breweries (“**UB**”) has historically been the market leader in the Indian beer market by volume and value, through their brand Kingfisher, followed by the Company and Carlsberg.

We are well positioned within the Indian beer market with a top two market share position coupled with a brand portfolio that is well positioned to capture the higher growth premium categories going forward. Companies such as Carlsberg are also becoming more competitive and gaining market share driven by brands such as Tuborg. Heineken is a large shareholder of UB, and UB brews the flagship Heineken brand domestically. Premium beer brand Bira 91 (B9 Beverages) has shown strong growth in the premium category. Budweiser (licensed to us) was the leading brand in the premium and super

INDUSTRY OVERVIEW

premium categories by volume and value in 2018. We are also actively focused on driving growth in India through category expansion, such as Beck's Ice in core+ and Budweiser 0.0 in no-alcohol drinks.

Impact of potential tax reform in India

Taxation in India is presently extremely complicated and state specific. These taxes are typically levied at a flat rate per case (12 x 65cl bottles). This system has led to the Indian market being dominated by spirits and high alcohol beers, although lower strength beers have gained traction in recent years, largely thanks to the efforts of international brewers including Budweiser APAC and Carlsberg.

There is some discussion around reform of the excise duty system in India with the possibility of moving to a system based on alcohol content (alcohol by volume, or ABV). Were this to happen, and the level set at a reasonable level, this could have a very beneficial effect on the Indian beer market.

PCC level of beer in India is currently just two liters. Any tax reform would potentially result in an increase in PCC level, having a dramatic effect on overall beer market volumes. As an example, an increase in PCC of just one liter would result in a 50% increase in volume, while if PCC grew to five liters, this would see volumes more than double. This would present significant opportunities for companies in the market for volume and value expansion.

Key considerations and takeaways

India remains a relatively complex market, with a state level regulated alcohol drinks industry. Recent changes in regulations around advertising and sale of alcohol drinks in proximity of state highways is a consideration.

Companies that will be able to differentiate themselves based on brand equity and image, product offering range and ability to connect with the growing middle class should enjoy a strong competitive advantage. As alcohol taxation and distribution is state specific, companies with manufacturing facilities across multiple states are also positioned favorably. Overall, the market will benefit from favorable demographic and macroeconomic forecasts and is expected to grow significantly given its currently low PCC level. Any upside in PCC level has the potential to translate to a large growth in volumes and value due to the sheer size of the population.

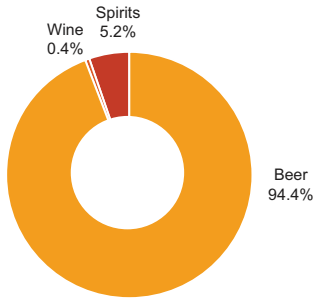
SUMMARY OF THE VIETNAM BEER MARKET

Vietnam has been one of the largest and fastest growing beer markets in the region with a volume and value growth rate of 6.6% and 8.9%, respectively, over 2013 to 2018. Consumers have a strong preference for beer among other alcohol drinks, with beer capturing a nearly 95% share of throat by volume among alcohol drinks in 2018. Despite the relatively high PCC level of 50 liters, the beer market in Vietnam is expected to continue growing at a CAGR of 3.9% by volume and 9.0% by value over 2018 to 2023. According to GlobalData, favorable demographics (young, growing population, urbanization) and macroeconomic factors are expected to continue to support robust growth in beer consumption.

INDUSTRY OVERVIEW

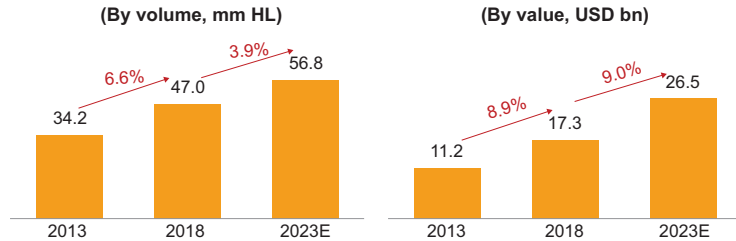
The following charts show the key statistics of the beer market size in Vietnam.

Beer vs. other alcohol drinks in Vietnam (2018, by volume)

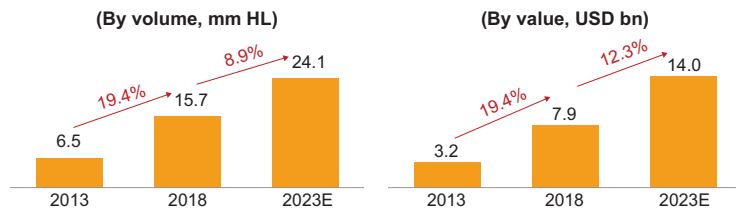


Total alcohol drinks volume
50mm HL

Overall beer market size in Vietnam



Premium and super premium beer category in Vietnam



Source: GlobalData

The key growth drivers and trends in the Vietnamese beer market include:

Growth in premium categories

The premium beer categories are growing on the back of economic development, growth in household spending and also evolving consumer preferences.

Growing distribution reach through beer club chains

Beer availability is expected to grow primarily driven by increasing penetration of beer club chains in large cities.

Increasing participation of foreign brewers

Increasing participation of foreign brewers (both regional and global) is expected to continue to expand the availability and popularity of new beer styles and low- and no-alcohol products in the beer market.

INDUSTRY OVERVIEW

Vietnam beer market competitive landscape

The following charts provide an overview of the beer competitive landscape in Vietnam.



Two brewers, Saigon Alcohol Beer and Beverages Corporation (“**SABECO**”) and Heineken (through Vietnam Brewery), represent a significant majority of the Vietnamese beer market on a combined basis. Hanoi Beer Alcohol and Beverage Corporation (“**HABECO**”) is the other large player. Beer market volumes in Vietnam largely comprise beers from the mainstream category, however the premium and super premium categories have grown, and are forecast to continue to grow, at a faster rate than the overall beer market.

The Company has a growing position in the overall beer market with an overall market share of less than 1% by volume in 2018. Currently, we operate largely in the premium and super premium categories ranking second by sales value share in 2018. With further integration of the legacy SAB portfolio (Zorok brand in the mainstream category) with our global premium portfolio, we believe that we are well positioned to capture future growth and market share in the market.

Key considerations and takeaways

Vietnam has a challenging geography from a logistics perspective, with pan-country distribution reach remaining difficult to establish in beer and other FMCG categories. Consumer tastes and preferences are also varied across the North and South of the country. Recently, proposed restrictions on advertising of alcohol drinks on radio and television from 6 p.m. to 9 p.m. are also a consideration for the industry.

Companies that are able to access the right distribution channels enjoy a significant competitive advantage. Having a portfolio of brands across a broad price spectrum will also be essential to ensure coverage of a wide (urban and rural) consumer base in the country, ensuring longer term competitive success in the market.

SOUTHEAST ASIA BEER MARKET

Rest of Southeast Asia also comprises attractive beer markets with a large and growing population and also consumption levels. The Company’s current markets of operation in Rest of Southeast Asia include Indonesia, Malaysia, Singapore, Brunei Darussalam, Philippines, Thailand, Myanmar, Cambodia and Laos.

INDUSTRY OVERVIEW

The beer markets in the SE Asia region are generally comprised of large regional brewers that have a strong market share in specific countries. The premium and super premium categories comprise a relatively small but growing share of the overall beer market, with growth in these categories driven largely from an increasing number of urban consumers, presenting a significant growth opportunity for the Company.

OVERVIEW OF RAW MATERIALS

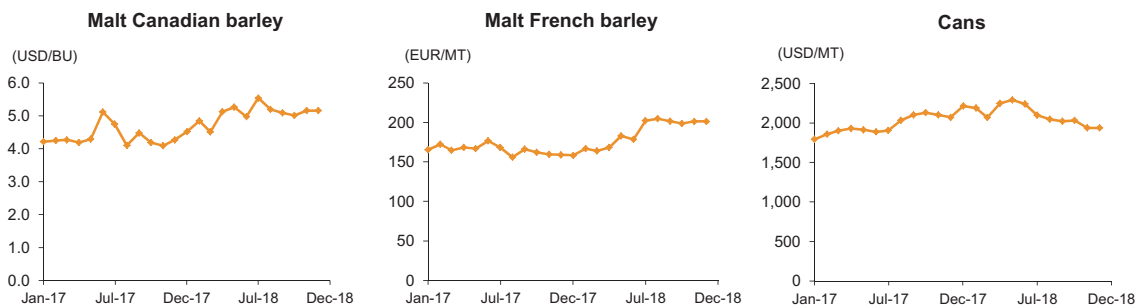
The main raw materials used in our beer production are malted barley, hops, yeast and water and our key commodities primarily include malted barley and aluminum. The supply and prices of our raw materials can be affected by a number of factors beyond our control including, but not limited to, crop yield, regulation, market demand and political environment. We source certain of our raw materials from suppliers through AB InBev's procurement services with the remainder sourced directly from other third party suppliers. Our pricing strategy takes into account a variety of factors (for more information see "*Business – Branding and Marketing*"), one component of which is the costs of raw materials and packaging materials. In general, we seek to pass on increases in cost of raw materials to our customers if such increases affect our business operations and profit margin in the long term.

To minimize our exposure to commodity price volatility in the short term, we use both fixed-price purchasing contracts and commodity derivatives when practicable. While prices do fluctuate, our hedging policy provides visibility on potential impacts in the future which provides the Company the opportunity to offset (partially or fully) the impact as necessary.

We manage the risk of price fluctuations and improve malted barley landed prices through diversifying price fluctuation risks by splitting the time windows of purchases, and using the global footprint of AB InBev and the Company's product experience to assist local suppliers in identifying and delivering potential areas of cost reduction.

Global aluminum prices increased in early 2018. We consider that it was due to supply issues in Brazil and Australia and also as a result of US sanctions. Prices have since declined in January 2019.

The following charts provide a summary of price indices of some of our key raw materials.



Source: Bloomberg

In general the Company expects the price of malted barley and aluminum to remain relatively stable in 2019 with some potential uptrend risk due to supply and demand dynamics.

BUSINESS

OVERVIEW

We are Budweiser Brewing Company APAC Limited, part of the AB InBev Group. Our greatest strength is our people. We dream big, and our culture of ownership drives us to achieve results. Our pan-Asian platform comprises more than 29,000 colleagues, 56 breweries and 61 distribution centers located throughout Asia Pacific as of 31 March 2019.

We are the largest and a fast growing beer company based in Asia Pacific, the largest beer consumption region by volume and value and one of the fastest growing beer consumption regions globally as of 2018, which is poised for further growth (4.9% CAGR by beer value over the next five years according to GlobalData). We are also one of the most profitable Asia-based beer companies in terms of Normalized EBITDA in 2018. We hold leading positions across our principal markets in Asia Pacific.

According to GlobalData, we hold:

- the number one position by beer value in China, and the number one position in the fast growing premium and super premium categories collectively by beer value and beer volume in 2018;
- the number one position by beer value and by beer volume in South Korea in 2018;
- a top three position by beer value and by beer volume in India, and the number one position in the fast growing premium and super premium categories collectively by beer value and beer volume in 2018; and
- a top three position in the fast growing premium and super premium categories collectively by beer value and by beer volume in Vietnam in 2018.

Our brands are loved by consumers, and we strive to provide innovative products to fulfill new consumption occasions. Our portfolio combines globally iconic brands such as Budweiser, Stella Artois and Corona, which are three of the top five most valuable beer brands in the world according to BrandZ 2018, and local brands that are recognized in their native markets such as Harbin in China and Cass in South Korea.

Our local brands have been part of the heritage of the local communities collectively for over 100 years of history in Asia Pacific. Examples of our history in Asia Pacific include: Harbin Brewery, originally established in China in 1900; and Oriental Brewery, originally established in South Korea in 1952.

BUSINESS

In addition, we also have launched other multi-country brands such as Hoegaarden and Beck's (the number one German beer brand globally by value in 2018, according to GlobalData), and developed a diverse portfolio of craft brands such as Goose Island (an acclaimed American craft beer brand), Boxing Cat and Hand & Malt in our principal markets in Asia Pacific. Each brand has unique characteristics and caters to different consumer preferences, tastes and occasions.

We connect with our customers through a number of routes to market. Our sales force organization of more than 10,000 employees as of 31 March 2019 and our distributors are our gateway to our consumers. Our extensive network allows us to capture consumer insights and develop effective contact strategies for each geography and product category.

With a significant portion of our revenue contributed by our Premium and Super Premium brands, we are well positioned to continue capturing the premiumization and trading-up trends across Asia Pacific and particularly in China. According to GlobalData, the premium and super premium beer categories in Asia Pacific increased at a sales volume CAGR of 7.9% from 2013 to 2018. We believe our portfolio of premium brands and our specialized sales force and route to market capabilities enable us to maintain leadership in these attractive categories.

We have achieved growth in revenue and profitability in recent periods. In 2017 and 2018, our revenue was USD6,099 million and USD6,740 million, respectively, representing organic growth of 7.4%. Our revenue per hectoliter saw organic growth of 4.9% from 2017 to 2018, mainly driven by the increasing shift in our portfolio towards premium categories. In 2017 and 2018, our Normalized EBITDA was USD1,652 million and USD1,994 million, respectively, representing organic growth of 16.9%. Our net profit for 2017 and 2018 was USD572 million and USD959 million, respectively.

For the three months ended 31 March 2018 and 2019, our revenue was USD1,584 million and USD1,606 million, respectively, which represents organic growth of 7.2%. Our revenue per hectoliter saw organic growth of 8.1% over the same periods, driven by our revenue management initiatives and brand mix, as we continued to implement our premiumization strategies. For the three months ended 31 March 2018 and 2019, our Normalized EBITDA was USD479 million and USD558 million, respectively, representing organic growth of 23.1%. Our net profit for the three months ended 31 March 2018 and 2019 was USD213 million and USD240 million, respectively.

As a subsidiary of AB InBev, we operate under world-class corporate governance adhering to the corporate governance codes of various listing venues (e.g., NYSE, Euronext) and international compliance standards (e.g., FCPA, UK Anti-Bribery Act). We consistently uphold international quality and safety standards, and benefit from access to a powerful portfolio of global and multi-country brands and services such as global marketing assets, procurement and administrative support. Following the Global Offering, while we will maintain the same level of operational excellence and access to global resources, we will carry out our business and operations independently of AB InBev with reasonable non-competition agreements and clearly established business delineation.

By acting as a positive force in addressing the needs of our communities, we maintain a strong reputation among our peers. We have built our business over our more than 100 years of history in the region, and we are growing our business in a sustainable way so that we may continue thriving for the next 100 years and beyond.

BUSINESS

We are committed to further growing our business as a regional champion and creating lasting value for our business partners and stakeholders. By brewing the world's most loved beers, building iconic brands and creating meaningful experiences for our consumers and communities, we are excited to continue working toward the Dream to Bring People Together for a Better World.

STRENGTHS

We share the “Dream-People-Culture” platform and ten principles together with our controlling shareholder, AB InBev. These principles are the foundation of our success and underpin our relentless efforts to continuously improve our performance. They inspire our more than 29,000 colleagues across the region to brew the highest quality products for our consumers and build a company to thrive for the next 100 years and beyond.

At the heart of our dynamic global growth is a simple belief that nothing should come between incredibly talented people and an accelerated career. Our people are curious, bold and resilient; we see challenges as opportunities and thrive under pressure. We are a company of owners, empowered to lead real change, deliver results and grow at the pace of our talent. We share a culture of recruiting world-class talents who are better than ourselves, always looking for ways to improve our results and growing our business in the right way.

By combining scale, resources and energy with the needs of the communities we serve, we believe that our past success and our ability to capitalize on future growth opportunities are attributable to our following competitive strengths:

Pan-Asian brewing champion positioned for high growth and increased profitability

According to GlobalData, we are the largest brewery group in Asia Pacific in terms of retail sales in 2018. We are a pan-Asian brewer, with a platform strategically positioned to serve this region, which has the largest adult population in the world along with favorable demographic and macroeconomic factors that are driving growth in consumption, including that of beer.

According to GlobalData, we hold:

- the number one position by beer value in China, and the number one position in the fast-growing premium and super premium categories collectively by beer value and beer volume in 2018;
- the number one position by beer value and by beer volume in South Korea in 2018;
- a top three position by beer value and by beer volume in India, and the number one position in the fast growing premium and super premium categories collectively by beer value and beer volume in 2018; and
- a top three position in the premium and super premium beer categories collectively by beer value and by beer volume in Vietnam in 2018.

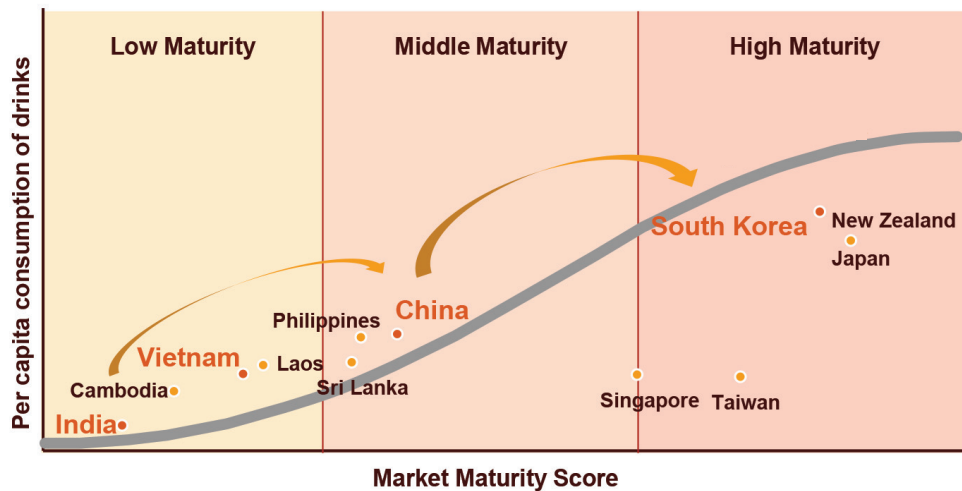
BUSINESS

We are a high growth company and one of the most profitable brewers across Asia Pacific, with significant growth potential in revenue and opportunities for further margin expansion. We are well positioned to drive premiumization across our markets and grow the overall beer category through our Premium and Super Premium portfolio and exceptional route to market capabilities.

Our platform enables us to generate substantial cash flows from regional beer markets and categories where we are leaders, which we are able to deploy in line with our capital allocation priorities wherever it is most needed to drive growth. In addition, the diversity of our business creates a natural hedge against macroeconomic and seasonal volatility in local markets.

We leverage our pan-regional platform to gather and analyze measurements from each of our markets, such as affluence, abstinence from alcohol and per capita consumption of alcohol, to produce our market maturity model, which we use as a tool to understand how beer markets evolve.

The chart below illustrates our market maturity model and the positioning of some of our markets in Asia Pacific.



Our market maturity model is important because it helps us develop a portfolio and route to market strategy that are specifically designed for different consumer preferences and beer market trends we see across the Asia Pacific region. For each level of maturity, we are able to identify gaps by measuring performance of various key performance indicators (“KPIs”) against growth potential, and proactively take advantage of expansion opportunities. For example,

High end company

- originally developed in China, we replicated the success of our high end company across our principal markets and Japan. The high end company is a business unit made up of a portfolio of global, specialty and craft brands with a dedicated route to market;

BUSINESS

- we leveraged our successful expansion track record in China as a benchmark for our growth strategy in Vietnam, where we have observed similar beer market maturity patterns;
- we leveraged our experience in high maturity beer markets and application of our high end company operating model to successfully grow our premium brands in South Korea, which, according to GlobalData has historically been a mainstream beer category driven market and where we see significant potential for future premiumization;

New consumer trends

- in South Korea, we recognized the trend of adult female consumption and launched local variants such as Hoegaarden Rosée and Hoegaarden Cherry. We use lessons learned in South Korea as a benchmark for the adult female consumer market in China and successfully launched another variant of Hoegaarden Rosée catered for Chinese consumers;
- we applied our best practices in developing and launching easy-drinking brands and variants in China (Harbin Ice, Harbin Crystal) to proactively shape a similar emerging trend in India and Vietnam through our launch of Beck's Ice;
- we also leveraged our expertise in brewing no-alcohol beer in other markets to develop and launch Budweiser 0.0 in India to offer local consumers an alternative, moderate drink of choice in different social occasions;

Craft and microbrewery beer

- we evolved our brand portfolio in South Korea based on our deep understanding of consumers' changing preferences towards craft and microbrewery beer, having established Hand & Malt as a high-end craft brand;
- owing to our experience in high maturity beer markets, we recognized early the emerging trend for craft beer in China. We believe that as a result of our acquisition of Boxing Cat Brewery in 2017 and our establishment of a state-of-the-art brewery for craft beer in Wuhan in 2018 ahead of this trend, we were able to further strengthen our position in the Premium beer category in China;
- we have also successfully leveraged our global craft beer portfolio, including Goose Island (an acclaimed American craft beer brand), to further grow our presence in the craft beer category in the region.

Broad portfolio of brands that enables growth through category expansion

We have a broad portfolio of more than 50 brands, which we own or have licensed, each with their own clearly defined identity and characteristics. Below are some examples:

Global brands

- **Budweiser:** The most valuable beer brand globally according to BrandZ, which is known to be first brewed in 1876
- **Stella Artois:** Among the top five most valuable beer brands globally according to BrandZ 2018. Branded with a heritage that "dated back as early as 1366" and is "served in a chalice following an exacting nine-step pouring ritual"

BUSINESS

- **Corona:** Among the top five most valuable beer brands globally according to BrandZ 2018. The best selling Mexican beer globally, according to GlobalData. It is a Super Premium category beer which is branded to be “born outside in the sun” with every Corona being “an invitation to come outside and unwind”

Multi-country brands

- **Hoegaarden:** A Belgian beer brand with a brewing tradition dating back to 1445
- **Beck’s:** #1 German beer brand globally by value in 2018 according to GlobalData
- **Franziskaner:** A fresh wheat beer from Bavaria, Germany
- **Leffe:** A rich, full-bodied Belgian abbey beer following the brewing tradition from the Notre-Dame de Leffe abbey since 1240

Local brands

- **Cass:** Known for adopting a non-pasteurized brewing treatment, it is South Korea’s number one brand based on sales volume and retail sales value in 2018, according to GlobalData
- **Harbin:** The fourth most valuable beer brand globally according to Brand Finance 2019. We successfully reinvented this oldest beer brand in China (established in 1900) to the trendy brand today that associates with young adults by connecting with their passion for sports, fashion and street culture

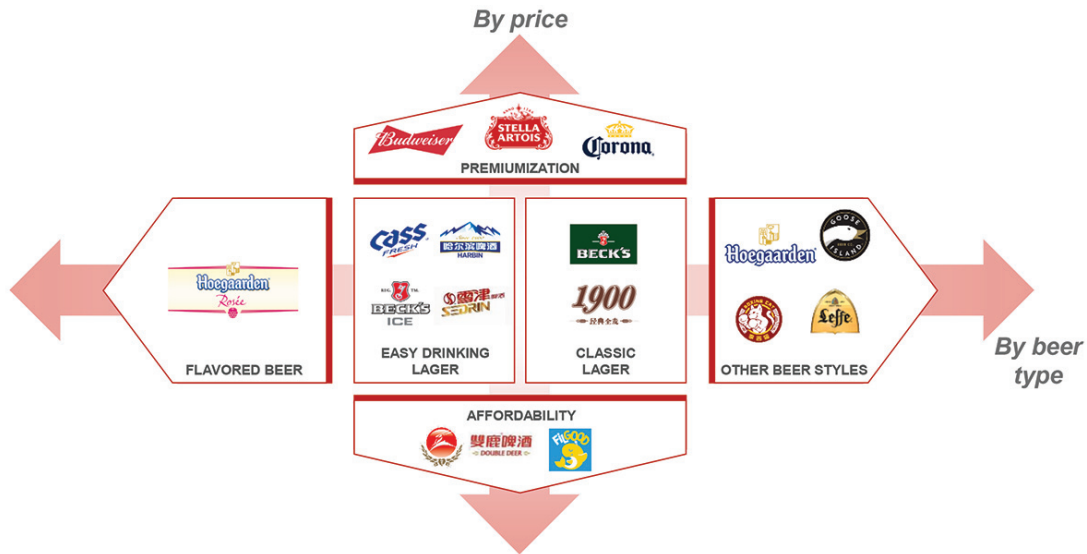
On the basis of quality and price, we differentiate our beer into three categories of Premium and Super Premium brands, Core and Core+ brands, and Value brands.

Each brand in our portfolio serves a unique purpose by targeting a specific market appealing to different consumer groups and covering various price points. Each brand is part of a broader strategy to create organic revenue growth by meeting consumer demand for different types of beer, which we refer to as “category expansion.”

Category expansion: As beer markets in Asia Pacific continue to evolve, we believe consumers’ preferences and consumption behaviors will also evolve. We believe we have the expertise and tools to identify these trends in their early stages and will therefore be able to utilize our broad brand portfolio and new product creation capabilities to stay in front of changing consumer preferences and establish or grow our leading positions in profitable beer categories. For instance, as low maturity beer markets evolve, we believe beer at different price points can be introduced to meet consumers’ desire to express status through beer and mark special occasions. As a greater portion of the population in these beer markets reaches a higher level of disposable income and affluence, we believe beers with different flavors, levels of sophistication and price points, and also no or lower alcohol by volume (“**ABV**”) can be introduced to satisfy the growing population of consumers who desire a diverse portfolio of beers for different occasions. As an example, a variety of wheat beers and ales may be introduced in such beer markets. We are able to leverage our existing products for similar trends emerging in beer markets of comparable maturity.

BUSINESS

The chart below illustrates how we diversify our product offerings to meet evolving consumer preferences and examples of different beer categories, including classic, easy drinking, flavored beer, wheat and ales. Our products also cover the price spectrum, ranging from premium to value.



The easy drinking category is of particular importance in Asia Pacific. We also believe that the close association of beer consumption with meal occasions in countries such as China and South Korea present significant opportunities for expansion.

We have implemented tailored KPIs to increase our market share within this category. We developed our Harbin and Harbin family brands (Harbin Ice, Harbin Crystal, Harbin King of Wheat) in China, Cass in South Korea and Beck's Ice in India and Vietnam to specifically target the easy drinking category.

We are also committed to our Smart Drinking Goals, which we believe are in line with an evolving consumer trend of moderation in alcohol consumption. We recently launched Budweiser 0.0, a no-alcohol beer targeting urban consumers in India, enabling the brand to broaden its appeal and become more inclusive.

Selected examples of our category expansion initiatives include:

- **Harbin Ice and Harbin Crystal:** Variants of the Harbin brand in the Core+ category, targeting young adult consumers in China
- **Hoegaarden Rosée:** Variant of the Hoegaarden brand targeting adult female consumers in South Korea, and now in China
- **FiLGOOD:** A sparkling low malt beverage targeting value consumers in South Korea
- **Beck's Ice:** A European lager known for its German heritage from 1873. Brewed using 100% pure malt, Beck's Ice targets the Core+ category in Southeast Asia and India
- **Budweiser 0.0:** A no-alcohol beer targeting Indian consumers across large urban centers

BUSINESS

Best positioned to capture premiumization and trading-up trends across Asia Pacific

Consumer preference are shifting towards premium brands (which we refer to as “premiumization”) and consumers are making higher price point choices within the same brand family and/or same price segment (which we refer to as “trading-up”) can be observed in beer markets throughout Asia Pacific. These changes are largely attributable to macroeconomic factors such as growth in disposable income, urbanization and a shift in consumer preferences toward more premium beer categories in the region. According to GlobalData, premium and super premium beer categories collectively in Asia Pacific increased in sales volume at a CAGR of 7.9% from 2013 to 2018.

With our number one position in the premium and super premium beer categories by beer volume in Asia Pacific in 2018 (according to GlobalData), and a significant proportion of our revenues being attributable to our Premium and Super Premium category in 2018, we are benefiting from this trend. Premium and Super Premium category brands also made a meaningful contribution to our margin expansion over the Track Record Period.

We believe our broad portfolio of brands enables us to capture opportunities from increases in affluence in our markets, which results in both premiumization and trading-up. We believe these opportunities are driven by our continued brand innovation and brand renovation.

- **Premiumization:** Our beers are well-positioned to attract consumers as they choose higher price point products owing to our strategic positioning of our brands across the full range of price points and beer categories.

The chart below illustrates our three categories of beer as well as our key brands, including those we license from AB InBev, within each category.

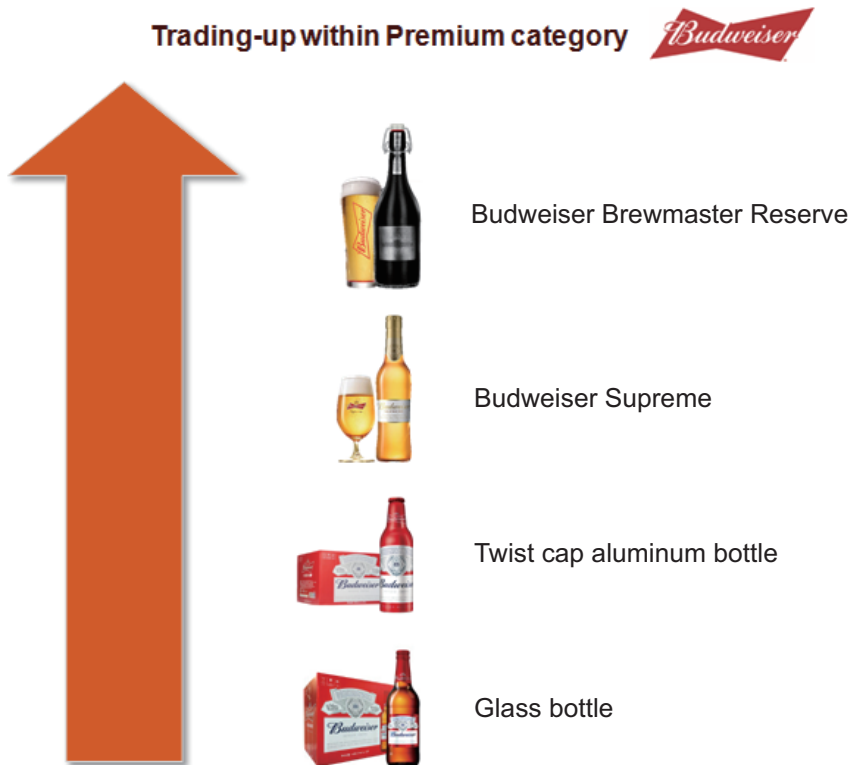


Note: Includes brands licensed from AB InBev

BUSINESS

- **Trading-up:** Our brands allow us to capture trading-up opportunities for consumers seeking more premium, higher price point products within the same brand family. We broaden consumer engagement with our brands by expanding our offerings under brands that consumers know into different categories (such as easy drinking and flavored beers), liquids, packaging and means of delivery (such as draught beer), and by marketing and packaging our beers towards enjoyment in new occasions. Product innovation plays an important role in our identification of market fit and capturing trading-up opportunities.

Below is an illustrative example of how we introduced new products under our Budweiser brand to take advantage of the consumer preference towards trading-up.



Marketing capabilities driven by consumer insights and product innovation

As a consumer-focused, insights-driven company, we continually strive to understand the values, lifestyles and preferences of both today's and tomorrow's consumers. We expect that this will allow us to remain relevant, as well as to build fresh appeal and competitive advantages through innovative products and services tailored to address evolving consumer preferences.

We believe that consumer demand can be best anticipated by a close relationship between our innovation and insight personnel, using current and expected market trends to drive our research and development (“R&D”) priorities. A successful example of liquid innovation we developed is Budweiser Supreme in China, launched in 2014, which achieved year-on-year sales growth of approximately 50% in the third year of launch.

Based on our consumer insights and our unique capability to deliver innovative products to our consumers, we are able to fulfill and cultivate new occasions for the consumption of our products. As beer markets evolve, we see beer occasions evolve too, moving from primarily male-dominated socializing out-of-home to more in-home, mixed gender occasions and consumption with meals.

BUSINESS

We believe our innovative products are drivers for creating and developing new occasions for drinking beer and ultimately attracting more consumers towards beer. We have a framework that (i) identifies opportunities for new beer drinking occasions and (ii) develops that occasion by implementing tailored marketing, distribution and product development.

For example, we have successfully cultivated several new consumption occasions, leveraging brands such as Budweiser for the in-home occasion and Corona for the beach party occasion in China and Cass for the pre-meal beer occasion in South Korea.

Our product innovation also extends to our packaging such as different sizes and cap designs of our aluminum bottles. Below is a summary of how our Budweiser bottle packaging has evolved in China in the last 20+ years.



We continually look for new ways to get closer to and connect better with our consumers and to offer brand experiences that play a meaningful role in their lives:

- We are constantly innovating – bringing us closer to consumers and communities to drive business growth. We leverage new technologies to better engage with our consumers, partners, customers, colleagues and beer lovers in Asia Pacific;
- We apply advanced dealcoholization technology to produce no-alcohol beer for India, offering local consumers an alternative drink of choice that is true to the taste of beer, culturally acceptable and affordable;
- We center campaigns around great beer moments that enrich people’s lives by locally activating AB InBev’s sponsorship (through Budweiser) of the 2018 FIFA World Cup Russia™ and sponsorship of local sporting events such as Harbin for NBA China;
- We have also developed marketing campaigns with local cultural themes such as Budweiser Chinese New Year and Cass First for meal occasions; and
- We are constantly looking to digitally interact with our consumers through different points-of-connection (“**POCs**”). In addition to accumulating data via e-commerce and digitalized POC equipment (“**connected POCs**”), we also launched digital under-the-cap promotions, social listening capabilities and partnerships with digital players. More recently, we established DraftLine, an internal business unit that creates content and develops our integrated marketing campaigns based on consumer passion points and effectively deploys them through carefully selected traditional and social media channels, to ignite the passion for our beers among different consumers and occasions.

BUSINESS

Exceptional routes to market that bring us closer to consumers

Our success ultimately depends on meeting consumer preferences. Going beyond that, we, as a company, are committed to providing the best consumer experience and acting as a positive force in addressing the needs of our communities. In order to serve these purposes, we seek to understand our consumers, be close to them and connect them to our brands in order to build enduring ties with them. We rely on the capabilities of our regional sales team of more than 10,000 employees and a network of local distributors and retailers (collectively referred to as our “customers”) to bring our products closer to our consumers.

Our customers serve as the gateway to our consumers. We understand the importance of our relationships with our customers and partner with them throughout the value chain.

We believe the following traits of our routes to market provide us with a competitive advantage:

- We have generally maintained stable relationships with our key customers who are major contributors to our sales volume or value.
- We enter into arrangements with distributors to distribute specific brands in a specific geography through carefully selected channels, which allow us to find the right distributor for the specific geography and specific channel we want to target.
- We have cultivated a large business-to-business (“B2B”) network, which provides us with the ability to further engage with our customers and access data at the point of sale, including on-trade (at the point of consumption, such as bars and restaurants) and off-trade (purchase prior to consumption, such as grocery stores and liquor stores).
- In China, we launched our e-commerce operation in 2015, which has received awards and recognition, most recently the New Retail FMCG Brand of Influence Award (新零售快銷行業年度影響力品牌大獎) at the 2019 Alibaba ONE Business Conference (阿里巴巴ONE商業大會).

Together with our sales team and our customers, we strive to provide the right product to consumers at the right place and the right time.

Driving industry premiumization through our leadership positions and long-term commitment in China, South Korea and India

We hold leadership positions in China and India in the premium and super premium beer categories, along with leadership in the overall South Korean beer market. We believe our leadership position along with our long-term commitment to local stakeholders in these key markets will enable us to further grow our business in a positive way while also driving overall industry premiumization.

China

China is the largest beer market worldwide by volume and is an important market for us. According to GlobalData, from 2013 to 2018, the premium and super premium categories in China collectively saw a value CAGR of 12.0%. In China, premium and super premium category retail sales per hectoliter in 2018 was over five times that of mainstream or lower price category beer according to GlobalData.

BUSINESS

As a leader in the premium and super premium categories in China, we benefited from significant profitability improvement over this period. From 2017 to 2018, our China EBITDA grew by more than 20%, and our China EBITDA margin expanded by more than 300 basis points and for the six months ended 30 June 2018 compared to the six months ended 30 June 2019, our China EBITDA grew by more than 20%, and our China EBITDA margin expanded by more than 400 basis points.

We believe the following factors have contributed to and will drive our future growth in China:

- China is the world's largest market for Budweiser according to GlobalData, which we believe is a testament to our ability to position global brands to local consumers.
- We grew Corona by approximately 25 times by revenue over the past four years in China, and China is the largest export market for Corona of all AB InBev Group regions as of 31 December 2018 according to GlobalData.
- We offer a large and diversified portfolio of strong Premium and Super Premium brands and products with superior brand recognition among Chinese consumers.
- Our nationwide network of distributors offer us specialized routes to market and opportunities to further engage with customers who enjoy Premium and Super Premium brands. Owing to our deep understanding of different consumer preferences and beer market trends across China, we believe we have the capability to deploy the right products through the right distribution channels that are most suitable for each specific beer market within China that we want to target.
- Our familiarity of beer markets in China also reinforces our ability to maximize the return on our investments and emboldens us to continue investing in growth opportunities.
- We currently own 30 breweries in China, of which several breweries produce our Premium and Super Premium brands. Our Foshan brewery is the largest Budweiser brewery in the world in terms of annual production capacity.

We believe that our efforts in growing the premium and super premium categories in China, as defined by GlobalData, benefit the Chinese beer industry as a whole. By leading consumer movement towards premium and super premium beer, we help in protecting and expanding beer's relevance in the "share of throat" as the beer market in China continues to mature.

To ensure the sustainability of our business in the Chinese beer market, we look to establish long-term relationships with our local distributors in China and invest in strengthening those relationships. We focus on building sustainable long-term partnerships by entering into arrangements that are mutually beneficial to us and our partners. In addition, we provide distributors with additional support, such as training on inventory and cash management, succession planning and an enterprise resource planning ("ERP") system tailored for distributors.

BUSINESS

Furthermore, we also work to support relevant government and community initiatives and are diligent in complying with local regulatory requirements. Some examples of our commitment to the community in China include our efforts around our Smart Drinking Goals, such as our City Pilot initiative in Jiangshan, China, where we are working with local government towards our shared goal of reducing the harmful use of alcohol by at least 10% by the end of 2020, and our leadership in Together for Safer Roads (“**TSR**”), a private-sector coalition focused on improving road safety, where in Shanghai we are in our fifth year of the program and we have partnered with the city government and Tongji University. For more information, see “– *Social and Community Matters*” below.

South Korea

We are the market leader in South Korea in terms of volumes, with approximately 2.8 times the size of the second largest peer, according to GlobalData. We are also number one in the premium category by both volume and value, as of 2018. Cass has been the most consumed beer brand in South Korea for the past eight years, according to GlobalData. Cass has gained over 19 percentage points of market share by volume over the past ten years according to GlobalData. Our Icheon brewery has a long standing heritage in South Korea.

Despite the beer market in South Korea approaching higher maturity, the demand for imported and premium beers has considerably increased, and is expected to remain robust going forward according to GlobalData, as the premium segment is under-indexed in South Korea compared to other mature markets. Growth in premium and super premium categories’ share of overall beer market should also drive industry profitability expansion. Demand for beer has also been supported by the shift in share of throat from traditional spirits like soju towards beer. We have succeeded in positioning and building our global and multi-country brands such as Budweiser, Stella Artois and Hoegaarden to capture multiple category expansion opportunities in the country. For example, we have introduced multiple flavors of Hoegaarden, which have been instrumental in transforming the brand into a success story in the country and expanding our reach to adult female consumers through the brand’s Rosée variants.

In South Korea, we sell our products through a nationwide network of approximately 1,500 distributors. Recognizing the importance of our routes to market, we take great care in managing our relationships with our distributors and our POCs, and differentiate ourselves by providing consulting services, leveraging our data-driven expertise from other beer markets in Asia Pacific.

The contemplated liquor tax revision, which is expected to shift taxation towards volume and alcohol content instead of price, should benefit the beer industry overall, creating a more leveled playing field for domestic brewers and imported brands. We are the largest brewer in South Korea domestically with a portfolio of domestic and international brands locally produced, as well as being the largest importer of beer brands in the country, which is a unique position and key competitive advantage in the market.

Also, our market leadership (with nearly 60% market share in beer as of 2018) and proven capabilities of growing in the premium and super premium categories in other markets, positions us favorably to drive premiumization and further profitability growth in the market.

India

India is one of the largest and fastest growing beer consumption markets in the region, with a young adult population of legal drinking age and growing middle class, according to GlobalData. Beer has emerged as a growing alcohol drink category despite the country historically being a predominantly spirits market. According to GlobalData, the beer market in India is expected to be among the fastest growing in the region, especially in premium and super premium categories, which are expected to grow by a double digit CAGR over the coming five years. An expansion of the very low beer PCC consumption levels (currently at around two liters) is expected to drive industry growth while growing urbanization and affluence will drive further premiumization and trading-up. The current taxation regime also favors higher ABV drinks such as spirits; any shift towards taxation by pure alcohol volume should be favorable for beer, further driving market growth expectations.

We are the clear leader in premium and super premium categories by volume and value in 2018. We are actively focused on driving growth in India through category expansion, such as Beck's Ice in Core+ and Budweiser 0.0 in no-alcohol drinks. We have a proven track record, having grown the Budweiser brand multifold in the country. Backed by our deep portfolio of well recognized brands and substantial brewing infrastructure across different states, we are well positioned to maintain our leadership in the premium and super premium categories and capture a sizeable share of the growth potential.

A culture that is focused on delivering results through operational excellence and financial discipline, ownership and long-term sustainability

The culture of sharing best practices across our platform and between geographies is a core value that drives our operational excellence. We have standardized methods to promote excellence in our management and operational processes. Areas in which we have created and utilize these standardized methods include brewing, supply, logistics, marketing, sales, people, finance and information technology. These standardized methods seek to ensure consistency and predictability across our Asia Pacific platform. In addition to delivering results through operational excellence and strict financial discipline, our corporate culture is characterized by our "Dream-People-Culture" principles.

Operational efficiency has been, and will remain, a long-term focus across our business. Avoiding unnecessary costs in non-working money in order to free up resources to further invest in our brands and route to market capabilities is a core competency within our culture. We aim to be efficient with our overhead expenses in order to spend more effectively to grow our company.

As a result, we have implemented, and will continue to develop, programs and initiatives aimed at reducing expenses that are not related to growing our business and to focus our resources on our brands and our contact strategies with customers and consumers. This strict financial discipline has allowed us to develop a "Cost-Connect-Win" model in which overhead expenses are minimized in order to maximize our sales and marketing investments designed to connect with our consumers, win market share and achieve long-term, profitable growth. We strictly adhere to minimizing non-working money and allocate resources in an efficient manner to working money that helps drive growth and profitability. As an example, our DraftLine business unit and business shared service center have allowed us to save considerable costs, while also enhancing efficiencies through centralizing support functions and knowledge sharing.

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We have adopted a series of AB InBev cost-efficiency programs, including:

- **Voyager Plant Optimization (“VPO”)**: VPO aims to bring greater efficiency and standardization to our brewing operations while at the same time improving quality, safety and the environment, and to generate cost savings. Changing behaviors to achieve greater efficiencies is at the core of this program, and comprehensive training modules have been established to assist our employees with the implementation of VPO in their daily routines. Our breweries in Asia Pacific comprise 80% of the top 20 VPO sustainability breweries among our peers worldwide.
- **Business shared services centers**: We have established a number of business shared services centers across our major markets, which focus on transactional and support activities. These centers help to standardize working practices and identify and disseminate best practices across our operations in order to allow the functional teams to focus on our core competencies and value creation.
- **Zero-Based Budgeting (“ZBB”)**: Under ZBB, budget decisions are unrelated to the previous year’s levels of expenditure and must be justified based on the expected benefits looking forward from the beginning of the year (i.e., starting from a zero base). Our employee compensation is closely tied to delivering on zero-based budgets. ZBB has been successfully implemented in all of our major markets, as well as our corporate headquarters.

We also evaluate, on an ongoing basis, production localization of some of our brands based on volumes, profitability and other feasibility elements. We further optimize our efficiencies and reduce our carbon footprint through localized production of certain imported brands. Our cost to import products is usually higher than the cost of local production and has a negative impact on our carbon footprint. Therefore, we have localized production of certain brands in the past while maintaining global quality standards of these products based on our stringent internal review processes. Going forward we will continue to evaluate localized production opportunities to optimize our investment, drive cost efficiencies and reduce our carbon footprint in line with our sustainability agenda, subject to agreement with AB InBev.

We focus not only on volumes and operating performance, but also on the disciplined management of our working capital and cash flow generation. Our objective is to maximize returns to our shareholders, while at the same time reinvesting in our business consistent with our growth strategy and maintaining an adequate level of liquidity to accommodate the seasonality of our business and uncertain financial market conditions.

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A highly experienced senior management team with a focus on delivering consistently strong business results and building high quality teams

Our senior management comprises industry leaders with regional expertise, with an average of more than 17 years of professional experience in the beer industry and a deep understanding of the development and transformation of the industry. Our senior management team has worked for AB InBev in Asia Pacific since May 2017, which provides stability to our business with leadership that allows us to act decisively to address changing consumer preferences and industry trends. Many of the senior management team have worked in multiple markets within Asia Pacific and around the world.

Our policies and incentives are designed to create a company of owners with specific personal KPIs aligned with delivering meaningful results and an incentive structure designed to promote actions with long-term benefits rather than short-term effect. Competencies of our senior management team are evidenced through the following:

- **Organic growth:** our senior management team has a proven track record of leading our Company towards organic revenue growth and building strong brands that connect and create enduring bonds with our consumers. The level of our operational excellence and financial discipline is among the highest within the AB InBev Group, and is a testament to our senior management team's strong execution capabilities.
- **Inorganic growth:** we have completed several significant business combinations and acquisitions under the direction of our senior management team and have successfully integrated the acquired brands into our portfolio.
- **Partnerships:** our management has a proven track record of managing partnerships with other parties in the industry to deliver mutually beneficial arrangements. Some examples include our licensing agreement with Diageo for the distribution of Guinness in China and our licensing agreement with Sapporo Breweries for the distribution of Sapporo Premium Beer imported into China.

Moreover, we have a team of highly proficient professionals across our business, and we believe we have a platform that enables us to attract, incentivize and retain talented people to and within Asia Pacific. The quality of our teams is demonstrated by the nearly eight years of average tenure of our employees and our confidence in granting our local teams decision-making power with respect to many local matters, allowing them to address local challenges and take advantage of local opportunities as well as fostering an even stronger culture of ownership.

Mutually beneficial relationship with our controlling shareholder and strategic partner, AB InBev

Our controlling shareholder, AB InBev, is the world's largest brewer by volume and by value and a publicly traded company (Euronext: ABI), with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts listed on the New York Stock Exchange (NYSE: BUD).

AB InBev adheres to the principles and provisions of the corporate governance codes of various listing venues, and our Company has inherited what we believe are best-in-class corporate governance standards.

BUSINESS

On the Listing Date, AB InBev will have an interest in 90.15% of the Shares in issue (assuming the Offer Size Adjustment Option is not exercised at all) and will continue to maintain a significant interest in our Company. We expect to benefit from AB InBev's global reach and relationship as our strategic partner. Our arrangements with AB InBev are a proven structure that are inspired by the arrangements between AB InBev and Ambev, a majority-owned and controlled subsidiary of AB InBev since 2004.

There are mutual benefits from our relationships with AB InBev. AB InBev has a significant interest in our success through its ownership of a substantial majority of our equity and also receives payments from us under contractual arrangements with us. We benefit from our ability to license many of our leading brands from AB InBev, including those in near-beer and adjacent beverages, along with the ability to leverage AB InBev's scale through our participation in certain global arrangements with AB InBev, including global marketing and procurement services. Moreover, both we and AB InBev are able to share best practices in order to support mutual success and growth.

Examples of arrangements with AB InBev under which we realize significant benefits include:

- Licensing and royalty arrangements in respect of key brands, such as Budweiser and Hoegaarden, licensed to us by AB InBev, which are critical brands in our Premium and Super Premium business;
- Import and transfer pricing arrangements for brands such as Stella Artois, Corona and Franziskaner;
- Services arrangements, including marketing services (such as access to global marketing assets such as FIFA World Cup sponsorship), procurement services and administrative services, including technology support, which we obtain from, or participate in global arrangements with, AB InBev; and
- Export arrangements from us to AB InBev.

In addition to the benefits we receive from adopting AB InBev innovations and improvements in our business, we have a demonstrated ability to develop innovations and initiatives in Asia Pacific that have been adopted by AB InBev in its global operations, and this relationship is expected to continue following the completion of the Global Offering.

Below are some examples:

- We created the high end company model in Asia Pacific, which AB InBev has now established in 22 markets across the broader AB InBev Group.
- Initiatives in the front end of digitalization, such as new retail and digital marketing, were developed, implemented and tested in Asia Pacific prior to their roll-out in AB InBev's other global markets.

Each of our arrangements with AB InBev was and in the future will be negotiated on an arm's-length basis.

STRATEGY

We have a long-term focus on creating recurring revenue growth. We have been around for more than 100 years and we are building a company to last for 100 years and beyond. To achieve our objectives and strengthen our leading positions, we intend to pursue a comprehensive strategy focused on the following:

Driving top line growth through our four main commercial strategies

- **Premiumize at Scale:** We will continue to leverage our brands to grow by exploring new ways of packaging and routes to market to target specific consumer trends. For instance, in China, we are building loyalty for our brands by connecting with our consumers culturally and emotionally through localized marketing campaigns. Our recent Chinese New Year Budweiser campaign that aims to associate the Budweiser brand with local family values and the Budweiser EDM campaign are some examples.

We see the high end company model as a key tool to maintaining our leading position in the Premium and Super Premium category. We created the high end company in Asia Pacific through building a specialized sales organization and specific routes to market for the Premium and Super Premium brands such as Budweiser, Stella Artois, Corona, Goose Island and Hoegaarden.

We also have built our own portfolio of craft beer brands in Asia Pacific such as Boxing Cat (in China) and Hand & Malt (in South Korea) and are managing them in the high end company to leverage its specialized capabilities specific to growing this category. Among our initiatives to grow the high end company is the Draught Excellence Program, which aims to offer a premium draught experience to our consumers.

- **Differentiating the Core:** we see significant potential to grow our brands in our Core and Core+ category. In China specifically, we use brands such as Harbin and various localized marketing initiatives to increase our share of the easy drinking category. Over the years, we added variants such as Harbin Wheat, Harbin Ice and Harbin Crystal to our portfolio to target a broader customer base in China. We also target young adult consumers of legal drinking age by efforts through a marketing campaign around e-sports and collaboration with NBA China.

In addition, we believe our Core and Core+ brands (e.g. Beck's Ice) address the mainstream category in lower maturity beer markets such as Vietnam and India and also enable trading-up, according to GlobalData. Cass is an important Core brand for us in the high maturity South Korea beer market. We believe we have the products and marketing capability to appeal to a broad range of consumers to achieve growth in these areas.

- **Growth via adjacencies:** We will continue to create and identify new products by leveraging our core assets and resources to address evolving consumer needs. Expanding our perspective to adjacent categories such as no-alcohol beer, near-beer, wine, spirits and other beverages that play in the beer occasion allows us to build future engines of top line growth, while delivering financial returns.

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- **Commercial Expansion:** We have developed and will continue to deploy our commercial expansion model to address opportunities in new markets. In China, for example, we conducted detailed analysis including socio-economic factors at the city level to identify specific sources of growth. We plan to replicate this model in India and Vietnam to capture further value in emerging geographies.

We already have a strong track record of growth in these markets. In India, we grew Budweiser by approximately 20 times by value and approximately 13 times by volume over the last 10 years, and Budweiser is now the number one beer brand in the premium and super premium categories by both volume and by value in 2018, according to GlobalData.

In Vietnam, where we are the number one brand in the super premium beer category by volume and by value in 2018, we grew Budweiser by over four times by value over the past five years, according to GlobalData.

Inorganic growth through regional M&A in Asia Pacific growth markets

We believe that the Asia Pacific region offers attractive inorganic growth opportunities, and we plan to evaluate and pursue such opportunities in both our existing as well as new markets.

Within our existing markets, we have a proven track record of strategically expanding our portfolio based on our category expansion framework. For example, we recently formed a joint venture with Jepsen to distribute Blue Girl in China to further expand our classic lager premium and super premium category. In addition, our acquisitions of craft breweries, such as Boxing Cat in China and Hand & Malt in South Korea, broadened our offering to consumers seeking different products and experiences. In new markets, we believe that there is significant white space potential throughout the region, with beer markets which are comprised predominantly by independent regional brewers. These markets are sizable and attractive, with a large adult population base and increasing levels of consumption.

We believe that our business is an attractive platform to pursue M&A in the region. The Global Offering could provide us with an attractive regional equity currency, providing our potential partners the option to continue to be part of a regional champion. As a precedent, Ambev, a subsidiary of AB InBev, has transformed into a successful regional brewing champion through strategic acquisitions over the years, with some of its selling shareholders continuing to remain invested in the business over decades.

Additionally, having a locally listed company with an independent and regionally focused management team will also make us more accessible in any strategic conversations with local brewers. Our ability and track record of (1) introducing on-trend premium and super premium brands, including the global brands Budweiser, Stella Artois and Corona, (2) optimizing operations and existing product portfolios, and (3) demonstrating an ability to transform local brands and brewers into regional champions will make us more attractive as a partner of choice for local brewers. In addition, becoming part of the broader AB InBev group will be beneficial to new partners, such as the ability to leverage on our scale, global procurement platform and sharing of best practices.

Business transformation enabled by technology

We collect and analyze data across our pan-Asian operations to drive innovations throughout our business.

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Routes to market: We aim to strengthen our connection with our consumers by increasing our POCs, such as through increasing our social media presence and in partnership with our local distributors, off-trade retailers and at on-trade consumption locations, by improving the quality of the consumer's shopping experience, such as through our e-commerce initiatives, and creating new and exciting consumption occasions.

We employ a two-pronged approach to develop new routes to market:

- **Business-to-consumer ("B2C"):** This includes channels where we make use of a platform to deliver to our customers. Examples include social media campaigns and our e-commerce initiatives, which is particularly important in China. According to Kantar Consulting, the percentage of total FMCG sold through e-commerce channels in China in 2017 was 13%, whereas the same percentage for beverages was only 2%, and is expected to increase to 10% by 2022. We see significant growth potential for beer sales through e-commerce channels in China. We plan to continue to be one of the industry leaders in the Chinese e-commerce channel by identifying and investing in new e-commerce platforms, focusing on e-commerce solutions that are supported by consumer data and identifying and increasing our presence in e-commerce channels perceived as convenient delivery systems by our consumers. We also have our own e-commerce platforms in China and Vietnam.
- **Business-to-business ("B2B"):** This involves a combination of connections between POCs and distributors. Our local distributors serve as the primary means of interaction with the off-trade retailers and on-trade consumption locations who on-sell our products to our consumers. We engage in targeted campaigns through our local distributors to increase our presence in these retailers and locations, which are tailored to specific brands and locations based on our analysis of local trends and data.

By digitally connecting with our consumers through brand ecosystem (such as social media, influencers, brand experience, consumer promotion and digital commerce), we aim to transform our digital capabilities even more with enhancement of proprietary data (such as AB InBev Data Hub) and analytics capabilities, and get more insights from our consumers to offer new products and experiences to fulfill new occasions and needs.

Smart Breweries: We implemented a centrally-controlled digital network in some of our breweries to create a seamless connection between production, warehouse and transportation logistics. As a result of this program, we significantly reduced loading time and overhead costs, increased utilization of our assets, and further improved safety levels in the work area. We plan to rollout these initiatives and continue to make improvements to the system.

Digital People Transformation: Our greatest strength is our people, and we aim to recruit world-class talents who are better than ourselves. To reinforce this core principle and to bolster our people pipeline, we seek to use technology to transform our talent attraction efforts. One of our initiatives is to use Artificial Intelligence ("AI") assisted on-demand video interview software for early-stage evaluations. The software measures and evaluates candidates based on personal factors such as facial expressions, language patterns, emotions, voice inflection and word choices. Implementing this software in our hiring process resulted in not only elimination of human biases in selection, but also reduction of time and resources spent on initial screening interviews.

Enhance reputation and license to operate

We strive to create lasting value for our business partners and stakeholders by utilizing our scale, resources and people to address the needs of our communities.

With operations across Asia Pacific and our broad portfolio of brands, we have an ability to develop and strengthen our connections with our consumers through consumers having a positive impression of our Company and our brands. We are committed to acting as a positive force in addressing the needs of, and improving lives in, our communities, and also because we believe consumers' association of our Company and our brands with their community is a positive factor in their buying decisions.

Examples of our programs to address the needs of our communities include:

- Smart agriculture – empowering farmers. We participate in the AB InBev-developed SmartBarley program to cultivate quality, local barley by accelerating innovations that can improve crop productivity and enhance grower livelihoods. In India, a SmartBarley team supports over 3,000 farmers. We also provide “spent malt”, a byproduct of our brewing process, such as leftover barley, at a nominal price to local farmers for use as cattle feed. In 2018, we provided approximately 7,000 kilograms of spent malt per day to farmers for use as cattle feed through this program.
- Water stewardship – securing water access. We continue to scale our water stewardship efforts by engaging in watershed protection measures, in partnership with local stakeholders, in high-stress areas across China, India and elsewhere in Asia Pacific. Together with local authorities, other water users and non-governmental organizations (“NGOs”), we have devoted financial and technical resources to green infrastructure initiatives, conservation and reforestation projects, habitat restoration efforts and soil conservation techniques. Through these initiatives, we seek to increase water security and improve water quality and availability for our communities and operations.
- Circular packaging – driving sustainable packaging. We are driving and protecting the circular economy of our industry by increasing the amount of reused or recycled materials in our packaging and recovering more post-consumer waste. We aim to work with partners, suppliers and retailers across our value chain in this effort. Packaging, such as returnable glass bottles, is an important component of this effort, and increasing recycling, recovery and reuse also helps avoid loss of value.
- Climate action – championing low carbon technology. Our Goal: By 2025, 100% of our purchased electricity will be from renewable sources. Brewing our beers is reliant on a healthy, natural environment, as well as on thriving communities. That is why we are striving for a world where natural resources are preserved for the future.

In China, we installed solar panels on the roof of our Putian brewery, and we aim to complete installation of solar panels and wind power generators at 16 breweries in China by the end of 2020.

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In 2018, our SPR-Mysuru brewery in India became the site of our first renewable electricity-driven brewery in Asia. All of our Budweiser production at our SPR-Mysuru brewery is powered through renewable electricity. We have also installed solar power infrastructure in the community surrounding our SPR-Mysuru brewery, including solar-powered street lights, solar-powered drinking water units and solar-powered electric rickshaws as a sustainably powered mode of transportation.

We are launching initiatives in Vietnam in order to meet our Group-wide goal of purchasing 100% of our energy from renewable sources by 2025.

We have also been active in leveraging the impact of our brands in partnership with independent organizations to inspire and empower consumers to create a Better World. For example, in 2018, Corona partnered with Earth Day Network to hold the #SAVETHEBEACH event at Juhu Beach in Mumbai, India. Consumers participated in the event to clean up plastic and debris.

With our strong brand portfolio, we believe we are bringing people together in ways that few others can. By building common ground, strengthening human connections and helping our consumers share meaningful experiences, we believe our brands will remain relevant and become and remain market leaders.

Continue to maintain operational excellence and drive operational leverage

Cost management and efficiency will be part of an ongoing process fueled by an ownership mindset. We strive to continuously improve efficiency by identifying and acting on opportunities for variable and fixed-cost savings by seeking to accomplish the following:

- ZBB: continue to monitor and minimize overhead costs and maintain a lean organization with target to achieve long-term cost increases below inflation;
- VPO: use technology to identify gaps and areas of further optimization. Seek appropriate relocation or repurposing of capacity, and leveraging our scale for greater efficiencies;
- business shared services centers: continue to share new processes and best practices from centers of excellence within the region;
- leverage AB InBev's global procurement office to generate further cost savings and build on our and AB InBev's supplier relationships to bring new ideas and innovation to our business;
- maintain positive cash flow generation from working capital through sustained discipline in payment terms and smart management of inventory; and
- continue to share best practices across all functions, leverage our relationship with AB InBev and benchmark our performance against other leading companies.

We aim to continue to maintain a high level of disciplined management of our working capital and cash flow generation, and maximize long-term return to shareholders.

Continue to invest in our people pipeline

Our people embody the “Dream-People-Culture” platform centered around ten principles. We are a company of owners, empowered to lead real change, deliver results and grow at the pace of our talent. We share a culture of recruiting world-class talents who are better than ourselves, always looking for ways to improve our results and growing our business in the right way.

We believe highly qualified, motivated and committed employees are critical to our long-term success. We will continue to uphold our standards of recruiting and retaining outstanding talents and providing them opportunities to grow at their own pace, which is often an accelerated career path. We have specific talent programs for undergraduate and graduate hires with dedicated resources in Asia Pacific and globally to grow the future leaders of our Company.

AB InBev University is an internal career acceleration center that partners with global leading business schools to deliver programs that improve competencies (knowledge, abilities, attitudes), and is an example of programs that aim to develop our talent for long-term success. We were awarded the 2018 CEIBS TOP 20 Digital Learning & Development Best Practice Award from the 2019 CEIBS Digital Business Learning Annual Forum in recognition of the quality and effectiveness of our online learning platform.

In addition, we believe that through our compensation model, which is based both on variable pay and stock ownership, we have created financial incentives for high performance and results. Of note, we offer rewards through various programs such as deferred cash compensation and long-term incentives through either restricted stock units or options.

PRINCIPAL ACTIVITIES AND PRODUCTS

We are a pan-Asian brewer, with sales into 38 territories, including key markets across Asia Pacific. We produce, import, market, distribute and sell a portfolio of more than 50 beer brands. We also produce, market, distribute and sell other non-beer beverages. The following map illustrates the geographical distribution of our operations as of 31 March 2019:



Our brands are the foundation and the cornerstone of our relationships with consumers. We invest in our brands to meet the desires and expectations of consumers and to develop leading brand positions in the markets we serve. On the basis of quality and price, we differentiate our beer into three categories: Premium and Super Premium brands, Core and Core+ brands and Value brands. Our brands are positioned across each of these categories.

We sell some of our beer brands in multiple countries whereas we sell others in a few countries or a single country. For information on the license agreements we have in place with AB InBev in respect of some of our key brands, see “*Connected Transactions.*” Below is an overview of some of our popular beer brands:

- **Across markets:** Budweiser, Stella Artois, Corona, Beck’s, Hoegaarden, Franziskaner, Leffe, Goose Island
- **China:** Harbin, Sedrin, Boxing Cat

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- **South Korea:** Cass, Hand & Malt
- **India:** Haywards 5000, Knockout

We also produce and sell near-beer and adjacent beverages, such as Happoshu in South Korea. In certain markets, we also distribute products of other brewers under licenses, such as Sapporo and Guinness in China.

DESCRIPTION OF OUR MARKETS

We consider China, South Korea, India and Vietnam to be our principal markets. Our pan-Asian platform includes beer markets across different levels of maturity. We employ a data-driven market maturity model as a framework to classify our beer markets against a maturity level and per capita consumption of beer. This framework helps us to understand the current status of the beer industry in a given market and its expected evolution, as we believe that beer categories evolve as beer markets mature, which allows us to capture opportunities from different beer markets across different levels of maturity.

Based on the model, we classify the beer markets in which we operate as either low, middle or high maturity. In terms of segmenting our business, we operate through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are our two reportable segments for financial reporting purposes.

We have found that the growth opportunity for beer differs with each level of beer market maturity. We use the model to develop our portfolio and commercial capabilities with a forward-looking mindset in order to anticipate market dynamics, set specific priorities and optimize our portfolio of brands.

For each level of maturity, we are able to identify gaps by measuring performance of various KPIs against growth potential and proactively take advantage of expansion opportunities. By combining a deep understanding of different markets with analysis of changing consumer habits and trends, we can define the optimal portfolio for any market to drive long-term growth and profitability.

The tables below set out our revenue and total volumes broken down by segment for the periods shown:

Segment	Three months ended 31 March			
	2018		2019	
	Revenue ⁽¹⁾ (USD million) (unaudited)	Revenue (% of total)	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)
Asia Pacific East	344	21.7%	358	22.3%
Asia Pacific West	1,240	78.3%	1,248	77.7%
Total	1,584	100.0%	1,606	100.0%

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Segment	Three months ended 31 March			
	2018		2019	
	Volumes ⁽²⁾ (thousand hectoliters)	Volumes (% of total)	Volumes ⁽²⁾ (thousand hectoliters)	Volumes (% of total)
Asia Pacific East	3,147	14.1%	3,220	14.6%
Asia Pacific West	19,164	85.9%	18,896	85.4%
Total	22,311	100.0%	22,116	100.0%

Segment	2017		2018	
	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)
	Asia Pacific East	1,462	24.0%	1,585
Asia Pacific West	4,637	76.0%	5,155	76.5%
Total	6,099	100.0%	6,740	100.0%

Segment	2017		2018	
	Volumes ⁽²⁾ (thousand hectoliters)	Volumes (% of total)	Volumes ⁽²⁾ (thousand hectoliters)	Volumes (% of total)
	Asia Pacific East	13,855	14.7%	14,120
Asia Pacific West	80,111	85.3%	82,125	85.3%
Total	93,966	100.0%	96,245	100.0%

Notes:

- (1) Revenue is turnover less excise taxes and discounts. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers (see “Financial Information – Significant Factors Affecting Our Results of Operations and Financial Condition – Excise Taxes”).
- (2) Reported volumes. Our reported volumes include both beer and non-beer volumes. In addition, volumes include not only brands that we own or license, but also third party products that we sell through our distribution network.

OUR OPERATIONS

Brewing Process and Quality Control

The basic brewing process for most beers is straightforward, but significant know-how is involved in quality and process control. The most important stages are brewing and fermentation, followed by maturation, filtering and packaging. Malted barley (malt) is the primary ingredient in the brewing process, although other grains such as unmalted barley or wheat are sometimes added to produce different beer styles.

The first step in the brewing process is milling grains, then mixing the milled grain with warm water and then gradually heating it in large tuns to dissolve the starch. The spent grains are filtered out and the liquid (now called “wort”) is boiled. Hops are added at this point to give a special bitter taste and aroma to the beer. The wort is boiled to sterilize and concentrate it, and extract the desired flavor and bitterness from the hops. The hopped wort is cooled and saturated with air, or oxygen, essential for the growth of the yeast in the next stage.

Yeast turns the sugar in the wort into alcohol and carbon dioxide. This process of alpha fermentation takes three to six days. Different types of beer are made using different strains of yeast, processes and wort compositions.

During the maturation process, the liquid clarifies as yeast and other particles settle. Further filtering gives the beer more clarity. Maturation varies by type of beer and can take up to three weeks, and then the beer is ready for packaging in kegs, cans or bottles.

Quality control is at the core of our business. We maintain a rigorous quality control program to ensure that we produce high quality products on a consistent basis, which comply with all applicable legal requirements. We have quality control personnel at each of our breweries as well as at the management level. We monitor the quality of every beverage we produce at each step of the production process, including by online real-time system monitoring and conducting extensive testing, to ensure that every beverage meets our Group-wide standards of quality.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material negative findings, fines or other penalties from government authorities regarding product quality or safety, (ii) we were not required to undertake any material mandatory product recalls, and (iii) we did not have any material product liability exposure.

Breweries

We produce the majority of the beers we sell in our breweries. For certain beers that we sell, rather than produce the beer, we import the beer for sale in our markets. We also engage third parties to brew beer on our behalf in India following our quality standards.

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As at 31 March 2019, our breweries comprised 56 active breweries in primarily China, South Korea, India and Vietnam. The table below sets out our number of breweries by principal market as at 31 December 2018 and 31 March 2019.

Country	As at 31 December 2018	As at 31 March 2019
China ⁽¹⁾	35	33
South Korea	3	5
India ⁽²⁾	15	15
Vietnam	2	2
Other ⁽³⁾	1	1
Total⁽⁴⁾	56	56

Notes:

- (1) China includes breweries which the Group has full or majority ownership of.
- (2) Includes contract breweries with third parties.
- (3) Other reflects one cidery in New Zealand.
- (4) Includes craft breweries.

The table below sets out the number, volumes and capacity of our breweries by segment as at 31 December 2018 and 31 March 2019.

As at 31 December 2018	Number	Volumes (thousand hectoliters)⁽²⁾	Capacity (thousand hectoliters)⁽³⁾
Asia Pacific East	4	14,120	19,462
Asia Pacific West ⁽¹⁾	52	82,125	141,926
Total	56	96,245	161,388

As at 31 March 2019	Number	Volumes (thousand hectoliters)⁽²⁾	Capacity (thousand hectoliters)⁽³⁾
Asia Pacific East	6	3,220	19,463
Asia Pacific West ⁽¹⁾	50	18,896	137,287
Total	56	22,116	156,750

Notes:

- (1) The Asia Pacific West segment, which includes China, includes breweries which the Group has full or majority ownership of. The Asia Pacific West segment also includes contract breweries with third parties in India.

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- (2) Reported volumes. Our reported volumes include both beer and non-beer volumes. In addition, volumes include not only brands that we own or license, but also third party products that we sell through our distribution network.
- (3) Our capacity varies throughout periods because of seasonality and other factors.

Our average utilization may be approximated by volumes divided by capacity. However, our utilization rate varies throughout the year due to seasonal peaks in production and other factors.

In addition to our breweries, we also have one malt plant located in South Korea.

Capacity Expansion

We continually assess whether our production footprint is optimized to support future customer demand. Adding new capabilities (such as breweries, packaging lines or distribution centers) to our footprint generally allows us to increase production capacity and reduce distribution time and costs. For example, in China, we are planning expansion projects such as an extension of our Putian brewery and a new brewery in Wugang to expand our beer capacity. In South Korea, we are in the process of a greenfield project building a new craft brewery. In India, we are making investments to expand the footprint of Budweiser. In Vietnam, we recently invested in local production of Hoegaarden and plan to continue investing in capabilities to produce more brands locally.

Third-party production

In addition to our own breweries, we also have contractual arrangements in place with third-party breweries to brew beers in India following our quality standards, generally in regions where we do not currently have breweries.

Imported beers

We have licenses to import more than 25 AB InBev brands for sale in Asia Pacific on an exclusive basis, such as Stella Artois from Belgium, Corona from Mexico, Beck's from Germany and other American and European brands, as well as Budweiser from the US into select markets where we do not brew it locally, such as South Korea and Hong Kong.

Raw Materials, Packaging and Suppliers

The main raw materials used in our beer production are malted barley, hops, yeast and water. In addition, we require extensive use of packaging materials such as glass, aluminum bottles, aluminum or steel cans and kegs, aluminum can stock, PET bottles, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

We source certain of our raw materials from suppliers through AB InBev's procurement services. See "*Connected Transactions – Procurement Services provided by the AB InBev Group to the Group*" for further discussion of these arrangements. For the raw materials that are not sourced through AB InBev's procurement services, we source them directly from other third party suppliers based in China, South Korea and elsewhere. We purchase these raw materials through the open market and through contracts with suppliers. We believe that the production capacity of our suppliers is

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adequate to meet our production needs and that alternate suppliers are available. During the Track Record Period, we did not experience any material disruptions, shortages, disputes or delays in relation to the supply of our raw materials.

We have supply contracts with respect to packaging materials. The choice of packaging materials varies by cost and availability in different countries, as well as consumer preferences and the image of each brand. We source our packaging materials from suppliers either directly or indirectly under the global procurement framework agreement entered into with AB InBev.

Most of our raw materials are commodities, the prices of which generally fluctuate with market conditions. The prices of our other raw materials and packaging materials generally fluctuate as a result of various factors, including supply and demand, our bargaining power with suppliers, logistics and processing costs, government regulations and policies and tax. During the Track Record Period, fluctuation of market prices of our raw materials did not materially impact our costs of raw materials. For more information, see *“Financial Information – Significant Factors Affecting Our Results of Operations and Financial Condition – Raw Materials and Transport Prices.”*

In 2017, 2018 and the three months ended 31 March 2019, purchases from our five largest suppliers accounted for approximately 10%, 9% and 9% of our total purchase cost, respectively. During the Track Record Period, our five largest suppliers included raw material, packaging material and service suppliers located in China and South Korea. We believe that we have good relationships with our major suppliers. To the best of our knowledge, as of the Latest Practicable Date, with the exception of AB InBev, all of our material suppliers are independent third parties and none of our suppliers are controlled by employees of the Company.

Inventory Management and Logistics

Our inventory comprises raw materials, work-in-progress and finished products, both in our breweries and in our distribution centers. We maintain an ERP system to track the in-coming and out-going inventory. This system enables us to monitor our levels of inventory on a timely basis in order to maintain sufficient levels of raw materials and finished products.

Our logistics organization is composed of (i) a first tier, which comprises all inbound flows of raw materials and packaging materials into the breweries and all outbound flows from the plants into the second drop point in the chain (for example, to distributors), and (ii) a second tier, which comprises all distribution flows from the second drop point into the customer delivery tier (for example, retailers).

We use third party contractors for our transportation requirements, including the delivery of raw materials to our breweries and the transport of products to customers and consumers.

In our distribution centers, the majority of which we lease, we have implemented a distribution process optimization program, which aims to bring greater efficiency and standardization to our network of distribution centers through a set of operational procedures.

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As at 31 March 2019, our distribution centers comprised 61 distribution centers primarily in China, South Korea, India and Vietnam. The table below sets out our number of distribution centers by principal market as at 31 December 2018 and 31 March 2019.

Country	As at 31 December 2018	As at 31 March 2019
China	18	18
South Korea	28	28
India	11	10
Vietnam	2	2
Other	3	3
Total	62	61

CUSTOMERS

Our customers include distributors, large retailers and certain other customers. We have cultivated a large B2B network where customers, such as distributors, place orders directly with us (and then on-sell them), in addition to our growing B2C network where we engage with consumers directly.

In 2017, 2018 and the three months ended 31 March 2019, revenue from our five largest customers accounted for approximately 5% of our total revenue in each respective period. Our five largest customers are large retailers and distributors.

None of our Directors, their associates or any other Shareholder which (to the knowledge of the Directors) owns more than 5% of the Company's share capital as at the Latest Practicable Date had any interest in any of our five largest customers.

Distribution of Products

We depend on effective distribution networks to deliver products to consumers. The products we brew are sold to approximately 6,000 distributors across Asia Pacific, with approximately 75% in Asia Pacific West and 25% in Asia Pacific East. Generally, distributors purchase our products from us and then on-sell them either to other distributors or to points of sale. We estimate that we have access to more than two million POCs in Asia Pacific West and more than 500 thousand POCs in Asia Pacific East based on our distributor network.

The distribution of beer and other beverages varies from country to country. The nature of distribution reflects consumption patterns and market structure, geographical density of consumers, local regulation, scale considerations, market share, expected added-value and capital returns, and the existence of third party distributors. Distributors play an important role in distributing a significant proportion of beer and other beverages either because of historical market practice (for example, in China) or for structural reasons (for example, in South Korea where there are legal constraints on who can distribute beer locally). Our methods of distribution are in line with industry norms in each country where we distribute our products.

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We generally distribute our products through (i) third party distribution networks, in which delivery to points of sale occurs through independent distributors, or (ii) our own distribution, in which we deliver to points of sale directly. We have policies in place that seek to ensure that our distributors are independent third parties and that none of our Directors, officers and employees have an interest in our distributors. The distribution channels used will vary from country to country, and are generally as follows:

- China: We predominantly sell to distributors in China, with less than 10% of our total volume being sold through a combination of direct sales (such as supermarkets, convenience store chains, and hotel and restaurant chains) and e-commerce channels;
- South Korea: In South Korea, we sell to distributors and retailers;
- India: Our distribution channels vary according to the different local state regulations in India. For example, in government-controlled states, we generally sell to government-owned distributors, and in open market states, we generally sell to independent privately-owned distributors and retailers. There may also be states that are a hybrid of government-controlled and open market, in which case we will sell to a combination of government-owned distributors and privately-owned distributors and retailers; and
- Vietnam: We predominantly sell to two main distributors in Vietnam, with a small proportion of our beers sold directly to key customers.

In the Track Record Period, we have maintained stable relationships with the large majority of our distributors and did not experience any material changes in the number of our distributors. Generally, distributors do not have the right to return products to us once they have purchased them, except in exceptional circumstances, such as product defects. We have established customer complaints policies and procedures.

We recognize revenue on the sale of products when performance obligations are satisfied, meaning when the Group transfers control of a product to a customer (including distributors).

The principal terms of the distribution agreements vary from country to country and there may also be differences between regions within a country. In certain countries, such as China, our framework contracts may contain targets that set out the minimum volume for the applicable distributor to purchase. Under such framework contracts, we have the right to terminate the contract with a distributor if such distributor fails to meet the specified purchase target, which allows us to terminate arrangements with non-performing distributors who are unable to fulfill such purchase target.

The purchase target imposed on each distributor varies depending on a number of factors, including the amount agreed with the applicable distributor and its demand for our products. We recommend to distributors a minimum price on the resale of our products. Our contract terms with distributors have varying durations depending on the relevant market and may be terminated in certain limited circumstances, including failure to meet targets set out in the agreements.

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We monitor our distribution network by a variety of means, including: (i) granting a designated sales area or points of sale to distributors to operate in certain markets; (ii) utilizing our technology system to monitor the sales activities of our distributors and ensure consistency with our pricing policies; (iii) requiring distributors to periodically provide us with sales reports so that we can monitor their sales activities in a timely manner; and (iv) conducting regular onsite inspections of distributors.

As a customer-driven organization, we have programs for professional relationship-building with our customers in all our markets regardless of the chosen distribution method. This happens directly, for example, by way of key customer account management, and indirectly, by way of distributor excellence programs. For example, in China, highly qualified distributors may be eligible for programs such as our Budweiser Elite Club and Sapphire Club, which entitles such distributors to incentives such as additional training.

LICENSING

We have long-term licensing agreements with the AB InBev Group, under which we have licenses to manufacture or to import for sale within Asia Pacific on an exclusive basis more than 25 brands owned by AB InBev, including Budweiser, Corona, Stella Artois, Beck's, Hoegaarden, Leffe and Goose Island. The sale of AB InBev products manufactured or imported by us contributes significantly to our revenue, representing over 40% of our net revenue in 2018 and the three months ended 31 March 2019. We pay royalties determined by reference to net sales generated from the sale of locally manufactured products to AB InBev under the licenses to manufacture, and we pay import prices determined by reference to the production cost plus a markup under the licenses to import.

The long-term licenses are designed to ensure we have long-term certainty, comfort and protection of the use of AB InBev brands significant to our operations. To a limited extent, we also license brands owned by us to AB InBev for export based on similar terms. See "*Connected Transactions*" for further information.

In certain markets, we distribute third party brands, such as Sapporo and Guinness in China, in order to increase the breadth of our product offering in the Premium and Super Premium category.

BRANDING AND MARKETING

We believe our brands are the foundation and cornerstone of our relationship with consumers and the key to our long-term success, and we invest in our brands accordingly. We seek to create sustainable competitive advantages by meeting consumer desires and developing leading brand positions in all of our markets. Through our marketing function, we seek to keep our brands relevant for consumers and also create marketing campaigns targeting specific brands or countries.

We seek to constantly strengthen and develop our brand portfolio through enhancement of brand quality, marketing and product innovation. Our marketing team works closely with our R&D team. See "*Intellectual Property, Innovation and Research and Development*" for further information.

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We continually assess consumer needs and values with a view to identifying the key characteristics of consumers in each beer category of Premium and Super Premium, Core and Core+ or Value. This allows us to position our existing brands or to introduce new brands in order to address the characteristics of each category.

Our marketing approach is based on a “value-based brands” proposition, a single, clear, compelling value-based reason for consumer preference. The value-based brands approach involves: first, determining consumer portraits; second, defining both brand attributes (i.e., tangible characteristics of the brand that support its positioning) and brand personality (i.e., the way the brand would behave as a person); and third, creating a positioning statement to ensure the link between the consumer and the brand. Once this link has been established, a brand can either be developed (brand innovation) or relaunched (brand renovation or line extension from the existing brand portfolio). We invest in each brand in line with its strategic priority and seek to maximize profitable and sustainable growth.

For example, we focus our growth strategy for each of our brands based on a portfolio approach, which depends on the occasion in which our products are consumed (e.g., relaxing at home with friends or socializing in a bar or at a restaurant). Our portfolio of brands will vary by market, but each leverages our pan-Asian platform and initiatives, incorporating the whole organization from supply, to operations, to sales and marketing, and then bringing our teams together to deliver end-to-end integrated consumer experiences.

With respect to brands we brew or import under license from AB InBev, AB InBev sets certain parameters for the marketing of such brands, with which we are contractually obligated to comply. We tailor our marketing efforts to our specific regions and consumers, operating within these parameters. While we participate in discussions with AB InBev with respect to these parameters and believe we benefit from the creation of global brand identities, AB InBev has ultimate decision-making authority in respect of such marketing.

Furthermore, AB InBev from time to time enters into agreements with respect to and conducts global marketing campaigns, such as Budweiser’s sponsorship of the 2018 FIFA World Cup Russia™ and upcoming 2022 FIFA World Cup Qatar™, which we believe are growth drivers for our business. Under our agreements with AB InBev, we are required to participate in these global campaigns and to pay our proportionate share of the sponsorship fees.

We seek to provide media advertising, point of sale advertising and sales promotion programs to promote our brands. Where relevant, we complement national brand strategies with central marketing focused on delivering relevant programming addressing local interests and opportunities.

In determining our pricing strategies, we take into account a variety of factors, such as the supply of and demand for our products, anticipated market trends, costs of raw materials and packaging materials, product costs, product categories, the distribution channel through which we are selling, retail prices of our competitors’ products, spending patterns of target consumers, historical sales data and the expected profit margins for us and our distributors. We review and adjust our product prices periodically based on these factors and other general market conditions. Generally, we set recommended nationwide retail prices for our products, which are subject to adjustments reflecting the local competitive and consumer environment. For more information, see “Customers – Distribution of Products” above and “Financial Information – Significant Factors Affecting Our Results of Operations and Financial Condition – Economic Conditions and Pricing.”

INTELLECTUAL PROPERTY, INNOVATION AND RESEARCH AND DEVELOPMENT

Innovation is a key component of our strategy. We seek to combine technological know-how with market understanding to develop a robust innovation pipeline in terms of production process, product and packaging features and branding strategy. As beer markets mature, we believe innovation plays an increasingly important role by providing differentiated products to consumers.

Intellectual Property

Our intellectual property portfolio consists of trademarks, patents, registered designs and domain names. Our intellectual property is important to our business, such as trademarks in respect of Budweiser, Stella Artois, Corona, Hoegaarden, Cass and Harbin. For more information see “*Statutory and General Information – B. Further Information about the Business – 2. Intellectual Property*” set out in Appendix V.

A substantial portion of our revenue is derived from brands that we sell under license from AB InBev. Accordingly, the trademarks of some of our brands are registered by the Group while others are registered by AB InBev. For further information, see “*Connected Transactions*” and “*Statutory and General Information – B. Further Information about the Business – 2. Intellectual Property*” set out in Appendix V.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any disputes relating to or infringement of our intellectual property rights having a material adverse effect on our business.

Innovation and Research and Development

Given our focus on innovation, we place a high value on R&D priorities. Our main goal in innovation is for us to be able to continually provide consumers with attractive and desirable products and experiences. This includes launching new liquids, new packaging and new dispensing systems, as well as updating and enhancing existing products and packages.

Our R&D efforts require an understanding of the strengths and weaknesses of other beverage categories, spotting opportunities for beer and developing products that address consumer preferences. Sensory experience, premiumization, convenience, sustainability and design are all central to our R&D efforts. During 2018 and the three months ended 31 March 2019, our total spend on R&D (which includes innovation) was approximately USD19 million and USD4 million, respectively.

R&D in process optimization is primarily aimed at quality improvement, capacity increase (plant debottlenecking and addressing volume issues, while minimizing capital expenditure) and improving efficiency. Newly developed processes, materials and/or equipment are documented in best practices and shared across business regions. Current projects range from malting to bottling of finished products.

Our R&D team mainly comprises professionals with R&D experience in the beer or other relevant industries. Our R&D team is regularly briefed on our priorities and certain concepts and technologies are prioritized for development. The R&D team invests in both short-and long-term strategic projects for future growth, with the launch time depending on complexity and prioritization. In addition to our centralized Asia Pacific R&D team, we also have locally-based and locally-focused R&D teams.

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Our Asia Pacific Zone Innovation and Technology Center (“ZITEC”) was established in 2011 in Wuhan, China. We have continuously invested in the ZITEC since its establishment, totaling more than USD100 million since 2011. The ZITEC includes a research pilot brewery, a package lab, a central lab, our regional R&D office and training centers. We have short-term and long-term strategic cooperation agreements with the China National Research Institute of Food and Fermentation Industries and top universities to ensure we are making preparations in anticipation of our future growth. In addition, the ZITEC works closely with AB InBev’s Global Innovation Technology Center, based in Belgium, which plays a leading role on all large and complex innovation projects and initiatives that apply globally to the AB InBev Group and our Group. See “*Connected Transactions*” for further information.

Information Systems

We have comprehensive information systems, which integrate internal and external management information across various aspects of our business operations. These systems enable us to manage our procurement, sales and distribution, quality control, inventory and logistics, financial reporting and human resources functions. In the future we plan to continue to invest in our information systems to support our business needs.

REGULATIONS AFFECTING OUR BUSINESS

Our operations are subject to extensive regulatory requirements regarding, among other things, production, distribution, importation, marketing, promotion, labeling, advertising, labor, pensions and public health, consumer protection and environmental issues. For further information, see “*Taxation and Regulatory Overview*” set out in Appendix III.

ENVIRONMENT

We are subject to different environmental legislation and controls in each of the countries in which we operate. These environmental laws mostly relate to (i) the conformity of our operating procedures with environmental standards regarding, among other things, the emission of gas and liquid effluents, (ii) the disposal of one-way (i.e., non-returnable) packaging, (iii) noise levels and (iv) contamination of premises. We believe that the regulatory climate in most countries in which we operate is becoming increasingly strict with respect to environmental issues and expect this trend to continue in the future. Achieving compliance with applicable environmental standards and legislation may require plant modifications and capital expenditures.

Laws and regulations may also limit noise levels and the disposal of waste, as well as impose waste treatment and disposal requirements. Some of the jurisdictions in which we operate have laws and regulations that require polluters or site owners or occupants to clean up contamination. In 2018 and the three months ended 31 March 2019, we did not incur material costs in connection with compliance with environmental laws and regulations or any remediation efforts and we expect such costs to remain at similar levels.

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OCCUPATIONAL HEALTH AND SAFETY

We are subject to various safety laws and regulations in the countries in which we operate. As of the Latest Practicable Date, we had complied with applicable laws and regulations on occupational health and work safety in all material respects. In an effort to ensure the safety of our employees, we have operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries, electricity safety and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues.

We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation. During the Track Record Period, we did not record any accidents that had a material impact on our business or operations. As of the Latest Practicable Date, no material claim had been brought against us as a result of an accident in the course of our operations.

LICENSES, PERMITS AND APPROVALS

We are required to maintain various approvals, licenses and permits in order to operate our business. Except as set out below, we believe we have all material licenses, permits and approvals necessary in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals licenses and permits as are necessary to operate our business. Based on advice from our PRC Legal Adviser, except as set out below we believe that as of the Latest Practicable Date, we have obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China.

As of the Latest Practicable Date, certain PRC subsidiaries of the Company did not hold required pollutant discharge permits because the relevant governmental authorities have temporarily suspended the issuance of such permits to beer companies.

INSURANCE

We self-insure most of our insurable risk. We maintain a comprehensive approach to insurable risk, which is mainly divided in two general categories:

- **Assets:** a combination of self-insurance and insurance is used to cover our physical properties and business interruption; and
- **Liabilities:** a combination of self-insurance and insurance is used to cover losses due to damages caused to third parties (including certain product liability risks), for executive risks (i.e., risks related to our Board and management) and automobile insurance, which is required by law in most jurisdictions.

We believe our insurance coverage is adequate and in line with industry standards.

SOCIAL AND COMMUNITY MATTERS

Our dream is to Bring People Together for a Better World. In all we do, we strive to ensure that we produce the highest-quality products, provide the best consumer experience and maximize shareholder value by building the strongest competitive and financial position.

BUSINESS

Through our reach, resources and energy, we are addressing the needs of our communities through:

- Improving environmental and social sustainability;
- Promoting smart drinking;
- Increasing workplace safety; and
- Business ethics.

Improving environmental and social sustainability

We depend on natural resources to brew our beers and strive to use resources responsibly and preserve them for the future. That is why we factor sustainability into how we do business, including how we source water, energy and raw materials. We develop innovative programs across our supply chain to improve our sustainability performance with our business partners. To improve lives in the communities we are part of, we also support the farmers and small retailers in our value chain to help them be more productive. To facilitate progress, our sustainability and procurement activities are combined under a single function led by a member of our senior leadership team.

Helping entrepreneurial small businesses grow and thrive

As part of our commitment to help communities thrive, we have a responsibility to help the small businesses in our supply chain. From the suppliers that help power our production to the retailers that connect with our consumers every day, small businesses play a vital role as an engine of economic growth and employment. They are critical to the success of our business operations.

We value our relationships with our small business partners and recognize the challenges many face in sustaining and growing their operations, such as limited business skills and the need for affordable financial services and infrastructure. As their business partner, we believe we can help them address these barriers to unlock their entrepreneurial potential and enable us to grow together.

SmartBarley

We participate in the AB InBev-developed SmartBarley program to cultivate quality, local barley by accelerating innovations that can improve crop productivity and enhance grower livelihoods. In India, a SmartBarley team supports over 3,000 farmers to increase crop performance, reduce environmental impact and introduce varieties of barley better geared for India's climate and soil. This program helps reduce water usage by teaching farmers more efficient irrigation practices. Also in India, we provide "spent malt," a byproduct of our brewing process, such as leftover barley, at a nominal price to local farmers for use as cattle feed. In 2018, we provided approximately 7,000 kilograms of spent malt per day to farmers for use as cattle feed through this program.

Watershed Protection

We continue to scale our water stewardship efforts by engaging in watershed protection measures, in partnership with local stakeholders, in high-stress areas across China, India and elsewhere in Asia Pacific. Together with local authorities, other water users and NGOs, we have devoted financial and technical resources to green infrastructure initiatives, conservation and reforestation projects, habitat restoration efforts and soil conservation techniques. Through these initiatives, we seek to increase water security and improve water quality and availability for our communities and operations.

We donate reclaimed water to communities for agricultural irrigation, watering public parks, street cleaning and other needs, thus replacing fresh water that would otherwise be used. These efforts have enabled us to reduce our water usage to an industry-leading 2.86 hectoliters of water per hectoliter in 2018.

In Mongolia, our South Korea team has been working together with NGOs on the Cass Forest of Hope program to help prevent desertification. In 2018 in South Korea, we held the inaugural 60 Seconds Water Film Festival to raise awareness of the importance of water through UCC (user created content) videos.

Renewable energy

We are committed to significantly increasing our use of purchased renewable energy in our breweries and vertical operations to reduce our carbon emissions and long-term energy cost, improve air quality and create jobs in the renewable energy industry. We have a Group-wide goal to have 100% of our purchased electricity come from renewable sources by 2025.

In China, we installed solar panels on the roof of our Putian brewery, which is one of our largest in China. We aim to complete installation of solar panels and wind power generators at 16 breweries in China by the end of 2020.

In 2018, our SPR-Mysuru brewery in India became the site of our first renewable electricity-driven brewery in Asia. All of our Budweiser production at our SPR-Mysuru brewery is powered through renewable electricity. We have also installed solar power infrastructure in the community surrounding our SPR-Mysuru brewery, including solar-powered street lights, solar-powered drinking water units and solar-powered electric rickshaws as a sustainably powered mode of transportation.

We are launching initiatives in Vietnam in order to meet our Group-wide goal of purchasing 100% of our energy from renewable sources by 2025.

Recycling

We are driving and protecting the circular economy of our industry by increasing the amount of reused or recycled materials in our packaging and recovering more post-consumer waste. We aim to work with partners, suppliers and retailers across our value chain in this effort. Packaging, such as returnable glass bottles, is an important component of this effort, and increasing recycling, recovery and reuse also helps avoid loss of value.

Promoting smart drinking

We want every experience with beer to be a positive one. We believe that the harmful use of alcohol is bad for consumers, society and our business. Our goals for smart drinking (“**Smart Drinking Goals**”) aim to contribute to the World Health Organization’s target of reducing the harmful use of alcohol by at least 10% in every country by 2025 and the United Nations Sustainable Development Goal of strengthening the prevention of harmful use of alcohol globally.

Smart Drinking

We are a multi-national company with a pan-Asian footprint, brewing beers and building brands that will continue to bring people together for a better world for the next 100 years and beyond. This requires thriving communities across Asia Pacific where harmful use of alcohol no longer presents a social challenge. Our Smart Drinking commitments, and the beliefs that underpin them, should help make this vision a reality.

Our current Smart Drinking Goals are intended to serve as a laboratory to identify and test replicable programs, implement them in partnership with others and ensure they are independently and transparently evaluated. Our goals are also designed to be collaborative and evolving. Working in partnership with public health bodies, civil society and governments, we aim to implement evidence-based approaches, uncover new ways to reduce the harmful use of alcohol, and act upon them. Our intent is not only to use the knowledge generated by this work to improve our own efforts and business practices, but also to share what we learn with others.

Our Smart Drinking Goals are:

- **City Pilot:** reduce the harmful use of alcohol by at least 10% in our pilot city by the end of 2020 and implement best practices across our markets by the end of 2025;
- **Social Norms:** influence social norms and individual behaviors to reduce harmful alcohol use across our markets in dedicated social marketing campaigns and related programs by the end of 2025;
- **No- and Low-Alcohol Beer (NABLAB):** ensure no-alcohol (by which we mean ABV 0.0%-0.5%) and low-alcohol (by which we mean ABV 0.51%-3.5%) beer products represent at least 20% of our total beer volume by the end of 2025; and
- **Alcohol Health Literacy:** place a guidance label on all of our beer products in all of our markets by the end of 2020 and increase alcohol health literacy by the end of 2025.

Our **City Pilot** initiative is the cornerstone of our efforts to identify, test and independently and rigorously measure and evaluate replicable evidence-based interventions that are implemented in partnership with others, to reduce harmful use of alcohol. The City Pilot serves as a laboratory for identifying evidence-based initiatives worth scaling. The City Pilot is Jiangshan, China. Local knowledge and leadership are critical to the City Pilot approach. A regional Steering Committee was formed with local community members, including government, universities, NGOs and other community-based organizations. We began implementing the intervention programs in 2017, and we are working together with the Jiangshan city government towards our shared goal of reducing the harmful use of alcohol by at least 10% by the end of 2020.

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Our **Social Norms** initiative is not just about spending a specified amount, but rather spending with impact, which requires the development and implementation of campaigns and programs grounded in social norms and social marketing theory. We have partnered with experts in this field to gather and consolidate the latest social marketing knowledge and best practices and apply them to the promotion of smart drinking.

We hold annual Global Beer Responsible Day activities across all of our Asia Pacific operations, with thousands of our employees participating by communicating with our customers and consumers to promote responsible drinking.

In China, we are a leader in advocating for everyone in the alcohol industry to promote responsible drinking, in particular by working to educate the public about the dangers of drinking and driving. In partnership with the China Alcohol Drinks Association (“**CADA**”), we have held a Smart Drinking campaign for the last 11 years.

In South Korea, we launched the Family Talk with Stage Play program to provide parents with effective inter-generational communication tools regarding underage drinking through entertaining and educational storytelling methods. In partnership with the Korea Road Traffic Authority, we have held No Drink & Drive campaigns for new drivers receiving their driver’s licenses at driver’s license centers.

Through our **No- and Low-Alcohol Beer (“NABLAB”)** initiative, we are offering consumers more choice, which we believe can be an important way to help reduce harmful use of alcohol. Our ambition is for existing drinkers to integrate no-alcohol beers and beer with 3.5% ABV or lower into their current drink choices, reducing their total alcohol intake. To make this ambition a reality, we are investing to make our no-and low-alcohol products an available and appealing choice for current consumers of beverage alcohol. We have applied the same robust sales tracking tools to our NABLAB to identify opportunities for growth and help us get closer to achieving our volume goal.

Our **Alcohol Health Literacy** initiative exemplifies our belief in helping consumers understand why and how alcohol should be consumed within limits. We are collaborating with partners to identify and implement evidence-based means of increasing alcohol literacy among consumers.

Investing in road safety

We invest in innovative programs to improve road safety and reduce injuries and fatalities from traffic collisions. This work is aligned with UN Sustainable Development Goal 3 (Good Health and Well-Being).

Safe roads are also a high priority for governments and advocacy groups, and we are strengthening the impact of our efforts through partnerships. These include our leadership in Together for Safer Roads (“**TSR**”), a private-sector coalition focused on improving road safety by facilitating innovation in safer fleets, data collection and modern management.

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In China, we are in the fifth year of our TSR program in Shanghai. We partnered with the Shanghai city government and Tongji University to implement a program focusing on traffic accident hot-spot roadway segment analysis and improvement as well as a behavior-based commercial driver safety analysis education program. We have completed the remediation of six accident-prone road sections to date, resulting in a decrease in traffic accidents of 50% to 70% and a greater than 50% reduction in casualties. Hazardous driving behaviors, such as using a cellphone while driving and drowsy driving, were shown to be reduced by more than 30%.

In India, we initiated road safety programming beginning in 2018, including the establishment of a working group of corporate, NGO, government and academic partners for Safe Roads for Gurugram. Over the past year, key activities include the addition of safety markers in accident-prone intersections in Gurugram. We have begun a #SaferRoadsForYou awareness campaign and a road use survey to drive policies promoting the safety and wellbeing of road users across India. In 2018, supported by the United Nations Institute for Training and Research (“UNITAR”), we held two high level dialogues in India.

As a major user of roads across Asia Pacific, we are committed to delivering safer roads for all, and we fully support the United Nation’s objective of reducing road traffic collisions in the world by 50% by 2020. In April 2019, we held the Asia Road Safety Conference in Shanghai, in partnership with officials from UNITAR, CADA and international academics.

Internally in our business, we dedicate significant time and resources to researching, testing and implementing road safety technology and innovative techniques to increase the road safety of our fleet, which in turn improves community safety. Some of the techniques we have implemented are monitoring the location and performance of vehicles, developing specialized driver training programs crash and near miss analysis, and addressing and avoiding driver fatigue using tools such as telemetry analysis and artificial intelligence.

Increasing workplace safety

We are committed to doing everything possible to create a safe work environment. We encourage employees and contractors to follow safe practices and make healthy choices in our workplaces and local communities.

Business ethics

Our leaders set the tone for our company. We expect them to deliver results and to inspire our colleagues through passion for brewing and a sense of ownership. Most importantly, we never take shortcuts. Integrity, hard work, quality and responsibility are essential to our growth.

Human Rights

Respect for human rights is a core tenet of our business ethos. Our Global Human Rights Policy sets out the standards and expectations we hold for promoting human rights, and we have developed policies to address harassment and discrimination, as well as diversity and inclusion. We also work with our suppliers to ensure that our approach to human rights extends to our supply chain. Through continued engagement with stakeholders, we are committed to continuously enhancing our approach to respecting human rights.

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Acting in our communities

Volunteering is one of the best ways to bring people together for a better world. In communities around Asia Pacific, both large and small, our people are passionate about empowering communities. We encourage these efforts through regional and local volunteering initiatives that are often also open to our families, friends, partners and consumers.

We do our business in our local communities and are committed to giving back to our local communities. We have committed that in each city where we planned to build a brewery to donate for the establishment of a Hope School. We have helped to build various Hope Schools in China, with the teachers trained through the AB InBev University. In Harbin City in China, we donated to the establishment of three robot classrooms in three separate schools to help school children develop knowledge of artificial intelligence and robotics technology. We also ensure that our alcohol drinks and products are not in any way marketed to children in schools.

In 2018, we launched our ongoing Save the Beach campaign in Mumbai, India. Through strategic partnerships, we worked with senior leadership to clean pollution from Juhu Beach, bring awareness to marine environmental issues and install a plastic recycling kiosk and dustbins.

PROPERTY, PLANTS AND EQUIPMENT

As of 31 March 2019, our operations comprised 56 breweries (including one cidery) and 61 distribution centers. We owned a majority of our breweries, with the remainder being leased by us or third-party contract breweries. We leased one cidery in New Zealand. Of these, 33 breweries and 18 distribution centers were located in China. We generally own our breweries and lease our distribution centers. For a further discussion of our breweries, see “– *Our Operations*” above.

In addition to breweries and distribution centers, we also maintain a geographical footprint throughout Asia Pacific through sales and other offices. Such offices are opened as needs in the various markets arise.

As of 31 March 2019, as none of the Group’s properties owned or leased had a carrying amount of 15% or more of the Group’s consolidated total assets, the Group is not required to include a property valuation report in this prospectus.

Title defects of certain properties in the PRC owned by us

Pending building ownership certificates

As at the Latest Practicable Date, 38 buildings with a gross floor area of approximately 188,069 square meters and representing 8.0% of the gross floor area of the buildings that we owned in China were pending building ownership certificates while the completion acceptance procedures for such buildings had been substantially completed. We use such buildings for manufacturing and operational purposes. We are in the process of applying for the relevant building ownership certificates. Subject to the reviewing procedures of local authorities, we expect to obtain these certificates within one year after the Listing.

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Our PRC Legal Adviser is of the view that after submitting the application for building ownership certificates in accordance with applicable PRC laws and regulations and the requirements of relevant authorities, there is no material legal impediment for us to obtain such certificates, and we will have the right to occupy, use, transfer, lease, mortgage or otherwise dispose of such buildings in accordance with applicable PRC laws and regulations once we obtain the relevant building ownership certificates.

Pending completion acceptance procedures

As at the Latest Practicable Date, 173 buildings with a gross floor area of approximately 946,092 square meters and representing 40.0% of the gross floor area of the buildings that we owned in China were pending completion acceptance procedures while we had obtained the relevant land use right certificates, construction land use permits, construction project planning permits and construction permits for the construction of such buildings, which are used for manufacturing and operational purposes.

We are carrying out and will carry out the completion acceptance procedures according to the progress of the relevant projects. We expect to complete the relevant completion acceptance procedures and obtain the building ownership certificates for such buildings within two years after the Listing.

As advised by our PRC Legal Adviser, we may face the risks of (i) paying a fine up to 4% of the construction costs of such properties for using such properties without going through the inspection and acceptance procedures upon completion of the construction, (ii) an additional fine up to RMB300,000 for failure to complete the fire prevention facilities inspection and acceptance procedures, and (iii) an additional fine of up to RMB1,000,000 for failure to complete the environment protection facilities inspection and acceptance procedures. We may also be subject to a recertification order or cessation of business operation until we finish the required inspection and acceptance procedures for these properties.

Our PRC Legal Adviser is of the view that, after we duly complete and pass all the relevant completion acceptance procedures and submit the application for building ownership certificates in accordance with applicable PRC laws and regulations and the requirements of relevant authorities, there will be no material legal impediment for us to obtain the building ownership certificates for such buildings.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material government notice, warning or penalty nor had we experienced any material ownership dispute on such buildings. We believe such property title defects will not adversely and materially affect our business and results of operations given our rectification plans and that the likelihood that we would be required to discontinue the use of all these buildings on the basis of the title defects such that it would result in a material adverse effect on our operations will be remote.

For those buildings pending acceptance, we have received construction quality assessment reports issued by the respective construction supervising firms engaged by the relevant Group companies, which are independent from the Group companies and the construction contractors. These construction supervising firms are required to assess the quality of construction projects to be operated by us after the completion of the construction work, and they have confirmed that 40 buildings have met the safety and quality requirements and are ready to be put into use. For 125 buildings, while the construction supervising firms are yet to issue the construction quality assessment

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reports, we have obtained their written confirmation letters, which also support such buildings' fulfillment of safety requirements and readiness to be put into use. As to the remaining 17 buildings, we have ceased the use of such buildings for manufacturing or any other operational purpose.

Pending planning or construction permits

(a) As at the Latest Practicable Date, 50 buildings with a gross floor area of approximately 89,313 square meters and representing 3.8% of the gross floor area of the buildings that we owned in China were pending planning or construction permits for construction projects and such buildings had not yet completed the completion acceptance procedures, while they have been put in use. We use such buildings for manufacturing and operational purposes. We expect to continue using such buildings while we are actively exploring potential rectifying measures.

As advised by our PRC Legal Adviser, we may face the risks of (i) being required to rectify the violations of the zone planning or relevant regulations and paying a fine in the amount of 5% to 10% of the construction costs of such buildings; (ii) if such rectification is not feasible, demolishing or turning over such buildings, as well as paying a fine of up to 10% of the construction costs of such buildings, (iii) paying a fine up to 2% of the construction costs for construction works without the permit for the commencement of the construction project; and (iv) using a property without going through the inspection and acceptance procedures upon completion of the construction as described under the paragraph "*– Pending completion acceptance procedures*" above.

Our PRC Legal Adviser is of the view that we do not have the right to transfer, lease, mortgage or otherwise dispose of these 50 buildings in accordance with applicable PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material government notice, warning or penalty nor had we experienced any material ownership dispute on such buildings. We believe such property title defects will not adversely and materially affect our business and results of operations given our rectification plans and that (i) the gross floor area of such buildings that were used for manufacturing and operational purposes only accounted for 3.8% of the gross floor area of the buildings we owned in China, which we consider as immaterial; and (ii) the likelihood that we would be required to discontinue the use of these buildings on the basis of the title defects such that it would result in a material adverse effect on our operations will be remote.

(b) As at the Latest Practicable Date, one building with a gross floor area of approximately 10,886 square meters and representing 0.5% of the gross floor area of the building that we owned in China was pending planning or construction permits and such building had not yet completed the completion acceptance procedures. We used to use such building for warehousing purposes but since the relevant subsidiary is now in liquidation, we have ceased to use this building for any operational purpose.

As advised by our PRC Legal Adviser, we may face the risks of (i) being required to rectify the violations to the zoning planning or relevant regulations and paying a fine in the amount of 5% to 10% of the construction cost of this building; (ii) if such rectification is not feasible, demolishing turning over the building, as well as paying a fine of up to 10% of the construction cost of the buildings; (iii) paying a fine up to 2% of the construction costs for construction works without the permit for the commencement of the construction project, and (iv) using a property without going through the inspection

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and acceptance procedures upon completion of the construction as described under the paragraph “– *Pending completion acceptance procedures*” above.

We will properly deal with this building during the liquidation process, without causing any material costs or outstanding liabilities. As of the Latest Practicable Date, we were not subject to any investigation from the local government authority for the construction of this building. Our legal advisors are of the view that we do not have the right to transfer, lease, mortgage or otherwise dispose of such building in accordance with applicable PRC laws and regulations.

Non-compliance of certain properties leased by us

As of the Latest Practicable Date, we leased six material properties in the PRC, five of which have not completed the registration and filing procedures with relevant land and administrative bureaus. According to our PRC Legal Adviser, the lack of registration and filings will not render these leases invalid, and we may be subject to an aggregate fine up to RMB50,000, which, according to our view, will not adversely and materially affect our business and results of operations.

EMPLOYEES

We focus on attracting and retaining the best talent. Our approach is to enhance our people’s skills and potential through education and training, competitive compensation and a culture of ownership that rewards people for taking responsibility and producing results. Our ownership culture unites our people, providing the necessary energy, commitment and alignment needed to pursue our Dream to Bring People Together for a Better World.

The tables below set out the number of full-time employees at the end of each period broken down by geographic location and by function.

	As of 31 December		As of 31 March
	2017	2018	2019
China	26,422	26,142	25,342
South Korea	1,930	1,984	1,988
India	1,694	1,611	1,594
Vietnam	262	297	298
Other ⁽¹⁾	48	51	74
Total	30,356	30,085	29,296

Note:

(1) Other includes Japan, Hong Kong, Macau and New Zealand.

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	As of 31 December		As of 31 March
	2017	2018	2019
Sales	15,192	15,997	15,389
Supply and Logistics	12,837	12,292	12,068
Others	2,327	1,796	1,839
Total	30,356	30,085	29,296

As of 31 March 2019, our employees represented more than 27 nationalities and were approximately 39% women and 61% men.

Employee Compensation and Benefits

To support our culture that recognizes and values results, we offer our employees competitive salaries benchmarked to fixed mid-market local salaries, combined with variable incentive schemes based on individual performance and performance of the business entity in which they work. Senior employees above a certain level are eligible to participate in certain share-based incentive plans. See “*Statutory and General Information – D. Share Award Schemes*” set out in Appendix V.

Labor Unions

Many of our employees in certain countries are represented by unions, with a variety of collective bargaining agreements in place. Generally, we consider that relationships between us and the unions that represent our employees are respectful. During the Track Record Period, we were not involved in any labor disputes having a material adverse effect on our business.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry and markets in which we operate. See “*Risk Factors*” for further discussion.

The Board of Directors and the senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect the Company and to manage risks to be within its risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Our internal controls include our MICS (Minimum Internal Control Standards), consisting of a number of internal controls designed for Sarbanes-Oxley Act compliance.

Without prejudice to the responsibilities of the Board of Directors as a whole, the Audit Committee oversees financial and business risk management and discusses the process by which management assesses and manages the company’s exposure to those risks and the steps taken to monitor and control such exposure. See “*Directors and Senior Management – Board Committees.*”

LEGAL AND ARBITRATION PROCEEDINGS AND COMPLIANCE MATTERS

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

We were involved in certain regulatory non-compliance incidents as of the Latest Practicable Date, the details of which include those set out below.

Investigation by the Competition Commission of India

In 2018, the Competition Commission of India (“**CCI**”) opened an investigation against SAB India Limited (now AB InBev India Limited) (“**SABI**”) (an Indian subsidiary that will become a subsidiary of our Group as part of the Reorganization) and other brewers relating to legacy pricing practices in the Indian market. We have been fully cooperating with the CCI throughout its investigation, which is ongoing and, based on investigations of similar nature in India, we do not expect such investigation to conclude before the end of 2019.

The conduct under investigation came to our attention as part of the business integration process between SABI and AB InBev’s already-owned Indian subsidiary, Crown Beers India Private Limited, and following fresh engagement by new senior management of SABI with the market, and were subsequently escalated to AB InBev’s global compliance team. None of the responsible employees are with AB InBev India today.

We believe this non-compliance resulted from lack of sufficient internal controls, awareness of competition laws, and training in respect of such matters within SABI before we acquired the entity, and we took rectification actions upon our becoming aware of the matter. We implemented extensive internal control and compliance programs for our senior management and sales teams in India to enhance their awareness of compliance and risks. Such rectification actions and ongoing compliance is overseen by the VP Legal, Compliance and Corporate Affairs, AB InBev India and the Business Unit President, AB InBev India, and is the subject of internal audit on a regular basis.

We believe that these enhanced internal control measures are adequate and effective to prevent recurrences of breaches of this nature.

Under Indian law, the maximum potential penalty that may be imposed on us by the CCI is 10% of the relevant average turnover (i.e., turnover attributable to the products in question) for the last three preceding financial years, or up to three times the relevant profit for each year of continuance of the contravention, whichever is higher.

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However, based on the advice we have received, we believe the likelihood of any financial penalty is low and, if any penalty is imposed, its quantum would be lower than the maximum potential penalty. Accordingly, no provision has been made in our financial statements nor does the Company believe that such ongoing investigation will have any material adverse impact to our operations or business in India.

Investigation by Indian tax authority

We are currently subject to a demand by the Indian tax authority for an alleged tax liability in relation to a legacy acquisition by SAB. In 2006, SAB acquired Foster's India business and certain Foster's trademarks and other intellectual property. In 2011, the Indian tax authority issued a demand notice for an alleged capital gains tax liability in relation to this transaction. The Company is challenging the tax demand on a number of grounds. The total amount of the potential liability is USD55 million, which has been fully provided for in the Group's financial statements.

Order from New Delhi tax authority

In July 2019, the city of New Delhi excise authority issued an order barring Anheuser-Busch InBev India Limited (formerly named SABMiller India Limited) from selling its products in that city for three years. The order stems from 12 SABMiller beer bottles with alleged barcode discrepancies that were found during a 2016 restaurant inspection, prior to our acquisition of SABMiller later that year. The New Delhi excise authority applied the three year ban based on a conclusion that Anheuser-Busch InBev India Limited (as SABMiller India Limited) engaged in misconduct constituting willful excise duty evasion. We believe that this conclusion is without merit, and are challenging the order through the appellate process. No provision has been made, and the Company does not believe that the order or any related action will have material adverse impact to our operations or business in India. New Delhi represented less than 1% of our Asia Pacific West segment's revenue during the Track Record Period.

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You should read the following discussion and analysis in conjunction with our combined financial information as at and for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, including the notes thereto, in the Accountant's Report set out in Appendix IA. Our audited combined financial information has been prepared in accordance with IFRS. Historical results are not indicative of future performance.

The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. We caution you that our business and financial performance are subject to substantial risks and uncertainties. Our actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to "Risk Factors" and "Responsibility Statement and Forward-looking Statements."

BASIS OF PREPARATION

This section, and the Accountant's Report set out in Appendix IA on which this section is based, has been prepared on the following basis.

The Group historically did not exist as a separate legal and reporting group and no separate financial statements were historically prepared. Accordingly, for purposes of evaluating the historical financial results of the Group and the preparation for the Global Offering, combined financial information of the Asia Pacific region, excluding Australia, for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2019 was prepared and is presented in the Accountant's Report set out in Appendix IA.

The combined financial information presents the historical financial information of the business of the Asia Pacific region of AB InBev, excluding Australia, and includes the assets, liabilities, revenue, expenses and cash flows attributable to all entities in the region, which are primarily in China, South Korea, India, Vietnam and Japan, and relevant operations of AB InBev entities outside of Asia Pacific having operations in the Asia Pacific region or with subsidiaries within the region that will be part of the Group as described in Note 1.2 to the Accountant's Report set out in Appendix IA.

The combined financial information has been prepared from AB InBev's consolidated financial statements for the purpose of presenting the financial position, results of operations and cash flows of the Group on a stand-alone basis. All intercompany balances, transactions and unrealized gains/losses on transactions between the Group's entities have been eliminated. The transactions and balances with other AB InBev Group entities outside the Group have not been eliminated and are recognized in accordance with IFRS and classified as related-party transactions.

Transactions and balances previously reported as part of the continuing operations of the Asia Pacific business (excluding Australia) have been directly attributed to the Group, except for the following:

- *Cash and cash equivalents* – Historically, certain cash and cash equivalents were managed as part of a global treasury management function by AB InBev. The Group did not exercise operational control over the cash and cash equivalents in the physical cash pool with AB InBev entities. The balances

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generated from the Asia Pacific business that were physically pooled into AB InBev Group entities that are outside the Group are therefore not considered cash and cash equivalents of the Group and are not included in the combined financial information. For purposes of the historical financial information of the Group during the Track Record Period and subsequent thereafter until immediately prior to the Listing, amounts in the physical cash pool are included within AB InBev capital, which reflects the net funding position between the Group and AB InBev. After the Listing, balances in the physical cash pool will create a receivable or payable (as applicable) between the Group and the AB InBev Group counterparty.

- *Hedging activities* – Historically, certain hedging instruments were managed as part of a global treasury management function by AB InBev. For the purpose of the combined financial information, the net hedging income of USD36 million in 2017, USD14 million in 2018 and USD1 million for the three months ended 31 March 2019 relating to the Asia Pacific region, excluding Australia, has been allocated to the Group to reflect the Group's share of AB InBev hedging gains and losses.
- *Loan receivables of USD1,018 million at 31 December 2017, USD473 million at 31 December 2018 and USD466 million at 31 March 2019 that are held by AB InBev Group companies outside the Group* – As part of the AB InBev global treasury management function, the Group has loans with AB InBev Group entities, which are outside the Group. The related loan receivables held by AB InBev Group entities outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting these borrowings going forward. For the purpose of the combined financial information, the liabilities related to the loans with AB InBev Group entities were presented as borrowings during the Track Record Period to be extinguished prior to or upon the Listing. The interest charges related to these borrowings were reported as non-recurring finance cost on the basis that these will be extinguished. The legal assignment of loan receivables held by AB InBev with the Group prior to or upon the Listing will be accounted for in equity upon extinguishment.

AB InBev historically recharged costs shared with other AB InBev businesses to the legal entities comprising the Group and were recorded as such in the combined financial information.

The combined financial information does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

In addition, the historical information may not be indicative of what our results of operations, financial position and cash flows will be in the future. For example, following finalization of the Reorganization and completion of the Global Offering, changes will occur in our cost structure, debt financing and interest expense, funding and operations, including changes in our tax structure and increased costs associated with operating as a public, stand-alone company.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations have been, and are expected to continue to be, principally affected by the following factors, certain of which are beyond our control.

Acquisitions, Divestitures and Investments in Associates

We regularly engage in acquisitions, divestitures and investments in associates. We also engage in the start-up or termination of activities. See Note 16 and Note 27 to the Accountant's Report set out in Appendix IA for further details.

We may acquire, purchase or dispose of further assets or businesses in our normal course of operations. Accordingly, the financial information presented in this prospectus may not reflect the scope of our business as it will be conducted in the future. Our ability to manage our acquisitions, divestitures and strategic investments may have an impact on the future growth of our business.

We undertook a series of acquisitions during 2017 and 2018, with no significant impact to our combined financial information. In 2017, we acquired Boxing Cat Brewery in China. During 2018, we acquired The Hand & Malt Brewing Co., a craft brewery in South Korea. We did not acquire any businesses during the three months ended 31 March 2019. For further information on our acquisitions, see Note 27 to the Accountant's Report set out in Appendix IA. We did not dispose of any businesses in 2017, 2018 or the three months ended 31 March 2019.

On 30 May 2019, we completed the acquisition of 65% of the registered capital of Jepsen Beverage (China) Company Limited, which is principally engaged in the manufacturing, distribution, sale and commercialization of the Blue Girl and other brands of beer and other malt-based beverages in Mainland China (excluding Hong Kong, Macau and Taiwan).

Non-recurring restructuring charges in 2017, 2018 and the three months ended 31 March 2019 primarily relate to organizational alignments in Asia Pacific and the combination of AB InBev and SAB. These changes aimed to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses provided us with a lower cost base in addition to a stronger focus on core activities, quicker decision-making and improvements to efficiency, service and quality. See "*History, Development and Reorganization*" for further information relating to our organizational alignments in Asia Pacific and the combination of AB InBev and SAB.

We have an investment in an associate, Guangzhou Zhujiang Brewery Joint-Stock Co., Ltd. ("**Zhujiang**"), for which we recognized results of investment in associates of USD8 million, USD17 million and USD2 million for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively. See Note 16 to the Accountant's Report set out in Appendix IA for further information.

Economic Conditions and Pricing

General economic conditions in the geographic regions in which we sell our products influence consumer confidence and consumer purchasing power, and in turn, influence the demand for our products in terms of total volumes sold and the price that can be charged. In addition to affecting demand for our products, general economic conditions may cause consumer preferences to shift between on-trade consumption channels and off-trade consumption channels.

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Products sold in off-trade consumption channels typically generate higher volumes and lower margins per retail outlet than those sold in on-trade consumption channels, although on-trade consumption channels typically require higher levels of investment. A shift in consumer preferences towards lower-margin products may adversely affect our price realization and profit margins.

Consumer Preferences

We are a consumer products company, and our results of operations largely depend on our ability to respond effectively to shifting consumer preferences. Consumer preferences may shift due to a variety of factors, including changes in demographics, changes in social trends, such as consumer health concerns, product attributes and ingredients, changes in travel, vacation or leisure activity patterns, weather or negative publicity resulting from regulatory action or litigation.

Product and Brand Mix

The results of our operations are substantially affected by our ability to build on our strong family of brands by relaunching or reinvigorating our existing owned and licensed brands in current markets, launching our existing owned and licensed brands in new markets and introducing brand extensions and packaging alternatives for our existing owned and licensed brands, as well as our ability to both acquire and develop innovative local products to respond to changing consumer preferences. Strong, well-recognized brands that attract and retain consumers, for which consumers are willing to pay a premium, are critical to our efforts to maintain and increase market share and benefit from high margins. See *“Business – Principal Activities and Products”* for further information regarding our brands.

Distribution Arrangements

We depend on effective distribution networks to deliver products to consumers. We generally distribute our products through (i) third party distribution networks, in which delivery to points of sale occurs through independent distributors, or (ii) our own distribution, in which we deliver to points of sale directly. We use different distribution networks across different markets in which we operate, as appropriate, either because of historical market practice or for structural reasons. See *“Business – Customers – Distribution of Products”* for further information.

The principal terms of our distribution agreements vary from country to country within the Asia Pacific region. There may also be differences between regions within a country. In certain countries, such as China, our framework contracts may contain targets that set out the minimum volume for the applicable distributor to purchase. Our contract terms with distributors have varying durations depending on the relevant market and may be terminated in certain limited circumstances, including failure to meet targets set out in the agreements.

Raw Material and Transport Prices

We have significant exposure to fluctuations in the prices of raw materials, packaging materials, energy and transport services, each of which may significantly impact our cost of sales or distribution expenses. Increased costs or distribution expenses will reduce our profit margins if we are unable to recover these additional costs from our customers through higher prices (see *“– Economic Conditions and Pricing”*). Even though we seek to minimize the impact of such fluctuations through financial and physical hedging, the results of our hedging activities may vary across time.

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The main raw materials used in our beer and other alcohol malt beverage production are malted barley, hops, yeast and water. In addition to these inputs into our products, delivery of our products to consumers requires extensive use of packaging materials, such as glass and aluminum bottles, aluminum or steel cans and kegs, PET bottles, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

We use both fixed-price purchasing contracts and commodity derivatives to minimize our exposure to commodity price volatility when practicable. See “*Business – Our Operations – Raw Materials, Packaging and Suppliers*” for further details regarding our sourcing of raw and packaging materials.

Excise Taxes

Taxation on our beer in the countries in which we operate comprises different taxes specific to each jurisdiction, such as excise and other indirect taxes. In many jurisdictions where we operate, excise taxes make up a large proportion of the cost of beer charged to customers. Increases in excise and other indirect taxes applicable to our products either on an absolute basis or relative to the levels applicable to other beverages tend to adversely affect our revenue or margins, both by reducing overall consumption and by encouraging consumers to switch to lower-taxed categories of beverages. These increases also adversely affect the affordability of our products and our ability to raise prices.

Governmental Regulations

Governmental restrictions on beer consumption in the markets in which we operate vary from one country to another, and, in some instances, within countries. The most relevant restrictions are:

- Global and national alcohol policy reviews and the implementation of policies aimed at preventing the harmful effects of alcohol misuse (including, among others, relating to underage drinking, drunk driving, drinking while pregnant and excessive or abusive drinking);
- Restrictions on sales of alcohol generally or beer specifically, including restrictions on distribution networks, restrictions on certain retail venues, requirements that retail stores hold special licenses for the sale of alcohol, restrictions on times or days of sale, minimum alcohol unit pricing requirements and variation in legal drinking age laws;
- Advertising restrictions, which affect, among other things, the media channels employed, the content of advertising campaigns for our products and the times and places where our products can be advertised, including, in some instances, sporting events;
- Restrictions imposed by antitrust or competition laws or general consumer protection laws;
- Food safety standards;
- Deposit laws (including those for bottles, crates and kegs);

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- Heightened environmental regulations and standards, including regulations addressing emissions of gas and liquid effluents and the disposal of waste and one-way packaging, compliance with which imposes costs; and
- Litigation associated with any of the above.

Please refer to “*Taxation and Regulatory Overview*” set out in Appendix III for a fuller description of the key laws and regulations to which our operations are subject.

Foreign Currency

Our financial statements presentation and reporting currency is the US dollar. All of our operating companies have functional currencies (that is, in most cases, the local currency of the respective operating company) other than our reporting currency. Consequently, foreign currency exchange rates have a significant impact on our combined financial information.

Changes in the value of our operating companies’ functional currencies against other currencies in which their costs and expenses are priced may affect those operating companies’ cost of sales and operating expenses. Historically, we have been able to raise prices and implement cost-saving initiatives to partly offset cost and expense increases due to exchange rate volatility. We undertake hedging activities designed to manage commodity price and foreign currency risks to protect our exposure to currencies other than our operating companies’ respective functional currencies. Please refer to Note 3 to the Accountant’s Report set out in Appendix IA.

Any change in the exchange rates between our operating companies’ functional currencies and our reporting currency affects our combined income statements and combined statements of financial position when the results of those operating companies are translated into the reporting currency for reporting purposes as translational exposures are not hedged.

Decreases in the value of our operating companies’ functional currencies against the reporting currency tend to reduce their contribution to, among other things, our revenue and profit. During 2018 and 2019, several currencies depreciated against the US dollar.

For further details regarding the currencies in which our revenue is realized and the effect of foreign currency fluctuations on our results of operations, see Note 3 to the Accountant’s Report set out in Appendix IA.

Weather and Seasonality

Weather conditions directly affect consumption of our products. High temperatures and prolonged periods of warm weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the spring and summer months, adversely affects our sales volumes and, consequently, our revenue. Accordingly, our product sales are generally higher during the warmer months of the year (which also tend to be periods of increased tourist activity) as well as during major holiday periods. Consequently, volumes tend to be stronger during the spring and summer seasons in the second and third quarters of each year.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our more critical accounting policies and significant estimates, assumptions and judgments are described below. See Note 2 and Note 4 to the Accountant's Report set out in Appendix IA for further details on our accounting policies, judgments and estimates.

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 42% of our Group's total assets as at 31 December 2017, 31 December 2018 and 31 March 2019, is tested for impairment at the cash-generating unit level. We test at least annually whether goodwill and indefinite life intangible assets have suffered any impairment by calculating the recoverable amount of the cash generating unit and comparing this to its carrying value.

Our impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists of applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing a high invested capital to EBITDA multiple and valuation multiples for the other cash-generating units.

The fair value less costs to sell valuation requires judgment around the selection of comparable market participants and their sales multiples. The value-in-use calculations primarily use cash flow projections. There are a number of assumptions and estimates involved for the preparation of cash flow projections and the estimated terminal value. Key assumptions include the expected growth in revenues and operating margin, growth rates and selection of discount rates, to reflect the risks involved and the terminal growth rate.

Our management has prepared the financial projections reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections, and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

Please refer to Note 13 and Note 14 to the Accountant's Report set out in Appendix IA for further information on the goodwill and indefinite life intangible assets exposure and estimates applied.

Determination of indefinite useful life for certain intangible assets

Intangible assets with indefinite useful lives are comprised primarily of acquired brands. Our experience has indicated that our brands are expected to generate positive cash flows for as long as we own the brands. We have legal rights to the brands we own, which can be enforced for an indefinite period. Therefore, our owned brands have been assigned indefinite lives as opposed to finite lives.

This determination is supported by the following factors: (i) our owned brands are national brands that are primarily distributed within one country; (ii) our owned brands have an established history – some brands have been in existence for over 100 years with established existence in their respective markets; (iii) the historical brand cash flows indicate that the established brands are profitable; and (iv) we have exclusive right of ownership to our owned brands and the ability to legally renew the rights to these brands at minimal cost.

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Please refer to Note 14 to the Accountant's Report set out in Appendix IA for further information on indefinite life intangible assets.

Contingencies

The preparation of our Group's financial statements requires our management to make estimates and assumptions regarding contingencies which affect the valuation of assets and liabilities at the date of the financial information and the revenue and expenses during the reported period.

We disclose material contingent liabilities unless the possibility of any loss arising is considered remote and material contingent assets where the inflow of economic benefits is probable.

A provision is recorded for a loss contingency when it is probable that a future event will confirm that a liability has been incurred at the date of the financial information and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future.

The Group has no material contingencies for which, in the opinion of our management and our legal counsel, the risk of loss is possible but not probable.

Income tax position

We are subject to income tax in numerous jurisdictions. Significant judgment is required in determining our provision for income tax.

Some of our subsidiaries are involved in tax audits and local inquiries, usually in relation to prior years/periods. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the date of the combined statements of financial position and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year/period such determination is made.

Please refer to Note 11 and Note 17 to the Accountant's Report set out in Appendix IA for further information on income tax including exposures and estimates applied.

SEGMENTATION

We operate our business through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are our two reportable segments for financial reporting purposes. Our regional and operating management are responsible for managing performance, underlying risks and effectiveness of operations. Our management uses performance indicators such as Normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources.

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SELECTED FINANCIAL FIGURES

To facilitate the understanding of our underlying performance, this section includes organic and normalized numbers.

The term “**organic**” means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations and scopes. “**Scope**” represents the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider part of the underlying performance of the business.

The term “**normalized**” refers to performance measures (EBITDA and EBIT) before non-recurring items. Therefore, profit from operations before non-recurring items may also be referred to as Normalized EBIT. Non-recurring items are either income or expenses which do not occur regularly as part of our normal activities. Please refer to Note 3.2 to the Accountant’s Report set out in Appendix IA for details of the items excluded. They are presented separately because they are important for the understanding of our underlying sustainable performance due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of our performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

Except where otherwise stated, the commentary from revenue to profit from operations before non-recurring items in “– *Review of Historical Results of Operations*” below is based on organic growth figures and refers to the comparison of 1Q2019 results to 1Q2018 results and 2018 results to 2017 results. The percentage change reflects the improvement (or worsening) of results for the period compared to the prior period.

Values in the figures may not add up, due to rounding.

DESCRIPTION OF MAJOR LINE ITEMS IN OUR COMBINED INCOME STATEMENTS AND COMPREHENSIVE INCOME

The table below sets out our combined statement of income and statement of comprehensive income for the periods indicated:

	Year ended 31 December				Three months ended 31 March			
	2017		2018		2018		2019	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	<i>(USD millions, except volumes)</i> <i>(unaudited)</i>							
Operating Data:								
Volumes (thousand hectoliters)	93,966	N/A	96,245	N/A	22,311	N/A	22,116	N/A
Income Statement Data:								
Revenue	6,099	100.0%	6,740	100.0%	1,584	100.0%	1,606	100.0%
Cost of sales	(2,944)	(48.3)%	(3,240)	(48.1)%	(799)	(50.4)%	(776)	(48.3)%

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	Year ended 31 December				Three months ended 31 March			
	2017		2018		2018		2019	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	<i>(USD millions, except volumes)</i> (unaudited)							
Gross Profit	3,155	51.7%	3,500	51.9%	785	49.6%	830	51.7%
Distribution expenses	(516)	(8.5)%	(540)	(8.0)%	(128)	(8.1)%	(128)	(8.0)%
Sales and marketing expenses	(1,401)	(23.0)%	(1,421)	(21.1)%	(284)	(17.9)%	(281)	(17.5)%
Administrative expenses	(404)	(6.6)%	(395)	(5.9)%	(102)	(6.4)%	(76)	(4.7)%
Other operating income/(expenses)	133	2.2%	154	2.3%	39	2.5%	27	1.7%
Profit from operations before non-recurring items	967	15.9%	1,298	19.3%	310	19.6%	372	23.2%
Non-recurring items	(45)	(0.7)%	(42)	(0.6)%	(8)	(0.5)%	(16)	(1.0)%
Profit from operations	922	15.1%	1,256	18.6%	302	19.1%	356	22.2%
Finance cost	(34)	(0.6)%	(22)	(0.3)%	(24)	(1.5)%	(10)	(0.6)%
Non-recurring finance costs	(36)	(0.6)%	(21)	(0.3)%	(7)	(0.4)%	(4)	(0.2)%
Finance income	19	0.3%	25	0.4%	7	0.4%	8	0.5%
Net finance cost	(51)	(0.8)%	(18)	(0.3)%	(24)	(1.5)%	(6)	(0.4)%
Share of results of associates	8	0.1%	17	0.3%	1	0.1%	2	0.1%
Profit before tax	879	14.4%	1,255	18.6%	279	17.6%	352	21.9%
Income tax expense	(307)	(5.0)%	(296)	(4.4)%	(66)	(4.2)%	(112)	(7.0)%
Profit of the period	572	9.4%	959	14.2%	213	13.4%	240	14.9%
Other comprehensive income: items that will not be reclassified to profit or loss:								
Re-measurements of post-employment benefits	(4)	(0.1)%	(4)	(0.1)%	1	0.1%	1	0.1%
Other comprehensive income: items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign operations	931	15.3%	(495)	(7.3)%	148	9.3%	8	0.5%
Gains on cash flow hedges	(1)	-	(1)	-	-	-	-	-

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	Year ended 31 December				Three months ended 31 March			
	2017		2018		2018		2019	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(USD millions, except volumes) (unaudited)							
Other comprehensive income/(cost), net of tax	926	15.2%	(500)	(7.4)%	149	9.4%	9	0.6%
Total comprehensive income	1,498	24.6%	459	6.8%	362	22.9%	249	15.5%
Attributable to:								
Equity holders	1,500	24.6%	458	6.8%	362	22.9%	249	15.5%
Non-controlling interest	(2)	0.0%	1	0.0%	–	0.0%	–	0.0%
Non-IFRS Financial Measures:								
Normalized EBITDA⁽¹⁾	1,652	27.1%	1,994	29.6%	479	30.2%	558	34.7%

Note:

- (1) For a discussion of how we use Normalized EBITDA and its limitations, and a table showing the calculation of our Normalized EBITDA for the periods shown, see “– Normalized EBITDA” below.

Volumes

Our volumes include all liquids that we sell, including both beer and non-beer volumes.

Revenue

Revenue refers to turnover less excise taxes and discounts. See “– Significant Factors Affecting Our Results of Operations and Financial Condition – Excise Taxes” for further discussion of excise taxes.

Cost of Sales

Cost of sales refers to costs primarily relating to the production of our finished goods, including raw and packaging materials, utilities and payroll cost, depreciation charges of our breweries, equipment and returnable packaging, royalties and cost of the imported brands.

Operating Expenses

Operating expenses equal the sum of our distribution expenses, sales and marketing expenses, administrative expenses and other operating income and expenses (net). Our operating expenses do not include non-recurring charges, which are reported separately.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (“**SG&A**”) represent our distribution expenses, sales and marketing expenses and administrative expenses.

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Distribution Expenses

In our third party distribution networks, our distribution expenses are generally limited to expenses incurred in delivering our products to relevant independent distributors, where applicable. The costs of storing finished products at our breweries as well as costs incurred for subsequent storage in distribution centers are included within distribution expenses. In our own distribution networks, we sell our products to points of sale directly and incur additional freight costs in transporting those products between our breweries and such points of sale. In most of our own distribution networks, we use third party transporters and incur costs through payments to these transporters. Such costs are included in our distribution expenses.

Sales and Marketing Expenses

Sales expenses include all costs relating to the selling of our products. They include among others the operating costs of our sales department and sales force, such as payroll and office costs.

Marketing expenses include all of our costs relating to the support and promotion of our brands. They include among others operating costs of our marketing department, such as payroll and office costs, advertising costs, including agency costs and media costs, sponsoring and events, and surveys and market research.

Administrative Expenses

Administrative expenses primarily consist of salaries and expenses for our management and support functions.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The tables below in this section present our results of operations on an organic basis and the related comments are based on organic numbers. For more information, see “– Selected Financial Figures” above.

Three Months Ended 31 March 2019 (“1Q2019”) Compared to Three Months Ended 31 March 2018 (“1Q2018”)

Volumes

The table below summarizes the volume evolution per operating segment.

Thousand hectoliters	1Q2018	Scope	Organic growth	1Q2019	Organic growth %
Asia Pacific East	3,147	–	73	3,220	2.3%
Asia Pacific West	19,164	–	(268)	18,896	(1.4)%
Total	22,311	–	(195)	22,116	(0.9)%

Total volumes decreased 0.9% from 1Q2018 to 1Q2019.

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In China, our volumes decreased by 1.1% from 1Q2018 to 1Q2019, primarily caused by the timing of the Chinese New Year, which fell earlier this year than in the prior year, resulting in a volume shift from the first quarter of 2019 into the fourth quarter of 2018. Budweiser continues to perform very well with mid-single digit volume growth supported by the successful Chinese New Year activation and the launch of the new global “Be A King” campaign.

Our Super Premium portfolio grew volumes by double digits from 1Q2018 to 1Q2019, with particularly strong performances of Corona, Franziskaner and Hoegaarden. In the Core+ category, we launched Harbin Crystal, an easy drinking lager that encourages our younger legal drinking age consumers to trade up by activating key cultural passion points. Our e-commerce business also continues to increase relevance with continued double digit volume growth.

Revenue

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Asia Pacific East	344	–	(15)	29	358	8.6%
Asia Pacific West	1,240	–	(77)	85	1,248	6.9%
Total	1,584	–	(92)	114	1,606	7.2%

Our revenue increased by 7.2% and increased by 8.1% on a per hectoliter basis from 1Q2018 to 1Q2019, driven by our revenue management initiatives and brand mix, as we continued to implement our premiumization strategies. Our revenue for 1Q2019 was partly impacted by the developments in volumes discussed above.

Cost of sales

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Cost of sales	(799)	–	45	(22)	(776)	(2.8)%

Our cost of sales increased by 2.8%, or 3.6% on a per hectoliter basis, from 1Q2018 to 1Q2019, primarily driven by an increase in commodity prices, partially offset by efficiency gains. Our cost of sales for 1Q2019 was partly impacted by the developments in volumes discussed above.

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Operating expenses

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Operating expenses	(475)	–	25	(8)	(458)	(1.7)%

Our operating expenses increased by 1.7% from 1Q2018 to 1Q2019, primarily driven by a decrease in other operating income.

SG&A

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
SG&A	(514)	–	27	2	(485)	0.3%

Our SG&A decreased by 0.3% in 1Q2019 compared to our SG&A for 1Q2018. Year over year increases of sales and marketing expenses were more than offset in 1Q2019 by reduced administrative cost as a result of efficiencies and the timing of services charged by AB InBev subsidiaries.

Other operating income/(expenses)

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Other operating income/(expense)	39	–	(2)	(10)	27	(26.9)%

Our other operating income decreased by 26.9% in 1Q2019 compared to our other operating income in 1Q2018.

Profit from operations before non-recurring items (Normalized EBIT)

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Normalized EBIT	310	–	(22)	84	372	27.2%

Our Normalized EBIT increased by 27.2% from 1Q2018 to 1Q2019.

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Profit from operations

USD millions	1Q2018 (unaudited)	1Q2019	Change%
Profit from operations	302	356	17.9%

Our profit from operations increased by USD54 million or 17.9% on a reported basis from 1Q2018 to 1Q2019.

Normalized EBITDA

The following table reflects changes in our Normalized EBITDA for 1Q2018 as compared to 1Q2019:

	Three months ended 31 March 2018 (USD millions) (unaudited)	Three months ended 31 March 2019	Change (%)
Profit attributable to equity holders of the Company	213	240	12.7%
Profit of the period	213	240	12.7%
Income tax expense	77	113	46.8%
Share of results of associates ⁽¹⁾	(1)	(2)	100.0%
Net finance cost (including non-recurring finance cost)	24	6	(75.0)%
Non-recurring income tax benefit	(11)	(1)	(90.9)%
Non-recurring items above EBIT (including non-recurring costs) ⁽²⁾	8	16	100.0%
Normalized EBIT	310	372	20.0%
Depreciation, amortization and impairment (excluding non-recurring impairment)	169	186	10.1%
Normalized EBITDA	479	558	16.5%

(1) Share of results of associates consists of the results of our investment in Zhujiang for the periods indicated. As we do not exercise control over Zhujiang or its day-to-day operation, our management does not consider the performance of Zhujiang to be indicative of our underlying business performance, which is the selling of beer and other operational businesses, rather than investment in beer companies.

(2) Non-recurring items above EBIT (including non-recurring costs) consists of certain restructuring costs (USD8 million and USD1 million) and costs associated with initial public offering (nil and USD15 million) for the three months ended 31 March 2018 and 2019, respectively, as detailed below under “– *Non-recurring Items*,” which our management does not consider to be items that drive our underlying business performance.

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The following table shows organic Normalized EBITDA by segment:

USD millions	1Q2018 (unaudited)	Scope	Currency translation	Organic growth	1Q2019	Organic growth %
Asia Pacific East	110	–	(6)	23	127	20.7%
Asia Pacific West	369	–	(25)	87	431	23.7%
Total	479	–	(31)	110	558	23.1%

Our Normalized EBITDA, which refers to EBITDA before non-recurring items, amounted to USD558 million for 1Q2019. This represented an organic increase of USD110 million, or 23.1%, as compared to our Normalized EBITDA for 1Q2018. The results for 1Q2019 principally reflected the performance of our business described above and currency translation effects.

For a discussion of how we use Normalized EBITDA and its limitations, see “– Year Ended 31 December 2018 Compared to Year Ended 31 December 2017 – Normalized EBITDA” below.

Depreciation

Depreciation and amortization expenses are included in the following line items of the 1Q2018 and 1Q2019 combined income statement:

	Three months ended 31 March 2018		Three months ended 31 March 2019	
	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights
	(USD millions)			
	(unaudited)			
Cost of sales	128	5	148	3
Distribution expense	9	–	9	–
Sales and marketing expenses	6	1	6	1
Administrative expenses	9	11	11	8
Depreciation and amortization	152	17	174	12

Non-recurring items

Non-recurring items are items that, in our management’s judgment, need to be disclosed by virtue of their size or incidence in order to provide a proper understanding of our combined financial information.

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The table below sets forth the components of non-recurring items and their overall impact on our profit from operations for 1Q2018 and 1Q2019:

	Three months ended 31 March 2018	Three months ended 31 March 2019
	<i>(USD millions)</i>	
	(unaudited)	
Restructuring	(8)	(1)
Costs associated with initial public offering	—	(15)
Impact on profit from operations	(8)	(16)

The non-recurring restructuring charges primarily relate to organizational alignments in the Group. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. The costs associated with our initial public offering represent costs incurred during 1Q2019 related to the Listing.

Net finance cost

Our net finance cost for 1Q2019 was USD6 million, as compared to USD24 million for 1Q2018, representing a decrease of USD18 million.

The decrease in net finance cost items was driven primarily by a decrease in foreign exchange losses and other finance cost.

Share of results of associates

Our share of results of associates for 1Q2019 was USD2 million as compared to USD1 million for 1Q2018.

Income tax expense

Our total income tax expense for 1Q2019 amounted to USD112 million, with an effective tax rate of 32.0%, as compared to an income tax expense of USD66 million and an effective tax rate of 23.7% for 1Q2018. Our normalized effective tax rate, excluding the impact of non-recurring items and taxes on non-recurring items, was 30.6% in 1Q2019 as compared to 26.4% in 1Q2018. The normalized effective tax rate in 1Q2019 was negatively impacted by withholding taxes accrued on planned dividend distributions.

Profit attributable to non-controlling interests

We did not have any profit attributable to non-controlling interests in 1Q2019 and 1Q2018.

Profit attributable to our equity holders

Profit attributable to our equity holders for 1Q2019 was USD240 million compared to USD213 million for 1Q2018.

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Year Ended 31 December 2018 Compared to Year Ended 31 December 2017

Volumes

The table below summarizes the volume evolution per operating segment.

<u>Thousand hectoliters</u>	<u>2017</u>	<u>Scope</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Asia Pacific East	13,855	6	259	14,120	1.9%
Asia Pacific West	80,111	18	1,996	82,125	2.5%
Total	93,966	24	2,255	96,245	2.4%

Total volumes increased 2.4% from 2017 to 2018. In China, our Super Premium brands continued to grow significantly, supported by a strong overall performance of our e-commerce business. Budweiser also grew by mid-single digits in China supported by premiumization efforts, which expanded beyond the music platform into fashion and broader lifestyle activations. In addition, we increased our sales volume of Corona in China.

Revenue

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Asia Pacific East	1,462	3	53	67	1,585	4.6%
Asia Pacific West	4,637	1	134	383	5,155	8.3%
Total	6,099	4	187	450	6,740	7.4%

Our revenue increased by 7.4% and increased by 4.9% on a per hectoliter basis from 2017 to 2018, driven by our revenue management initiatives and brand mix, as we continued to implement our premiumization strategies. Our revenue for 2018 was partly impacted by the developments in volumes discussed above.

Cost of sales

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Cost of sales	(2,944)	(2)	(84)	(210)	(3,240)	(7.1)%

Our cost of sales increased by 7.1%, or 4.7% on a per hectoliter basis, from 2017 to 2018, primarily driven by an increase in commodity prices, partially offset by efficiency gains. Our cost of sales for 2018 was partly impacted by the developments in volumes discussed above.

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Operating expenses

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Operating expenses	(2,188)	(3)	(60)	49	(2,202)	2.2%

Our operating expenses increased by 2.2% in 2018 compared to our operating expenses for 2017.

SG&A

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
SG&A	(2,321)	(3)	(64)	32	(2,356)	1.4%

Our SG&A decreased by 1.4% in 2018 compared to our SG&A for 2017. The three components of SG&A, being distribution expenses, sales and marketing expenses and administrative expenses, also remained broadly stable from 2017 to 2018.

Other operating income/(expenses)

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Other operating income/ (expense)	133	–	4	17	154	12.5%

Our other operating income increased by 12.5% in 2018 compared to our other operating income in 2017.

Profit from operations before non-recurring items (Normalized EBIT)

<u>USD millions</u>	<u>2017</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>2018</u>	<u>Organic growth %</u>
Normalized EBIT	967	(1)	43	289	1,298	29.9%

Our Normalized EBIT increased by 29.9% from 2017 to 2018.

Profit from operations

<u>USD millions</u>	<u>2017</u>	<u>2018</u>	<u>Change %</u>
Profit from operations	922	1,256	36.2%

Our profit from operations increased by USD334 million or 36.2% on a reported basis from 2017 to 2018.

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Non-IFRS Financial Measures

Normalized EBITDA

The following table reflects changes in our Normalized EBITDA for 2017 as compared to 2018:

	Year ended 31 December 2017	Year ended 31 December 2018	Change
	(USD millions)		(%)
Profit attributable to equity holders of the Company	574	958	66.9
Non-controlling interest	(2)	1	(150.0)
Profit of the year	572	959	67.7
Income tax expense	320	305	(4.7)
Share of results of associates ⁽¹⁾	(8)	(17)	112.5
Net finance cost (including non-recurring finance cost)	51	18	(64.7)
Non-recurring income tax benefit	(13)	(9)	(30.8)
Non-recurring items above EBIT (including non-recurring costs) ⁽²⁾	45	42	(6.7)
Normalized EBIT	967	1,298	34.2
Depreciation, amortization and impairment (excluding non-recurring impairment)	685	696	1.6
Normalized EBITDA	1,652	1,994	20.7

(1) Share of results of associates consists of the results of our investment in Zhujiang for the periods indicated. As we do not exercise control over Zhujiang or its day-to-day operation, our management does not consider the performance of Zhujiang to be indicative of our underlying business performance, which is the selling of beer and other operational businesses, rather than investment in beer companies.

(2) Non-recurring items above EBIT (including non-recurring costs) consists of certain non-recurring restructuring costs (USD45 million and USD39 million) and acquisition and integration costs (nil and USD3 million) for the years ended 31 December 2017 and 2018, respectively, as detailed below under “– Non-recurring items,” which our management does not consider to be items that drive our underlying business performance.

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The following table shows organic Normalized EBITDA by segment:

USD millions	2017	Scope	Currency translation	Organic growth	2018	Organic growth %
Asia Pacific East	512	–	17	20	549	4.0%
Asia Pacific West	1,140	(1)	46	260	1,445	22.8%
Total	1,652	(1)	63	280	1,994	16.9%

Our Normalized EBITDA, which refers to EBITDA before non-recurring items, amounted to USD1,994 million for 2018. This represented an organic increase of USD280 million, or 16.9%, as compared to our Normalized EBITDA for the year ended 31 December 2017. The results for 2018 principally reflected the performance of our business described above and currency translation effects.

A performance measure such as Normalized EBITDA is a non-IFRS measure. Normalized measures are additional measures used by our management and should not replace the measures determined in accordance with IFRS as an indication of our performance, but rather such measures should be used in conjunction with the most directly comparable IFRS measures.

The financial measure most directly comparable to Normalized EBITDA, and presented in accordance with IFRS in our combined financial statements, is profit of the year. Normalized EBITDA is a measure used by our management to evaluate our business performance and is calculated by excluding the following effects from profit attributable to equity holders of the Company: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs); and (vii) depreciation, amortization and impairment.

Non-recurring items are either income or expenses which do not occur regularly as part of our normal activities. They are presented separately because they are important for understanding our underlying sustainable performance due to their size or nature. Transactions which may give rise to non-recurring items are principally restructuring and integration activities, impairments, gains or losses on disposal of businesses, and the effect of the accelerated repayment of debt facilities and bonds. Normalized EBITDA is a key component of the measures that are provided to senior management on a monthly basis at the group level, the business unit level and lower levels. We believe Normalized EBITDA is useful to investors for the following reasons.

We believe Normalized EBITDA facilitates comparisons of our operating performance across our business units from period to period. In comparison to profit of the year, Normalized EBITDA excludes items which do not impact the day-to-day operation of our primary business (that is, the selling of beer and other operational businesses) and over which management has little control. Items excluded from Normalized EBITDA are our share of results of associates, depreciation and amortization, impairment, financial charges, corporate income taxes and non-recurring items, which management does not consider to be items that drive our underlying business performance. Because Normalized EBITDA includes only items management can directly control or influence, it forms part of the basis for many of our performance targets.

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We further believe that Normalized EBITDA and measures derived from it, are frequently used by securities analysts, investors and other interested parties in their evaluation of us and in comparison to other companies, many of which present an EBITDA performance measure when reporting their results.

Normalized EBITDA does, however, have limitations as an analytical tool. It is not a recognized term under IFRS and does not purport to be an alternative to profit as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. As a result, you should not consider Normalized EBITDA in isolation from, or as a substitute analysis for, our results of operations. Some limitations of Normalized EBITDA are:

- Normalized EBITDA does not reflect the impact of financing costs on our operating performance;
- Normalized EBITDA does not reflect depreciation and amortization, but the assets being depreciated and amortized will often have to be replaced in the future;
- Normalized EBITDA does not reflect the impact of charges for existing capital assets or their replacements;
- Normalized EBITDA does not reflect our tax expense; and
- Normalized EBITDA may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

Additionally, Normalized EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it is not adjusted for all non-cash income or expense items that are reflected in our combined statement of cash flows.

We compensate for these limitations, in addition to using Normalized EBITDA by relying on our results calculated in accordance with IFRS.

Depreciation

Depreciation and amortization expenses are included in the following line items of the 2017 and 2018 combined income statement:

	Year ended 31 December 2017		Year ended 31 December 2018	
	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights
<i>(USD millions)</i>				
Cost of sales	540	8	548	13
Distribution expense	33	–	36	–
Sales and marketing expenses	20	4	23	4
Administrative expenses	44	36	38	34
Depreciation and amortization	637	48	645	51

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Non-recurring items

Non-recurring items are items that, in our management's judgment, need to be disclosed by virtue of their size or incidence in order to provide a proper understanding of our combined financial information.

The table below sets forth the components of non-recurring items and their overall impact on our profit from operations for 2017 and 2018:

	Year ended 31 December 2017	Year ended 31 December 2018
	<i>(USD millions)</i>	
Restructuring	(45)	(39)
Acquisition and integration costs	—	(3)
Impact on profit from operations	(45)	(42)

The non-recurring restructuring charges primarily relate to organizational alignments in the Group and the acquired Asia Pacific operations of SAB following completion of AB InBev's acquisition of SAB in October 2016. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements.

Net finance cost

Our net finance cost for 2018 was USD18 million, as compared to USD51 million for 2017, representing a cost decrease of USD33 million.

The decrease in net finance cost was driven primarily by a decrease in foreign exchange losses and non-recurring finance cost.

Share of results of associates

Our share of results of associates for 2018 was USD17 million as compared to USD8 million for 2017.

Income tax expense

Our total income tax expense for 2018 amounted to USD296 million, with an effective tax rate of 23.9%, as compared to an income tax expense of USD307 million and an effective tax rate of 35.2% for 2017. Our normalized effective tax rate, excluding the impact of non-recurring items and taxes on non-recurring items, was 23.4% in 2018 as compared to 33.6% in 2017.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was USD1 million for 2018, an increase of USD3 million from a loss of USD2 million for 2017.

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Profit attributable to our equity holders

Profit attributable to our equity holders for 2018 was USD958 million compared to USD574 million for 2017.

IMPACT OF CHANGES IN FOREIGN EXCHANGE RATES

Foreign exchange rates have a significant impact on our combined financial information.

For the year ended 31 December 2018 as compared to the year ended 31 December 2017 and the three months ended 31 March 2019 as compared to the three months ended 31 March 2018:

- We recorded a positive translation impact of USD187 million on our revenue for 2018 and a positive translation impact of USD43 million on our normalized EBIT for 2018; and we recorded a negative translation impact of USD92 million on our revenue for the three months ended 31 March 2019 and a negative translation impact of USD22 million on our normalized EBIT for the three months ended 31 March 2019, in each case, as a result of the fluctuation of foreign exchange rates.
- Our reported profit of the year was positively affected by a USD34 million translation impact for 2018 and negatively affected by a USD14 million translation impact for the three months ended 31 March 2019, in each case, as a result of the fluctuation of foreign exchange rates.
- Equity attributable to our equity holders decreased by USD495 million in 2018 as a result of translation impacts caused by the depreciation of the Chinese yuan and the South Korean won against the US dollar compared to 31 December 2017. Equity attributable to our equity holders increased by USD8 million in the three months ended 31 March 2019 as a result of translation impacts.

See Notes 3.1(a) to the Accountant's Report set out in Appendix IA for details of the above sensitivity analyses, a fuller quantitative and qualitative discussion on the foreign currency risks to which we are subject and our policies with respect to managing those risks.

SELECTED ITEMS IN OUR COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Property, plant and equipment was USD3,749 million as at 31 March 2019, a decrease of USD41 million from 31 December 2018. Property, plant and equipment decreased from USD4,040 million as at 31 December 2017 to USD3,790 million as at 31 December 2018 primarily due to negative currency translation effects on a year-over-year basis.

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Goodwill

Goodwill was USD6,712 million as at 31 March 2019, a decrease of USD6 million from 31 December 2018. Goodwill decreased to USD6,718 million as at 31 December 2018 from USD7,046 million as at 31 December 2017 primarily due to the effect of movements in foreign exchange rates. See “– *Critical Accounting Policies and Estimates – Impairment of Goodwill and Indefinite Life Intangible Assets*” and Note 4 and Note 13 to the Accountant’s Report set out in Appendix IA for additional information on how we account for goodwill.

Certain goodwill balances are denominated in foreign currencies. These balances are translated into US dollars at the rate applicable at the reporting date and are therefore subject to currency fluctuations. Goodwill decreased to USD6,718 million as at 31 December 2018 from USD7,046 million as at 31 December 2017 primarily due to the depreciation of the Chinese yuan and the South Korean won against the US dollar.

Intangible assets

Intangible assets were USD1,697 million as at 31 March 2019, a decrease of USD21 million from 31 December 2018. Intangible assets decreased to USD1,718 million as at 31 December 2018 from USD1,819 million as at 31 December 2017 primarily due to the effect of movements in foreign exchange rates. See “– *Critical Accounting Policies and Estimates – Impairment of Goodwill and Indefinite Life Intangible Assets*” and “– *Determination of Indefinite Useful Life for Certain Intangible Assets*” and Note 4 and Note 14 to the Accountant’s Report set out in Appendix IA for additional information on how we account for intangible assets.

Deferred tax assets and liabilities

As at 31 March 2019, we had deferred tax assets of USD223 million and deferred tax liabilities of USD416 million. As at 31 December 2018, we had deferred tax assets of USD222 million and deferred tax liabilities of USD408 million. As at 31 December 2017, we had deferred tax assets of USD217 million and deferred tax liabilities of USD449 million.

Trade and Other Receivables

The table below sets out an aging analysis of our current trade receivables and accrued income and other receivables, based on the due date:

	As at 31 December 2017	
	Not past due or past due less than 90 days	Past due more than 90 days
	(USD millions)	
Trade receivables and accrued income	444	–
Receivables with AB InBev	55	–
Other receivables	20	–

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	As at 31 December 2018	
	Not past due or past due less than 90 days	Past due more than 90 days
	<i>(USD millions)</i>	
Trade receivables and accrued income	376	–
Receivables with AB InBev	47	
Other receivables	23	–
	As at 31 March 2019	
	Not past due or past due less than 90 days	Past due more than 90 days
	<i>(USD millions)</i>	
Trade receivables and accrued income	589	–
Receivables with AB InBev	44	–
Other receivables	24	–

We have a credit policy in place, which monitors and mitigates our exposure to credit risk through minimum credit guidelines, customer diversification, working within agreed limits and through setting limits on the maturity of financial assets. Based on these factors, we consider the risk of default to be limited. Our management considers that there was no significant concentration of credit risk with any single customer at 31 March 2019. There have been no material changes in counterparty credit risk subsequent to 31 March 2019, and trade receivables have been received in line with management's expectations. Impairment losses on trade receivables of USD7 million were recognized in 2017. No impairment losses on trade and other receivables were recorded in 2018 and impairment losses of USD2 million were recognized in 1Q2019. Our trade receivables are due on average less than 90 days from the date of invoicing. In accordance with our policy, we recognize a loss allowance for any receivable overdue for more than 90 days. As of 30 June 2019, over 80% of our trade receivables as of 31 March 2019 have been settled.

Inventories

The table below sets out a breakdown of our inventories as at the dates indicated:

	As at 31 December		As at 31 March
	2017	2018	2019
	<i>(USD millions)</i>		
Raw materials and consumables	141	146	154
Work in progress	60	60	65
Finished goods	170	211	172
Inventories	371	417	391

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Impairment losses on inventories recognized amounted to USD7 million, USD12 million and USD1 million for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively.

We maintain our inventories in our breweries and distribution centers. We maintain an ERP system to track the in-coming and out-going inventory, which enables us to monitor our levels of inventory on a timely basis in order to maintain sufficient levels of raw materials and finished products. As of 30 June 2019, over 85% of our inventory as of 31 March 2019 had been sold or used.

Trade and Other Payables, Payables with AB InBev, Consigned Packaging and Contract Liabilities

The tables below set out a breakdown of our current trade and other payables, payables to AB InBev, consigned packaging and contract liabilities as at the dates indicated:

	As at 31 December		As at
	2017	2018	31 March
	<i>(USD millions)</i>		
Trade payables and accrued expenses	1,865	1,891	1,713
Payroll and social security payables	141	119	124
Indirect taxes payable	377	360	398
Interest payable	10	–	–
Deferred consideration on acquisitions	–	6	6
Other payables	174	171	178
Current trade and other payables	2,567	2,547	2,419

	As at 31 December		As at
	2017	2018	31 March
	<i>(USD millions)</i>		
Payables with AB InBev	485	405	331
Payables with AB InBev	485	405	331

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	As at 31 December		As at 31 March
	2017	2018	2019
	<i>(USD millions)</i>		
Consigned packaging ⁽¹⁾	387	391	458
Contract liabilities	901	893	801
Consigned packaging and contract liabilities	1,288	1,284	1,259

(1) Consigned packaging represents deposits paid by the Group's customers for use of the Group's returnable packaging which are assets controlled by the Group.

We use suppliers for a range of products and services. We aim to efficiently manage our payables by reviewing standard terms and conditions on payments and resolving, where appropriate, the terms of payment are on average due within 120 days upon receipt of invoice. Amounts due as at 31 March 2019 have been settled in accordance with relevant contractual arrangements.

Interest-bearing liabilities

See “– *Indebtedness*” for a more detailed discussion of our indebtedness.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of cash flow have historically been cash flows from operating activities, the issuance of debt and bank borrowings. Our material cash requirements have included the following:

- Debt service;
- Capital expenditures;
- Investments in companies participating in the brewing and malting industries;
- Increases in ownership of our subsidiaries or companies in which we hold equity investments; and
- Payments of dividends and interest on shareholders' equity.

During the Track Record Period and as at the Latest Practicable Date, we are and have been in compliance with all material covenants in our financings, and we did not have any material default in payment of payables for trade payables, interest-bearing liabilities or other financing obligations. For further details regarding our total current and non-current liabilities, please refer to Note 3 and Note 22 of the Accountant's Report set out in Appendix IA.

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Net current assets/liabilities

The table below sets out, as at the dates indicated, a breakdown of our current assets and current liabilities:

	As at 31 December		As at 31 March	As at 31 July
	2017	2018	2019	2019
	<i>(USD millions)</i>			(unaudited)
Current assets				
Inventories	371	417	391	382
Trade and other receivables	697	580	818	844
Derivatives	7	12	9	7
Cash and cash equivalents	1,761	1,667	1,668	711
Other current assets	37	4	6	13
Total current assets	2,873	2,680	2,892	1,957
Current liabilities				
Bank overdrafts	47	45	63	53
Interest-bearing loans and borrowings	43	67	111	148
Trade and other payables	2,567	2,547	2,419	2,568
Payables with AB InBev	485	405	331	114
Consigned packaging and contract liabilities	1,288	1,284	1,259	1,337
Derivatives	–	1	1	1
Provisions	16	18	14	13
Other current liabilities	98	101	171	113
Total current liabilities	4,544	4,468	4,369	4,347
Net current liabilities	(1,671)	(1,788)	(1,477)	(2,390)

We had net current liabilities of USD1,671 million and USD1,788 million as at 31 December 2017 and 2018, respectively. As at 31 March 2019 and 31 July 2019, our net current liabilities were USD1,477 million and USD2,390 million, respectively.

We consider our net current liabilities position mainly a result of our business model and the way we choose to finance our business. The net current liability position is predominantly due to our level of trade payables, which is common in the FMCG sector. We finance working capital through trade creditors, on what we believe to be generally favorable credit terms, whereas our inventory and receivables cycles are shorter. During the Track Record Period, surplus cash generated from operations was extracted from the Group via dividend payments. Given our strong operating cash inflow, financial performance and available cash resources, we believe that our net current liabilities position does not indicate any issues with our liquidity position.

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Cash and Cash Equivalents

The table below sets out our cash position as at the dates indicated.

	<u>As at</u> <u>31 December</u> <u>2017</u>	<u>As at</u> <u>31 December</u> <u>2018</u>	<u>As at</u> <u>31 March</u> <u>2019</u>	<u>As at</u> <u>31 July</u> <u>2019</u>
	<i>(USD millions)</i>			(unaudited)
Short-term bank deposits	175	35	83	77
Cash and bank accounts	1,339	850	994	394
Cash pool with AB InBev	247	782	591	240
Cash and cash equivalents	<u>1,761</u>	<u>1,667</u>	<u>1,668</u>	<u>711</u>
Bank overdrafts	<u>(47)</u>	<u>(45)</u>	<u>(63)</u>	<u>(53)</u>
	<u>1,714</u>	<u>1,622</u>	<u>1,605</u>	<u>658</u>

In June 2019, certain Group companies distributed USD920 million to their current shareholders.

As part of the Reorganization, we expect to make further aggregate payments of between USD300 million and USD400 million to AB InBev upon Listing as a partial repayment of the Shareholder Loan.

Cash Flow

The following table sets out our cash flows for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019:

	<u>Year ended</u> <u>31 December</u> <u>2017</u>	<u>Year ended</u> <u>31 December</u> <u>2018</u>	<u>Three months ended</u> <u>31 March</u> <u>2018</u>	<u>Three months ended</u> <u>31 March</u> <u>2019</u>
	<i>(USD millions)</i>			(unaudited)
Cash flow from operating activities	1,331	1,684	258	36
Cash flow used in investing activities	(532)	(472)	(64)	(66)
Cash flow from/(used) in financing activities	(187)	(1,237)	(355)	4
Net increase/(decrease) in cash and cash equivalents	<u>612</u>	<u>(25)</u>	<u>(161)</u>	<u>(26)</u>

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Cash flow from operating activities

Our cash flows from operating activities for the three months ended 31 March 2018 and 2019 and the years ended 31 December 2017 and 2018 were as follows:

	Year ended 31 December		Three months ended 31 March	
	2017	2018	2018	2019
	<i>(USD millions)</i> (unaudited)			
Profit of the period	572	959	213	240
Interest, taxes and non-cash items included in profit ⁽¹⁾	1,072	1,010	275	312
Cash flow from operating activities before changes in working capital and provisions	1,644	1,969	488	552
Change in working capital ⁽²⁾	124	120	(188)	(486)
Change in pension contributions and use of provisions	(51)	(66)	(33)	(8)
Interest and taxes paid	(392)	(349)	(9)	(22)
Dividends received	6	10	–	–
Cash flow from operating activities	1,331	1,684	258	36

Notes:

- (1) Non-cash items included in profit of the period include: depreciation, amortization and impairments, including impairment losses on receivables, inventories and other assets; additions and reversals in provisions and employee benefits; losses and gains on sales of property, plant and equipment, intangible assets and assets held for sale; equity share-based payment expenses; share of results of associates; net finance cost; income tax expense and other non-cash items included in profit.
- (2) For purposes of the table above, our working capital includes inventories, trade and other receivables and trade and other payables, both current and non-current.

Our primary source of cash flow for our ongoing activities and operations is our cash flow from operating activities. For extraordinary transactions, we may, from time to time, also rely on cash flows from other sources. See “– Cash Flow used in Investing Activities” and “– Cash Flow from/(used in) Financing Activities” below.

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Cash flow from operating activities in 1Q2019 decreased USD222 million, or 86.0%, from USD258 million in 1Q2018 to USD36 million in 1Q2019, mainly explained by movement in working capital. Cash flow from operating activities in 2018 increased by USD353 million, or 26.5%, from USD1,331 million in 2017 to USD1,684 million in 2018, mainly explained by the performance of our business described above. Please refer to the Accountant's Report set out in Appendix IA for a more comprehensive overview of our cash flow from operating activities.

We devote substantial efforts to the efficient use of our working capital, especially those elements of working capital that we perceive as "core" (including trade receivables, inventories and trade payables). The initiatives to improve our working capital include the implementation of policies on collection of receivables and inventory management, such as optimizing our inventory levels per stock taking unit, improving the batch sizes in our production process and optimizing the duration of overhauls. Similarly, we aim to efficiently manage our payables by reviewing our standard terms and conditions on payments and resolving, where appropriate, the terms of payment within 120 days upon receipt of invoice.

Changes in working capital contributed USD120 million to operational cash flow in 2018 and reduced operational cash flow by USD486 million for the three months ended 31 March 2019. Changes in working capital in the first quarter of 2018 and 2019 reflect higher working capital levels at the end of March than at year end as a result of seasonality. Changes in working capital include payments of trade payables to AB InBev of USD78 million in 2018 and USD67 million in 1Q2019.

Cash flow used in investing activities

Our cash flows used in investing activities for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019 were as follows:

	Year ended		Three months ended	
	31 December	31 December	31 March	31 March
	2017	2018	2018	2019
	<i>(USD millions)</i>			
	(unaudited)			
Net capital expenditure ⁽¹⁾	(352)	(468)	(64)	(65)
Acquisition of subsidiaries and of investment in associates, net of cash acquired	(253)	(4)	–	(1)
Proceeds from the sale of other current assets	73	–	–	–
Cash flow used in investing activities	(532)	(472)	(64)	(66)

Note:

- (1) Net capital expenditure consists of acquisitions of property, plant and equipment and intangible assets, minus proceeds from sale of other current assets.

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Cash flow used in investing activities was USD66 million in 1Q2019 as compared to USD64 million cash flow used in investing activities in 1Q2018. Cash flow used in investing activities was USD472 million in 2018 as compared to USD532 million cash flow used in investing activities in 2017 as higher net capital expenditures were partially offset by lower net cash used in the acquisition of subsidiaries and of investment in associates, net of cash acquired. In 2017, we acquired an additional 4.37% equity interest in Zhujiang (increasing our investment from 25.62% to 29.99%) for a purchase price of USD232 million.

Our net capital expenditures amounted to USD65 million in 1Q2019, USD468 million in 2018 and USD352 million in 2017. For more information see “– Capital Expenditures” below.

Cash flow used in financing activities

Our cash flows from/(used in) financing activities for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019 were as follows:

	Year ended 31 December		Three months ended 31 March	
	2017	2018	2018	2019
	(USD millions) (unaudited)			
Proceeds from/(repayment) of contributed capital	246	(233)	(40)	(23)
Proceeds from/(repayment) of loans with AB InBev to be capitalized upon Listing	(247)	(545)	18	(5)
Dividends paid ⁽¹⁾	(16)	(394)	(322)	(1)
Net proceeds from/(repayments of) borrowings	(83)	(3)	(5)	44
Payment of lease liabilities	(24)	(30)	(8)	(9)
Purchase of non-controlling interest	(55)	–	–	–
Cash net finance (cost)/income other than interests	(8)	(32)	2	(2)
Cash flow used in financing activities	(187)	(1,237)	(355)	4

Note:

- (1) Dividends paid in 2017 consisted of USD14 million paid to AB InBev and USD2 million paid to third parties. Dividends paid in 2018 consisted of USD391 million paid to AB InBev and USD3 million paid to third parties. Dividends paid in 1Q2018 consisted of USD322 million paid to AB InBev. Dividends paid in 1Q2019 consisted of USD1 million paid to third parties.

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Cash inflow from financing activities amounted to USD4 million in 1Q2019, as compared to cash flow used in financing activities of USD355 million in 1Q2018. The cash inflow from financing activities in 1Q2019 reflects lower payments to AB InBev, lower dividends paid and higher net proceeds from borrowings compared to 1Q2018. Cash flow used in financing activities amounted to USD1,237 million in 2018, as compared to cash flow used in financing activities of USD187 million in 2017. The cash flow used in financing activities in 2018 reflects payments to AB InBev and dividends paid.

For more information on the financing activities related to long-term debt, see “– *Indebtedness.*” Please also refer to Note 22 of the Accountant’s Report set out in Appendix IA.

Transfers from Subsidiaries

The amount of dividends payable by our operating subsidiaries to us is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Capital transfer restrictions are also common in certain developing countries, and may affect our flexibility in implementing a capital structure we believe to be efficient. For example, China has very specific approval regulations for all capital transfers to or from the country. As at 31 March 2019, the restrictions above mentioned were not deemed significant on our ability to access or use the assets or settle the liabilities of our operating subsidiaries.

Working Capital Sufficiency

The Directors are of the opinion that, taking into consideration the financial resources presently available to us, including internally generated funds, available banking facilities and cash pooling arrangements in place with AB InBev, the application of net proceeds of the Global Offering and the finalization of the Reorganization, we have sufficient working capital for our requirements for at least 12 months commencing from the date of this prospectus.

CONTINGENT LIABILITIES

We are subject to various contingencies with respect to tax, labor, distributors and other claims. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. To the extent that we believe these contingencies will probably be realized, a provision has been recorded in our statement of financial position.

As at 31 March 2019 and the Latest Practicable Date, we did not have any material contingent liabilities.

FINANCIAL INFORMATION

INDEBTEDNESS

During the Track Record Period and as at 31 March 2019 and 31 July 2019, we had indebtedness primarily in the form of loans from AB InBev which will be capitalized upon Listing as well as interest-bearing loans from banks. The table below sets out a breakdown of our overall indebtedness as at the dates indicated:

	<u>As at 31 December</u>		<u>As at</u> <u>31 March</u>	<u>As at</u> <u>31 July</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
	<i>(USD millions)</i>			(unaudited)
Current indebtedness				
Bank overdrafts	47	45	63	53
Secured bank loans	2	6	2	4
Unsecured bank loans and other loans	10	37	86	120
Lease liabilities	31	24	23	24
Non-current indebtedness				
Unsecured bank loans and other loans	37	–	–	–
Loans with AB InBev to be capitalized upon Listing	1,018	473	466	689
Lease liabilities	20	30	39	36
Total indebtedness	<u>1,165</u>	<u>615</u>	<u>679</u>	<u>926</u>

The table below sets out a maturity profile of our overall indebtedness as at the dates indicated:

	<u>As at 31 December</u>		<u>As at</u> <u>31 March</u>	<u>As at</u> <u>31 July</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
	<i>(USD millions)</i>			(unaudited)
Indebtedness payable within:				
Less than one year	90	112	174	201
One to two years	52	15	17	317
Two to five years	414	422	419	354
Five or more years	609	66	69	54
Total indebtedness	<u>1,165</u>	<u>615</u>	<u>679</u>	<u>926</u>

For more information on the Group's interest-bearing loans and borrowings, see Note 22 to the Accountant's Report set out in Appendix IA.

FINANCIAL INFORMATION

Indebtedness Statement

As at 31 July 2019, being the latest practicable date for the purpose of the indebtedness statement:

- the total balance of our interest-bearing liabilities on demand or due within one year was USD201 million, which includes lease liabilities of USD24 million;
- the total balance of our interest-bearing liabilities due after one year was USD725 million, which includes lease liabilities of USD36 million;
- we had unutilized credit facilities of approximately USD240 million, which were committed and without uncommon restriction on utilization;
- we had other guarantees of approximately USD21 million; and
- other than as disclosed in “– *Indebtedness*,” “– *Contingent Liabilities*” and “*Connected Transactions – Cash Pooling Arrangements in place between the AB InBev Group and the Group*” and apart from intra-group liabilities, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants or other material contingent liabilities as of the Latest Practicable Date.

Since 31 July 2019, there has been no material adverse change to our indebtedness.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain transactions with related parties, including the following:

- purchases of finished goods from AB InBev entities amounting to USD174 million, USD296 million and USD72 million in 2017, 2018 and 1Q2019, respectively;
- service fees, procurement fees and royalties to AB InBev entities amounting to USD129 million, USD137 million and USD19 million in 2017, 2018 and 1Q2019, respectively;
- interest on loans with AB InBev to be capitalized upon Listing amounting to USD46 million, USD27 million and USD6 million in 2017, 2018 and 1Q2019, respectively;
- other transactions with AB InBev entities amounting to USD(14) million, USD(17) million and USD(1) million in 2017, 2018 and 1Q2019, respectively; and
- movement in capital contribution by AB InBev amounting to USD249 million, USD(249) million and USD(7) million in 2017, 2018 and 1Q2019, respectively.

Our Directors believe that each of the related party transactions as set out above was conducted in the ordinary course of business at arm’s length. See Note 30 to the Accountant’s Report set out in Appendix IA and “*Connected Transactions*” for further details.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our capital expenditures are primarily funded through cash from operating activities and are for breweries, logistics, administrative capabilities improvements, hardware and software. The following table sets out a breakdown of our capital expenditures during the Track Record Period:

	Year ended 31 December		Three months ended 31 March	
	2017	2018	2018	2019
	<i>(USD millions)</i>			
	(unaudited)			
Land and buildings	152	66	23	25
Plant and equipment, fixtures and fittings and other	422	537	60	46
Total capital expenditure	574	603	83	71

Out of our total capital expenditures for 2017, approximately 64% was used to improve our breweries and facilities, 30% was used for logistics and commercial investments and the remaining 6% was used for improving administrative capabilities and purchase of hardware and software.

Out of our total capital expenditures for 2018, approximately 47% was used to improve our breweries and facilities, 46% was used for logistics and commercial investments and the remaining 7% was used for improving administrative capabilities and purchase of hardware and software.

Out of our total capital expenditures for 1Q2019, approximately 27% was used to improve our breweries and facilities, 70% was used for logistics and commercial investments and the remaining 3% was used for improving administrative capabilities and purchase of hardware and software.

We have budgeted capital expenditures of approximately USD560 million for 2019, primarily related to expanding capacity across Asia Pacific and growing returnable packaging to meet consumer demand. Key projects include increasing capacity of our existing breweries across all countries, expanding greenfield projects in China and East Asia, as well as raising production capabilities of key brands.

FINANCIAL INFORMATION

COMMITMENTS

Contractual Obligations

The table below sets out our future minimum payments under non-cancelable commitments as at the dates indicated:

<u>As at 31 March 2019</u>	<u>Not later than one year</u>	<u>Later than one year but not later than five years</u>	<u>Later than five years</u>	<u>Total</u>
	<i>(USD millions)</i>			
Property, plant and equipment	148	–	–	148
Intangible assets	5	–	–	5
Lease liabilities	26	37	12	75
Purchase commitments	583	11	–	594
Trade and other payables	2,419	–	–	2,419
Payables with AB InBev	355	–	–	355
Consigned packaging and contract liabilities	1,259	–	–	1,259
Total	4,795	48	12	4,855

<u>As at 31 December 2018</u>	<u>Not later than one year</u>	<u>Later than one year but not later than five years</u>	<u>Later than five years</u>	<u>Total</u>
	<i>(USD millions)</i>			
Property, plant and equipment	113	–	–	113
Lease liabilities	24	34	11	69
Purchase commitments	636	22	–	658
Trade and other payables	2,547	–	–	2,547
Payables with AB InBev	424	–	–	424
Consigned packaging and contract liabilities	1,288	–	–	1,288
Total	5,032	56	11	5,099

FINANCIAL INFORMATION

KEY FINANCIAL RATIO

The table below sets out our key financial ratio as at the dates indicated:

	As at 31 December		As at
	2017	2018	31 March 2019
Cash net of debt to Normalized EBITDA ⁽¹⁾	0.4x	0.5x	0.5x

Note:

- (1) Cash net of debt to Normalized EBITDA represents cash net of debt divided by a twelve-month rolling Normalized EBITDA. The cash net of debt to Normalized EBITDA calculation as at 31 March 2019 includes the Normalized EBITDA for the last nine months ended 31 December 2018 and the Normalized EBITDA for the three months ended 31 March 2019, resulting in twelve-month rolling Normalized EBITDA of USD2,073 million as at 31 March 2019. Cash net of debt is defined as cash and cash equivalents and debt securities minus non-current and current interest-bearing loans and borrowings and bank overdrafts (including loans with AB InBev to be capitalized upon Listing). For a reconciliation of net debt, see Note 3.2 to the Accountant's Report set out in Appendix IA.

Cash net of debt to Normalized EBITDA

Cash net of debt to Normalized EBITDA increased from 0.4 times as at 31 December 2017 to 0.5 times as at 31 December 2018 and 31 March 2019 primarily as a result of the strong performance of our operations and increase in cash net of debt.

RECENT DEVELOPMENTS OF OUR BUSINESS SUBSEQUENT TO THE TRACK RECORD PERIOD AND OUTLOOK

As far as the Directors are aware, there have not been any material changes in our operations, nor in the general economic and market conditions in the regions or the industries in which we operate, that materially and adversely affected our business operations or financial condition since 31 March 2019 and up to the date of this prospectus.

On 18 December 2018, we entered into an agreement with Jepsen Beverage Company Limited in relation to sales of Blue Girl beer in the PRC. This transaction will not result in any material change to our financial position since the end of our Track Record Period. Completion of the transaction took place on 30 May 2019. See "*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO – Post Track Record Period Acquisition*" for additional details.

FINANCIAL INFORMATION

We continue to expect solid top line and Normalized EBITDA performance on an organic basis in 2019, fueled by our commercial plans, premiumization strategy and ongoing cost discipline. Our brand mix remains strong and more profitable with the premium and super-premium portfolio leading our growth.

We expect our combined income statement in 2019 will be affected by certain charges in relation to the Listing. Such charges include a portion of the Listing expenses and tax charges resulting from the Reorganization pre-Listing. Such charges will be reflected in our combined income statement as non-recurring items.

Set forth below are certain material developments on our business and results of operations after 31 March 2019, which is the end of the Track Record Period. The financial information disclosed below is derived from the unaudited consolidated financial information for the six months ended 30 June 2019.

Six Months Ended 30 June 2019 (“1H2019”) Compared to Six Months Ended 30 June 2018 (“1H2018”)

Volumes

The table below summarizes the volume evolution per operating segment.

Thousand hectoliters	1H2018	Scope	Organic growth	1H2019	Organic growth %
Asia Pacific East	6,959	(145)	(64)	6,750	(0.9)%
Asia Pacific West	43,354	113	12	43,479	–
Total	<u>50,313</u>	<u>(32)</u>	<u>(52)</u>	<u>50,229</u>	(0.1)%

Total volumes decreased 0.1% from 1H2018 to 1H2019.

In China, our volumes decreased by 0.2% from 1H2018 to 1H2019. The slight volume decline was primarily driven by the timing of the Chinese New Year, which fell earlier this year than in the prior year, resulting in a volume shift from the first half of 2019 into the fourth quarter of 2018. This was partially offset by successful premiumization initiatives as well as shipment phasing ahead of summer activations, particularly in the second quarter of 2019.

Our Super Premium portfolio continues to outperform with double digit growth, led by Corona, Franziskaner and Hoegaarden. Budweiser grew by mid-single digits fueled by its activations surrounding passion points such as sports and meals as well as a successful Chinese New Year activation. In the Core+ category, our recent innovation Harbin Crystal delivered strong growth as consumers continue to trade-up from the Core and Value categories. Our portfolio also grew double digits in the e-commerce channel in 1H2019.

FINANCIAL INFORMATION

Revenue

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Asia Pacific East	772	(12)	(49)	33	744	4.3%
Asia Pacific West	2,739	19	(179)	199	2,778	7.3%
Total	<u>3,511</u>	<u>7</u>	<u>(228)</u>	<u>232</u>	<u>3,522</u>	6.6%

Our revenue increased by 6.6% and increased by 6.7% on a per hectoliter basis from 1H2018 to 1H2019, driven by our revenue management initiatives and brand mix, as our Premium and Super Premium portfolios continue to outperform across our principal markets in both Asia Pacific East and Asia Pacific West. Our revenue for 1H2019 was partly impacted by the developments in volumes discussed above.

Cost of sales

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Cost of sales	(1,690)	(2)	104	(45)	(1,633)	(2.7)%

Our cost of sales increased by 2.7%, or 2.8% on a per hectoliter basis, from 1H2018 to 1H2019, primarily driven by an increase in commodity prices, partially offset by ongoing cost efficiency. Our cost of sales for 1H2019 was partly impacted by the developments in volumes discussed above.

Operating expenses

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Operating expenses	(1,075)	(2)	66	(3)	(1,014)	(0.3)%

Our operating expenses remained broadly stable in 1H2019 compared to our operating expenses for 1H2018.

SG&A

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
SG&A	(1,155)	(2)	72	(21)	(1,106)	(1.8)%

FINANCIAL INFORMATION

Our SG&A increased by 1.8% in 1H2019 compared to our SG&A for 1H2018. Year-over-year increases of distribution and sales expenses were partially offset in 1H2019 by reduced administrative cost as a result of ongoing cost efficiency. Our sales and marketing expenses in 2018 were heavily concentrated in the first half of the year to support our global sponsorship of the 2018 FIFA World Cup Russia 2018™. In 2019, we expect that our sales and marketing investments will be much more concentrated during 2H2019 (particularly in the third quarter), which is the summer peak season across our principal markets (in particular China and South Korea), resulting in a more difficult comparable within a half-year basis (e.g., 1H2018 compared to 1H2019 or 2H2018 compared to 2H2019).

Other operating income/(expenses)

<u>USD millions</u>	<u>1H2018</u> <u>(unaudited)</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>1H2019</u> <u>(unaudited)</u>	<u>Organic growth %</u>
Other operating income/(expense)	80	–	(6)	18	92	23.1%

Our other operating income increased by 23.1% in 1H2019 compared to our other operating income in 1H2018 as a result of the timing of government grants.

Profit from operations before non-recurring items (Normalized EBIT)

<u>USD millions</u>	<u>1H2018</u> <u>(unaudited)</u>	<u>Scope</u>	<u>Currency translation</u>	<u>Organic growth</u>	<u>1H2019</u> <u>(unaudited)</u>	<u>Organic growth %</u>
Normalized EBIT	746	3	(58)	184	875	24.8%

Our Normalized EBIT increased by 24.8% from 1H2018 to 1H2019.

Profit from operations

<u>USD millions</u>	<u>1H2018</u> <u>(unaudited)</u>	<u>1H2019</u> <u>(unaudited)</u>	<u>Change %</u>
Profit from operations	735	836	13.7%

Our profit from operations increased by USD101 million, or 13.7% on a reported basis, from 1H2018 to 1H2019.

FINANCIAL INFORMATION

Non-IFRS Financial Measures

Normalized EBITDA

The following table reflects changes in our Normalized EBITDA for 1H2018 as compared to 1H2019:

	Six months ended 30 June 2018	Six months ended 30 June 2019	Change
	(USD millions) (unaudited)		(%)
Profit attributable to equity holders of the Company	571	606	6.1%
Non-controlling interest	–	(2)	–
Profit of the period	571	604	5.8%
Income tax expense	174	246	41.4%
Share of results of associates ⁽¹⁾	(7)	(8)	14.3%
Net finance cost (including non-recurring finance cost)	20	(5)	–
Non-recurring income tax benefit	(23)	(1)	(95.7)%
Non-recurring items above EBIT (including non-recurring costs) ⁽²⁾	11	39	–
Normalized EBIT	746	875	17.3%
Depreciation, amortization and impairment (excluding non-recurring impairment)	338	343	1.5%
Normalized EBITDA	1,084	1,218	12.4%

(1) Share of results of associates consists of the results of our investment in Zhujiang for the periods indicated. As we do not exercise control over Zhujiang or its day-to-day operation, our management does not consider the performance of Zhujiang to be indicative of our underlying business performance, which is the selling of beer and other operational businesses, rather than investment in beer companies.

(2) Non-recurring items above EBIT (including non-recurring costs) consists of certain restructuring costs (USD11 million and USD4 million) and costs associated with initial public offering (nil and USD35 million) for the six months ended 30 June 2018 and 2019, respectively, as detailed below under “– Non-recurring Items,” which our management does not consider to be items that drive our underlying business performance.

The following table shows organic Normalized EBITDA by segment:

USD millions	1H2018 (unaudited)	Scope	Currency translation	Organic growth	1H2019 (unaudited)	Organic growth %
Asia Pacific East	255	(3)	(18)	29	263	11.7%
Asia Pacific West	829	6	(62)	182	955	22.0%
Total	1,084	3	(80)	211	1,218	19.5%

FINANCIAL INFORMATION

Our Normalized EBITDA, which refers to EBITDA before non-recurring items, amounted to USD1,218 million for 1H2019. This represented an organic increase of USD211 million, or 19.5%, with meaningful growth in both the Asia Pacific East and Asia Pacific West segments, as compared to our Normalized EBITDA for 1H2018. The results for 1H2019 principally reflected the performance of our business described above and currency translation effects.

For a discussion of how we use Normalized EBITDA and its limitations, see “– Year Ended 31 December 2018 Compared to Year Ended 31 December 2017 – Normalized EBITDA” above.

Depreciation

Depreciation and amortization expenses are included in the following line items of the 1H2018 and 1H2019 combined income statement:

	Six months ended 30 June 2018		Six months ended 30 June 2019	
	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights	Depreciation of property, plant and equipment	Amortization of intangible assets and land use rights
	(USD millions) (unaudited)			
Cost of sales	264	5	259	6
Distribution expense	17	–	17	–
Sales and marketing expenses	12	2	12	2
Administrative expenses	19	19	28	19
Depreciation and amortization	312	26	316	27

Non-recurring items

Non-recurring items are items that, in our management’s judgment, need to be disclosed by virtue of their size or incidence in order to provide a proper understanding of our combined financial information.

The table below set forth the components of non-recurring items and their overall impact on our profit from operations for 1H2018 and 1H2019:

	Six months ended 30 June 2018		Six months ended 30 June 2019	
	(USD millions) (unaudited)			
Restructuring		(11)		(4)
Costs associated with initial public offering		–		(35)
Impact on profit from operations		(11)		(39)

FINANCIAL INFORMATION

The non-recurring restructuring charges primarily relate to organizational alignments in the Group. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. The costs associated with our initial public offering represent costs incurred during 1H2019 related to the Listing.

Net finance income/(cost)

Our net finance income for 1H2019 was USD5 million, as compared to net finance cost of USD20 million for 1H2018, representing a decrease of USD25 million.

The decrease in net finance cost items was driven primarily by a decrease in foreign exchange losses and other finance cost.

Share of results of associates

Our share of results of associates for 1H2019 was USD8 million as compared to USD7 million for 1H2018.

Income tax expense

Our total income tax expense for 1H2019 amounted to USD245 million, with an effective tax rate of 29.1%, as compared to an income tax expense of USD151 million and an effective tax rate of 21.1% for 1H2018. Our normalized effective tax rate, excluding the impact of non-recurring items and taxes on non-recurring items, was 27.7% in 1H2019 as compared to 23.5% in 1H2018. The normalized effective tax rate in 1H2019 was negatively impacted by withholding taxes accrued on planned dividend distributions.

Profit attributable to non-controlling interests

We did not have any profit attributable to non-controlling interests in 1H2019 and 1H2018. Loss attributable to non-controlling interests for 1H2019 was USD2 million (nil for 1H2018).

Profit attributable to our equity holders

Profit attributable to our equity holders for 1H2019 was USD606 million compared to USD571 million for 1H2018.

Liquidity and Capital Resources

Net current liabilities

We had net current liabilities of USD1,788 million and USD2,485 million as at 31 December 2018 and 30 June 2019, respectively.

Cash flow

Cash flow from operating activities in 1H2019 increased USD39 million, or 5.0%, from USD780 million in 1H2018 to USD819 million in 1H2019, mainly explained by movement in working capital.

FINANCIAL INFORMATION

Cash flow used in investing activities was USD360 million in 1H2019 as compared to USD177 million cash flow used in investing activities in 1H2018 mainly as a result of lower investments in subsidiaries year over year.

Our net capital expenditures amounted to USD211 million in 1H2019 and USD173 million in 1H2018.

Cash flow used in financing activities amounted to USD1,093 million in 1H2019, as compared to cash flow used in financing activities of USD596 million in 1H2018. The cash flow used in financing activities in 1H2019 as compared to 1H2018 reflects repayment of contributed capital related to the Reorganization, net proceeds from loans with AB InBev, higher dividends paid and higher net proceeds from borrowings.

MARKET AND OTHER FINANCIAL RISKS

Our activities expose us to a variety of financial risks: market risk (including currency risk, cash flow interest risk and commodity risk), credit risk, and liquidity risk. We analyze each of these risks individually as well as on a combined basis, and define strategies to manage the economic impact of our performance in line with our risk management policy. The main derivative instruments we use are foreign exchange forward contracts, cross currency interest rate swaps and exchange traded commodity futures. The derivatives are part of a cash flow hedge relationship.

Our financial risk management policy prohibits the use of derivative financial instruments for trading purposes, and we therefore do not hold or issue any such instruments for such purposes.

Foreign Currency Risk

We are subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of our subsidiary engaged in the relevant transaction. This includes borrowings, sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. Our foreign currency risk is primarily related to Euro and US dollar purchases.

We may hedge operating transactions which are reasonably expected to occur (e.g., cost of goods sold and selling, general and administrative expenses) within the forecast period determined in our financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits.

It is our policy to have the debt in our subsidiaries as much as possible linked to the functional currency of the subsidiary. To the extent this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a combined basis and take into consideration the holistic risk management approach.

FINANCIAL INFORMATION

Interest rate risk

At 30 June 2019, USD364 million, or 44% of our interest-bearing financial liabilities, excluding lease liabilities, bore interest at a variable rate. We estimated that the reasonably possible change of the market interest rates would have an immaterial impact on our profit. We may in the future enter into interest rate swap agreements to manage our interest rate risk, and also enter into cross-currency interest rate swap agreements to manage both our foreign currency risk and interest rate risk on interest-bearing financial liabilities.

For more information, see Note 3 to the Accountant's Report set out in Appendix IA.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the off-balance sheet commitments disclosed in “– *Commitments*” above, we had no off-balance sheet arrangements during the Track Record Period and as at the Latest Practicable Date.

DIVIDEND POLICY

Our current dividend policy is to declare a dividend representing in aggregate at least 25% of our consolidated profit attributable to our equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

Final dividends are approved at our annual shareholders' meeting and are paid on the dates appointed by our Board. Our Board may pay an interim dividend in accordance with Cayman Islands law. Any dividends will be paid on the dates communicated by the Board of Directors.

DISTRIBUTABLE RESERVES

As at 30 June 2019, the Company did not have any distributable reserves.

LISTING EXPENSES

Total expenses (including underwriting commissions and the discretionary incentive fee, if any, and assuming the Offer Price is the mid-point of the Offer Price Range and neither the Offer Size Adjustment Option nor the Over-allotment Option is exercised) expected to be incurred in relation to the Listing are USD127 million, of which approximately USD53 million is expected to be charged to the combined income statement of the Group and approximately USD74 million is expected to be capitalized. As of 30 June 2019, we incurred USD39 million of expenses relating to the Listing, of which USD35 million has been charged to the combined income statement of the Group and USD4 million has been treated as a prepayment to be capitalized upon the Listing.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as at the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE

The Directors confirm that, having performed reasonable due diligence on the Group, there has been no material adverse change in our financial or trading position or prospects since 31 March 2019 and up to the date of this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorized share capital and the issued and to be issued share capital of the Company:

		<u>Nominal Value</u>
		<i>(USD)</i>
<i>Authorized share capital as at the date of this prospectus</i>		
18,000,000,000	Shares of USD0.00001 each	180,000
<i>Issued and to be issued, fully paid or credited as fully paid upon the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised)</i>		
7,534,413,000	Shares in issue as at the date of this prospectus	75,344.13
4,234,282,000	Shares to be issued to APAC HoldCo 2 in connection with the transfer of the South Korea business into the Group in the Reorganization shortly before Listing	42,342.82
23,000,000	Shares to be issued as part of the Capitalization Issue to the Trustee	230
1,262,350,000	Shares to be issued pursuant to the Global Offering	12,623.50
189,352,000	Shares to be issued	1,893.52
	– to APAC HoldCo 2 under the Share Issuance Agreement (assuming the Over-allotment Option is not exercised); or	
	– pursuant to the full exercise of the Over-allotment Option (assuming the Over-allotment Option is fully exercised)	
<u>13,243,397,000</u>	Total	<u>132,433.97</u>
<i>Issued and to be issued, fully paid or credited as fully paid upon the completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full)</i>		
7,534,413,000	Shares in issue as at the date of this prospectus	75,344.13
3,699,587,000	Shares to be issued to APAC HoldCo 2 in connection with the transfer of the South Korea business into the Group in the Reorganization shortly before Listing	36,995.87
23,000,000	Shares to be issued as part of the Capitalization Issue to the Trustee	230
1,262,350,000	Shares to be issued pursuant to the Global Offering	12,623.50
464,952,000	Shares to be issued pursuant to the full exercise of the Offer Size Adjustment Option	4,649.52

SHARE CAPITAL

		<u>Nominal Value</u> (USD)
259,095,000	Shares to be issued	2,590.95
	<ul style="list-style-type: none">– to APAC HoldCo 2 under the Share Issuance Agreement (assuming the Over-allotment Option is not exercised); or– pursuant to the full exercise of the Over-allotment Option (assuming the Over-allotment Option is fully exercised)	
<u>13,243,397,000</u>	Total	<u>132,433.97</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalization Issue and the Global Offering. It does not take into account any Shares which may be issued pursuant to any exercise of any option to be granted under the Share Award Schemes or issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with all the Shares in issue or to be issued as set out in the above table, and will qualify for all dividends and other distributions declared, made or paid by the Company following the completion of the Global Offering.

CAPITALIZATION ISSUE

For the purpose of providing for future awards under the Share Award Schemes or any other incentive scheme that may be adopted by the Company from time to time, the Shareholders have passed a written resolution on 9 September 2019 to authorize the Directors to capitalize the sum of USD230 standing to the credit of the share premium account of the Company to allot and issue 23,000,000 Shares to the Trustee. Such issue will be completed at the same time of the completion of the Global Offering. The Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* with all existing Shares.

SHARE AWARD SCHEMES

We have adopted the Discretionary Restrictions Stock Units Plan, the Share-Based Compensation Plan, the People Bet Plan and the Discretionary Long-Team Incentive Plan. See “*Statutory and General Information – D. Share Award Schemes*” set out in Appendix V.

GENERAL MANDATES GRANTED TO THE DIRECTORS

Subject to the Global Offering becoming unconditional, general mandates have been granted to the Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see “*Statutory and General Information – Further Information About the Company*” set out in Appendix V.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or the Chief Executive Officer as at the Latest Practicable Date, immediately following the completion of the Capitalization Issue and the Global Offering (without considering any Shares which may be issued pursuant to any exercise of any option under the Share Award Schemes), each of the following persons (other than a Director or the Chief Executive Officer) will have an interest and/or short position (as applicable) in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the Shares, once the Shares are listed on the Stock Exchange:

INTERESTS AND LONG POSITIONS IN SHARES

No.	Name of Shareholder	Capacity	Assuming neither the Offer Size Adjustment Option or the Over-allotment Option is exercised at all		Assuming both the Offer Size Adjustment Option and the Over-allotment Option are exercised in full	
			Number of Shares Held or Interested	Approximate percentage (%)	Number of Shares Held or Interested	Approximate percentage (%)
1.	AB InBev Brewing Company (APAC) Limited ⁽¹⁾	Beneficial owner	11,958,047,000	90.29	11,234,000,000	84.83
2.	AB InBev Brewing Company Holdings (APAC) Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
3.	AB InBev America Holdings (APAC) Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
4.	AB InBev America Holdings Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
5.	Anheuser-Busch America Investments, LLC ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
6.	Anheuser-Busch Worldwide Investments, Inc. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
7.	Anheuser-Busch Latin Inc. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
8.	Anheuser-Busch International, Inc. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
9.	Anheuser-Busch Americas Holdings LLC ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
10.	Anheuser-Busch Companies, LLC ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
11.	Anheuser-Busch Worldwide, Inc. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
12.	Anheuser-Busch InBev USA, LLC ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
13.	Anheuser-Busch North American Holding Corporation ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
14.	InBev International Inc. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
15.	ABI Southern Holdings Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
16.	AB InBev Holdings Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83

SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholder	Capacity	Assuming neither the Offer Size Adjustment Option or the Over-allotment Option is exercised at all		Assuming both the Offer Size Adjustment Option and the Over-allotment Option are exercised in full	
			Number of Shares Held or Interested	Approximate percentage (%)	Number of Shares Held or Interested	Approximate percentage (%)
17.	ABI SAB Group Holding Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
18.	ABI UK Holding 2 Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
19.	ABI UK Holding 1 Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
20.	AB InBev UK Finance Company Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
21.	Anheuser-Busch Europe Ltd ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
22.	Ambrew S.à.R.L. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
23.	AB InBev Nederland Holding B.V. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
24.	Interbrew International B.V. ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
25.	AB InBev Investment Holding Company Limited ⁽¹⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
26.	AB InBev ^{(1)(2)(a)(b)(c)(3)}	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
27.	Stichting Anheuser-Busch InBev (the "Stichting") ^{(2)(a)(b)(c)}	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
28.	EPS Participations S.à.R.L. ("EPS Participations") ^{(2)(a)(c)}	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
29.	Eugénie Patri Sébastien (EPS) S.A. ("EPS") ^{(2)(a)(c)}	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
30.	BRC S.à.R.L. ("BRC") ^{(2)(a)(c)(3)}	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
31.	BR Global ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
32.	S-BR Global ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
33.	Inpar Investment Fund ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
34.	Santa Erika ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
35.	Stichting Enable ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
36.	Inpar VOF ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83
37.	Jorge Paulo Lemann ⁽³⁾	Interest of a controlled corporation	11,958,047,000	90.29	11,234,000,000	84.83

SUBSTANTIAL SHAREHOLDERS

Notes:

(1) ***AB InBev Intermediate Holding Companies***

AB InBev owns 100% of the issued share capital of Ambrew S.à.r.l, which is incorporated under the laws of Luxembourg, which owns 100% of the issued share capital of Anheuser-Busch Europe Ltd., which is incorporated under the laws of the UK. Anheuser-Busch Europe Ltd. owns 100% of the issued share capital of AB InBev UK Finance Company Limited, which is incorporated under the laws of the UK.

AB InBev and Ambrew S.à.r.l. owns 99.99% and 0.01%, respectively, of the issued and outstanding equity interests in InBev Belgium BVBA, an entity organized under the laws of Belgium. AB InBev and InBev Belgium BVBA own, respectively, 67.62% and 32.38% of the issued and outstanding equity interests in AB InBev Nederland Holding B.V., an entity organized under the laws of the Netherlands.

AB InBev, AB InBev UK Finance Company Limited, InBev Belgium BVBA and AB InBev Nederland Holding B.V. own, respectively, 26.51%, 9.33%, 4.46% and 59.70% of the issued share capital in ABI UK Holding 1 Limited, which is incorporated under the laws of the UK. ABI UK Holding 1 Limited indirectly owns 100% of the issued share capital of InBev International Inc., a Delaware corporation, through a chain of wholly-owned subsidiaries (i.e. ABI UK Holding 2 Limited, ABI SAB Group Holding Limited, AB InBev Holdings Limited and ABI Southern Holdings Limited, which are all incorporated under the laws of the UK).

InBev International Inc. and ABI Southern Holdings Limited own, respectively, 80% and 20% of the issued share capital of Anheuser-Busch North American Holding Corporation, a Delaware corporation. Anheuser-Busch North American Holding Corporation indirectly owns 100% of the issued share capital of Anheuser-Busch Companies, LLC, a Delaware limited liability company, through a chain of wholly-owned subsidiaries (i.e. Anheuser-Busch InBev USA, LLC and Anheuser-Busch Worldwide, Inc., which are both incorporated under the laws of Delaware).

ABI Southern Holdings Limited, Anheuser-Busch Worldwide, Inc. and Anheuser-Busch Companies, LLC own, in the aggregate, 100% of the issued share capital in Anheuser-Busch Americas Holdings LLC, which is incorporated under the laws of Delaware. Its share capital held by ABI Southern Holdings Limited, Anheuser-Busch Worldwide, Inc. and Anheuser-Busch Companies, LLC represent, in each case respectively, approximately 21.65%, approximately 27.5%, and approximately 50.85% of the total voting power of all classes of issued and outstanding membership interests entitled to vote and approximately 24.29%, approximately 36.5%, and approximately 39.21% of the total value of all issued and outstanding classes of the membership interests of Anheuser-Busch Americas Holdings LLC.

Anheuser-Busch Americas Holdings LLC indirectly owns 100% of the issued share capital of AB InBev America Holdings (APAC) Limited, which is incorporated under the laws of Hong Kong, through a chain of wholly-owned subsidiaries (i.e. Anheuser-Busch International, Inc., Anheuser-Busch Latin Inc., Anheuser-Busch Worldwide Investments, Inc. and Anheuser-Busch America Investments, LLC, which are all incorporated under the laws of Delaware, and AB InBev America Holdings Limited, which is incorporated under the laws of the UK).

The issued share capital of AB InBev Brewing Company Holdings (APAC) Limited, an entity organized under the laws of the UK, is held by AB InBev America Holdings (APAC) Limited, AB InBev Investment Holding Company Limited, and Interbrew International B.V. and which represent collectively 100% of the total voting power of all classes of issued and outstanding equity interests in AB InBev Brewing Company Holdings (APAC) Limited. These relative ownership percentages held by these entities have not been determined as at the Latest Practicable Date but will be 100% in aggregate and depend on the Offer Price and reorganization steps that will take place after pricing but before the Listing Date. AB InBev Brewing Company Holdings (APAC) Limited owns 100% of the issued and outstanding equity interests in AB InBev Brewing Company (APAC) Limited, an entity organized under the laws of the UK. AB InBev Brewing Company (APAC) Limited owned 100% of the issued share capital of the Company as at the Latest Practicable Date.

Therefore, each of the entities in this note which are also disclosed in the table above are deemed to be interested in the Shares held by AB InBev Brewing Company (APAC) Limited.

(2) (a) ***The 2016 Shareholders' Agreement***

BRC, EPS and EPS Participations are companies incorporated under Luxembourg law. As per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings, such entities hold respectively 39,962,901, 99,999 and 131,898,152 ordinary shares of AB InBev, representing respectively 1.98%, 0.00% and 6.53% of the voting rights attached to AB InBev's outstanding shares, respectively.

SUBSTANTIAL SHAREHOLDERS

The Stichting is a stichting incorporated under Dutch law. As per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, it holds 663,074,832 ordinary shares of AB InBev, representing 32.84% of the voting rights attached to AB InBev's outstanding shares (excluding the 59,862,607 treasury shares held by AB InBev and its subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L.).

According to a shareholders' agreement entered into among the Stichting, EPS, EPS Participations S.à R.L., BRC and Rayvax Société d'Investissements SA ("**Rayvax**") (a company incorporated under Belgian law, which as per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, held 24,158 ordinary shares of AB InBev) (the "**2016 Shareholders' Agreement**"), BRC and EPS/EPS Participations jointly and equally exercise control over the Stichting and the shares held by the Stichting. Pursuant to the 2016 Shareholders' Agreement, the Stichting's board of directors will propose to AB InBev's shareholders' meeting nine candidates for appointment as AB InBev's directors, among which each of, on the one hand, BRC and, on the other hand, EPS and EPS Participations will have the right to nominate four candidates, and one candidate will be nominated by the Stichting's board of directors.

The 2016 Shareholders' Agreement also requires EPS, EPS Participations, BRC and Rayvax, as well as any other holder of certificates issued by the Stichting, to vote their AB InBev shares in the same manner as the shares held by the Stichting.

(b) ***The Fonds Voting Agreement***

The Stichting also entered into a voting agreement with Fonds Baillet Latour SPRL and Fonds Voorzitter Verhelst (which are companies with a social purpose incorporated under Belgian law). As per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, such entities hold 5,485,415 and 6,997,665 ordinary shares of AB InBev, representing 0.27% and 0.35% of the voting rights attached to AB InBev's outstanding shares, respectively (the "**Fonds Voting Agreement**").

Under the Fonds Voting Agreement, consensus is required for all items that are submitted to the approval of any of shareholders' meetings of AB InBev. If the parties fail to reach a consensus, each of Fonds Baillet Latour SPRL and Fonds Voorzitter Verhelst will vote their AB InBev shares in the same manner as the Stichting.

Accordingly, Stichting controls the voting rights attached to the shares of AB InBev held by Fonds Baillet Latour SPRL and Fonds Voorzitter Verhelst.

(c) ***Total number of voting rights controlled by the Stichting and related parties***

Accordingly and taking into account the ordinary shares of AB InBev held by Fonds Baillet Latour SPRL and Fonds Voorzitter Verhelst, EPS, EPS Participations, BRC and the Stichting control in aggregate 41.97% of the voting rights attached to AB InBev's outstanding shares and are deemed to be interested in the Shares AB InBev is interested in.

- (3) BRC is controlled indirectly by Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles and directly by S-BR Global, that in its turn directly holds a 83.64% interest and indirectly holds a 16.36% interest in BRC through BR Global, a wholly-owned subsidiary of S-BR Global.

Marcel Herrmann Telles indirectly owns a 24.728% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Santa Maria Isabel CV, Alfta T Holding, MCMT Holdings and Santa Paciencia). Carlos Alberto Sicupira indirectly owns a 19.927% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Santa Carolina, Beta Holding Ltd., CCHHS Holding Ltd. and Santa Heloisa). Jorge Paulo Lemann indirectly owns a 55.345% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Inpar VOF, Stichting Enable, Inpar Investment Fund and Santa Erika). Jorge Paulo Lemann also holds a 0.01% interest in AB InBev through its wholly owned subsidiary Olia 2 AG.

As per the latest transparency declaration made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, the ultimate control of BRC is jointly owned by Marcel Herrmann Telles, Carlos Alberto Sicupira and Jorge Paulo Lemann. In spite of such disclosure, Marcel Herrmann Telles and Carlos Alberto Sicupira do not have an interest to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

RELATIONSHIP WITH AB INBEV

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, AB InBev was indirectly interested in 100% of the shares in the Company.

On the Listing Date, AB InBev (through the AB InBev Intermediate Holding Companies) will continue to be indirectly interested in approximately 90.15% of the Shares in issue (assuming the Offer Size Adjustment Option is not exercised).

Accordingly, the Company will remain as a subsidiary of AB InBev, and AB InBev and the Intermediate Holding Companies will be Controlling Shareholders for the purposes of the Listing Rules immediately following the completion of the Global Offering. To the best knowledge of our Directors based on available information after making reasonable inquiries, as at the Latest Practicable Date, the Company has no other controlling shareholder. See “*History, Development and Reorganization – Our Shareholders*” for the background of AB InBev and the AB InBev Intermediate Holding Companies.

As at the Latest Practicable Date, AB InBev was also interested in approximately 62% of the issued share capital of Ambev, a company engaged in the production, distribution and sale of beer and malt-based beverages, carbonated soft drinks and other non-alcohol and non-carbonated products across the Americas, whose shares are listed on the São Paulo Stock Exchange (BVMF: ABEV3) and with American Depositary Receipts listed on the New York Stock Exchange (NYSE: ABEV).

INDEPENDENCE OF OUR GROUP FROM THE AB INBEV GROUP

Our Directors are satisfied that our Group is able to operate independently from the AB InBev Group following the completion of the Global Offering for the following reasons.

Clear delineation of business

Separate geographical and market focus

There is clear and adequate delineation between the business of the Group and the AB InBev Group as we have different geographical and market focuses.

During the Track Record Period, our Group operated in Asia Pacific as an independent operational arm within the AB InBev Group. Our Group primarily focuses on production, import, distribution and sale within Asia Pacific, whereas the AB InBev Group primarily focuses its production, export, distribution and sale outside of Asia Pacific. Most of the AB InBev Group’s exports of its product into Asia Pacific were made through our Group under licenses to import granted to our Group.

We have entered into the Deed of Non-competition with AB InBev which safeguards the independence of the respective businesses of the Group and the AB InBev Group. Under the Deed of Non-competition, AB InBev agreed that, except for the AB InBev Excluded Business, with effect from the Listing Date, it will not engage in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages in the APAC Territories and will also cause its subsidiaries (other than our Group) not to engage in such businesses in the APAC Territories, except for limited exceptions.

RELATIONSHIP WITH AB INBEV

The APAC Territories include: (1) Australia; (2) Bangladesh; (3) Bhutan; (4) Brunei Darussalam; (5) Burma (Myanmar); (6) Cambodia; (7) China (including Hong Kong, Macau and Taiwan); (8) Cook Islands; (9) Federated States of Micronesia; (10) Fiji; (11) India; (12) Indonesia; (13) Japan; (14) Kiribati; (15) Laos; (16) Malaysia; (17) Maldives; (18) Marshall Islands; (19) Mongolia; (20) Nauru; (21) Nepal; (22) New Caledonia; (23) New Zealand; (24) Niue; (25) Palau; (26) Papua New Guinea; (27) Philippines; (28) Republic of Korea (South Korea); (29) Samoa; (30) Singapore; (31) Solomon Islands; (32) Sri Lanka; (33) Thailand; (34) Timor Leste (35) Tonga; (36) Tuvalu; (37) Vanuatu; (38) Vietnam; and (39) Wallis and Futuna.

Under the Deed of Non-competition, we have also agreed that, except for the Group Excluded Business, with effect from the Listing Date, we will not engage in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and other alcohol malt-based beverages outside of the APAC Territories and will also cause its subsidiaries (other than our Group) not to engage in such businesses outside of the APAC Territories, except for limited exceptions.

On 19 July 2019, AB InBev agreed to divest the entire business of the AB InBev Group in Australia, excluding certain assets and liabilities (the “**Australian Business**”) to Asahi Group Holdings, Ltd. (“**Asahi**” and such transaction, the “**Australian Disposal**”). As part of the Australian Disposal, AB InBev also granted Asahi the rights to commercialize a portfolio of AB InBev’s global and international brands in Australia (the “**Australian Commercialization Rights**”).

There will be no material overlap in the geographical location of the operations of our Group and the AB InBev Group. For details of the Deed of Non-competition, see “*Deed of Non-competition*” in this section.

AB InBev Excluded Business in Asia Pacific to be operated by the AB InBev Group

Subject to the terms of the Deed of Non-competition, the AB InBev Group will be permitted to operate the AB InBev Excluded Business, being:

- (a) prior to the completion of the Australian Disposal, the Australian Business;
- (b) after the completion of the Australian Disposal, any business and arrangements relating to the Australian Commercial Rights granted to Asahi;
- (c) any projects developed by the global research and development and incubation platforms of the AB InBev Group (including, but not limited to, ZX Ventures, GITEC, ZITEC and Z-Tech) before or after the Listing Date; and
- (d) certain pre-existing licensing and distribution arrangements for beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages in the APAC Territories that had been entered into by members of the AB InBev Group with third parties before the Listing Date, provided that any profits derived directly by such member of the AB InBev Group from the relevant third party under such arrangements will be transferred to the Group as part of the Reorganization with effect from the Listing Date.

RELATIONSHIP WITH AB INBEV

Group Excluded Business in territories outside Asia Pacific to be operated by the Group

Subject to the terms of the Deed of Non-competition, the Company will be permitted to operate the Group Excluded Business, being:

- (a) certain pre-existing licensing and distribution arrangements for beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages outside the APAC Territories that had been entered into by members of the Group with third parties before the Listing Date; and
- (b) any natural or organic expansion of such licensing and distribution arrangements for such products outside the APAC Territories.

Management independence

Our Directors

Our Board is comprised of seven Directors as set out below. Only three of the Directors will have overlapping roles in the Group and the AB InBev Group following the completion of the Global Offering.

<u>Name of Director</u>	<u>Position in the Company upon Listing</u>	<u>Position in the AB InBev Group upon Listing</u>
Jan Craps (楊克)	Executive Director and Chief Executive Officer	Zone President Asia Pacific
Renrong Wang (Frank) (王仁榮)	Executive Director, General Counsel and Joint Company Secretary	None
Carlos Brito	Non-executive Director and Chair	Chief Executive Officer
Felipe Dutra	Non-executive Director	Chief Financial and Solutions Officer
Martin Cubbon	Independent Non-executive Director	None
Mun Tak Marjorie Yang (楊敏德)	Independent Non-executive Director	None
Katherine King-suen Tsang (曾璟璇)	Independent Non-executive Director	None

Senior Management

None of our senior management responsible for our daily operations will have any roles within the AB InBev Group upon Listing, other than Mr. Jan Craps who will retain the title of Zone President Asia Pacific.

Certain members of our senior management, namely Mr. Frederico Freire, Mr. Ben Verhaert, Mr. Bruno Cosentino, Mr. Goran Duric, Mr. Keith Davies and Mr. Jan Clysner, hold their senior management roles in the Group under secondment agreements with AB InBev Group. However, each of these senior managers reports directly to Mr. Jan Craps (our Chief Executive Officer) and will act in the interests of the Group (including in relation to any connected transactions between AB InBev Group and the Group). All their

RELATIONSHIP WITH AB INBEV

remuneration and expenses will be borne by the Group, including any discretionary incentives which will be ultimately determined by the Group according to the performance of both the relevant senior manager and the Group. Under these secondment agreements, the Group has the right to terminate the assignment of the relevant senior manager with the Group upon notice to AB InBev Group and the relevant senior manager. However, AB InBev Group can only terminate the relevant secondment agreement or the underlying employment agreement of the senior manager with the prior consent of the Group. See “*Directors and Senior Management*” for further information.

Taking into account the composition of our Board and senior management, our Directors believe that the Company and AB InBev have management teams that will function independently of each other.

Operational independence

Continuing connected transactions

During the Track Record Period, our Group conducted certain transactions with the AB InBev Group on a recurring basis which are expected to continue after the Listing and will constitute continuing connected transactions of the Company under the Listing Rules. Such continuing connected transactions include:

- (a) the long term licenses granted to us, with limited termination provisions, to import and/or produce, sell, distribute, advertise and promote products under brands owned by the AB InBev Group; and
- (b) participation in the AB InBev Group’s cash pooling and provision of strategic, procurement and administrative services between our Group and the AB InBev Group.

Such continuing connected transactions are entered into in the ordinary and usual course of our business and conducted on normal commercial terms, and the terms (including the pricing policies) of such transactions are on an arm’s length basis.

Our Directors believe that such continuing connected transactions do not indicate any undue reliance of our Group on the AB InBev Group and are beneficial to the Company and our Shareholders as a whole. Details of each of the continuing connected transactions are set out in the section headed “*Connected Transactions*.”

Independent operation

Apart from such continuing connected transactions, we operated independently as a distinct and separate business during the Track Record Period, and will, upon Listing, continue to be independent of and separate from the business of the AB InBev Group, in particular:

- (a) we have our own independent management, production, sales and marketing, procurement, quality control, research and development teams; and
- (b) the office facilities, breweries, distribution centers, product safety testing and research and development facilities of the AB InBev Group and our Group are clearly delineated and separately located.

We do not lease any property from the AB InBev Group. We either own our own breweries and distribution centers or lease them from landlords who are independent third parties and are not connected to the AB InBev Group.

RELATIONSHIP WITH AB INBEV

We operate our own breweries and source new distributors, manage existing distributors, and negotiate and structure distribution contracts with distributors independently from the AB InBev Group. Given the territory-specific nature of our distributors, we have established relationships with our distributors in our major markets independently from the AB InBev Group's distributors. We are able to devise our own Asia Pacific territory-specific marketing strategy, execute product launch initiatives and analyze market and business trends.

Financial independence

Upon completion of the Global Offering, no material amount will be due to the AB InBev Group from our Group, except for the Shareholder Loan which will be repaid in full prior to or at the end of the Over-allotment Option exercise period (see "*History, Development and Reorganization – Our Reorganization*" for a detailed description of such shareholder indebtedness) and those incurred in the ordinary and usual course of business of our Group (see "*Connected Transactions*" for details of continuing connected transactions).

Certain subsidiaries of the Group participate in the AB InBev Group's cash pooling arrangements under which they may make deposits or draw overdrafts. The Group participates in such cash pooling arrangements independently based on its own financing needs. Details of the cash pooling arrangements are set out in the section headed "*Connected Transactions – Cash Pooling Arrangements.*"

Our Directors believe that we are capable of obtaining financing from independent third parties without reliance on the AB InBev Group given the Group's strong financial position, steady cash flow generation and level of liquid assets following the Listing as well as its ability to raise funds on a standalone basis. Based on the above, our Directors believe that we do not have any financial dependence on the AB InBev Group.

Administrative Independence

All essential administrative functions will be carried out by the Group's own legal, finance and treasury, human resources and administration teams but the AB InBev Group will provide to the Group certain strategic and administrative services at our discretion, for example, in relation to legal and corporate affairs (including media and communications support), finance (including treasury, accounting and taxation), human resources (including training programs support), IT support, executive management support and group audit support and other general administrative support. See the section headed "*Connected Transactions*" for more details.

As AB InBev will consolidate the financial results of the Group as its subsidiary, the Directors believe that this would serve to align the implementation of the corporate governance charter of the Group with that of the AB InBev Group and would better facilitate the administrative functions of the two groups as a whole in a cost efficient manner. The Group always has the discretion to engage an independent third party supplier under such arrangements.

RELATIONSHIP WITH AB INBEV

Alignment of commercial interests

The Directors believe that the commercial interest of our Group and the AB InBev Group are strongly aligned for the following reasons:

- *We have a significant financial impact on AB InBev's results* – our Group generated approximately 12% of the AB InBev Group's revenue in 2018 and this is expected to continue to increase as the Group's business grows. Our Group will directly impact the AB InBev Group's financial statements and performance as we will continue to be a subsidiary of AB InBev upon Listing and AB InBev will continue to consolidate the financial results of the Group.
- *AB InBev will receive more royalties and import fees if our business grows* – as the AB InBev Group receives royalties and import fees under the licenses to manufacture and import AB InBev products, the AB InBev Group has a strong and direct incentive to ensure the success of our Group.
- *AB InBev must cooperate with our Group in Asia Pacific* – the Group is the AB InBev Group's primary means of generating revenue from beer (both alcohol and non-alcohol), cider, and other alcohol malt based beverages in the APAC Territories due to the Deed of Non-competition.
- *The AB InBev Group relies on our Group for local expertise and relationship with distributors* – the Group has considerable local expertise of working in Asia Pacific and has established strong relationship with key stakeholders, including suppliers, distributors, regulators and consumers, which is crucial to the successful execution of the Asia Pacific business operations. Without the experience and relationships built up by our Group, we believe that the AB InBev Group would face significant difficulties replicating the role and function of the Group.
- *The AB InBev Group is incentivized to support us from a reputational and brand protection perspective* – If the AB InBev Group ceased to provide our Group with licenses and services, as well as the use of AB InBev brands, it could damage the AB InBev Group's reputation as a global brand.

DEED OF NON-COMPETITION

We and AB InBev have entered into a Deed of Non-competition in each other's favor in order to limit possible future competition between us.

Deed of Non-competition of AB InBev

Under the Deed of Non-competition, AB InBev undertakes that it will not, and will use its reasonable endeavors to procure that members of the AB InBev Group will not, except through our Group, solely or jointly or through representation of any person or company, carry on, engage in or make any investment in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages within the APAC Territories ("**APAC Business**"), subject to certain limited exceptions.

RELATIONSHIP WITH AB INBEV

These exceptions in the Deed of Non-competition provide that the AB InBev Group will not be prevented from:

- (a) holding and/or being interested in, directly or indirectly, any shares or other securities or interest in the Company or any other member of the Group;
- (b) operating the AB InBev Excluded Business, provided that to the extent that (i) AB InBev (or any member of the AB InBev Group) applies any project from its global research and development and incubation platform to any APAC Business, and (ii) such application is expected to derive revenue in excess of USD20 million on an annual basis, then AB InBev will (or will procure the relevant member of the AB InBev Group to) discuss in good faith with the Company with a view to allowing the Company the opportunity to participate in such application of the AB InBev Excluded Business to the reasonable satisfaction of the parties;
- (c) having any interest, equity or otherwise, in any company, entity or firm that is acquired by the AB InBev Group after the Listing and which is engaged in the APAC Business ("**AB InBev Acquired Business**"), provided that:
 - (i) at the time of acquisition of the AB InBev Acquired Business, such APAC Business contributed to:
 - (A) less than 10% of the total revenues of the AB InBev Acquired Business (as calculated based on the most recent annual financial statements of the AB InBev Acquired Business); or
 - (B) 10% or more but less than 50% of the total revenues of the AB InBev Acquired Business (as calculated based on the most recent annual financial statements of the AB InBev Acquired Business) and AB InBev had, after the completion of the acquisition of the AB InBev Acquired Business, discussed in good faith with the Company in relation to the Company's potential economic participation in the APAC Business of the AB InBev Acquired Business to the reasonable satisfaction of the parties; or
 - (ii) the consideration for the acquisition of the AB InBev Acquired Business was less than USD100 million; or
- (d) directly or indirectly, owning, operating, participating, investing in or carrying on any APAC Business or having any interest, equity or otherwise, in any company, entity or firm which is engaged in the APAC Business where the Company does not pursue the investment opportunity relating to such APAC Business under the procedure described in "*– Investment opportunities – (a) Investment opportunities relating to the APAC Business*" below.

Deed of Non-competition of the Company

Under the Deed of Non-competition, we, on the other hand, undertake that we will not, and will use our reasonable endeavors to procure that members of the Group will not, except through the AB InBev Group, solely or jointly or through representation of any person or company carry on, engage in or make any investment in the businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages within the territories which are not APAC Territories ("**Non-APAC Business**"), subject to certain limited exceptions.

RELATIONSHIP WITH AB INBEV

These exceptions in the Deed of Non-competition provide that our Group will not be prevented from:

- (a) holding and/or being interested in, directly or indirectly, any shares or other securities or interest in the AB InBev or any other member of the AB InBev Group (excluding members of the Group);
- (b) operating the Group Excluded Business, provided that to the extent that a Group Excluded Business (in aggregate) derives revenue for the Group of an amount in excess of USD20 million on an annual basis, we will, or will procure the relevant member of the Group to, discuss in good faith with AB InBev with a view to allowing AB InBev the opportunity to participate in such Group Excluded Business to the reasonable satisfaction of both parties;
- (c) having any interest, equity or otherwise, in any company, entity or firm that is acquired by us after the Listing and which is engaged in the Non-APAC Business (“**Group Acquired Business**”), provided that,
 - (i) at the time of acquisition of the Group Acquired Business, such Non-APAC Business contributed to:
 - (A) less than 10% of the total revenues of the Group Acquired Business (as calculated based on the most recent annual financial statements of the Group Acquired Business); or
 - (B) 10% or more but less than 50% of the total revenues of the Group Acquired Business (as calculated based on the most recent annual financial statements of the Group Acquired Business) and the Company had, after the completion of the acquisition of the Group Acquired Business, discussed in good faith with AB InBev in relation to AB InBev’s potential economic participation in the Non-APAC Business of the Group Acquired Business to the reasonable satisfaction of the parties; or
 - (ii) the consideration for the acquisition of the Group Acquired Business was less than USD100 million; or
- (d) directly or indirectly, owning, operating, participating, investing in or carrying on any Non-APAC Business or having any interest, equity or otherwise, in any company, entity or firm which is engaged in the Non-APAC Business where the AB InBev Group does not pursue the investment opportunity relating to such Non-APAC Business under the procedure described in “– *Investment opportunities – (b) Investment opportunities relating to the Non-APAC Business*” below.

Investment opportunities

(a) *Investment opportunities relating to the APAC Business*

Under the Deed of Non-competition, where the AB InBev Group is offered an opportunity by a third party or is in the advanced stages of making a bona fide offer to acquire an interest in any company, entity or firm that is engaged in any APAC Business, AB InBev will, and will procure the relevant member of the AB InBev Group to, notify us and use commercially reasonable endeavors to procure that the investment opportunity will remain available for pursuit by the Company for a period of 15 business days.

RELATIONSHIP WITH AB INBEV

The AB InBev Group will be free to pursue its interest in the investment opportunity if we decline to participate in the investment opportunity or fail to respond within 15 business days of receipt of the relevant notice.

This procedure will not apply to an opportunity if (i) the APAC Business contributed to less than 50% of the total revenues of the company, entity or firm to be acquired as calculated based on its most recent annual financial statements; or (ii) the consideration for the company, entity or firm to be acquired is less than USD100 million.

(b) *Investment opportunities relating to the Non-APAC Business*

Conversely, under the Deed of Non-competition, where we are offered an opportunity by a third party or are in the advanced stages of making a bona fide offer to acquire an interest in any company, entity or firm that is engaged in any Non-APAC Business, we will, and will procure the relevant member of our Group to notify AB InBev and use commercially reasonable endeavors to procure that the investment opportunity will remain available for pursuit by AB InBev for a period of 15 business days.

We will be free to pursue our interest in the investment opportunity if AB InBev declines to participate in the investment opportunity or fails to respond within 15 business days of receipt of the relevant notice.

This procedure will not apply to an opportunity if (i) the Non-APAC Business contributed to less than 50% of the total revenues of the company, entity or firm to be acquired as calculated based on its most recent annual financial statements; or (ii) the consideration for the company, entity or firm to be acquired is less than USD100 million.

Australian Business

After the completion of the Australian Disposal, Australia will continue to be an APAC Territory for the purposes of the Deed of Non-competition. However, the Company will, or will procure the relevant member of the Group to, seek AB InBev's consent before engaging in any APAC Business in Australia.

If the Australian Disposal is terminated or otherwise not completed:

- (a) Australia will not be considered an APAC Territory; and
- (b) AB InBev will, or will procure the relevant member of the AB InBev Group to, discuss in good faith with the Company in relation to how to deal with the Australian Business in the context of the Deed of Non-Competition.

Termination of the Deed of Non-competition

The Deed of Non-competition will terminate on the earliest of the date on which:

- (a) the AB InBev Group ceases to be, directly or indirectly, interested in more than 50% of the Shares in the Company;
- (b) any other Shareholder of the Company (other than the AB InBev Group) together with any parties acting in concert (as defined in the Takeovers Code) with such Shareholder hold, directly or indirectly, 30% or more of the Shares in the Company; or
- (c) the Shares cease to be listed and traded on the Stock Exchange.

RELATIONSHIP WITH AB INBEV

Decisions by the Company in relation to the Deed of Non-competition

Our assessment of, or decision in relation to, any investment opportunity or any good faith discussion under the Deed of Non-competition will be determined by our Executive Director(s) and Independent Non-executive Directors who do not have any ongoing role with the AB InBev Group or any material interest in the relevant matter.

Compliance with the Deed of Non-competition

AB InBev will, upon request, provide, and use its reasonable endeavors to procure members of the AB InBev Group to provide, all information necessary for annual review by our Independent Non-executive Directors and will allow, and procure members of the AB InBev Group to allow, subject to confidentiality restrictions imposed by third parties, the Company's representatives and an accounting firm to be appointed by us, access to the financial and corporate records for the Independent Non-executive Directors to determine whether the Deed of Non-competition has been complied with by the AB InBev Group.

We will disclose decisions on matters reviewed by our Independent Non-executive Directors relating to the enforcement of the Deed of Non-competition in our annual report or, where we consider appropriate, by way of an announcement in compliance with the Listing Rules.

Our decision as to enforcement of the Deed of Non-competition will be made by the Independent Non-executive Directors. If required, an independent financial adviser will be appointed to advise the Independent Non-executive Directors.

CORPORATE GOVERNANCE MEASURES

AB InBev undertakes not to compete with us in accordance with the Deed of Non-competition. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflict of interest. In order to further avoid potential conflict of interest, we have implemented the following measures:

- (a) as part of our preparation for the Listing, we have adopted our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, other than certain matters permitted under note 1 to Appendix 3 of the Listing Rules, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the Board meetings on matters in which such Director or his associates has a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the Independent Non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of Executive Directors and Independent Non-executive Directors. Our Independent Non-executive Directors represent at least one third of the composition of our Board which is in compliance with the Corporate Governance Code of the Listing Rules and they are professionals in different

RELATIONSHIP WITH AB INBEV

industries. We believe that our Independent Non-executive Directors will provide a balance of view and independent judgment in the decision making process of our Board and they will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For further details of our Independent Non-executive Directors, see “*Directors and Senior Management – Directors – Independent Non-executive Directors*”;

- (d) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance;
- (e) our Independent Non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by the AB InBev Group and we will disclose decisions on matters reviewed by our Independent Non-executive Directors relating to the compliance with and the enforcement of the Deed of Non-competition in our annual report; and
- (f) the AB InBev Group undertakes to provide all information requested by our Group which is necessary for the annual review by our Independent Non-executive Directors on the AB InBev Group’s compliance with the Deed of Non-competition.

CONFIRMATION OF NO COMPETING BUSINESS

Save as disclosed in this section and the interests of certain of our Directors in the shares in AB InBev and Ambev as set out in “*Appendix V – C. Further Information about the Directors – 1. Interests of the Directors and Chief Executive Officer,*” AB InBev and our Directors confirm that they do not have any interest in a business which competes with or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the Listing Date, the Group entered into certain transactions with the AB InBev Group. Upon the Listing Date, AB InBev will remain as the Company's Controlling Shareholder, and members of the AB InBev Group will become our connected persons.

The following material continuing connected transactions between the Group and the AB InBev Group will continue after the Listing Date (the "**Non-exempt Continuing Connected Transactions**"):

- (1) **Licenses granted to the Group to import, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories:** The AB InBev Group will grant the Group:

- (a) exclusive licenses to import for sale, sell and distribute; and
- (b) non-exclusive licenses to advertise and promote,

products offered for sale under brands that are owned or acquired by or licensed to the AB InBev Group ("**AB InBev Products**") in Asia Pacific ("**Licenses to Import**") pursuant to which the Group will import the relevant AB InBev Products at the import price from the AB InBev Group for sale in the APAC Territories on an exclusive basis.

The Licenses to Import will include on the Listing Date, among others, licenses to import Corona, Beck's, Stella Artois and other US and European brands into the APAC Territories and Budweiser in South Korea, Hong Kong and Japan.

- (2) **Licenses granted to the Group to manufacture, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories:** The AB InBev Group will also grant the Group:

- (a) exclusive licenses to manufacture for sale, sell and distribute; and
- (b) non-exclusive licenses to advertise and promote,

AB InBev Products in the APAC Territories ("**Licenses to Manufacture**") pursuant to which the Group will manufacture the relevant AB InBev Products locally for sale in the APAC Territories on an exclusive basis.

The Licenses to Manufacture will include on the Listing Date, among others, licenses to manufacture Budweiser and Hoegaarden in various countries in the APAC Territories.

- (3) **Deposits made by the Group in AB InBev's cash pool accounts:** Prior to the Listing Date, the Group participated in the AB InBev Group's cash pooling arrangements and will continue to do so for an initial term of eight years after the Listing Date, renewable for successive eight year terms, subject to re-compliance with the Listing Rules.

- (4) **Strategic services provided by the AB InBev Group to the Group:** The AB InBev Group will provide certain strategic advice and support services to members of the Group ("**Strategic Services**").

CONNECTED TRANSACTIONS

- (5) **Procurement services provided by the AB InBev Group to the Group:** The Group has a standard process of procurement of services and products (such as raw materials) which includes sourcing directly from independent third parties or sourcing from other suppliers through the AB InBev Group’s global procurement office. Following the Listing Date, the AB InBev Group will continue to provide procurement services to the Group (“**Procurement Services**”).
- (6) **Administrative services provided by the AB InBev Group to the Group:** The AB InBev Group will provide IT services and other administrative services to the Group (“**Administrative Services**”).

Except for the monetary cap requirement, the announcement and independent shareholders’ approval requirements for which waivers are sought, and have been granted, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Waiver sought
Payment/funds flow from the Group to the AB InBev Group			
Non-exempt continuing connected transactions			
<i>Subject to the reporting, announcement, annual review, and independent shareholders’ approval requirements</i>			
1.	Licenses granted to the Group to import, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories	14A.35, 14A.36 and 14A.53	Waiver from strict compliance with announcement, independent shareholders’ approval and annual caps requirements
2.	Licenses granted to the Group to manufacture, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories	14A.35, 14A.36 and 14A.53	Waiver from strict compliance with announcement, independent shareholders’ approval and annual caps requirements
3.	Deposits made by the Group in the AB InBev Group’s cash pool accounts	14A.35 and 14A.36	Waiver from strict compliance with announcement and independent shareholders’ approval requirements

CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Waiver sought
<i>Exempt from the circular and independent shareholders' approval requirements but subject to the announcement, reporting, and annual review requirements</i>			
4.	Strategic services provided by the AB InBev Group to the Group	14A.35	Waiver from strict compliance with announcement requirement
5.	Procurement services provided by the AB InBev Group to the Group	14A.35	Waiver from strict compliance with announcement requirement
6.	Administrative services provided by the AB InBev Group to the Group	14A.35	Waiver from strict compliance with announcement requirement

Payment/funds flow from the AB InBev Group to the Group

Fully exempt continuing connected transactions

Exempt from the announcement, circular, shareholders' approval, reporting and annual review requirements

7.	Budweiser trademark license agreement	14A.76	Fully exempted <i>de minimis</i> transactions
8.	Licenses granted to the AB InBev Group to import, sell, distribute, advertise and promote the Group's products for sale outside of the APAC Territories	14A.76	Fully exempted <i>de minimis</i> transactions
9.	Licenses granted to the AB InBev Group to manufacture, sell, distribute, advertise and promote the Group's products for sale outside of the APAC Territories	14A.76	Fully exempted <i>de minimis</i> transactions
10.	Strategic services provided by the Group to the AB InBev Group	14A.76	Fully exempted <i>de minimis</i> transactions
11.	Procurement services provided by the Group to the AB InBev Group	14A.76	Fully exempted <i>de minimis</i> transactions
12.	Administrative services provided by the Group to the AB InBev Group	14A.76	Fully exempted <i>de minimis</i> transactions
13.	Cost reimbursements to the AB InBev Group	14A.90	Fully exempted financial assistance
14.	Cost reimbursements to the Group	14A.76	Fully exempted <i>de minimis</i> transactions
15.	Loans and guarantees provided by the AB InBev Group to the Group (including with respect to overdrafts under the AB InBev Group's cash pool accounts)	14A.90	Fully exempted financial assistance

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Licenses granted to the Group to import, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories

On 2 July 2019, the Company and AB InBev entered into the Importation Framework Agreement, as amended on 12 September 2019, effective on the Listing Date for a 25 year term, pursuant to which AB InBev will agree to procure members of the AB InBev Group to grant, subject to limited exceptions, the relevant Group members: (i) exclusive licenses to import for sale, sell and distribute and (ii) non-exclusive licenses to advertise and promote AB InBev Products in the APAC Territories.

The licenses granted will be subject, in particular, to (i) the terms of agreements between the AB InBev Group and third parties existing as of the date of the Importation Framework Agreement and (ii) any limitations in the licenses granted to the AB InBev Group.

The respective Group member and AB InBev Group member shall enter into subsidiary agreements which will set out more specific terms and conditions based on the principles and terms of the Importation Framework Agreement. The subsidiary agreements will set out, among other terms, the licensee and licensor, license scope, territory, duration, import price, delivery and title transfer terms, payment and credit terms, and other license terms.

According to the Importation Framework Agreement, in case of any inconsistency in principles and terms between the subsidiary agreements and the Importation Framework Agreement, the Importation Framework Agreement shall prevail.

Principal terms relating to the Licenses to Import

(A) Term and termination

The Importation Framework Agreement will have a term of 25 years effective on the Listing Date.

The Importation Framework Agreement may be terminated by AB InBev if (a) AB InBev ceases to hold at least 30% of shares of the Company and (b) as to the application of the Importation Framework Agreement to any subsidiary of the Company only, sale or transfer of such Company subsidiary to a third party, or a third party otherwise holding, more than 10% of such subsidiary's shares.

Any subsidiary agreement under the Importation Framework Agreement may be terminated if (a) there is a material breach of the agreement, (b) the exporter discontinues support or maintenance of the relevant product, (c) if an importer fails to meet agreed-upon quality standards for the product, (d) there is non-payment of amounts owed to the exporter, subject to a grace period or (e) upon the parties' mutual written consent. The subsidiary agreement may provide for a sell-off right in case of its termination or expiration.

CONNECTED TRANSACTIONS

(B) Pricing policy

The import price (being the AB InBev Product's cost per unit of volume imported into the APAC Territories) will be determined among the respective parties from time to time on an arm's length basis.

When an AB InBev Product is first introduced to a new territory under the Licenses to Import or if an existing license is renewed, AB InBev and the Company will agree the import price of such product.

The import price for each product will be agreed by AB InBev and the Company based on (a) production cost of the imported product and (b) a mark-up, covering (i) an allocation of certain indirect costs (including logistics cost, overhead cost, depreciation, amortization and other costs as AB InBev and the Company may deem relevant), (ii) distribution royalty component determined using the pricing policies set out for royalty under the Licenses to Manufacture (see below), (iii) an exporter margin set by reference to a transfer pricing benchmark report, or by reference to a historical import agreement entered into between AB InBev and a third party considering such other factors as AB InBev and the Company may deem relevant in the end-market.

Import prices on or prior to the Listing Date

If AB InBev and the Company agree prior to the Listing Date that any existing import price continues to be on an arm's length basis, on normal commercial terms and is fair and reasonable to the Company under an existing agreement, then such import price will continue in effect for the remaining term of such contract subject to the terms of the Importation Framework Agreement.

AB InBev Products in Australia

After the completion of the Australian Disposal, the Importation Framework Agreement will be subject to the Australian Commercial Rights granted to Asahi.

Prior to the completion of the Australian Disposal or if the Australian Disposal is terminated or otherwise not completed, for the purposes of the Importation Framework Agreement: (a) products that would otherwise be AB InBev Products in Australia will be deemed excluded from the definition of AB InBev Products in Australia and (b) Australia will not be considered an APAC Territory.

In addition, if the Australian Disposal is terminated or otherwise not completed, AB InBev will discuss in good faith with the Company in relation to how to deal with such AB InBev Products in Australia in the context of the Importation Framework Agreement.

(C) Adjustment of the pricing mechanism

The import price may be reviewed periodically and adjusted, including retrospectively, to the extent an adjustment is necessary to ensure that the payments are on an arm's length basis as mutually agreed by both parties based on adjustments in accordance with, among others, transfer pricing policies, consumer inflation in the relevant territory in which the product is imported, and producer price inflation.

CONNECTED TRANSACTIONS

(D) Payment arrangement

Generally, invoices will be issued at each shipment of products which must be paid within 20 days following the month of invoice, but the parties may agree different payment arrangements depending on the specific circumstances of each subsidiary agreement.

Historical transaction amounts

The historical transaction amounts of the Licenses to Import are approximately USD174 million, USD296 million and USD72 million for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively.

2. Licenses granted to the Group to manufacture, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories

On 2 July 2019, the Company and AB InBev entered into the Production Framework Agreement, as amended on 12 September 2019, effective on the Listing Date for a 25 year term, pursuant to which AB InBev will agree to procure members of the AB InBev Group to grant, subject to limited exceptions, the relevant Group members: (i) exclusive licenses to manufacture AB InBev Products in consumer-ready form for sale in the APAC Territories, and sell and distribute AB InBev Products in the APAC Territories and (ii) non-exclusive licenses to advertise and promote AB InBev Products in the APAC Territories.

The licenses granted will be subject, in particular, to (i) the terms of agreements between the AB InBev Group and third parties existing as of the date of the Production Framework Agreement, and (ii) any limitations in the licenses granted to the AB InBev Group.

The respective Group member and AB InBev Group member shall enter into subsidiary agreements which will set out more specific terms and conditions based on the principles and terms of the Production Framework Agreement. The subsidiary agreements will set out, among other terms, the licensee and licensor, license scope, territory, duration, royalty, payment and credit terms, quality control, and other license terms.

According to the Production Framework Agreement, in case of any inconsistency in principles and terms between the subsidiary agreements and the Production Framework Agreement, the Production Framework Agreement shall prevail.

Principal terms relating to the Licenses to Manufacture

(A) Term and termination

The Production Framework Agreement will have a term of 25 years effective on the Listing Date.

The Production Framework Agreement may be terminated by AB InBev if (a) AB InBev ceases to hold at least 30% of shares of the Company and (b) as to the application of the Production Framework Agreement to any subsidiary of the Company only, sale or transfer of such Company subsidiary to a third party, or a third party otherwise holding, more than 10% of such subsidiary's shares.

CONNECTED TRANSACTIONS

Any subsidiary agreement under the Production Framework Agreement may be terminated if (a) there is a material breach of the agreement, (b) the licensor discontinues the relevant product, (c) if a licensee fails to meet agreed-upon quality standards for the product, (d) if a licensee fails to meet agreed-upon minimum annual sales volumes, (e) there is non-payment of the amounts owed to the licensor, subject to a grace period or (f) upon the parties' mutual written consent. The subsidiary agreement may provide for a sell-off right in case of its termination or expiration.

(B) Pricing policy

The license royalty will be determined among the respective parties from time to time on an arm's length basis.

The Company and AB InBev will periodically (and in any event not less than once every five years) retain an accounting or tax advisor to produce a benchmark transfer pricing report on global pricing and royalties in the applicable product markets to determine the appropriate market rate royalty bands for products positioned in each relevant market (e.g., Super Premium, Premium, Core+, Core and Value) with respect to the royalty under the Licenses to Manufacture.

When an AB InBev Product is first introduced to a new territory under the Licenses to Manufacture or if an existing license is renewed, AB InBev and the Company will agree the royalty of such product.

The royalty will be assessed as a percentage of net sales. AB InBev and the Company will agree the royalty to each AB InBev Product based on the benchmark transfer pricing report with reference to (a) the positioning of the relevant AB InBev Product in the end-market, (b) comparable royalties charged by the AB InBev Group to current or recently former third-parties, (c) the duration such product has been present in the relevant market and the product introduction strategy, and (d) such other factors as AB InBev and the Company may deem relevant.

Royalties on or prior to the Listing Date

If AB InBev and the Company agree prior to the Listing Date that any existing royalty continues to be on an arm's length basis, on normal commercial terms and is fair and reasonable to the Company under an existing agreement, then such royalty will continue in effect for the remaining term of such contract subject to the terms of the Production Framework Agreement.

AB InBev Products in Australia

After the completion of the Australian Disposal, the Production Framework Agreement will be subject to the Australian Commercial Rights granted to Asahi.

Prior to the completion of the Australian Disposal or if the Australian Disposal is terminated or otherwise not completed, for the purposes of the Production Framework Agreement: (a) products that would otherwise be AB InBev Products in Australia will be deemed excluded from the definition of AB InBev Products in Australia and (b) Australia will not be considered an APAC Territory.

In addition, if the Australian Disposal is terminated or otherwise not completed, AB InBev will discuss in good faith with the Company in relation to how to deal with such AB InBev Products in Australia in the context of the Production Framework Agreement.

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(C) Adjustment of the pricing mechanism

The royalty may be reviewed periodically and adjusted, including retrospectively, to the extent an adjustment is necessary to ensure that the payments are on an arm's length basis as mutually agreed by both parties, including with reference to the benchmark transfer pricing report.

(D) Payment arrangement

Generally, invoices will be issued on a quarterly basis which must be paid within 20 days following the month of invoice, but the parties may agree different payment arrangements depending on the specific circumstances of each subsidiary agreement.

Historical transaction amounts

The historical transaction amounts of the Licenses to Manufacture are approximately USD53 million, USD56 million and USD13 million for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively.

Reasons for and benefits of the Licenses to Import and the Licenses to Manufacture

The sale of AB InBev Products imported and manufactured by the Group contributes significantly to the Company's revenue, representing over 40% of the Group's net revenue in 2018.

The import price payable under the Licenses to Import is determined by reference to the production cost plus mark up.

The royalty payable under the Licenses to Manufacture is determined by reference to the net sales generated from the sale of manufactured AB InBev Products.

While the Group will pay more import price and royalty as AB InBev Products' sales volume increases, such increase of payment to the AB InBev Group will be driven by the sale of AB InBev Products in the APAC Territories through the efforts of the Group rather than other factors within AB InBev's control.

25 year term arrangement of the Licenses to Import and Licenses to Manufacture

Under the requirements of the Listing Rules, the agreement for continuing connected transactions must not exceed three years except in special circumstances where the nature of the transactions requires them to be of a longer period. The Directors believe that the 25 year term arrangement of the Licenses to Import and the Licenses to Manufacture (the "**Licenses**") is appropriate and necessary on the basis of the following:

- given the importance of the Licenses, it is crucial for the Group to secure stable access to AB InBev Products for as long a term as it can negotiate in order to generate associated revenue and cash flows from such sales;

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- the 25 year term provides certainty, comfort and protection to the Company and its distributors, enabling the parties to plan and invest over the longer term; and
- the 25 year term is in line with general practice of the industry and comparable contractual arrangements by fast-moving consumer goods (“FMCG”) companies. Based on research conducted by the Joint Sponsors, it is not uncommon that multinational FMCG companies have similar long-term licensing arrangements and some of the term of such arrangements could be as long as over 40 years.

Implications under the Listing Rules for Licenses to Import and Licenses to Manufacture

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) with respect to each of the Licenses to Import and the Licenses to Manufacture is, on an annual basis, expected to be more than 5%, such transactions are considered to be non-exempt continuing connected transactions subject to reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Waiver from strict compliance with announcement and independent shareholders’ approval requirements

As the Licenses are expected to continue on a recurring and continuing basis and are fully disclosed in this prospectus, the Company considers that strict compliance with the announcement and independent shareholders’ approval requirements would be impractical, unduly burdensome and would impose unnecessary administrative cost upon the Company.

As such, the Company has applied to the Stock Exchange, and the Stock Exchange has granted the Company, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement and (in respect of the Licenses to Import) independent shareholders’ approval requirements under Rule 14A.35 and 14A.36 of the Listing Rules in respect of the Licenses.

Waiver from strict compliance with annual cap requirements

Under Rule 14A.53 of the Listing Rules, the listed issuer must set an annual cap for the continuing connected transactions. The Directors believe that is impracticable and extremely difficult to set annual caps for the Licenses. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the annual cap requirements on the basis, and (where applicable) conditional on, the following and allowed us not to set annual caps for transactions contemplated under the Licenses within their terms, being 25 years:

- **A fixed annual cap will limit the business development of the Company.** Given the sale of AB InBev Products imported and manufactured by Group contribute significantly to the Company’s revenue, setting annual caps with fixed monetary amounts or percentage based on revenues for the Licenses would place an arbitrary ceiling on the sale by the Company of AB InBev Products, and therefore the Company’s revenue, which will hinder its development and will not be in the interests of the Company and its shareholders, including the minority shareholders.

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- **Impracticable and extremely difficult to set annual caps.**
 - It is impracticable and extremely difficult to set meaningful annual caps considering the long term nature (25 years) of the Licenses as it would involve making assumptions on the future performance of, and AB InBev Products sold by, the Company over a period of up to 25 years.
 - AB InBev believes that the revenues generated from the sale of AB InBev Products (and therefore the related fees payable under the Licenses by the Company) should increase over the life of the Licenses, although it is not possible to predict with any degree of accuracy such revenues or the proportion of Group's total revenues that will be represented by products imported or manufactured by Group under the Licenses.
 - In addition, it is impossible to predict other factors which may impact the Company's revenues over such a period, such as inflation, currency fluctuations, growing market maturity, expansion into new brands, products or categories and expansion into new markets. Accordingly, an annual cap in monetary terms will have to be set very high if it is not to stifle the growth of the Company and such a cap may become misleading or meaningless to shareholders, investors and the market.
- **A formula-based pricing mechanism without monetary annual caps is the only practical solution.**
 - As opposed to monetary annual caps, fees calculated with reference to certain pricing policies is the only practical solution. The Company and AB InBev will periodically (and in any event not less than once every five years) retain an accounting or tax advisor to produce a benchmark transfer pricing report on global pricing and royalties.
 - The report will determine the appropriate market rate royalty bands for products positioned in each relevant market with respect to the royalty under the Licenses to Manufacture to ensure that its pricing policies remain on an arm's length basis.
- **A fixed cap adds uncertainty to the business operation/management of the Company.** Given the sale of AB InBev Products is a core part of the Company's business, it is necessary for the Company to apply for a waiver from setting annual caps for the term of the Licenses. If the absence of a cap is subject to the approval of the independent shareholders of the Company after three years or a longer period, the uncertainty of independent shareholders' approval would give rise to significant uncertainty as to whether the Licenses will be functional within their whole terms, therefore potentially affecting the Company's relationship with its suppliers and distributors.
- **Material changes subject to the approval of shareholders.** Any material change to the terms of the Licenses, including the basis of calculating the fees under the Licenses, would be subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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- **Full disclosure.** This prospectus will clearly disclose the key terms including pricing policies of the Licenses. The Company will disclose in its annual reports the aggregate fees paid under each of the Licenses to Import and Licenses to Manufacture.
- **Directors' view.** The Directors, including the Independent Non-executive Directors, confirmed that the absence of annual caps is fair and reasonable to the Company and the shareholders as a whole.
- **Joint Sponsors' view.** In light of the nature of the transactions under the Licenses, the pricing principles and the impracticality of setting definitive caps over an extended term of the licensing agreements, as well as the market precedents, the Joint Sponsors concur with the view of the Directors that the absence of annual caps is fair and reasonable to the Company and its shareholders as a whole and would allow more flexibility to the Company especially considering future business development and business expansion.

3. Cash Pooling Arrangements in place between the AB InBev Group and the Group

The Group participates in the AB InBev Group's cash pooling arrangements (the "**Cash Pooling Arrangements**"), under which funds from different participants are consolidated into the AB InBev Group's cash pool accounts with the London branch of J.P. Morgan Chase Bank N.A. (the "**Pooling Agent**"). Participants may make deposits or draw overdrafts from the cash pool (which also allows participants access to an overdraft facility) and Group members and AB InBev Group members are treated the same under the arrangements. The intention of the Cash Pooling Arrangements is to enhance efficiency in the deployment of funds between participants and leverage the collective bargaining power of the combined group regarding terms for deposits and overdrafts. The Pooling Agent offers the services under the Cash Pooling Arrangements as part of its usual and ordinary course of business.

The Group intends to continue to participate in the AB InBev Group's physical and notional Cash Pooling Arrangements at its discretion for an initial term of eight years after the Listing Date, renewable for successive eight year terms, subject to re-compliance with the Listing Rules. There is no immediate plan to set up the Group's own cash pool following listing.

Current Cash Pooling Arrangements within the Group

There are two forms of cash pooling in place: physical and notional. The physical Cash Pooling Arrangement consolidates cash from the physical pool participants' bank accounts on a regular basis into a centralized cash pool account. The notional Cash Pooling Arrangement notionally consolidates the cash balance from the notional cash pool participants' own bank accounts and does not transfer the bank balance to a centralized cash pool account.

In China, the relevant members of the Group participate in an intra-Group cross-border cash pool with certain Hong Kong subsidiaries of the Group, which in turn participate directly in the centralized notional cash pool with their own bank accounts opened with the Pooling Agent. This arrangement is effectively one:

- where a member of the Group in Hong Kong is a notional pool depositor, it deposits the cash into an account opened under its name with the Pooling Agent in London; and

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- where a member of the Group in Hong Kong is a notional pool borrower, it draws an overdraft with its account opened under its name with the Pooling Agent and the overdraft amount will be lent to such member by the Pooling Agent against cash in the cash pool.

Relevant members of the Group may participate in the physical cash pool through a centralized bank account of Cobrew NV/SA, a wholly-owned subsidiary of AB InBev, opened with the Pooling Agent. The arrangement would be effectively one that:

- where a member of the Group is a physical pool depositor, it creates a lending relationship between such Group member (as lender) and such AB InBev Group member (as borrower); and
- where a member of the Group is a physical pool borrower, it creates a borrowing relationship between such Group member (as borrower) and such AB InBev Group member (as lender).

Under the notional Cash Pooling Arrangements, the deposits and overdrafts from the bank accounts are held with the Pooling Agent under the name of the cash pooling participants from the Group. There is therefore no lending or borrowing relationship between the Group and members of the AB InBev Group, although each participant is jointly and severally liable to the Pooling Agent for other participants' obligations as described below.

Certain members of the Group, for example in Japan, also currently receive current account services to a much smaller extent from Cobrew NV/SA, with whom they may make deposits or draw overdrafts. Following the Listing Date, such services will be part of, and be subject to the same terms and conditions of, the Cash Pooling Arrangements.

No entities of the Group from India, Vietnam and South Korea currently participate in the Cash Pooling Arrangements as such arrangements are not permitted in their respective jurisdictions, but they may participate in the future if laws of the relevant jurisdiction permit participation in the Cash Pooling Arrangements.

Listing Rules implications for the deposits made by the Group in AB InBev Group's cash pool accounts

As certain members of the Group are expected to participate in the AB InBev Group's notional cash pooling with the Pooling Agent or in the physical cash pooling with Cobrew NV/SA, a wholly-owned subsidiary of the AB InBev Group, as cash pool header, or receive current account services from Cobrew NV/SA, such financial assistance constitutes a continuing connected transaction with the AB InBev Group. Furthermore, as each of the notional cash pool participants is jointly and severally liable to the Pooling Agent for other notional cash pool participants' obligations and each participant's liability is capped at its credit balance of its pooled account, the Group is jointly and severally liable to the Pooling Agent for the AB InBev Group's obligations up to the Group's credit balance of their pooled accounts; accordingly, after the Listing Date, the maximum liability that could potentially be incurred by the Group will be: (i) the amount of deposits in the Group's cash pool accounts in the notional cash pool, and (ii) the amount of deposits to the cash pool header in the physical cash pool or in the current accounts with Cobrew NV/SA, all of which will be subject to the maximum daily caps on the amount of deposits.

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As each of the applicable percentage ratios of the maximum daily amount of deposits made by the Group in the AB InBev Group's cash pool accounts is expected to exceed 5% but is less than 25%, such deposits constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the Cash Pooling Arrangements

- **Enhancement of capital management efficiency:** The centralized cash management exercise combining physical and notional cash pooling enables cash surpluses from certain members of the Group and the AB InBev Group to cover the funding requirements of other members, including members of the Group, which can reduce the need for external financing for the Group.
- **Favorable interest rates:** Given the size of the AB InBev Group's cash pool (including the Group's cash pool), the Group is likely to receive more favorable terms for deposits and overdrafts by remaining in the AB InBev Group's cash pool than it would by setting up a separate Group cash pool or by having separate bank accounts for Group members where some have deposits and others have overdrafts or loans.
- **Better use of short term cash surpluses:** Where the Group has short term cash surpluses, the Cash Pooling Arrangements allow the Group to receive interests on them, thereby contributing to shareholder value.
- **Efficiency and ease of withdrawal:** Under the Cash Pooling Arrangements, the Company can withdraw from the cash pool at any time during business hours in immediately available funds, up to the maximum overdraft amount, without onboarding requirements, in a variety of currencies, allowing the Group to have access to liquidity faster than from other banks or financial institutions. In the future, as the Company's business grows, the Company and AB InBev will consider increasing the maximum overdraft amount to reflect the growing size of the Company's operations, offering additional liquidity for the Group.
- **Better understanding and familiarity with business needs:** As the Group has been part of the AB InBev Group's Cash Pooling Arrangements, the AB InBev Group is familiar with the capital structure, business operations, capital requirements and cash flow model of the Group, enabling it to be in a better position to anticipate the Group's funding needs. In addition, access to the AB InBev Group's cash pool also enables the Company to make better use of the financial advice (including treasury advice) services under the Strategic Services Framework Agreement which the Group will receive from the AB InBev Group by having the same terms and relationship with the Pooling Agent in respect of cash pooling.
- **Reduction of counterparty risk:** Given the notional cash pool accounts are held with the Pooling Agent, the counterparty risk is lower than accounts held with local or regional banks in the APAC Territories. In respect of physical cash pooling, although there is no separate credit rating of Cobrew NV/SA, the Group will have access to Cobrew NV/SA's annual financial statements filed with, and publicly available via the website of, the National Bank of Belgium to monitor any counterparty risk. The Group has also put in place internal control measures as described below to manage counterparty risk, including management and monitoring of the Cash Pooling Arrangements by the Group's experienced treasury

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team; however, as is the case with bank deposits, it is not possible to completely eliminate the risk of failing to fully receive the funds deposited with accounts headed by Cobrew NV/SA, as disclosed in *“Risk Factors – Risks Relating to Our Business – We are subject to risks from our participation in certain cash pooling arrangements with the AB InBev Group.”*

- **Additional option for liquidity:** The Group may continue to deposit with or lend from banks or financial institutions and it is at its sole discretion to deposit or lend from the AB InBev Group’s cash pool exclusively (or at all) under the Cash Pooling Arrangements. The Cash Pooling Arrangements provide a more efficient alternative for the Group to source liquidity for its future business development, including acquisitions, and encourage other banks and financial institutions to provide more competitive terms to the Group.

The Directors (including the Independent Non-executive Directors) of the Company are of the view that the Cash Pooling Arrangements are in the ordinary and usual course of business of the Group, are on normal commercial terms or better, are fair and reasonable and are in the interests of the Group.

Principal terms of the Cash Pooling Arrangements

- **Term:** Given the significance of the existing Cash Pooling Arrangements with the AB InBev Group, the Company will enter into a cash pooling agreement for a term of eight years effective on the Listing Date, which is renewable automatically for successive terms of eight years. When the cash pooling agreement is renewed upon the expiry of the initial or successive eight year term, the Company will be required to comply with all the applicable reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules at that time in respect of the renewal subject to any waivers which may be granted by the Stock Exchange from strict compliance with any of the applicable requirements.
- **The Company’s sole discretion to use cash pooling:** While the Cash Pooling Arrangements have an initial term of eight years, it does not create any binding obligation or commitment on the part of the Group to participate in such arrangements. As such, the Company could, at its own discretion, reduce the scale of its participation or cease to participate at any time during the term. The AB InBev Group has no right under the Cash Pooling Arrangements to require the Group to make deposits or withdrawals in its accounts. Accordingly, the eight year term for the arrangements aims to provide a readily available framework for the Group, should it choose to do so, to access the liquidity provided through the Cash Pooling Arrangements.
- **Joint and several liability for notional Cash Pooling Arrangements:** Under the notional Cash Pooling Arrangements, each participant is jointly and severally liable to the Pooling Agent for other participants’ obligations under the cash pooling agreements entered into with the Pooling Agent. However, the joint and several liability of each participant is capped to the extent of its individual credit balance in its pooled account under the terms of the cash pooling agreements entered into with the Pooling Agent (rather than due to the parent guarantee provided by AB InBev as described below) and the Pooling Agent is only allowed to seize funds from the pooled accounts (and not participants’ other accounts).

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- **Several liability for physical Cash Pooling Arrangements:** Under the physical Cash Pooling Arrangements, each participant is severally (but not jointly) liable to Cobrew NV/SA and therefore each participant is only liable to the extent of the amount it has withdrawn from Cobrew NV/SA, and the maximum risk exposure of each participant is the amount it deposited with Cobrew NV/SA.
- **No security:** No security is provided by the Group in respect of the cash pool.
- **AB InBev guarantee:** AB InBev has provided a parent guarantee to the Pooling Agent for the due and punctual discharge of the liabilities arising out of the notional Cash Pooling Arrangements. Such guarantee is not applicable to the physical Cash Pooling Arrangements as participants under the physical Cash Pooling Arrangements are only severally (but not jointly) liable for the individual amount borrowed from Cobrew NV/SA.
- **Participants:** Only subsidiaries of AB InBev (and of the Company) can participate in the Cash Pooling Arrangements, otherwise such participant will be removed from the arrangements, in which case, such participant shall be entitled to the funds deposited or be required to repay any overdraft (as applicable).
- **Change of Pooling Agent:** AB InBev will from time to time review the risk profile of the Pooling Agent and the interest rates provided by the Pooling Agent to ensure that the counterparty risk remains appropriate and the interest rates are competitive. If a change of Pooling Agent results in a material change in the terms of the Cash Pooling Arrangements, the Company will re-comply with the requirements of Chapter 14A of the Listing Rules.

Waiver from strict compliance with announcement and independent shareholders' approval requirements

As the deposits made by the Group in the AB InBev Group's cash pool accounts are expected to continue on a recurring and continuing basis and are fully disclosed in this prospectus, the Company considers that strict compliance with the announcement and independent shareholders' approval requirements would be impractical, unduly burdensome and would impose unnecessary administrative cost upon the Company.

As such, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Rule 14A.35 and 14A.36 of the Listing Rules in respect of the Cash Pooling Arrangements.

Eight year term arrangement

Based on the following reasons and grounds, the Company considers that the eight-year term for the Cash Pooling Arrangements is appropriate and necessary:

- given the benefits of the Cash Pooling Arrangements as set out above, it is necessary for the Group to secure a stable long-term arrangement of cash pooling services so that it is protected against short term and local market disruptions and it has a readily available avenue to access funds and liquidity;

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- as the Cash Pooling Arrangements are part of the AB InBev Group's *modus operandi* from an operational point of view, the eight year term allows continuity of the existing arrangements and provides certainty, comfort and protection to Group, and reduces the administrative burden of re-appointing a cash pooling service provider annually or every three years;
- the eight year term provides long term certainty allowing the Group to plan its funding requirements for capital expenditure and merger and acquisition activities over the longer period. If the Cash Pooling Arrangements were to be renewed frequently, the uncertainty of sources of funds may hinder the Group's ability to plan efficiently in the longer term, thereby disrupting its business;
- when the Group requires funding, for example to construct a new brewery or invest in equipment or facilities, it could draw overdrafts from the cash pool which could remain over a longer period rather than negotiate individual loans with third party financial institutions, which would divert management time and resources from concentrating on the underlying business;
- the Group has over 500 bank accounts held with different banks across the APAC Territories. Subject to local regulations of such jurisdiction, excess cash from the relevant accounts are consolidated into 11 bank accounts which participate in the Cash Pooling Arrangements, allowing the Group to benefit from the interest rates negotiated by AB InBev centrally;
- the long term nature of the arrangements provides comfort that the Group would not be required to spend unnecessary time, costs and resources to set up alternative cash pooling arrangements or negotiate the terms of short term deposits with various banks, which would be administratively burdensome;
- the interest rates for individual accounts within the Group would unlikely be as attractive as the rates provided to the Group on a consolidated basis through the Cash Pooling Arrangements; and
- the eight year term is in line with normal business practice in an international spin off context and is consistent with normal industry practice. Based on the research conducted by the Joint Sponsors, there are multinational groups which put in place similar cash pooling arrangements with perpetual term.

Pricing policy

(A) Deposit interest rates

In respect of the notional cash pool, the deposit interest rates offered by the Pooling Agent will be the base rate of the Pooling Agent for overnight cash positions. Such base rate will be calculated by reference to (i) the prevailing overnight market rates and (ii) the competitive rates driven by the Pooling Agent's ability to deploy cash in daily currency markets.

In respect of the physical cash pool, the deposit interest rates offered by Cobrew NV/SA will be set with reference to the deposit interest rates offered by the Pooling Agent or by other third party financial institution providing cash pooling services to Cobrew NV/SA.

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The terms of the deposits offered to the Group by the Pooling Agent or Cobrew NV/SA in respect of the notional and physical cash pool will at all times reflect the terms offered by the Pooling Agent or by other third party financial institution to the AB InBev Group for deposits (without any additional charges) and will be on arm's length basis.

(B) Overdrafts interest rates

In respect of the notional cash pool, the interest rates offered on overdrafts by the Pooling Agent will be set with reference to the base rate of the Pooling Agent for overnight cash positions. Such base rate will be calculated by reference to: (i) the prevailing overnight market rates and (ii) the competitive rates driven by the Pooling Agent's ability to deploy cash in daily currency markets.

In respect of the physical cash pool, the interest rates offered on overdrafts by Cobrew NV/SA in respect of the physical cash pool will be set with reference to the interest rates offered on overdrafts by the Pooling Agent or by other third party financial institution providing cash pooling services to Cobrew NV/SA.

The terms of the overdrafts offered to the Group by the Pooling Agent or Cobrew NV/SA in respect of the notional and physical cash pool shall at all times reflect the terms offered by the Pooling Agent or by other third party financial institution to the AB InBev Group for overdrafts (without any additional charges) and will be on arm's length basis.

Overdrafts made from the cash pool do not require the Group to pledge any security over its assets.

(C) Service fee

Cobrew NV/SA charges all cash pool participants a service fee for participation in its physical cash pooling arrangements based on a cost plus basis. Based on unaudited internal treasury data currently available, the fee charged to the Group for the year 2017 was approximately EUR40,000, respectively. Such cash pooling service fee is charged on normal commercial terms and will constitute a fully de minimis exempted transaction under Rule 14A.76 of the Listing Rules.

Historical transaction amounts

Net balance

The Group has traditionally been a net contributor to the cash pool by way of deposits. In return, the Company receives interest on those deposits. In particular:

- (a) the Group has had a net balance throughout the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019;

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- (b) as at 31 December 2017 and 2018 and 31 March 2019, the net balance in the Group's cash pool accounts was approximately USD202 million, USD739 million and USD546 million, respectively¹; and
- (c) during the year ended 31 December 2018 and the three months ended 31 March 2019, the ranges of daily net balance in cash pool accounts of the Group's Hong Kong entities (including those placed from the PRC entities via the Hong Kong entities) were between approximately USD96 million and USD748 million and USD537 million and USD737 million, respectively.

Highest daily deposits and overdraft amounts

The highest daily deposits amounts and highest daily overdraft amounts in the year ended 31 December 2018 and the three months ended 31 March 2019 (reached on different dates) of the Group's Hong Kong entities (including those placed from the PRC entities via the Hong Kong entities) were approximately as follows:

	Year ended 31 December 2018	Three months ended 31 March 2019
Highest daily deposits amount	USD793 million	USD781 million
Highest daily overdraft amount	USD189 million	USD43 million

Lowest and highest amounts of deposits

During the year ended 31 December 2018 and the three months ended 31 March 2019, the ranges of deposits placed by the Hong Kong entities (including those placed from the PRC entities via the Hong Kong entities) within the Group were approximately as follows:

	Year ended 31 December 2018	Three months ended 31 March 2019
Lowest amount of deposits placed	USD238 million	USD581 million
Highest amount of deposits placed	USD793 million	USD781 million

¹ As at 31 December 2017, the deposits placed in the notional cash pool were approximately USD247 million (offset by overdrafts of USD45 million). As at 31 December 2018, the deposits placed in the notional cash pool were approximately USD782 million (offset by overdrafts of USD43 million). As at 31 March 2019, the deposits placed in the notional cash pool were approximately USD591 million (offset by overdrafts of USD45 million). For the purposes of the historical financial information of the Group, during the Track Record Period and subsequently thereafter until immediately prior to the Listing, amounts in the physical cash pool are included within AB InBev capital which reflects the net funding position between the Group and AB InBev. After the Listing, balances in the physical cash pool will create a receivable or payable between the relevant Group member and AB InBev Group member. Please refer to notes 1.2 and 2.28 in "Appendix IA – Accountant's Report".

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Caps

The Company will set the following maximum daily caps on the amount of deposits (including interest accrued thereon) in the Cash Pooling Arrangements during the eight year term:

	2019	2020	2021	2022	2023	2024	2025	2026
Maximum daily amount of deposits	USD1.95 billion	USD1.95 billion	USD2.45 billion	USD2.85 billion	USD2.85 billion	USD3 billion	USD3.25 billion	USD3.5 billion

The maximum daily caps have been determined after considering the historical transaction amounts, the anticipated interest on deposits and the following factors which are expected to increase the amount of deposits after the Listing Date:

- **Intercompany loan interests:** As part of the Reorganization, existing intercompany loan interests between the Group and the AB InBev Group will be restructured into the Group, therefore reducing the Group's borrowings and over time increasing the cash deposited into the cash pool;
- **Increase in PRC cash pooling limit:** The Company plans to move the Group's PRC cash pooling arrangements during 2019 to the Shanghai Free Trade Zone, where it will be allowed to deposit 100%, rather than the current 50%, of the equity of the Group's PRC entities that participate in the intra-Group cross-border cash pooling arrangements, and therefore would benefit from additional funds being allowed to be deposited in the cash pool;
- **Funds held in Cobrew NV/SA current accounts:** Following the Listing Date, funds currently held in current accounts with Cobrew NV/SA will be part of, and be subject to the same terms and conditions of, the Cash Pooling Arrangements, therefore increasing the daily caps for the amount of deposits; and
- **Buffer:** A reasonable buffer of around 10% to ensure that the cap will allow the Group to benefit from the Cash Pooling Arrangements as much as its capital allocation requires.

As the entire net proceeds from the Global Offering will be used immediately to repay the Shareholder Loan (as further described in "*History, Development and Reorganization – Our Reorganization*"), the amount of deposits in the Cash Pooling Arrangements will not be increased as a result of the Global Offering. As such, the Company did not consider the net proceeds from the Global Offering when determining the maximum daily caps.

Listing Rules implications for overdrafts provided by the AB InBev Group's cash pool accounts to the Group

As the overdrafts drawn by the Group provided by the AB InBev Group's cash pool accounts to Group will be conducted on normal commercial terms or better and the relevant overdrafts will not be secured by the assets of the Group, such overdrafts will be exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

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Internal controls for the Cash Pooling Arrangements

The AB InBev Group and the Group will put in place the following internal control measures:

- **Experienced staff** – both the AB InBev Group and the Group will continue to have experienced treasury staff overseeing and monitoring the operation of the cash pool.
- **Independent quotes** – the Group's treasury team will review quotes from independent financial institutions for similar deposit services on a regular basis to ensure the rates provided by the Pooling Agent are on normal commercial terms or better.
- **Access to information** – the Company will have access to information at its convenience and can check via an online system the status of its deposits and overdrafts at any time. AB InBev will also provide any other information relating to the Cash Pooling Arrangements to the Group upon request.
- **Automatic alerts** – the Company will set up an alert system when the total deposits reach 80%, 90% and 95% of the cap.
- **Close monitoring** – the Group's treasury team will closely monitor the Cash Pooling Arrangements and check the maximum daily balances on a regular basis to ensure the relevant amounts will not exceed the cap.
- **Use of deposits** – the Company will inform AB InBev of its funding requirements regularly to ensure efficient utilization by the Group of available funds. For the avoidance of doubt, the AB InBev Group does not and will not restrict the Group from depositing or withdrawing funds within the overdraft limit.
- **Annual inspection** – the Group's auditors will review and confirm the transactions under the Cash Pooling Arrangements have been entered into in accordance with the cash pooling agreement and the cap has not been exceeded. AB InBev will facilitate any annual inspection by the Company, including inspection of all information and records required by the Company's auditors to report on the relevant transactions.
- **INED confirmation** – the Independent Non-executive directors of the Company will conduct annual review of the Cash Pooling Arrangements and confirm that the transactions have been entered into on normal commercial terms or better, the terms are fair and reasonable and in the overall interests of the shareholders as a whole.

4. Strategic Services provided by the AB InBev Group to the Group

On 2 July 2019, the Company and AB InBev entered into the Strategic Services Framework Agreement effective on the Listing Date for a 10 year term, pursuant to which AB InBev will agree to procure members of the AB InBev Group to provide strategic advice and support services in relation to (1) management support, (2) marketing, (3) supply, (4) human resources, (5) finance, (6) legal and corporate affairs, and (7) innovation and R&D, to members of the Group.

CONNECTED TRANSACTIONS

The respective Group member and AB InBev Group member shall enter into subsidiary agreements which will set out more specific terms and conditions based on the principles and terms of the Strategic Services Framework Agreement. The subsidiary agreements will set out, among other terms, the service provider and recipient, duration, price, payment terms and other service terms.

According to the Strategic Services Framework Agreement, in case of any inconsistency in principles and terms between the subsidiary agreements and the Strategic Services Framework Agreement, the Strategic Services Framework Agreement shall prevail.

Principal terms relating to the Strategic Services provided to the Group

(A) Term and termination

The Strategic Services Framework Agreement will have a term of 10 years effective on the Listing Date.

The Strategic Services Framework Agreement may be terminated by AB InBev if (a) AB InBev ceases to hold at least 30% of shares of the Company and (b) as to the application of the Strategic Services Framework Agreement to any subsidiary of the Company only, sale or transfer of such Company subsidiary to a third party, or a third party otherwise holding, more than 10% of such subsidiary's shares.

Any subsidiary agreement under the Strategic Services Framework Agreement may be terminated if (a) there is a material breach of the agreement, (b) there is non-payment of amounts owed thereunder, subject to a grace period, or (c) upon the parties' mutual written consent.

(B) Pricing policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis.

Costs incurred by the AB InBev Group to deliver the strategic services (except for certain innovation and R&D services) will be centralized and mapped onto cost and functional centers, which will be on-charged to the service recipients. Where services directly benefit a particular service recipient, the costs will be directly charged to such service recipient. Where services benefit a number of service recipients (some of which are subsidiaries of the Group and others are other subsidiaries of AB InBev), the costs will be allocated based on specific direct cost drivers, or indirect allocation keys, which reasonably reflect the service recipients' economic benefit from such services. AB InBev and the Company will agree the direct and indirect allocation keys intended to reflect the benefit received by each subsidiary of the Company from such strategic service.

The allocated costs will be subject to a mark-up determined on an arm's length basis in accordance with accepted methods of transfer pricing, such as comparable uncontrolled price transfer pricing method, in accordance with a benchmark transfer pricing report prepared by an accounting or tax advisor.

For technical value engineering projects provided under innovation and R&D services, the fee charged will be calculated based on a percentage of savings generated by the technological innovations made available to the service recipient. The initial fee in 2019 will be based on 50% of savings generated by such technological innovations.

CONNECTED TRANSACTIONS

(C) Adjustment of the pricing mechanism

The mark-up or fee payable may be reviewed periodically and adjusted, including retrospectively, to the extent an adjustment is necessary to ensure that the payments are on an arm's length basis as mutually agreed by the parties.

(D) Services provided

The following strategic services will be provided, including, among others, the provision of global advisory services, implementation of policies, guidelines, and best practices, provision of training relating to:

- (1) Management support – executive management support and group audit support.
- (2) Marketing – implementation and monitoring of globally developed marketing and sales policies, guidelines, strategies and advertising campaigns; global brand management; pricing analyses; marketing excellence training program; development of sales processes technology and systems; portfolio management services; route to market and revenue management support.
- (3) Supply – technical support, research and development and consultancy in relation to logistics (supply chain planning, warehousing and transportation), process optimization, brewery operations; quality control for global brands and licensed products; coordination of logistics with third party distributors; standardization of breweries and distribution process.
- (4) Human resources – implementation of global people policies and cycle; advice on talent recruitment; learning and development initiatives; leadership cultivation.
- (5) Finance – global budgeting and business performance, investor relations; internal controls and tax, treasury and risk management.
- (6) Legal and corporate affairs – global consultancy on legal and compliance matters; protection of global brands; global communications and media relations.
- (7) Innovation and R&D – implementation of global innovation and technology and R&D activities including technical value engineering projects and commercial consumer driven and brand driven innovation projects.

(E) Payment arrangement

Generally, invoices will be issued on a monthly basis which must be paid within 20 days following the month of invoice, but the parties may agree different payment arrangements depending on the specific circumstances of each subsidiary agreement.

CONNECTED TRANSACTIONS

Historical transaction amounts and annual caps

During the Track Record Period, the transaction amounts for the Strategic Services provided to the Group and Administrative Services provided to the Group (as described below) were recorded on a combined basis. The historical figures of the Strategic Services and Administrative Services provided to the Group are USD17 million, USD16 million and USD6 million for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively.

The annual caps of the Strategic Services and Administrative Services to be provided for each of the three years ending 31 December 2019, 2020 and 2021 are USD34 million, USD44 million and USD55 million, respectively.

The annual caps have been calculated on the basis of the historical transaction amounts and the anticipated services and estimated fees that will be provided in the coming years. The historical service fees excluded certain service fees that were borne by the AB InBev Group and were not charged back to the Group. It is anticipated that following the Listing, the cost of all Strategic Services and Administrative Services provided to the Group would be borne by the Group rather than the AB InBev Group.

At the end of 2021, the Company will re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, where and if applicable, including the requirements for the setting of new monetary annual caps for the maximum aggregate fees payable for the Strategic Services for an additional three year period.

5. Procurement Services provided by the AB InBev Group to the Group

On 2 July 2019, the Company and AB InBev entered into the Procurement Services Framework Agreement effective on the Listing Date for a 10 year term, pursuant to which AB InBev will agree to procure members of the AB InBev Group to provide procurement services to members of the Group.

The respective Group and AB InBev Group member shall enter into subsidiary agreements which will set out more specific terms and conditions based on the principles and terms of the Procurement Services Framework Agreement. The subsidiary agreements will set out, among other terms, the service provider and recipient, duration, price, payment terms and other service terms.

According to the Procurement Services Framework Agreement, in case of any inconsistency in principles and terms between the subsidiary agreements and the Procurement Services Framework Agreement, the Procurement Services Framework Agreement shall prevail.

Principal terms relating to the Procurement Services provided to the Group

(A) Term and termination

The Procurement Services Framework Agreement will have a term of 10 years effective on the Listing Date.

CONNECTED TRANSACTIONS

The Procurement Services Framework Agreement may be terminated by AB InBev if (a) AB InBev ceases to hold at least 30% of shares of the Company and (b) as to the application of the Procurement Services Framework Agreement to any subsidiary of the Company only, sale or transfer of such Company subsidiary to a third party, or a third party otherwise holding, more than 10% of such subsidiary's shares.

Any subsidiary agreement under the Procurement Services Framework Agreement may be terminated if (a) there is a material breach of the agreement, (b) there is non-payment of amounts owed thereunder, subject to a grace period, or (c) upon the parties' mutual written consent.

(B) Pricing policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis.

The fee charged to provide the procurement services will be calculated based on a percentage of realized and demonstrated annual cost savings capped by a percentage of the service recipient's direct and indirect annual spend for products and services in respect of which the service recipient receives procurement services. Realized and demonstrated annual cost savings is composed of variable industrial cost savings, indirect savings (cost savings or increase, cost avoidance, value creation), and variable logistic costs savings.

The initial fee in 2019 will be based on 50% of realized and demonstrated annual cost savings capped by 6% of the service recipient's annual strategic spend categories.

The Group adopts a standard process of procurement of services and products from suppliers which include sourcing directly from independent third parties or sourcing from other suppliers through the AB InBev Group's global procurement office. The formulae used to calculate the fee payable for the procurement services provided by the AB InBev Group is designed to motivate both the service recipients and the AB InBev Group's centralized procurement function to achieve cost savings for the service recipients.

(C) Adjustment of the pricing mechanism

The split of cost savings and the cap may be reviewed periodically and adjusted, including retrospectively, to the extent necessary to ensure the payments are on an arm's length basis as mutually agreed by the parties.

(D) Payment arrangement

Generally, invoices will be issued three times per year which must be paid within 20 days following the month of invoice, but the parties may agree different payment arrangements depending on the specific circumstances of each subsidiary agreement.

CONNECTED TRANSACTIONS

Historical transaction amounts and annual caps

The historical figures of the Procurement Services provided to the Group for the relevant period are USD49 million, USD42 million and USD(0.3) million¹ for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019, respectively.

The annual caps of the Procurement Services to be provided for each of the three years ending 31 December 2019, 2020 and 2021 are USD59 million, USD71 million and USD85 million, respectively.

The annual caps have been calculated on the basis of the historical transaction amounts and the anticipated procurement services to be provided and estimated future cost savings and strategic spend categories based on currently available information to the Company. As the procurement fee is calculated as a percentage of realized and demonstrated annual cost savings and the maximum cap is based on a percentage of the service recipient's annual strategic spend categories, it is difficult to anticipate the estimated fee, and as such, the Company has included a reasonable buffer of 20% in the annual caps.

At the end of 2021, the Company will re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, where and if applicable, including the requirements for the setting of new monetary annual caps for the maximum aggregate fees payable for the Procurement Services for an additional three year period.

Reasons for and benefits of the Strategic Services and Procurement Services

Prior to the Listing Date, the AB InBev Group has been providing Strategic Services and Procurement Services to the Group. Such arrangements are part of the AB InBev Group's *modus operandi* from an operational point of view and the transactions are entered into by the Group in the ordinary and usual course of business based on the Company's business needs in order to carry out and support the Company's business activities. The Company is able to select freely among connected persons or independent third parties to provide such services.

The Strategic Services provided to the Group allow the Group to benefit from AB InBev's global industry experience and knowledge to enhance the effectiveness of regional management in all areas of activities, as well as allowing AB InBev to support its brands licensed to the Group under the Licenses by providing global management support, legal and corporate affairs, human resources, finance services, marketing, sales and supply services to Group that are aligned with the global brand and strategy of AB InBev. For example,

- AB InBev's global legal team is responsible for ensuring the protection of intellectual properties of the global brands;
- AB InBev's global finance team is able to provide advice regarding hedging of commodities specific to the beer industry; and
- AB InBev's global human resources team provides industry-specific learning and development programs.

¹ The amount incurred by the Group for the first three months of 2019 was negative as a result of a credit note issued by the AB InBev Group in 1Q2019 resulting from the true-up of the originally estimated transaction amount in 2018.

CONNECTED TRANSACTIONS

The Procurement Services provided to the Group allow the Group to remain competitive by leveraging the economies of scale and bargaining power of the AB InBev Group to source products (such as raw materials) and services required for the Company's operations from third parties at a lower cost than if the Group had sourced such products and services on its own or through an independent third party procurement agent. This is also an efficient way to facilitate maintaining the quality of AB InBev Products manufactured by the Group consistent and aligned with the quality of those manufactured globally by the AB InBev Group.

10 year term arrangement for the Strategic Services and the Procurement Services

Under the requirements of the Listing Rules, the agreement for continuing connected transactions must not exceed three years except in special circumstances where the nature of the transactions requires them to be of a longer period. The Directors believe that the 10 year term arrangement of the Strategic Services and the Procurement Services is appropriate and necessary on the basis of the following:

- the 10 year term provides certainty, stability and protection to the Group that it can continue to leverage the AB InBev Group's global industry knowledge and experience in the form of the Strategic Services provided to the Group to develop the APAC Territories markets, enabling the Group to plan and invest over the longer term more effectively;
- certain procurement activities may require a year or longer to source, negotiate and complete; the 10 year term provides certainty, stability and protection to the Group that it can continue to leverage the AB InBev Group's global industry knowledge and experience for the Group to procure the goods and services it requires, enabling the Group to plan and use its resources over the longer term more effectively, rather than needing to appoint other procurement agents or to source directly from independent suppliers at a higher cost;
- given the expected cost savings that would result from the Procurement Services provided to the Group, it is crucial for the Group to secure as long a term as it can negotiate;
- given that the Company will enter into the Licenses to Manufacture with a term of 25 years to manufacture AB InBev Products locally within the APAC Territories, it is necessary that the Company also enters into a long term procurement agreement to ensure that it has ready access to suppliers (such as raw material suppliers) procured by the AB InBev Group to ensure consistent quality of AB InBev Products;
- given the AB InBev Group's global presence and industry experience and knowledge, it would be beneficial for the development of the Group's business to secure as long a term for the Strategic Services and the Procurement Services as it can negotiate; and
- the 10 year term is not uncommon in a spin off context and is consistent with normal industry practice; based on research conducted by the Joint Sponsors, with respect to international companies with subsidiaries that are separately listed, it is relatively common to have long term arrangements for the provision of parent companies' services to, or shared services with, the listed subsidiaries. While the term varies, it is not unusual that such term is 10 years or more.

CONNECTED TRANSACTIONS

6. Administrative Services provided by the AB InBev Group to the Group

On 2 July 2019, the Company and AB InBev entered into the General Services Framework Agreement effective on the Listing Date for a three year term, pursuant to which AB InBev will agree to procure members of the AB InBev Group to provide IT services, outsourcing services and other administrative services, to members of the Group.

The respective Group and AB InBev Group member shall enter into subsidiary agreements which will set out more specific terms and conditions based on the principles and terms of the General Services Framework Agreement. The subsidiary agreements will set out, among other terms, the service provider and recipient, duration, price, payment terms and other service terms.

According to the General Services Framework Agreement, in case of any inconsistency in principles and terms between the subsidiary agreements and the General Services Framework Agreement, the General Services Framework Agreement shall prevail.

Principal terms relating to the Administrative Services provided to the Group

(A) Term and termination

The General Services Framework Agreement will have a term of 3 years commencing on the Listing Date.

The General Services Framework Agreement may be terminated by AB InBev if (a) AB InBev ceases to hold at least 30% of shares of the Company and (b) as to the application of the General Services Framework Agreement to any subsidiary of the Company only, sale or transfer of such Company subsidiary to a third party, or a third party otherwise holding, more than 10% of such subsidiary's shares.

Any subsidiary agreement under the General Services Framework Agreement may be terminated if (a) there is a material breach of the agreement, (b) there is non-payment of amounts owed thereunder, subject to a grace period, or (c) upon the parties' mutual written consent.

(B) Pricing policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis in accordance to the pricing policy for strategic services as described under "4. Strategic Services provided by the AB InBev Group to the Group" above.

(C) Services provided

The AB InBev Group will provide the Group with IT services, including development, implementation and rollout of IT tools and technology and information and business systems; coaching; service desk, IT asset management and cybersecurity services, outsourcing services and other administrative services.

(D) Payment arrangement

Generally, invoices will be issued on a monthly basis which must be paid within 20 days following the month of invoice, but the parties may agree different payment arrangements depending on the specific circumstances of each subsidiary agreement.

CONNECTED TRANSACTIONS

Historical transaction amounts and annual caps

See “Strategic Services provided by the AB InBev Group to the Group – Historical transaction amounts and annual caps” above.

Implications under the Listing Rules for the Services

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) with respect to (1) the Strategic Services, (2) the Procurement Services, and (3) the Administrative Services (collectively, the “**Services**”), on an aggregated and annual basis, is expected to be more than 0.1% but less than 5%, such transactions are considered to be partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Waiver from strict compliance with announcement requirement for the Services

As the Services are expected to continue on a recurring and continuing basis and has been fully disclosed in the prospectus and will be disclosed in the annual reports of the Company on an on-going basis, the Company considers that strict compliance with the announcement requirement would be impractical, unduly burdensome and would impose unnecessary administrative cost upon the Company. As such, the Company has applied to the Stock Exchange, and the Stock Exchange has granted the Company a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the Services.

PROPOSED ARRANGEMENTS TO MONITOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following arrangements are proposed to monitor the Non-exempt Continuing Connected Transactions after the Listing Date:

- (1) the Group will comply with and monitor compliance on an on-going basis with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations published by the Organisation for Economic Co-operation and Development when entering into the relevant continuing connected transactions;
- (2) the finance department of the Company will review the transaction amounts of relevant continuing connected transactions and conduct analysis of the data at least quarterly to manage the connected transactions;
- (3) the Independent Non-executive directors will consider the continuing connected transactions requiring approval from the board and/or shareholders’ general meeting, and provide their opinion thereof to the board;
- (4) the Independent Non-executive directors and auditors will conduct annual review of the Non-exempt Continuing Connected Transactions and provide annual confirmations (as applicable) in accordance with the Listing Rules that the Non-exempt Continuing Connected Transactions are conducted in accordance with the terms of the relevant agreements, on normal commercial terms and in accordance with the pricing policy and do not exceed the proposed applicable annual caps;

CONNECTED TRANSACTIONS

- (5) the Company will formulate internal guidelines according to the Listing Rules, which provide approval procedures for connected transactions including:
 - (a) in respect of connected transactions not governed by the existing framework agreements (if any), the Company will communicate with the Independent Non-executive directors in advance and provide necessary documents to facilitate related decision-making and disclosure process;
 - (b) the Company will seek additional approvals in advance for continuing connected transactions exceeding the proposed annual caps (if applicable); and
- (6) in relation to the Licenses to Manufacture, the Company and AB InBev will periodically (and in any event not less than once every five years) retain an accounting or tax advisor to produce a benchmark transfer pricing report on global pricing and royalties to determine the appropriate market rate royalty bands for products positioned in each relevant market with respect to the royalty under the Licenses to Manufacture to ensure that the pricing policy is on arm's length basis.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Budweiser Trademark License Agreement

Anheuser-Busch, LLC and Anheuser-Busch Worldwide Investments Inc., indirect wholly owned subsidiaries of AB InBev, have agreed to grant the Company a non-exclusive, royalty-free, sub-licensable (to members of the Group), irrevocable and perpetual (subject to certain termination events) license to use certain Budweiser trade marks (1) in connection with the Company's business, (2) in connection with the Listing, and (3) in the corporate name and stock name of the Company.

2. Licenses granted to the AB InBev Group to import, sell, distribute, advertise and promote the Group's products

The Group has granted the AB InBev Group exclusive licenses to import for sale, sell and distribute, and non-exclusive licenses to advertise and promote, the Group's products outside of Asia Pacific pursuant to which the AB InBev Group will import the relevant products from the Group for sale outside of Asia Pacific, on substantially the same terms as the Licenses to Import granted to the Group as described above.

3. Licenses granted to the AB InBev Group to manufacture, sell, distribute, advertise and promote the Group's products

The Group has also granted the AB InBev Group exclusive licenses to manufacture in consumer-ready form for sale outside of the APAC Territories, sell and distribute, and non-exclusive licenses to advertise and promote the Group's products outside of the APAC Territories pursuant to which the AB InBev Group will manufacture the relevant products outside of the APAC Territories for sale, on substantially the same terms as the Licenses to Manufacture granted to the Group as described above.

CONNECTED TRANSACTIONS

As the transactions under the licenses granted to the AB InBev Group described above will be conducted in the ordinary and usual course of business and on normal commercial terms, and each of the applicable percentage ratios (other than the profits ratio) for such transactions under each license calculated in accordance with Rule 14.07 of the Listing Rules is expected to be below 0.1% on an annual basis, such transactions under each license fall within the *de minimis* threshold as stipulated under Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

4. Strategic services provided by the Group to the AB InBev Group

The Group may provide certain strategic advice and support services in relation to (1) management support, (2) marketing, (3) supply, (4) human resources, (5) finance, (6) legal and corporate affairs, and (7) innovation and R&D to the AB InBev Group from time to time, on substantially the same terms as the Strategic Services provided to the Group as described above.

5. Procurement services provided by the Group to the AB InBev Group

The Group may provide procurement services to the AB InBev Group, on substantially the same terms as the Procurement Services provided to the Group as described above, except the fee charged to provide the procurement services in respect of global procurement office-led activities (activities that are centralized and led by a member of the AB InBev Group but involved the Group to manage specific aspects of such activities) will be based on the costs incurred by the Group to deliver the procurement services, subject to a mark-up determined on an arm's length basis.

6. Administrative services provided by the Group to the AB InBev Group

The Group may provide IT, outsourcing and other administrative services to the AB InBev Group, on substantially the same terms as the Administrative Services provided to the Group as described above.

As the services provided by the Group described above will be conducted in the ordinary and usual course of business and on normal commercial terms, and each of the applicable percentage ratios (other than the profits ratio) for such transactions on an aggregated basis calculated in accordance with Rule 14.07 of the Listing Rules is expected to be below 0.1% on an annual basis, such transactions fall within the *de minimis* threshold as stipulated under Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

7. Cost reimbursements to the AB InBev Group

AB InBev may settle payments to third parties, and the Company will reimburse AB InBev (with mark-up where applicable to reflect any cost of advancing payments) for global marketing cost, IT cost, personnel secondment cost and other costs (not constituting services or procurement services provided to the Group) incurred by the AB InBev Group for the Group.

As the cost reimbursements to the AB InBev Group described above, being a form of financial assistance (as defined in the Listing Rules), are conducted on normal commercial terms and are not secured by assets of the Group, they are fully exempt under Rule 14A.90 of the Listing Rules.

CONNECTED TRANSACTIONS

8. Cost reimbursements to the Group

The AB InBev Group will reimburse the Company (with mark-up where applicable to reflect any cost of advancing payments) for marketing cost, IT cost, personnel secondment cost and other costs (not constituting services or procurement services provided to the AB InBev Group) incurred by the Group for the AB InBev Group.

As the cost reimbursements provided to the Group described above will be conducted in the ordinary and usual course of business and on normal commercial terms, and each of the applicable percentage ratios (other than the profits ratio) for such transactions calculated in accordance with Rule 14.07 of the Listing Rules is expected to be below 0.1% on an annual basis, such transactions fall within the *de minimis* threshold as stipulated under Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

9. Loans and guarantees provided by the AB InBev Group to the Group

The AB InBev Group provided loans and guarantees to the Group (including overdrafts under the AB InBev Group's cash pool accounts) prior to the Listing Date and expects to continue to provide loans and guarantees to the Group after the Listing Date.

As such transactions, being a form of financial assistance (as defined in the Listing Rules), are conducted on normal commercial terms and are not secured by assets of the Group, they are fully exempt under Rule 14A.90 of the Listing Rules.

DIRECTORS' CONFIRMATION

The Directors (including the Independent Non-executive Directors) are of the view that:

- (1) the Non-exempt Continuing Connected Transactions as described above have been and will be entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, are fair and reasonable and in the interests of our Shareholders as a whole;
- (2) the proposed annual caps (where applicable) for the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of our Shareholders as a whole; and
- (3) the duration of each of the (1) Licenses to Import, (2) Licenses to Manufacture, (3) Strategic Services, (4) Procurement Services, and (5) Cash Pooling Arrangements is normal business practice for agreements of their types, and the purpose of the agreements is to provide stability and certainty to the Group's business and that therefore the duration is fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

JOINT SPONSORS' CONFIRMATION

Based on the documentation and data provided by us and participation in the due diligence and discussion with us, the Joint Sponsors are of the view that:

- (1) the Non-exempt Continuing Connected Transactions as described above have been and will be entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, are fair and reasonable and in the interests of our Shareholders as a whole;
- (2) the proposed annual caps (where applicable) for the Non-exempt Continuing Connected Transactions as described above are fair and reasonable and in the interests of our Shareholders as a whole; and
- (3) the duration of each of the (1) Licenses to Import, (2) Licenses to Manufacture, (3) Strategic Services, (4) Procurement Services, and (5) Cash Pooling Arrangements is normal business practice for agreements of their types, as comparable contractual arrangements have similar long-term arrangements.

In forming a view on the above matters, the Joint Sponsors have considered, among others, the historical terms and arrangements, the basis of the historical amounts and their importance to the business and operations of the Company, the nature and coverage of the licenses, the nature and coverage of the services, the rationale and basis for determining the pricing policies or mechanism, measures to review and adjust the pricing policies on a regular basis, the duration for similar arrangements for other companies, and the internal controls and measures to monitor the Non-exempt Continuing Connected Transactions.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors consists of seven Directors, comprising two Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. Brief information of the Directors is set out below:

Name	Age	Position	Date of Appointment as Director	Date of Joining the Group	Principal Responsibilities
Jan Craps (楊克)	42	Executive Director and Chief Executive Officer	8 May 2019	October 2016	Responsible for the formulation of the strategic direction of the Group and the day-to-day management of the Group
Renrong Wang (Frank) (王仁榮)	52	Executive Director, General Counsel and Joint Company Secretary	10 April 2019	November 2003	Participating in the formulation of the business plans, strategic and major decisions and the legal and compliance matters of the Group and company secretarial matters
Carlos Brito	59	Chair of the Board of Directors and a Non-executive Director	9 May 2019	9 May 2019	Responsible for the high level oversight of the management and operations of the Group
Felipe Dutra	54	Non-executive Director	9 May 2019	9 May 2019	Responsible for the high level oversight of the management and operations of the Group
Martin Cubbon	61	Independent Non-executive Director	2 July 2019	9 May 2019	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Mun Tak Marjorie Yang (楊敏德)	67	Independent Non-executive Director	2 July 2019	9 May 2019	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Katherine King-suen Tsang (曾璟璇)	62	Independent Non-executive Director	2 July 2019	9 May 2019	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Jan Craps (楊克), aged 42, was appointed as an Executive Director on 8 May 2019 and the Chief Executive Officer of the Group on 9 May 2019. Mr. Craps is presently the Chief Executive Officer and President of AB InBev APAC, which covers the Company's operations in China (including Hong Kong, Macau and Taiwan), East Asia, South Asia, South East Asia and New Zealand, a role which he has held since January 2019.

Mr. Craps joined AB InBev in May 2002. Prior to joining AB InBev, Mr. Craps was a fellow with McKinsey & Company, Belgium. He acquired a range of international experiences in a number of senior marketing, sales and logistics executive positions in France and Belgium. In February 2011, he relocated to Canada where he was appointed the Regional Vice President of Quebec and then the Vice President of Sales of Canada for Labatt Breweries in October 2011. Mr. Craps became the President and Chief Executive Officer of Labatt Breweries of Canada in November 2014. In October 2016, he joined the Group as the Zone President of APAC South.

Mr. Craps obtained a Bachelor's Degree in Business Engineering from KU Brussels in Brussels, Belgium in July 1997 and a Master's Degree in Business Engineering from KU Leuven in Leuven, Belgium in July 2000. He has been a Board Member of the Melbourne Business School in Melbourne, Australia since September 2018, and he has been a member of the Corporate Advisory Board of the China Europe International Business School (CEIBS) in Shanghai, China since March 2019.

Mr. Renrong Wang (Frank) (王仁榮), aged 52, was appointed as an Executive Director on 10 April 2019, and as the General Counsel and a Joint Company Secretary of the Group on 9 May 2019.

Mr. Wang has solid experience in M&A, legal affairs, compliance, communications and external affairs. Mr. Wang joined the Group in November 2003 as a Legal Director of China and has been serving in the Group and the beer industry for 16 years. From January 2005 to December 2016, Mr. Wang acted as the Vice President of Legal and Corporate Affairs of the Group, responsible for all BUs in Asia. In January 2017, corresponding to AB InBev's global structure strategy, Mr. Wang was appointed the Vice President of Legal and Corporate Affairs of APAC North. In January 2019, with the combination of APAC North and APAC South, he was appointed the Vice President of Legal and Corporate Affairs of the Group, responsible for all BUs of the Group. Mr. Wang has been serving as an independent director of Shanghai Fudan Forward S&T Co., Ltd. (上海復旦復華科技股份有限公司) (listed on The Shanghai Stock Exchange with the stock code of 600624) since October 2014 and a director of Guangzhou Zhujiang Brewery Co., Ltd. (廣州珠江啤酒股份有限公司) (listed on Shenzhen Stock Exchange with the stock code of 002461, an associate of the Company) since September 2005. Mr. Wang also holds directorships in several Chinese subsidiaries of the Company.

Mr. Wang obtained a Bachelor's Degree in Philosophy from Nanjing University (南京大學) in Nanjing, China in July 1989 and a Master's Degree in Law from KU Leuven in Leuven, Belgium in July 2008. He also obtained a PhD in Law from Fudan University (復旦大學) in Shanghai, China in June 2012.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Carlos Brito, aged 59, was appointed as the Chair of the Board of Directors and a Non-executive Director on 9 May 2019. Currently, Mr. Brito is the Chief Executive Officer of AB InBev and the Co-Chair of the board of directors and a director of Ambev.

Mr. Brito joined Ambev in November 1989, where he held roles in finance, operations and sales, before being appointed as the Chief Executive Officer of AB InBev in December 2005. He has been an Advisory Council Member of the Stanford Graduate School of Business since May 2017 and has served on the Advisory Board of the Tsinghua University School of Economics and Management since October 2014.

Mr. Brito received a Degree in Mechanical Engineering from Universidade Federal do Rio de Janeiro in Rio de Janeiro, Brazil in March 1986 and an MBA Degree from the Stanford Graduate School of Business in California, US in June 1989.

Mr. Felipe Dutra, aged 54, was appointed as a Non-executive Director on 9 May 2019. Currently, Mr. Dutra is the Chief Financial and Solutions Officer of AB InBev and a director of Ambev.

Mr. Dutra joined Ambev in August 1990. At Ambev, he held various positions in Treasury and Finance. Mr. Dutra was appointed as Ambev's Chief Financial Officer in January 1999 and Chief Financial Officer of AB InBev in January 2005. In January 2014, Mr. Dutra became AB InBev's Chief Financial and Technology Officer. He has also been serving as a director of Ambev since 2005 and a member of the advisory board of Cervecería Modelo de México, S. de R.L. de C.V. since January 2013.

Mr. Dutra received a Bachelors' Degree in Economics from University Candido Mendes in Rio de Janeiro, Brazil in January 1991 and an MBA Degree from University of Sao Paulo in Sao Paulo, Brazil in May 1999.

Independent Non-executive Directors

Mr. Martin Cubbon, aged 61, was appointed as an Independent Non-executive Director on 2 July 2019.

Mr. Cubbon is a director of John Swire & Sons Limited with specific responsibility for "non-core" investment since July 2018, and a non-executive director of Swire Pacific Limited (太古股份有限公司), the shares of which are listed on the Stock Exchange (stock codes: 0019 and 0087) since November 2018. He is also the director of James Finlay Limited since July 2018.

Mr. Cubbon was a director of Swire Pacific Limited from September 1998 to September 2017, a director of the following companies the shares of which are listed on the Stock Exchange: Swire Properties Limited (太古地產有限公司) (stock code: 1972) from March 2000 to September 2017, Cathay Pacific Airways Limited (國泰航空有限公司) (stock code: 0293) from September 1998 to May 2009 and from January 2015 to September 2017, and a director of Hong Kong Aircraft Engineering Company Limited (香港飛機工程有限公司) (previous stock code: 0044; delisted now) from August 2006 to May 2009. Mr. Cubbon was Group Finance Director of Swire Pacific Limited from September 1998 to March 2009, the Chief Executive of Swire Properties Limited from June 2009 to December 2014, and Corporate Development and Finance Director of Swire Pacific Limited from January 2015 to September 2017.

Mr. Cubbon obtained a Bachelor's Degree of Arts (Honors) in Economics from the University of Liverpool in Liverpool, the UK in July 1980. He was a member of the Institute of Chartered Accountants in England and Wales.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Mun Tak Marjorie Yang (楊敏德), aged 67, was appointed as an Independent Non-executive Director on 2 July 2019.

Ms. Yang has been the chairman of Esquel Group since April 1995, a Chairman of the Seoul International Business Advisory Council since November 2018, the appointed representative of Hong Kong to the APEC Business Advisory Council since December 2017, a member of Chief Executive's Council of Advisers on Innovation and Strategic Development since March 2018, and the Co-chairman of the advisory board of Computer Science and Artificial Intelligence Lab at the Massachusetts Institute of Technology since March 2015. She has also been the Chairperson of the Steering Committee of Coolthink@JC created and funded by The Hong Kong Jockey Club Charities Trust since April 2016. Ms. Yang also sits on the advisory boards at the Harvard University and the Tsinghua University School of Economics and Management (清華大學經濟管理學院) since August 2012 and October 2003, respectively.

Ms. Yang was a director of The Hongkong and Shanghai Banking Corporation Limited (香港上海滙豐銀行有限公司), a subsidiary of HSBC Holdings plc (滙豐控股有限公司) (listed on the Stock Exchange with the stock code of 0005), from July 2003 to April 2019 and Swire Pacific Limited (listed on the Stock Exchange with the stock codes of 0019 and 0087) from October 2002 to May 2017.

Ms. Yang obtained a Bachelor's Degree of Science from the Massachusetts Institute of Technology in Massachusetts, US in February 1974 and an MBA Degree from the Harvard Business School in Massachusetts, US in June 1976. Ms. Yang was awarded Justice of the Peace and the Gold Bauhinia Star by the Hong Kong Special Administrative Region (HKSAR) Government in July 2009 and July 2013, respectively.

Ms. Katherine King-suen Tsang (曾璟璇), aged 62, was appointed as an Independent Non-executive Director on 2 July 2019.

Ms. Tsang was the Chairperson of Greater China of Standard Chartered Bank from August 2009 to August 2014. She is the founder of Max Giant Capital, a group of asset management companies with a focus on China. She has been an independent non-executive director of Genesis Emerging Markets Fund Limited, shares of which are listed on the London Stock Exchange with the stock code of GSS, since July 2017 and China CITIC Bank International Limited since December 2016, respectively. She also serves as a member of the Advisory Council for China of the City of London since October 2010 and is a board member of Shanghai Jiao Tong University since June 2011. She previously served as an independent non-executive director of Gap Inc. (listed on the New York Stock Exchange with the stock code of GPS) from August 2010 to May 2018, an independent non-executive director of Baoshan Iron & Steel Co., Ltd. (寶山鋼鐵股份有限公司) (listed on the Shanghai Stock Exchange with the stock code of 600019) from May 2006 to April 2012, a member of the World Economic Forum's Global Agenda Council on China from 2009-2012 and a member of Sotheby's Asia Advisory Board from November 2011 to October 2014.

She received a Bachelor of Commerce Degree from University of Alberta, Canada in 1978.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above in “– Board of Directors” above and “Appendix V – Statutory and General Information,” each Director has not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

Our executive committee (the “**Executive Committee**”) is comprised of our Chief Executive Officer, Chief Financial Officer and General Counsel and Joint Company Secretary. The senior management of the Group are responsible for the day-to-day management of our business. The members of the senior management of the Group include all members of the Executive Committee as well as the additional persons identified below:

Name	Age	Position(s) in the Group	Roles and Responsibilities	Date of Appointment of the Current Position	Date of Joining the Group
Jan Craps (楊克)	41	Executive Director and Chief Executive Officer	Responsible for the formulation of the strategic direction and the day-to-day management of the Group	8 May 2019 for Executive Director 9 May 2019 for Chief Executive Officer	October 2016
Hongsun Qian (Linda) (錢紅孫)	53	Vice President of People	Responsible for the people management of the Group	1 January 2019	March 2007
Yanjun Cheng (YJ) (程衍俊)	59	Vice President of Supply and Logistics	Responsible for the supply chain management of the Group	1 January 2019	June 1996
Goran Duric	46	Vice President of Logistics	Responsible for the logistics management of the Group	1 January 2019	April 2016
Keith Davies	39	Vice President of Solutions	Responsible for the IT-related matters of the Group	1 January 2019	January 2017
Guilherme Castellán	35	Chief Financial Officer	Responsible for the financial operation, financing and investment activities of the Group	1 January 2019	May 2016
Qi Che (Matt) (車祁)	45	Vice President of Marketing	Responsible for brand strategy and marketing efforts for all of the brands within the portfolio of the Group	1 January 2019	May 2006

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s) in the Group	Roles and Responsibilities	Date of Appointment of the Current Position	Date of Joining the Group
Jan Clysner	47	Vice President of Procurement and Sustainability	Responsible for Procurement and Sustainability of the Group	1 January 2019	January 2017
Renrong Wang (Frank) (王仁荣)	52	Executive Director, General Counsel and Joint Company Secretary	Participating in the formulation of the business plans, strategic and major decisions and the legal and compliance matters and company secretarial matters of the Group	10 April 2019 for Executive Director 9 May 2019 for General Counsel and Joint Company Secretary	November 2003
Frederico Freire	47	BU President of China	Responsible for the formulation of the strategic direction and the day-to-day management of BU China of the Group	15 January 2018	February 2010
Zhen Zhou (Luke) (周臻)	39	Vice President of Strategy, PMO and Analytics	Responsible for strategies-making for the organic growth of the Group, strategic project management and data analytics	1 January 2019	June 2008
Ben Verhaert	42	BU President of South Asia	Responsible for the formulation of the strategic direction and the day-to-day management of BU South Asia of the Group	1 May 2017	May 2017
Bruno Cosentino	45	BU President of East Asia	Responsible for the formulation of the strategic direction and the day-to-day management of BU East Asia of the Group	1 January 2018	August 2014

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s) in the Group	Roles and Responsibilities	Date of Appointment of the Current Position	Date of Joining the Group
Chia-hung Hsu (John) (徐嘉宏)	48	BU President of Southeast Asia	Responsible for the formulation of the strategic direction and the day-to-day management of BU Southeast Asia of the Group	1 January 2019	November 2010

For the details of the biography of **Mr. Jan Craps (楊克)** and **Mr. Renrong Wang (Frank)** (王仁榮), see “– *Directors – Executive Directors*” above.

Ms. Hongsun Qian (Linda) (錢紅孫), aged 53, was appointed as the Vice President of People of the Group on 1 January 2019.

Ms. Qian is an experienced HR professional with 16 years of experience in consumer packaged goods companies and eight years of experience in pharmaceutical companies. Ms. Qian joined the Group in March 2007 as a People Director of Supply and Management. From January 2009, she successively held senior positions in People, focused on Target, Setting and Cascading until December 2010. From January 2011 to December 2016, Ms. Qian was the Vice President of People of the Group, covering BU China, BU Korea and BU South East Asia. From January 2017 to December 2018, Ms. Qian served as the Vice President of People of APAC North.

Ms. Qian received a Degree of Master of Art in Human Resources Management from De Montfort University in Leicester, UK in November 2007. She is also a certified Chartered Member of the Chartered Institute of Personnel and Development of the UK.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yanjun Cheng (YJ) (程衍俊), aged 59, was appointed as the Vice President of Supply and Logistics of the Group on 1 January 2019.

Mr. Cheng joined AB InBev in June 1996 as a St. Louis Corporate Staff Brewmaster. After that, he held several positions in certain Chinese subsidiaries of the Group from June 1997 to April 2005. In May 2005, Mr. Cheng was appointed as the Chief Executive Officer of Harbin Brewery Group Limited, and then, in April 2007, was appointed as the Chief Production and Technology Officer of Anheuser-Busch Co., China. From January 2009 to December 2016, Mr. Cheng acted as the Vice President of Supply and Logistics, responsible for BU China, BU East Asia and BU Southeast Asia. From January 2017 to December 2018, he served as the Vice President of Supply and Logistics of APAC North.

Mr. Cheng has over 37 years of experience in the beer industry with a solid and successful track record in both multinational companies in APAC and state-owned enterprises in China. Prior to joining the Group, he held the position of, among other things, the vice chairman of the board of directors of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (listed on the Stock Exchange with the stock code of 0168 and on the Shanghai Stock Exchange with the stock code of 600600).

Mr. Cheng obtained a Bachelor's Degree in Engineering from Qilu University of Technology (齊魯工業大學) (formerly known as Shandong Institute of Light Industry (山東輕工業學院)) in Jinan, China in July 1982, completed a Brewing Programme at the invitation of the Bavarian Ministry of Economic Affairs and Transport in Munich, Germany in October 1988, and a MBA Degree from the China Europe International Business School in Shanghai, China in April 2003. Mr. Cheng was qualified as a senior engineer in June 1994.

Mr. Goran Duric, aged 46, was appointed as the Vice President of Logistics of the Group on 1 January 2019.

Mr. Duric has solid experience in sales and supply chain as well as finance. Mr. Duric joined AB InBev in May 2005 and he held several positions in the AB InBev Group in Serbia in Sales and Logistics until November 2009. From November 2009 to April 2014, Mr. Duric successively held positions of the Director of PPM and the Director of Logistics of Zone Central and Eastern Europe of AB InBev. From April 2014 to April 2016, Mr. Duric successively served as the Director of PPM Supply and the Director of Logistics of AB InBev. From April 2016 to December 2018, he served as the Vice President of Logistics of APAC North.

Mr. Duric obtained a Bachelor's Degree in Traffic Engineering from the University of Novi Sad in Novi Sad, Serbia in November 2000.

Mr. Keith Davies, aged 39, was appointed as the Vice President of Solutions of the Group on 1 January 2019.

Mr. Davies joined AB InBev in October 2006 as a National Budgeting and Business Performance Manager for BU Canada and BU US. From January 2009 to December 2011, Mr. Davies held positions of "The Beer Store" Channel Manager and the National Revenue Manager in BU Canada of AB InBev before moving to the Solutions function in January of 2012. Within the Solutions function, Mr. Davies had been the Director of Solutions PPM for Zone North America of AB InBev from January 2012 to December 2013, and the Global Director of Business Transformation of AB InBev from January 2014 to December 2016. In January 2017, corresponding to AB InBev's global structure strategy, Mr. Davies was appointed as the Vice President of Solutions of APAC North.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Davies has 13 years of experience in the beer industry with solid experience in finance, sales, shared services and technology. Before joining AB InBev, Mr. Davies was a Products Operation Group Analyst with Accenture Inc., based in Toronto, Canada from June 2004 to September 2006.

Mr. Davies obtained a Bachelor's Degree in Applied Sciences (Engineering Science) from the University of Toronto in Toronto, Canada in June 2004.

Mr. Guilherme Castellan, aged 35, was appointed as the Chief Financial Officer of the Group on 1 January 2019.

Before joining AB InBev in July 2013, Mr. Castellan worked in the banking industry for several years, holding positions in different investment banks from December 2004 to July 2013 across different functions and in different geographical areas (New York, US and Sao Paulo, Brazil). In December 2004, Mr. Castellan joined JPMorgan Chase in Sao Paulo, Brazil in the Investment Banking Coverage Group. He moved to New York, US in May 2005, where he worked in the Latin America M&A team of JPMorgan Chase, and after that, in the Commodities Sales and Trading desk thereof. In August 2007, Mr. Castellan moved to Lehman Brothers Inc., where he served until September 2008, joining the Energy desk as a Vice President, and at Barclays Capital Energy Inc. after that. In July 2010, Mr. Castellan returned to JPMorgan where he stayed until July 2013.

Mr. Castellan joined AB InBev in July 2013 as a Director in the Global Treasury team. From April 2015 to May 2016, Mr. Castellan served as the Treasury Director for Ambev in Sao Paulo, Brazil. In May 2016, he joined the Group as a Director of M&A and Corporate Strategy. In May 2017, he became the Vice President of Finance of APAC North. He was appointed as the Chief Financial Officer on 1 January 2019. Mr. Castellan has been serving as a director of Guangzhou Zhujiang Brewery Co., Ltd. (listed on Shenzhen Stock Exchange with stock code of 002461, an associate of the Company) since November 2018.

Mr. Castellan received a Bachelor's Degree in Business Administration from Fundacao Getulio Vargas in Sao Paulo, Brazil in March 2005.

Mr. Qi Che (Matt) (車祁), aged 45, was appointed as the Vice President of Marketing of the Group on 1 January 2019.

Mr. Che has more than 20 years of experience in marketing and sales. After joining the Group in May 2006, Mr. Che held various positions in trade marketing and marketing in certain Chinese subsidiaries of the Group. In April 2010, he was appointed as the Brand Director of the Harbin Family, where he led the development of effective market strategies in increasing the popularity and influence of the brands of the Company through sponsorship of the FIFA World Cup and the NBA. From December 2014 to March 2016, he was the Brand Director of Budweiser in China and from April 2016 to December 2017, he held successively the positions of the Senior Marketing Director and the Vice President of Marketing for Budweiser in APAC North. From January 2018 to December 2018, he held the position of the Vice President of Marketing in APAC North.

Mr. Che obtained a Bachelor's Degree in Arts from the University of Birmingham, in Birmingham, UK, in September 2001 and a Master's Degree in Science (Marketing) from the University of Birmingham, in Birmingham, UK, in December 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Jan Clysner, aged 47, was appointed as the Vice President of Procurement and Sustainability of the Group on 1 January 2019.

Mr. Clysner has over 16 years of experience in the beer industry. He joined AB InBev in December 2002 and held several roles in Sourcing and Procurement until December 2007. In January 2008, Mr. Clysner was appointed as the Procurement Project Director of AB InBev. Then he successively served at several roles in AB InBev, including the Procurement Director of Indirects of Western Europe, the Head of Procurement of Zone Western Europe and the Vice President of Global Logistics Sourcing from January 2010 to December 2016. In January 2017, he was appointed as the Vice President of Procurement and Sustainability of APAC South.

Mr. Clysner obtained a Degree in Applied Economical Sciences from Hasselt University in Diepenbeek, Belgium in 1994.

For the details of the biography of **Mr. Renrong Wang (Frank) (王仁榮)**, see “– Directors – Executive Directors” above.

Mr. Frederico Freire, aged 47, was appointed as the BU President of China of the Group on 15 January 2018.

Mr. Freire has 23 years of experience in the beer industry since he joined AB InBev in June 1996 as a Logistics and Procurement Manager. From January 1998 to 2009, Mr. Freire successively served in different positions and entities in Sales Operations Management, including the National Sales Operations Director in AB InBev headquarters, as well as the Regional Sales Director for Northeast region in Brazil. In July 2009, he moved back to AB InBev headquarters as the Project Director for Latin America North zone. In February 2010, Mr. Freire joined the Group as the Sales Support and Operations Director for China. In December 2010, he was appointed as the Vice President of Expansion and Integration in China, leading organic and inorganic growth initiatives. From November 2014 to December 2017, he served as the BU President of South Korea of the Group.

Mr. Freire obtained a Bachelor’s Degree in Electrical Engineering from Universidade de Pernambuco in Recife, Brazil in August 1994 and a Master’s Degree in Production Engineering from Universidade Federal de Pernambuco in Recife, Brazil in November 1997. He also completed his Specialization Course in Business Management in Universidade de Pernambuco in Recife, Brazil in December 1998.

Mr. Zhen Zhou (Luke) (周臻), aged 39, was appointed as the Vice President of Strategy, PMO and Analytics of the Group on 1 January 2019.

Mr. Zhou has 11 years of experience in the beer industry with a deep knowledge of shopper insight, sales strategy, sales management, business analytics and cooperate strategy. Mr. Zhou joined the Group in June 2008 as an Associate Director of PPM of BU Central and East China. From February 2010 to June 2013, Mr. Zhou successively acted as the China Pricing Director, the Director of Sales Project, the Director of National Retail Business and the General Manager of Guangdong/Hainan of BU China. In July 2013, Mr. Zhou was appointed as the BU President of South China. In November 2016, he was appointed as the BU Vice President of China. From February 2018 to December 2018, Mr. Zhou acted in double roles as the Vice President of Commercial of BU China and the BU President of South China.

Mr. Zhou obtained a Bachelor’s Degree in Applied Mathematics from Peking University (北京大學) in Beijing, China in July 2002 and a Master’s Degree in Applied Mathematics from Peking University (北京大學) in Beijing, China in July 2005.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ben Verhaert, aged 42, was appointed as the BU President of South Asia of the Group on 1 May 2017.

Mr. Verhaert has 17 years' experience in beer industry with a solid track record in sales, logistics and country and business unit management. He worked with AB InBev as the Sales Representative and Logistics Manager of S.A. Interbrew Belgium from December 2001 to June 2005. After that, Mr. Verhaert successively held the positions of Distribution Manager, Depot and Field Sales Manager, and Group Account Manager of InBev until October 2009. He also served as the Country Head of Luxembourg of AB InBev from November 2009 to February 2011, and the Sales Director of Off Trade of Belgium of AB InBev from March 2011 to October 2014. Then, Mr. Verhaert acted as the BU President of South Europe (covering France, Italy and Spain) from November 2014 to May 2017. Mr. Verhaert joined the Group in May 2017 as the BU President of South Asia. Mr. Verhaert has also been serving as the Chair of the board of directors of Anheuser-Busch InBev India Limited (formerly known as SABMiller India Limited) since May 2017.

Mr. Verhaert obtained a Bachelor's Degree in Management from Catholic University of Louvain in Louvain-la-Neuve, Belgium in September 2000.

Mr. Bruno Cosentino, aged 45, was appointed the BU President of East Asia of the Group on 1 January 2018.

Mr. Cosentino joined AB InBev in March 1997. Since then, he has more than 21 years of experience in the beer industry with solid experience in marketing and sales having been exposed to different challenges in different cultures and beer segments. From January 2009 to December 2012, Mr. Cosentino was the Marketing Director of Soft Drinks of AB InBev. He also held the position of the Marketing Director of Brahma and Antarctica of AB InBev from January 2012 to July 2014. Mr. Cosentino joined the Group in August 2014 as the Vice President of High End Brands of BU China. After that, Mr. Cosentino was appointed as the Vice President of Marketing of APAC North in May 2016, and in January 2018, he was appointed as the BU President of East Asia. Mr. Cosentino also holds the position of Chair and President of Oriental Brewery Co., Ltd., a member of the Group, since January 2018.

Mr. Cosentino obtained a Bachelor's Degree in Business from the Santa Catarina State University in Florianópolis, Brazil in July 1997.

Mr. Chia-hung Hsu (John) (徐嘉宏), aged 48, was appointed as the BU President of Southeast Asia of the Group on 1 January 2019.

Mr. Hsu joined the Group as BU President of North China in November 2010. Before his current position, he served as the Vice President of High End of China of the Group from April 2016 to December 2018.

Mr. Hsu obtained a Bachelor of Arts from the National Chengchi University (國立政治大學) in Taiwan in June 1995, and a MBA Degree from Washington University in St. Louis, US in December 2009.

DIRECTORS AND SENIOR MANAGEMENT

The business address of the members of the senior management is Flat/RM 1823, 18/F, Soundwill Plaza II – Mid Town, 1-29 Tang Lung Street, Causeway Bay, Hong Kong.

JOINT COMPANY SECRETARIES

Mr. Renrong Wang (Frank) (王仁榮) is our Joint Company Secretary and also a member of the Board of Directors and the senior management. For the details of the biography of Mr. Wang, see “– *Directors – Executive Directors*” above.

Ms. Chan Wai Ling (陳蕙玲), was appointed as our Joint Company Secretary on 9 May 2019.

Ms. Chan is a Director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is currently the company secretary/joint company secretary of five listed companies on the Stock Exchange, namely, Razer Inc. (stock code: 1337), IMAX China Holding, Inc. (stock code: 1970), SITC International Holdings Company Limited (海豐國際控股有限公司) (stock code: 1308), Greenway Mining Group Limited (信盛礦業集團有限公司) (previously known as China Polymetallic Mining Limited (中國多金屬礦業有限公司)) (stock code: 2133) and Sun Art Retail Group Limited (高鑫零售有限公司) (stock code: 6808). Ms. Chan was a former company secretary of TCC International Holdings Limited (stock code: 1136, delisted on 20 November 2017) and China Maple Leaf Educational Systems Limited (stock code: 1317).

Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Institute of Chartered Secretaries (“**HKICS**”) and The Institute of Chartered Secretaries and Administrators (“**ICSA**”) in the UK. She is a holder of the Practitioner’s Endorsement from HKICS. Ms. Chan holds a Bachelor of Arts (Honours) degree in Accountancy from the City University of Hong Kong and a Bachelor of Laws degree from the University of London.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules after the Listing.

BOARD COMMITTEES

The Board of Directors has established the audit committee, the remuneration committee and the nomination committee.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control procedures of the Company, review the financial information of the Company and consider issues relating to the external auditors and their appointment.

DIRECTORS AND SENIOR MANAGEMENT

The Audit Committee consists of three Directors. The members of the Audit Committee are:

Martin Cubbon (*Chair*)

Katherine King-suen Tsang (曾璟璇)

Felipe Dutra

Remuneration Committee

The Company has established the Remuneration Committee of the Board of Directors in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board of Directors on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The Remuneration Committee consists of three Directors. The members of the remuneration committee are:

Mun Tak Marjorie Yang (楊敏德) (*Chair*)

Katherine King-suen Tsang (曾璟璇)

Carlos Brito

Nomination Committee

The Company has established the Nomination Committee of the Board of Directors as recommended by the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board of Directors, assess the independence of the Independent Non-executive Directors and make recommendations to the Board of Directors on the appointment and re-appointment of Directors and succession planning for Directors.

The Nomination Committee consists of three Directors. The members of the Nomination Committee are:

Carlos Brito (*Chair*)

Mun Tak Marjorie Yang (楊敏德)

Martin Cubbon

DIRECTORS' REMUNERATION AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

For 2017 and 2018 and the three months ended 31 March 2019, the aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contributions to pension schemes) and bonuses paid/payable by the Group to the Directors were approximately USD1.9 million, USD5.0 million and USD0.9 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Under the proposed arrangements to be put in place, the estimated total remuneration and benefits payable to the Directors by the Group for the year ending 31 December 2019 is approximately USD7.8 million.

For 2017 and 2018 and the three months ended 31 March 2019, two of the five highest paid individuals were Directors. The aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contributions to pension schemes) and bonuses paid/payable by the Group to the three remaining highest paid individuals were approximately USD3.3 million, USD5.7 million and USD1.2 million, respectively.

During the Track Record Period, no remuneration was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past directors of the Company or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors had waived any remuneration and/or emoluments during the Track Record Period.

Information on the letters of appointment entered into between the Company and the Directors is set out in “*Appendix V – Statutory and General Information.*”

COMPLIANCE ADVISER

The Company has appointed Somerley Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company. In compliance with Rule 3A.23 of the Listing Rules, the Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated;
- (c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group’s business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares or any other matters.

The term of the appointment of the compliance adviser will commence on the Listing Date and will end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We entered into a cornerstone investment agreement with GIC Private Limited (“**GIC**”) as cornerstone investor (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to subscribe for such number of Offer Shares which may be purchased for an aggregate amount of USD1,000,000,000 at the Offer Price (rounded down to the nearest whole board lot) (the “**Cornerstone Placing**”).

GIC is a global investment management company established in 1981 to manage Singapore’s foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than USD100 billion, GIC is amongst the world’s largest fund management companies.

Assuming an Offer Price of HKD27.00 per Offer Share, being the low-end of the Offer Price Range, the total number of Shares to be subscribed for by the Cornerstone Investor would be 290,340,700. This table reflects the Shareholding percentage upon the completion of the Reorganization, the Capitalization Issue and the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
23.00	2.19	20.00	2.19	16.81	2.19	14.62	2.19

Assuming an Offer Price of HKD28.50 per Offer Share, being the mid-point of the Offer Price Range, the total number of Shares to be subscribed for by the Cornerstone Investor would be 275,059,600. This table reflects the Shareholding percentage upon the completion of the Reorganization, the Capitalization Issue and the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
21.79	2.08	18.95	2.08	15.92	2.08	13.85	2.08

Assuming an Offer Price of HKD30.00 per Offer Share, being the high-end of the Offer Price Range, the total number of Shares to be subscribed for by the Cornerstone Investor would be 261,306,600. This table reflects the Shareholding percentage upon the completion of the Reorganization, the Capitalization Issue and the Global Offering.

CORNERSTONE INVESTOR

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
20.70	1.97	18.00	1.97	15.13	1.97	13.15	1.97

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any Offer Share under the Global Offering (other than and pursuant to the cornerstone investment agreement). The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares in issue upon completion of the Global Offering and will be counted towards the public float of the Company. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in the Company, nor will it become a substantial shareholder of the Company (as defined under the Hong Kong Listing Rules).

The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “*Structure of the Global Offering – The Hong Kong Public Offering*”.

The Cornerstone Investor is an independent third party and independent of our connected persons and their respective close associates.

The calculations in this section are based on the translation from US Dollars to Hong Kong Dollars at the rate of USD1 to HKD7.8392 and are only for illustrative purpose. The final number of Shares to be subscribed by the Cornerstone Investor is subject to the exchange rate to be determined in accordance with the cornerstone investment agreement and will be disclosed in the announcement of the allotment results of the Company to be published on or around 27 September 2019.

CONDITIONS PRECEDENT

The subscription by the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (ii) the Offer Price having been agreed upon between the Company and the Joint Representatives (for themselves and on behalf of the joint global coordinators and the underwriters of the Global Offering);

CORNERSTONE INVESTOR

- (iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed by the Cornerstone Investors) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the representations, warranties, undertakings and confirmations of the Cornerstone Investor under the cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of the cornerstone investment agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed, covenanted with and undertaken to the Company and the Joint Sponsors that, among other things, without the prior written consent of each of the Company and the Joint Sponsors, the Cornerstone Investor will not at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), directly or indirectly, (a) dispose of, in any way, any Shares to be subscribed by the Cornerstone Investor pursuant to the cornerstone investment agreement (the “**Relevant Shares**”) or any interest in any company or entity holding any Relevant Shares; or (b) allow itself to undergo a change of control (as defined in The Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) at the level of its ultimate beneficial owner; or (c) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “*Business – Strategy*” for a detailed description of our future plans and strategies.

USE OF PROCEEDS

The net proceeds from the Global Offering that the Company will receive, after deducting the underwriting commissions, the discretionary incentive fee (assuming the full payment of the discretionary incentive fee) and the estimated expenses in relation to the Global Offering payable by the Company if there is no exercise of the Over-allotment Option at all, will be:

Net proceeds if no exercise of the Over-allotment Option at all

	Net proceeds (in HKD million)	
	(a) assuming the Offer Size Adjustment Option is not exercised at all	(b) assuming the Offer Size Adjustment Option is exercised in full
Assuming an Offer Price of HKD27.00 (being the Minimum Offer Price)	33,118.8	45,483.3
Assuming an Offer Price of HKD28.50 (being the mid-point of the Offer Price Range)	34,983.8	48,035.1
Assuming an Offer Price of HKD30.00 (being the Maximum Offer Price)	36,848.8	50,587.0

The entire net proceeds from the Global Offering, will be used immediately to repay loans due to AB InBev subsidiaries to complete the Reorganization. Specifically, the entire net proceeds will be used to repay: (1) first, in full, our obligations to Mexbrew Investment SARL under the Korea Debt Receivable Loan and (2) second, in part, our obligations to AB InBev Investment Holding Company Limited under the Shareholder Loan. See “*History, Development and Reorganization – Our Reorganization*” for a detailed description of such shareholder indebtedness.

Following completion of the Global Offering and prior to any exercise of the Over-allotment Option, the amount of the Shareholder Loan that will remain outstanding will equal the net proceeds that would be received by the Company if the Over-allotment Option were exercised in full. AB InBev Investment Holding Company Limited will contribute this outstanding Shareholder Loan receivable to APAC HoldCo 2.

FUTURE PLANS AND USE OF PROCEEDS

The Over-allotment Option will be granted by the Company. If the Over-allotment Option is exercised in full, after deducting the relevant underwriting commissions, the additional net proceeds which the Company will receive from such exercise of the Over-allotment Option will be:

Additional net proceeds from the Over-allotment Option, if exercised in full

	Additional net proceeds (in HKD million) from the exercise of the Over-allotment in full:	
	(a) Assuming the Offer Size Adjustment Option is not exercised at all	(b) Assuming the Offer Size Adjustment Option is exercised in full
Assuming an Offer Price of HKD27.00 (being the Minimum Offer Price)	5,035.5	6,890.1
Assuming an Offer Price of HKD28.50 (being the mid-point of the Offer Price Range)	5,315.2	7,272.9
Assuming an Offer Price of HKD30.00 (being the Maximum Offer Price)	5,595.0	7,655.6

Any additional proceeds received from the exercise of the Over-allotment Option will be used immediately to repay our obligations to APAC HoldCo 2 under the Shareholder Loan.

To the extent the Over-allotment Option is not exercised in full, at the end of the Over-allotment Option exercise period, the Company will issue the same number of shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan. As a result of the foregoing, following the end of the Over-allotment Option exercise period, (which is 30 days after the last day for lodging applications under the Hong Kong Public Offering), and whether or not the Over-allotment Option is exercised in part or in full:

- the total number of Shares in issue will be 13,243,397,000; and
- the Shareholder Loan will be repaid in full and will be terminated and no intercompany indebtedness will remain in place between any member of the Group and the AB InBev Group other than under commercial arrangements in the ordinary and usual course of business of our Group and pursuant to Cash Pooling Arrangements (see “*Connected Transactions – Cash Pooling Arrangements in place between the AB InBev Group and the Group*”).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

In preparation of the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemptions from strict compliance with the Companies (WUMP) Ordinance and the SFO:

SHORTER TRADING RECORD PERIOD

Financial Information of the Group

Rules 4.04(1) and 4.04(3)(a) of the Listing Rules respectively provide that the accountant's report for a new applicant must include:

- (a) the results of the issuer (or if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries) in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange; and
- (b) the statement of financial position of the issuer (and if the issuer is a holding company, the consolidated statement of financial position of the issuer and its subsidiaries) as at the end of each of the three financial years to which the latest audited financial statements of the issuer have been made up.

Section 342(1) and the Third Schedule of the Companies (WUMP) Ordinance provide that a prospectus shall include:

- (a) a statement as to the gross trading income or sales turnover of the issuer (as may be appropriate) during each of the three financial years immediately preceding the issue of the prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities (paragraph 27 of Part I of the Third Schedule); and
- (b) a report prepared by the issuer's auditor with respect to profits and losses and assets and liabilities of the issuer in respect of each of the three financial years immediately preceding the issue of the prospectus (paragraph 31 of Part II of the Third Schedule).

Section 342A(1) of the Companies (WUMP) Ordinance provides that the SFC may issue, subject to such conditions (if any) the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (WUMP) Ordinance, if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or otherwise unnecessary and inappropriate.

We have applied to the Stock Exchange and the SFC, and have been granted (1) a waiver from strict compliance with Rules 4.04(1) and 4.04(3)(a) of the Listing Rules and (2) a certificate of exemption under section 342A(1) of the Companies (WUMP) Ordinance, respectively, such that we can present a shorter trading record period in this prospectus covering financial information (as well as the relevant business and operational data) for only the two most recent financial years immediately preceding the issue of this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

This waiver and exemption was granted on the basis that AB InBev's business combination with SAB in October 2016 constituted exceptional circumstances for the Group. See "*History, Development and Reorganization – Major Acquisitions, Disposals and Mergers*" for details of AB InBev's combination with SAB.

The combination with SAB resulted in transformational changes to our business such that it would be irrelevant and meaningless to prepare the Group's financial information for the year ended 31 December 2016. These transformational changes included, in particular:

- (a) **Increased scale of the Asia Pacific business:** Prior to the combination with SAB, our business principally constituted our businesses in China and South Korea, with small expansion markets in India and Vietnam, along with a distribution-only model in other countries. Following the SAB Combination, the scale of AB InBev's Asia Pacific business increased and our management moved away from China and South Korea focused strategy to an overall strategy for the Asia Pacific region (with increased focus on India and Vietnam) and new initiatives. The increased scale of our business and change in strategic focus is such that our business following the combination is not directly comparable to our business for the year ended 31 December 2016. In particular:
 - (i) We grew our volume and revenue through the SAB Combination. A substantial portion of volume and revenue growth for the first nine months of 2017 as compared to the equivalent period in 2016 (prior to the SAB Combination) is estimated to have resulted from the SAB Combination;
 - (ii) The SAB Combination prompted strategic changes in the Asia Pacific business with additional focus on the growth markets of India and Vietnam through the addition of brands such as Haywards 5000 and Knock Out in India and Zorok brand in Vietnam. India and Vietnam are seen as markets with potential for profitability growth and currently still operate on comparatively lower profit margins; and
 - (iii) The combination expanded our footprint by 13 breweries in India, one brewery in Vietnam and one cidery in New Zealand (including both owned and contracted breweries).
- (b) **Integration streamlining:** We further initiated a number of changes to streamline our business following the combination with SAB resulting in changes in the cost structure of our business (including realignment of overlapping costs, efficiency gains, and other savings).
- (c) **Intellectual synergies:** We adopted initiatives taken from SAB's business model such as its category expansion framework. The framework is now a central part of our business model and strategy. See "*Business – Strengths*" for details regarding category expansion.
- (d) **Divestment of CR Snow:** In connection with the combination, AB InBev also completed the sale of SAB's 49% stake in China Resources Snow Breweries Limited to China Resources Beer (Holdings) Co. Ltd. for USD1.6 billion on 11 October 2016.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

In light of the above transformational changes to our business in 2016, the waiver and exemption was granted on the following grounds:

- (a) the Group's financial information for the year ended 31 December 2016 would not have been a meaningful or useful comparison to the two most recent financial years immediately preceding the issue of this prospectus (i.e. the two years ended 31 December 2017 and 2018) and will be potentially confusing for investors as it will reflect our performance prior to the SAB Combination;
- (b) the financial information of the Group for the two years ended 31 December 2017 and 31 December 2018 would provide potential investors with adequate, the most relevant and up-to-date information to form a view of the Group, and the non-disclosure of the financial information of the Group for the year ended 31 December 2016 would not be prejudicial to the interests of the investing public; and
- (c) the preparation of the financial information of the Group for the year ended 31 December 2016 would have been unduly burdensome as this would have involved preparing standalone financial information for SAB's Asia Pacific business. This would have involved substantial practical difficulties for us and required a substantial amount of time, costs and resources because (i) SAB operated a global business which used different accounting systems and applied different accounting standards to our systems and policies and would have therefore required us to access SAB's historical financial systems and apply adjustments, (ii) SAB's financial year-end was not coterminous with our business and as such, in order to prepare the financial information, we would have had to reconcile the different year ends and (iii) there would also be practical difficulties in recovering the historical data.

Satisfaction of the Market Capitalization/Revenue Test

Rule 8.05(3) of the Listing Rules requires that a new applicant relying on the market capitalization/revenue test must satisfy each of the following, unless waived by the Stock Exchange under Rule 8.05A of the Listing Rules:

- (a) a trading record of at least three financial years;
- (b) management continuity for at least the three preceding financial years;
- (c) ownership continuity and control for at least the most recent audited financial year;
- (d) a market capitalization of at least HKD4,000,000,000 at the time of listing; and
- (e) revenue of at least HKD500,000,000 for the most recent audited financial year.

Rule 8.05A of the Listing Rules provides that in the case of market capitalization/revenue test, the Stock Exchange will accept a shorter trading record period under substantially the same management as required under Rule 8.05(3)(a) and (b) if the new applicant is able to demonstrate to the satisfaction of the Stock Exchange the following:

- (a) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the listing document of the new applicant; and
- (b) management continuity for the most recent audited financial year.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

In light of AB InBev's combination with SAB in 2016, we are not able to satisfy the management requirement under Rule 8.05(3)(b) of the Listing Rules but we have complied with Rule 8.05A(1) and (2) of the Listing Rules on the grounds that:

- (a) **Sufficient and satisfactory industry experience:** The Executive Directors and the senior management team of the Company have an average of more than 17 years of professional experience in the beer industry, see "*Directors and Senior Management*".
- (b) **Management continuity for the most recent audited financial year:** There has been no change in the majority of the board of directors and senior management of the Group at least for the year ended 31 December 2018 and up to the Latest Practicable Date.
- (c) **Ownership continuity and control for the most recent audited financial year:** There has been no change in the Group's controlling shareholder for the year ended 31 December 2018 and up to the Latest Practicable Date.
- (d) **Market capitalization:** The Company expects to have a market capitalization of far more than HKD4,000,000,000 at the time of the Listing.
- (e) **Adequate revenue:** The Company's total revenue for the year ended 31 December 2018 amounted to approximately USD6,740 million, which is far more than the HKD500 million threshold as required under Rule 8.05(3) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions with the AB InBev Group that will constitute continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. We have applied to the Stock Exchange for, and have been granted, a waiver from strict compliance with certain requirements of Chapter 14A of the Listing Rules. Details of such transactions, together with the relevant waivers granted are set out in "*Connected Transactions*."

DISCLOSURE OF RESIDENTIAL ADDRESS

We have applied for, and the SFC has granted, a certificate of exemption pursuant to Section 342A(1) of the Companies (WUMP) Ordinance from strict compliance with the requirements of paragraph 6 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, in respect of the disclosure of the residential address of Mr. Carlos Brito (our Non-executive Director and Chair) and Mr. Felipe Dutra (our Non-executive Director), on the basis that such disclosure would be inappropriate and would create unnecessary risks to the personal safety of Mr. Brito and Mr. Dutra.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

Mr. Brito and Mr. Dutra are the chief executive officer and chief financial and solutions officer of AB InBev, which is the world's largest brewer by revenue and one of the world's top five fast-moving consumer goods companies. AB InBev sells a number of iconic brands around the world (including Budweiser and Stella Artois). As the chief executive officer and chief financial and solutions officer of AB InBev, respectively, Mr. Brito and Mr. Dutra inevitably attract public attention. Both Mr. Brito and Mr. Dutra also have a high profile in the beer industry. Mr. Brito has appeared on interviews on Bloomberg and CNBC, and Mr. Dutra has won a number of awards as CFO. Accordingly, the disclosure of such information may expose Mr. Brito and Mr. Dutra and their families to personal safety risks. As such, the business address of Mr. Brito and Mr. Dutra is disclosed in place of their residential address in this prospectus.

POST TRACK RECORD PERIOD ACQUISITION

Rules 4.04(2) and 4.04(4) of the Listing Rules require an issuer to include an accountants' report in the prospectus of the income statements and balance sheets of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the prospectus.

Under guidance letter HKEx-GL32-12 issued by the Stock Exchange, the Stock Exchange may consider granting waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis. Having regard to all relevant facts and circumstances, the Stock Exchange will ordinarily grant a waiver in relation to acquisitions of a business or subsidiary subject to the following conditions: (a) the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of the acquired or to be acquired business or subsidiary are all less than 5% by reference to the most recent financial year of the applicant's trading record period; (b) the historical financial information of the acquired or to be acquired business or subsidiary is not available or would be unduly burdensome to obtain or prepare; and (c) the listing document should include at least the information that would be required for a discloseable transaction under Chapter 14 of the Listing Rules on each acquisition.

On 18 December 2018, our wholly-owned subsidiary ("**ABI China**") entered into an agreement with Jebsen Beverage Company Limited ("**Jebsen HK**") among others, pursuant to which ABI China agreed to acquire 65% of the registered capital of Jebsen Beverage (China) Company Limited, a limited liability company organized under the laws of the People's Republic of China ("**Blue Girl**") for cash consideration (the "**Blue Girl Transaction**"). The cash consideration was paid in part upon completion, with the remainder payable in installments over time. The consideration was negotiated, and agreed to, after arm's length negotiation among the parties taking into account the product offering of Blue Girl in the China market and the financial performance of Blue Girl.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

The Directors believe that the terms of the Blue Girl Transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole. To the best of our Director's knowledge, information and belief, having made all reasonable inquiry, Jebesen HK, Blue Girl and its ultimate beneficial owners are third parties independent of us and our connected persons.

Blue Girl will be principally engaged in the manufacturing, marketing, distribution, sale and commercialization of the Blue Girl and other brands of beer and other malt-based beverages in Mainland China (excluding Hong Kong, Macau and Taiwan).

Completion of the Blue Girl Transaction took place on 30 May 2019. We expect Blue Girl will strengthen our product offerings in, and further expand our reach in, the China market.

Waiver granted from the Stock Exchange

We have applied to the Stock Exchange, and have been granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) in relation to the Blue Girl Transaction on the following grounds:

- (a) all of the applicable percentage ratios for the Blue Girl Transaction are less than 5% by reference to the most recent financial year of our Track Record Period (being the year ended 31 December 2018);
- (b) it would be impracticable and duly burdensome for us to prepare the financial information in respect of Blue Girl given it does not yet have, or will only have for a short period of time prior to Listing, access to the relevant books and records for the purposes of conducting an audit; and
- (c) the waiver would not prejudice the interests of the investing public as the Blue Girl Transaction will not result in any material change to our financial position since the end of our Track Record Period.

We have disclosed in this section information in relation to the Blue Girl Transaction, which is comparable to information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules. For the avoidance of doubt, we have not disclosed the consideration, the payment terms for the consideration or the profits before and after tax of Blue Girl. We have not disclosed such information because (a) such information is commercially sensitive and disclosure may potentially hinder our ability to successfully negotiate other similar transactions in the future, (b) we do not have consent from Jebesen HK to disclose such confidential information in relation to the Blue Girl Transaction and (c) we believe the current information will provide investors with adequate information to make an informed decision regarding the Company.

We do not expect to use any of the proceeds from the Global Offering to fund the Blue Girl Transaction.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE
COMPANIES (WUMP) ORDINANCE AND THE SFO**

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules require that there shall be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities shall be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by public.

We have applied to the Stock Exchange, and have been granted a waiver such that the minimum public float may be any of the following depending on the extent to which the Offer Size Adjustment Option and/or the Over-allotment Option is exercised:

	If the Offer Size Adjustment Option is not exercised	If the Offer Size Adjustment Option is partially exercised	If the Offer Size Adjustment Option is exercised in full
if the Over-allotment Option is not exercised	9.53% of the total issued share capital of the Company	such percentage of shares to be held by the public immediately after the completion of the Global Offering as decreased by the issuance of new shares to ParentCo's subsidiary under the Share Issuance Agreement	13.04% of the total issued share capital of the Company
if the Over-allotment Option is partially exercised	such percentage of Shares to be held by the public immediately after the completion of the Capitalization Issue and the Global Offering: <ul style="list-style-type: none"> • as increased by the new shares to be issued upon any partial exercise of the Over-allotment Option and 	such percentage of Shares to be held by the public immediately after the completion of the Capitalization Issue and the Global Offering: <ul style="list-style-type: none"> • as increased by the new shares to be issued upon any partial exercise of the Over-allotment Option and 	such percentage of Shares to be held by the public immediately after the completion of the Capitalization Issue and the Global Offering: <ul style="list-style-type: none"> • as increased by the new shares to be issued upon any partial exercise of the Over-allotment Option and

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE
COMPANIES (WUMP) ORDINANCE AND THE SFO**

	If the Offer Size Adjustment Option is not exercised	If the Offer Size Adjustment Option is partially exercised	If the Offer Size Adjustment Option is exercised in full
	<ul style="list-style-type: none"> then decreased by the issuance of the same number of new Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan (see “<i>History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan</i>”) 	<ul style="list-style-type: none"> then decreased by the issuance of the same number of new Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan (see “<i>History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan</i>”) 	<ul style="list-style-type: none"> then decreased by the issuance of the same number of new Shares to APAC HoldCo 2 as would have been issued had the remainder of the Over-allotment Option been exercised in full in exchange for the cancellation of all remaining principal amount of the Shareholder Loan (see “<i>History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan</i>”)
if the Over-allotment Option is exercised in full	approximately 10.96% of the total enlarged issued share capital of the Company	such percentage of shares to be held by the public immediately after the completion of the Global Offering as increased from the issuance of additional shares to public shareholders	approximately 15.00% of the total enlarged issued share capital of the Company

This waiver was granted on the basis that (a) our market capitalization is expected to be well over HK\$10 billion at the time of Listing, (b) there will be an open market for the Shares upon completion of the Global Offering, (c) there will be sufficient shares offered in Hong Kong in the Global Offering and (d) disclosure will be made regarding the lower prescribed public float in this prospectus and we will confirm the sufficiency of public float in our annual reports after Listing.

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DISCLOSURE OF INTERESTS IN ASSOCIATED CORPORATIONS

Our two Non-executive Directors currently hold executive management positions in AB InBev (as chief executive officer and chief financial and solutions officer) and director positions in Ambev. By virtue of these positions, our Non-executive Directors already comply with the disclosure of interest requirements in Belgium (in respect of AB InBev) and in Brazil (in respect of Ambev). In each case, as of the Latest Practicable Date, our Non-executive Directors' holdings are less than 1% of the outstanding shares in AB InBev and Ambev respectively. The applicable disclosure requirements applicable to the Non-executive Directors can be summarized as below.

AB InBev

In Belgium, the applicable disclosure requirements relating to interests in AB InBev include the following:

- (a) **Belgian law transparency notifications:** All shareholders of the listed company (and generally any holders of securities with voting rights, voting rights or assimilated securities within the meaning of the Belgian Law of 2 May 2007) are required to disclose their holdings (alone or in concert with other persons or entities) upon their holdings directly or indirectly reaching or crossing a transparency threshold upwards or downwards (i.e. 5% of total voting rights and subsequent disclosure thresholds at intervals of 5%, e.g. 10%, 15%, 20% and so on). In addition, AB InBev's bylaws provide for additional thresholds at 3% and 7.5% of the voting rights. These notification must as a rule be made within four trading days of the event giving rise to the notification and will be published on AB InBev's website.
- (b) **Dealing in securities:** Article 19 of EU Regulation No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, persons discharging managerial responsibilities in a listed company must disclose their dealings as soon as such transactions exceed a threshold of EUR5,000 (without netting) in a calendar year. Such notifications are required to be made promptly and no later than three business days after the date of the transaction, and are published on the website of the Financial Services and Market Authority.

Ambev

In Brazil, the applicable disclosure requirements relating to interests in Ambev include the following:

- (a) **Disclosure to the listed company:** Under Article 11, CVM Instruction 358, all directors must disclose to the company information regarding their ownership and trading of securities issued in the listed company. However, the information provided by the directors will be publicly available only as aggregated with the position of all the board of directors. There are no minimum thresholds and therefore any transaction by a director must be disclosed. Disclosure to the listed company is required within five days after the completion of each transaction and the listed company is then required to send such information to the Brazilian Securities and Exchange Commission ("**CVM**") within 10 days after the end of the calendar month.

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- (b) **Shareholder notifications:** Under Article 12, CVM Instruction 358, shareholders (including directors) who acquire or sell securities reaching 5%, 10%, 15%, and successively +5%, direct or indirect ownership of shares issued by the publicly-held company are required to disclose their interests. Notification is required immediately after reaching the thresholds, and in any case should be made before market open on the 4th business day following the transaction being executed.

AB InBev and Ambev also have American Depositary Receipts listed on the New York Stock Exchange. By reason of such listing, directors of the Company are required to disclose the aggregate number of shares owned of the Company in its 20-F annual report filing as of the most recent practicable date. However, an exemption to this disclosure requirement applies if (i) the share ownership is less than 1% of the relevant class of shares and (ii) the share ownership had not previously been disclosed. If this exemption applies, then the 20-F annual report disclosure only requires the inclusion of an asterisk and an explanatory footnote explaining that the relevant individual holds less than 1% of the class of shares. Disclosure is made through a Form 20-F which is filed with the United States Securities and Exchange Commission once a year.

Given the existing disclosure obligations of the Non-Executive Directors in Belgium and Brazil, we believe that strict compliance with the additional disclosure of interests obligations under Part XV of the SFO and the Listing Rules in relation to the Non-Executive Directors' interests in AB InBev and Ambev would not be material or meaningful to investors and the non-disclosure of such information will not prejudice the interests of the investing public in Hong Kong.

We have applied for, and the SFC has granted, the Non-executive Directors a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12) of the SFO in respect of the duty to disclose interests in AB InBev and Ambev as "associated corporations" (as defined in the SFO) of the Company. This partial exemption has been granted on the condition that:

- (a) the exemption from reporting interests in associated corporations of the Company only applies to Non-executive Directors of the Company who (i) sit on the board of directors or serve as executive management of AB InBev and Ambev and (ii) are subject to disclose obligations under requirements in Belgium and Brazil respectively as outlined in the information which we have given to the SFC;
- (b) the "associated corporations" whose interests are exempted from being reported are limited to AB InBev and Ambev (not any listed company);
- (c) we and the Non-executive Directors of the Company must file with the Stock Exchange all disclosure of interests made publicly in respect of interests in AB InBev and Ambev respectively as soon as practicable on the basis that the Stock Exchange will publish these disclosures in the same way as those it receives from other listed corporations pursuant to Part XV. These disclosures must be in English or accompanied with an English translation;
- (d) we must report to the SFC when there is any material change in any way of the information which we or AB InBev has provided to the SFC, including material changes to the disclosure requirements in Belgium or Brazil or any material change to the facts set out in our submissions to the SFC; and

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- (e) the exemption is given in the particular circumstances of this case and should not be regarded as a precedent for other applications.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with require the requirement to disclose the disclosure of interests information in respect of the Non-executive Directors' interests in AB InBev and Ambev in this prospectus under Practice Note 5 and paragraphs 41(4) and 45 of Appendix 1A of the Listing Rules and in the annual and interim reports of the Company under Paragraph 13 of Appendix 16 of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Our Group will be headquartered in and have its principal place of business in Hong Kong. Our Executive Directors and the senior management team are based across Asia Pacific, supported by a functional office based in Shanghai. We will have two Executive Directors immediately following the Listing. One of our Executive Directors will ordinarily reside and be based in Hong Kong, but the other Executive Director will reside and be based in the PRC where a substantial portion of our operations are located. The entire senior management team who are responsible for the management of the Group's operations reside and are based across Asia Pacific. Accordingly, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement for management presence in Hong Kong under Rule 8.12 of the Listing Rules, subject to us adopting the following arrangements to maintain regular communications with the Stock Exchange:

- (a) we have appointed Mr. Renrong Wang (Frank), our Executive Director, Joint Company Secretary and General Counsel, and Ms. Chan Wai Ling, our Joint Company Secretary, as its authorized representatives who will act as the our principal channel of communication with the Stock Exchange. Mr. Renrong Wang (Frank) is expected to ordinarily reside and be based in Hong Kong. As and when the Stock Exchange wishes to contact the Directors on any matters, each of these authorized representatives will have the means to contact all of the Directors promptly at all times;
- (b) we have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number and e-mail address) to facilitate communication with the Stock Exchange;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period; and
- (d) we have appointed Somerley Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication between us and the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

APPOINTMENT OF JOINT COMPANY SECRETARIES

Rules 8.17 and 3.28 of the Listing Rules require an issuer to appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Institute of Chartered Secretaries, (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

We have appointed Mr. Renrong Wang (Frank) and Ms. Chan Wai Ling as Joint Company Secretaries. Ms. Chan, being a Chartered Secretary and Fellow of The Hong Kong Institute of Chartered Secretaries, satisfies the requirements under Rule 3.28 of the Listing Rules. Notwithstanding, Mr. Wang's professional knowledge and experience, including a Master's Degree in Law and a PhD in Law as well as over 20 years of experience as in-house legal counsel, he does not possess the specific qualifications required under Rule 3.28 of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 8.17 and 3.28 of the Listing Rules, subject to us adopting the following arrangements:

- (a) Ms. Chan will work closely with Mr. Wang to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Mr. Wang to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the date of the Listing;
- (b) we will ensure that Mr. Wang continues to have access to the relevant training and support in relation to the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Furthermore, both Mr. Wang and Ms. Chan will seek advice from our Hong Kong legal and other professional advisers as and when required. Mr. Wang also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and
- (c) at the end of the three year period, the qualifications and experience of Mr. Wang and the need for on-going assistance of Ms. Chan will be further evaluated by us.

DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL

We have applied for, and the Stock Exchange and the SFC have respectively granted, (1) a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules and (2) a certificate of exemption from strict compliance with paragraph 11 of the Third Schedule of the Companies (WUMP) Ordinance, in each case in respect of disclosing the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this prospectus. This waiver and certificate of exemption were granted on the following grounds:

- (a) following the Reorganization, the Group will be made up of over 110 subsidiaries, across 15 different jurisdictions, of which the Company and 21 major subsidiaries that are listed as "principal entities comprising the Listing

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE AND THE SFO

Business” in note 1.1 to “*Appendix IA – Accountant’s Report*” in this prospectus contributed to approximately 98% to the Group’s total revenue for the year ended 31 December 2018. For further details, see “*Appendix IA – Accountant’s Report*”; and

- (b) hence, the remaining subsidiaries in the Group are insignificant to the overall results of the Group. It would be unduly burdensome on the Company if it was required to comply strictly with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules and paragraph 11 of the Third Schedule of the Companies (WUMP) Ordinance as the Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. Further, non-disclosure of such information will not prejudice the interests of the investing public.

Particulars of the changes in the share capital of the Company and the major subsidiaries have been disclosed in the section headed “*Appendix V – Statutory and General Information – Further Information about the Company – 4. Subsidiaries*”.

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, provided the initial allocation of Shares under the Hong Kong Public Offering shall not be less than 5% of the Global Offering, (assuming neither the Offer Size Adjustment Option nor the Over-allotment Option is exercised) in the event of over-subscription, the Joint Representatives, after consultation with us, shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 30 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 126,235,000 Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering;
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 30 times or more but less than 50 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 151,482,000 Shares, representing approximately 12% of the Offer Shares initially available under the Global Offering; and

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- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 189,353,000 Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

PUBLICATION OF INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

Rule 13.48(1) of and Practice Note 10 to the Listing Rules requires the Company to publish and send a copy of its interim report to its Shareholders in respect of the six months ended 30 June 2019 no later than three months after the end of the six months period, i.e. on or before 30 September 2019.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 13.48(1) of the Listing Rules in relation to the six months ended 30 June 2019 on, among others, the following grounds:

- (a) as the Company has included in this Prospectus the unaudited financial information in respect of the six months ended 30 June 2019 and other financial disclosure, the strict compliance of such requirements would not provide the Shareholders and potential investors with additional material information not already contained in the Prospectus; and
- (b) to require the Company to prepare, publish and send to its Shareholders an interim report over a short period of time after the publication of the Prospectus would incur unnecessary administrative cost and time on the part of the Company and its senior management.

The Company confirms that it would not be in breach of its constitutional documents or laws or regulations of the Cayman Islands or any other regulatory requirements for not preparing, publishing and sending an interim report under the Listing Rules to its Shareholders for the six months ended 30 June 2019.

In addition, upon Listing, the Company intends to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Disclosure on the compliance with the Corporate Governance Code and the Model Code for Securities Transactions by Directors of Listed Issuers for the year ending 31 December 2019 will be set out in the Company's 2019 annual report.

UNDERWRITING

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited
Morgan Stanley Asia Limited
Merrill Lynch (Asia Pacific) Limited
China International Capital Corporation Hong Kong Securities Limited
BNP Paribas Securities (Asia) Limited
Citigroup Global Markets Asia Limited
Deutsche Bank AG, Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
BOCI Asia Limited
ICBC International Securities Limited
ING Bank N.V.
Mizuho Securities Asia Limited
Societe Generale

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 63,118,000 Hong Kong Offer Shares and the International Offering of initially 1,199,232,000 International Offer Shares, subject to reallocation and the Offer Size Adjustment Option on the basis as described in “*Structure of the Global Offering*” in each case as well as to the Over-allotment Option (in the case of the International Offering). This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is severally underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 17 September 2019. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for termination

If at any time prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange:

- (1) there develops, occurs, exists or comes into force:
 - (a) any new Law or any change or development involving a prospective change in existing Law reasonably likely to occur, to the extent relating to the PRC, Hong Kong, Korea, India, Vietnam, Singapore, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a “**Relevant Jurisdiction**”); or
 - (b) any change or development involving a prospective change or development reasonably likely to occur, or any event or series of events reasonably likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a change of the Hong Kong dollars or of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or
 - (c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labor disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, destruction of power plant, outbreak of diseases or epidemics including, but not limited to, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms, economic sanction, to the extent affecting any Relevant Jurisdiction; or
 - (d) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in whatever form) in or to the extent affecting any Relevant Jurisdiction; or
 - (e) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities of generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, Euronext; or
 - (f) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Governmental Authority), New York (imposed at Federal or New York State level or other competent Governmental Authority), or any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

UNDERWRITING

- (g) any (A) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a change of the Hong Kong dollars or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies), or (B) any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (h) the issue or requirement to issue by the Company of a supplemental or amendment to this prospectus, Application Forms, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC; or
- (i) any change or development involving a prospective change which has the effect of materialization of any of the risks set out in the section headed "Risk Factors" in the Prospectus; or
- (j) any contravention by any Group Company or any Director of any applicable Laws; or
- (k) the chief executive officer vacating his office, or a Governmental Authority or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or action or other Proceedings, or announcing an intention to investigate or take other action or Proceedings, against any Group Company, Director, or any of them being charged with an indictable offense or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or
- (l) any petition being presented or any order being made for the winding-up or liquidation of any Group Company, or any Group Company (except for voluntary winding up) making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or
- (m) a prohibition on the Company for whatever reason from allotting, issuing or selling the Shares (including the Over-allotment Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or
- (n) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any Group Company; or
- (o) that any statement contained in the Hong Kong Offering Documents (as defined in the Hong Kong Underwriting Agreement) was or has become untrue, inaccurate, incomplete in any material respect or misleading in any respect or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Offering Documents are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

UNDERWRITING

- (p) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Law unless a waiver or an exemption has been granted by the Stock Exchange and/or the SFC; or
- (q) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, not having been disclosed in the Offering Documents, constitutes an omission therefrom in any material respect;

which, in any such case individually or in the aggregate: (A) is or will be or is reasonably likely to cause a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement); or (B) has or will have or is reasonably likely to have a material adverse effect on the completion of the Global Offering or on the prospects of the Group; or (C) makes or will make it or is reasonably likely to make it incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the Application Forms, the Formal Notice or the Offering Circular; or

- (2) there has come to the notice of the Joint Representatives (for themselves and on behalf of the Joint Global Coordinators, the Joint Bookrunners and Hong Kong Underwriters):
 - (a) either (i) there has been a material breach of any of the undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or (ii) any of the warranties given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue or incorrect in any respect; or
 - (b) any event, act or omission which gives or is likely to give rise to any liability of the Company under Clause 9 of the Hong Kong Underwriting Agreement (indemnity) and which liability has a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement); or
 - (c) any Expert named in the Prospectus (other than the Joint Sponsors) has withdrawn its respective consent to the issue of the Prospectus and the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears; or
 - (d) Admission (as defined in the Hong Kong Underwriting Agreement) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or
 - (e) the Company has withdrawn the Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering,

then, the Joint Representatives may (for themselves and on behalf of the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters), after consultation with the Company, in their discretion and upon giving prior notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, AB InBev and AB InBev Brewing Company (APAC) Limited, being the immediate and ultimate Controlling Shareholders of the Company, have undertaken to the Stock Exchange and the Company that it will not and will procure that the relevant registered holder(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of their holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (including Shares to be issued pursuant to the Share Issuance Agreement) in respect of which they are shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a controlling shareholder of the Company,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, AB InBev and AB InBev Brewing Company (APAC) Limited, being the immediate and ultimate Controlling Shareholders of the Company, have undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of their holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will and will procure that the relevant registered holder(s) will:

- (1) when they pledge or charge any Shares referred to in paragraph (7) above beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (2) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares referred to in paragraph (7) above that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

UNDERWRITING

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, Joint Representatives, the Joint Bookrunners and the Hong Kong Underwriters that except pursuant to the Reorganization, the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-allotment Option and pursuant to the Share Issuance Agreement to the extent that the Over-allotment Option is not exercised in full) and the Share Award Schemes, at any time after the date of this Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), it will not, unless in compliance with the requirements of the Listing Rules or having obtained a waiver from strict compliance with the relevant requirement of the Listing Rules from the Stock Exchange:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) offer to or agree to do any of the foregoing or announce any intention to effect any transaction described in (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six Month Period).

UNDERWRITING

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by them of the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds to the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See "*Structure of the Global Offering – The International Offering.*"

UNDERWRITING

Over-allotment Option

The Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 189,352,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering or up to an additional 259,095,000 Shares (representing not more than 15% of the number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See “*Structure of the Global Offering – Over-allotment Option*” for further details.

Offer Size Adjustment Option

The Company has an Offer Size Adjustment Option under the Hong Kong Underwriting Agreement, and is expected to have such option under the International Underwriting Agreement, exercisable by the Company with the prior written agreement between the Company and the Joint Representatives on or before the time of execution of the Price Determination Agreement and will lapse immediately thereafter. Upon the exercise of such option, the Company may issue up to 464,952,000 additional Offer Shares (being 36.8% of the Offer Shares initially available under the Global Offering) at the Offer Price. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand, if any.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Joint Representatives will take into account a number of factors, including: (i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover (a) the total number of Offer Shares, which represent the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and (b) the corresponding number of Shares under the Over-allotment Option; (ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process; (iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; (iv) the level of subscriptions by the valid applications in the Hong Kong Public Offering; and (v) general market conditions. The exercise of the Offer Size Adjustment Option is also subject to the reallocation arrangement described in “– *The Hong Kong Public Offering – Reallocation.*”

Under the Offer Size Adjustment Option, the Company may issue and allot such number of Shares up to an aggregate of 464,952,000 additional Offer Shares (being 36.8% of the Offer Shares initially available under the Global Offering) at the Offer Price. See “*Structure of the Global Offering – Offer Size Adjustment Option*” for further details.

UNDERWRITING

Commissions and Expenses

The Underwriters will receive an underwriting commission and a discretionary incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and discretionary incentive fee payable to the Underwriters in relation to the Global Offering (assuming (i) an Offer Price of HKD28.50 per Offer Share (which is the mid-point of the Offer Price Range), (ii) the full payment of the discretionary incentive fee, (iii) the Offer Size Adjustment Option is not exercised at all and (iv) the exercise of the Over-allotment Option in full) will be approximately HKD620.6 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HKD1,074.5 million (assuming (i) an Offer Price of HKD28.50 per Offer Share (which is the mid-point of the Offer Price Range), (ii) the full payment of the discretionary incentive fee, (iii) the Offer Size Adjustment Option is not exercised at all and (iv) the exercise of the Over-allotment Option in full) and will be paid by the Company.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

UNDERWRITING

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “*Structure of the Global Offering.*” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. 1,262,350,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 63,118,000 Shares (subject to reallocation and the Offer Size Adjustment Option) in Hong Kong as described in “– *The Hong Kong Public Offering*” below; and
- (b) the International Offering of initially 1,199,232,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) (i) in the US solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (ii) outside the US (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “– *The International Offering*” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 9.67% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 10.96% of the total enlarged share capital of the Company (assuming the Offer Size Adjustment Option is not exercised) or approximately 15.00% of the total enlarged share capital of the Company (assuming the Offer Size Adjustment Option is exercised in full).

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 63,118,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 5% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and the Offer Size Adjustment Option, will represent approximately 0.48% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– *Conditions of the Global Offering*” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HKD5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HKD5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “subscription price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 31,559,000 Hong Kong Offer Shares (being 50% of the 63,118,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

We have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules to the effect as further described below (the “**Mandatory Reallocation**”):

- (i) 63,118,000 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 5% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or oversubscribed,

- (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 30 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 126,235,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;
- (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 30 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 151,482,000 Offer Shares, representing 12% of the Offer Shares initially available under the Global Offering; and
- (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 189,353,000 Offer Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors. Subject to the foregoing paragraph, the Joint Representatives and the Joint Sponsors may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives and the Joint Sponsors

STRUCTURE OF THE GLOBAL OFFERING

have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives and the Joint Sponsors deem appropriate.

In addition to any Mandatory Reallocation which may be required, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL-91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 10 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HKD27.00 (low-end of the indicative Offer Price), up to 63,118,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 126,236,000 Offer Shares, representing approximately 10% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HKD30.00 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the Maximum Offer Price of HKD30.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 1,199,232,000 Shares representing approximately 95% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 9.19% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the US as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the US in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– *Pricing and Allocation*” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the allocation arrangement described in “– *The Hong Kong Public Offering – Reallocation*” above, the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OFFER SIZE ADJUSTMENT OPTION

In order to provide the Company with the flexibility to increase the number of Offer Shares available under the Global Offering to cover additional demand, if any, the Company has an Offer Size Adjustment Option which will allow the Company to issue 464,952,000 additional Offer Shares (representing 36.8% of the Offer Shares initially offered under the Global Offering) at the Offer Price.

The Offer Size Adjustment Option is contained in the Hong Kong Underwriting Agreement, and is expected to be contained in the International Underwriting Agreement and is exercisable by the Company with the prior agreement between the Company and the Joint Representatives on or before the time of the execution of the Price Determination Agreement. If it is not exercised by such time, then the Offer Size Adjustment Option will lapse.

STRUCTURE OF THE GLOBAL OFFERING

Whether the Offer Size Adjustment Option is exercised or not, as at the end of the Over-allotment Option exercise period (which is 30 days after the last day for lodging applications under the Hong Kong Public Offering), the total number of issued Shares will be the same, and accordingly there will be no dilution effect on investor's potential shareholding as at the end of such period. As part of the Reorganization, the Company will adjust the number of Shares it issues to APAC HoldCo 2 shortly before listing for the transfer of the South Korea business into the Group depending on the amount of net proceeds expected to be received in the Global Offering, which in turn depends on whether the Offer Size Adjustment Option is exercised. Assuming the Offer Size Adjustment Option is not exercised at all, then the Company will issue more Shares to APAC HoldCo 2 as part of the Reorganization. Assuming the Offer Size Adjustment Option is exercised in full, the Company will issue less Shares to APAC HoldCo 2 as part of the Reorganization. See "*History, Development and Reorganization – 7. Transfer of the South Korea Business in the Group*", "*History, Development and Reorganization – 9. Payment of Net Proceeds from the Global Offering and from any exercise of the Over-allotment Option to APAC HoldCo 2, and the termination of the Shareholder Loan*" and "*Share Capital*."

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Joint Representatives will take into account a number of factors, including:

- (i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover
 - (a) the total number of Offer Shares, which represent the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and
 - (b) the corresponding number of Shares under the Over-allotment Option;
- (ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;
- (iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole;
- (iv) the level of subscriptions by the valid applications in the Hong Kong Public Offering; and
- (v) general market conditions.

The exercise of the Offer Size Adjustment Option is subject to the reallocation arrangement described in "*The Hong Kong Public Offering – Reallocation*."

Under the Offer Size Adjustment Option, the Company may issue and allot any number of Shares up to an aggregate of 464,952,000 additional Offer Shares (being 36.8% of the Offer Shares initially available under the Global Offering) at the Offer Price.

STRUCTURE OF THE GLOBAL OFFERING

In the event that the Offer Size Adjustment Option is exercised in full,

- (a) if the Hong Kong Public Offering is oversubscribed by at least 0.368 time (being the percentage which the additional Offer Shares issued pursuant to the Offer Size Adjustment Option represent as a percentage to the number of the initial Offer Shares), the additional Offer Shares will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering as determined after the application of the clawback arrangements described in “-*The Hong Kong Public Offering – Reallocation*” above;
- (b) if the Hong Kong Public Offering is oversubscribed by less than 0.368 time, the additional Offer Shares will first be allocated to maintain, to the extent possible, the initial proportion of 5%:95% between the Hong Kong Public Offering (5%) and the International Offering (95%). Any excess additional Offer Shares not taken up by retail investors under the Hong Kong Public Offering will then be reallocated to International Offering to satisfy excess demand in the International Offering. In such a case, the final allocation of Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares in the Global Offering after the exercise of the Offer Size Adjustment Option.

In the event that the Offer Size Adjustment Option is exercised in part,

- (a) if the Hong Kong Public Offering is oversubscribed by at least the relevant multiple (being the percentage which the additional Offer Shares issued pursuant to the Offer Size Adjustment Option represent as a percentage to the number of the initial Offer Shares), the additional Offer Shares will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering as determined after the application of the clawback arrangements described in “-*The Hong Kong Public Offering – Reallocation*” above;
- (b) if the Hong Kong Public Offering is oversubscribed by less than the relevant multiple (being the percentage which the additional Offer Shares issued pursuant to the Offer Size Adjustment Option represent as a percentage to the number of the initial Offer Shares), the additional Offer Shares will first be allocated to maintain, to the extent possible, the initial proportion of 5%:95% between the Hong Kong Public Offering (5%) and the International Offering (95%). Any excess additional Offer Shares not taken up by retail investors under the Hong Kong Public Offering will then be reallocated to International Offering to satisfy excess demand in the International Offering. In such a case, the final allocation of Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares in the Global Offering after the exercise of the Offer Size Adjustment Option.

In the event that the Hong Kong Public Offering is undersubscribed, all the additional Offer Shares will be allocated to the International Offering. In such a case, the final allocation of Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares in the Global Offering after the exercise of the Offer Size Adjustment Option.

STRUCTURE OF THE GLOBAL OFFERING

The table below sets out the final allocation of Offer Shares between the Hong Kong Public Offering and the International Offering for illustration only. The actual final allocation will depend on the actual additional number of Offer Shares to be issued upon the exercise of the Offer Size Adjustment Option.

In the event that the Offer Size Adjustment Option is exercised in full, so that 464,952,000 additional Offer Shares (representing in aggregate up to 36.8% of the initial number of Offer Shares) will be issued at the Offer Price⁽²⁾

If the Hong Kong Public Offering is oversubscribed by	At least 10 times	At least 0.368 ⁽¹⁾ times but less than 10 times	Less than 0.368 ⁽¹⁾ times	The Hong Kong Public Offering is undersubscribed
Final allocation of Offer Shares between International Offering and Hong Kong Public Offering	<p>If the oversubscription is at least 10 times, the clawback arrangement will be triggered. The additional Offer Shares to be issued pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the applicable clawback ratio (90:10 or 88:12 or 85:15) as described in the “– <i>The Hong Kong Public Offering – Reallocation.</i>”</p>	<p>If the oversubscription is less than 10 times, no clawback arrangement will be triggered. The additional Offer Shares pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the 95:5 ratio.⁽³⁾</p>	<p>If the oversubscription is less than 10 times, no clawback arrangement will be triggered. The additional Offer Shares pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the 95:5 ratio. However, as the demand in the Hong Kong Public Offering is insufficient to take up all the additional Offer Shares, the excess additional Offer Shares will be reallocated to the International Offering only. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares.</p> <p>If the Hong Kong Public Offering is fully subscribed with no over-subscription, the additional Offer Shares pursuant to the Offer Size Adjustment Option will all be allocated to the International offering due to insufficient demand in the Hong Kong Public Offering. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be approximately 3.65%.</p>	<p>The unsubscribed Offer Shares under the Hong Kong Public Offering will be reallocated to the International Offering. The additional Offer Shares to be issued pursuant to the Offer Size Adjustment Option will be allocated to the International Offering only due to insufficient demand in the Hong Kong Public Offering. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares.</p>

STRUCTURE OF THE GLOBAL OFFERING

In the event that the Offer Size Adjustment Option is exercised in half, so that 232,476,000 additional Offer Shares (representing in aggregate up to 18.4% of the initial number of Offer Shares) will be issued at the Offer Price⁽²⁾

If the Hong Kong Public Offering is oversubscribed by	At least 10 times	At least 0.184 ⁽¹⁾ times but less than 10 times	Less than 0.184 ⁽¹⁾ times	The Hong Kong Public Offering is undersubscribed
Final allocation of Offer Shares between International Offering and Hong Kong Public Offering	If the oversubscription is at least 10 times, the clawback arrangement will be triggered. The additional Offer Shares to be issued pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the applicable clawback ratio (90:10 or 88:12 or 85:15) as described in the “– <i>The Hong Kong Public Offering – Reallocation.</i> ”	If the oversubscription is less than 10 times, no clawback arrangement will be triggered. The additional Offer Shares pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the 95:5 ratio. ⁽³⁾	If the oversubscription is less than 10 times, no clawback arrangement will be triggered. The additional Offer Shares pursuant to the Offer Size Adjustment Option will be allocated between the International Offering and the Hong Kong Public Offering according to the 95:5 ratio. However, as the demand in the Hong Kong Public Offering is insufficient to take up all the additional Offer Shares, the excess additional Offer Shares will be reallocated to the International Offering only. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares. If the Hong Kong Public Offering is fully subscribed with no over-subscription, the additional Offer Shares pursuant to the Offer Size Adjustment Option will all be allocated to the International offering due to insufficient demand in the Hong Kong Public Offering. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be approximately 4.22%.	The unsubscribed Offer Shares under the Hong Kong Public Offering will be reallocated to the International Offering. The additional Offer Shares to be issued pursuant to the Offer Size Adjustment Option will be allocated to the International Offering only due to insufficient demand in the Hong Kong Public Offering. As a result, the final allocation of the Offer Shares to the Hong Kong Public Offering will be less than 5% of the total number of Offer Shares.

(1) being the percentage which the additional Offer Shares issued pursuant to the Offer Size Adjustment Option represent as a percentage to the number of the initial Offer Shares.

(2) assuming the Over-allotment Option is not exercised.

(3) assuming the reallocation pursuant to Guidance Letter HKEX-GL91-18 as described in “– Hong Kong Public Offering – Reallocation” is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

The following table sets out the number of Shares to be issued under the Global Offering before and after the full exercise of the Offer Size Adjustment Option and the respective percentage in relation to the total issued share capital (without taking into account of the shares to be issued under the Share Issuance Agreement or the Over-allotment Option):

Number of Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital of the Offer Shares initially offered before the exercise of the Offer Size Adjustment Option	Number of Shares issued under the Global Offering after the full exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital of the Offer Shares initially offered after the full exercise of the Offer Size Adjustment Option
1,262,350,000	9.67%	1,727,302,000	13.30%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised and the final allocation of Offer Shares between the Hong Kong Public Offering and the International Offering, or will confirm that if the Offer Size Adjustment Option has not been exercised by the Price Determination Date, it will lapse and cannot be exercised at any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Representatives (on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 189,352,000 additional Offer Shares, representing not more than approximately 15% of the total number of Offer Shares initially available under the Global Offering or up to an additional 259,095,000 Shares (representing not more than approximately 15% of the number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

STRUCTURE OF THE GLOBAL OFFERING

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.43% of the total enlarged share capital of the Company (assuming the Offer Size Adjustment Option is not exercised) or approximately 1.96% of the total enlarged share capital of the Company (assuming the Offer Size Adjustment Option is exercised). If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to slow and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;

STRUCTURE OF THE GLOBAL OFFERING

- (c) liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Wednesday, 23 October 2019, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, 23 September 2019 and, in any event, no later than Wednesday, 25 September 2019, by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HKD30.00 per Offer Share and is expected to be not less than HKD27.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HKD30.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price is less than HKD30.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus applicable monies, without any interest) will be made to successful applications. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price stated in this prospectus.**

If, for any reason, our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, 25 September 2019, the Global Offering will not proceed and will lapse.

STRUCTURE OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.budweiserapac.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

Announcement of Final Offer Price

Final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “*How to Apply for Hong Kong Offer Shares – Publication of Results.*”

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Representatives (on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in “*Underwriting*”.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Joint Representatives (on behalf of the Underwriters) and the Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Underwriters), the Company on or before Wednesday, 25 September 2019, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.budweiserapac.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Monday, 30 September 2019, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 30 September 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 30 September 2019.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 1876.

HOW TO APPLY FOR HONG KONG OFFER SHARES

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the US and are not a US person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Joint Representatives, as the Company's agent, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of any of the Company's subsidiaries;
- you are a director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a close associate of any of the above persons;
- you are a connected person of the Company or a person who will become a connected person of the Company immediately upon the completion of the Global Offering; or
- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **White Form eIPO** service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 18 September 2019 until 12:00 noon on Monday, 23 September 2019 from:

- (a) any of the following offices of the Joint Representatives:

**J.P. Morgan Securities
(Asia Pacific) Limited**

28/F, Chater House
8 Connaught Road Central,
Hong Kong

Morgan Stanley Asia Limited

46/F, International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(b) any of the following branches of the receiving banks for the Hong Kong Public Offering:

(i) The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central, Hong Kong
	Cityplaza Branch	Unit 065, Cityplaza I, Taikoo Shing, Hong Kong
	Des Voeux Road Central Branch	G/F and 1/F, China Insurance Group Bldg, 141 Des Voeux Road Central, Hong Kong
	Causeway Bay Branch	Basement 1 & Shop G08, G/F, Causeway Bay Plaza 2, 463-483 Lockhart Road, Hong Kong
	Hopewell Centre Branch	Shops 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Kowloon	Kwun Tong Branch	G/F & 1/F, Wong Tze Building, 71 Hoi Yuen Road, Kwun Tong, Kowloon
	Festival Walk Branch	Shop LG2-01, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok, Kowloon
	Tsim Sha Tsui Branch	Basement & 1/F, 82-84 Nathan Road, Tsim Sha Tsui, Kowloon
New Territories	Citywalk Branch	Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories
	Shatin Plaza	Shop 49, Level 1, Shatin Plaza, 21-27 Sha Tin Centre Street, Sha Tin, New Territories
	Tai Po Branch	G/F & 2/F, 54-58 Kwong Fuk Road, Tai Po, New Territories

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) Bank of China (Hong Kong) Limited

	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road West Branch	111-119 Des Voeux Road West, Hong Kong
	Gilman Street Branch	136 Des Voeux Road Central, Hong Kong
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan, Hong Kong
	King's Road Branch	131-133 King's Road North Point, Hong Kong
Kowloon	Chuk Yuen Estate Branch	Shop S1, Chuk Yuen Shopping Centre, Chuk Yuen South Estate, Kowloon
	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road, Kowloon
	Prince Edward Road West (Mong Kok) Branch	116-118 Prince Edward Road West, Mong Kok, Kowloon
	Castle Peak Road (Cheung Sha Wan) Branch	365-371 Castle Peak Road, Cheung Sha Wan, Kowloon
New Territories	City One Sha Tin Branch	Shop Nos. 24-25, G/F, Fortune City One Plus, No. 2 Ngan Shing Street, Sha Tin, New Territories
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long, New Territories
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui, New Territories
	Kwai Chung Plaza Branch	A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 18 September 2019 until 12:00 noon on Monday, 23 September 2019 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "HSBC NOMINEES (HONG KONG) LIMITED – BUDWEISER PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above at the following times:

Wednesday, 18 September 2019 – 9:00 a.m. to 4:30 p.m.
Thursday, 19 September 2019 – 9:00 a.m. to 4:30 p.m.
Friday, 20 September 2019 – 9:00 a.m. to 4:30 p.m.
Monday 23 September 2019 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 23 September 2019, the last day for applications, or such later time as described in "*– Effect of Bad Weather on the Opening and Closing of the Application Lists*" below.

4. Terms and Conditions of an Application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully, otherwise your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Memorandum and Articles of Association of the Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;
- (f) agree that none of the Company, the Relevant Persons and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (h) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus and the Application Form;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States and are not a US person (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (o) authorize (i) the Company to place your name(s) or the name of HKSCC Nominees on the register of members of the Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Memorandum and Articles of Association and (ii) the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “– *Personal Collection*” below to collect the Share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

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- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as its agent.

Additional Instructions for YELLOW Application Forms

You should refer to the **YELLOW** Application Form for details.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in “– *Who Can Apply*” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, 18 September 2019 until 11:30 a.m. on Monday, 23 September 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 23 September 2019, the last day for applications, or such later time as described in “– *Effect of Bad Weather on the Opening and Closing of the Application Lists*” below.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of the **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Budweiser Brewing Company APAC Limited” **White Form eIPO** application submitted via the website www.eipo.com.hk to support the sustainability.

6. Applying By Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre 1/F,
One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and the Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; and
- (b) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;
 - confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
 - authorize the Company to place HKSCC Nominees' name on the register of members of the Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;
 - agree that neither the Company nor the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor **your electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by the Company;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of the Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates⁽¹⁾:

Wednesday, 18 September 2019	– 9:00 a.m. to 8:30 p.m.
Thursday, 19 September 2019	– 8:00 a.m. to 8:30 p.m.
Friday, 20 September 2019	– 8:00 a.m. to 8:30 p.m.
Monday, 23 September 2019	– 8:00 a.m. to 12:00 noon

Note:

- (1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 18 September 2019 until 12:00 noon on Monday, 23 September 2019 (24 hours daily, except on Monday, 23 September 2019, the last day for applications).

HOW TO APPLY FOR HONG KONG OFFER SHARES

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 23 September 2019, the last day for applications, or such later time as described in “– *Effect of Bad Weather on the Opening and Closing of the Application Lists*” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for Electronic Applications

The application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 23 September, 2019, the last day for applications, or such later time as described in “– *Effect of Bad Weather on the Opening and Closing of the Application Lists*” below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees”, you must include:

- an account number; or
- some other identification code.

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **the White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The Maximum Offer Price is HKD30.00 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

You must pay the Maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares under the terms and conditions set out in the Application Forms.

The Application Forms have tables showing the exact amount payable for the numbers of Offer Shares that may be applied for.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “*Structure of the Global Offering – Pricing and Allocation.*”

C. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 23 September 2019. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 23 September 2019 or if there is/are a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “– *Expected Timetable,*” an announcement will be made.

D. PUBLICATION OF RESULTS

The Company expects to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Friday, 27 September 2019 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company at www.budweiserapac.com and the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of the Company and the Stock Exchange at www.budweiserapac.com and www.hkexnews.hk, respectively, by no later than Friday, 27 September 2019;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID function” on a 24 hour basis from 8:00 a.m. on Friday, 27 September 2019 to 12:00 midnight on Thursday, 3 October 2019;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- from the allocation results telephone inquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, 27 September 2019 to Monday, 30 September 2019; and
- in the special allocation results booklets which will be available for inspection during the opening hours of the individual receiving bank's designated branches referred to above from Friday, 27 September 2019 to Monday, 30 September 2019.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "*Structure of the Global Offering.*"

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Tuesday, 15 October 2019. This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before Tuesday, 15 October 2019 in the following circumstances:

- (i) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or
- (ii) if any supplement to this prospectus is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- you apply for more than 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- the Company or the Joint Representatives believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

HOW TO APPLY FOR HONG KONG OFFER SHARES

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in “*Structure of the Global Offering – Conditions of the Global Offering*” are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 27 September 2019.

G. DISPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (a) Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares allocated to you will be deposited into CCASS as described below); and
- (b) refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for and/or (ii) the difference between the Offer Price and the Maximum Offer Price paid on application in the event that the Offer Price is less than the Maximum Offer Price paid on application (including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but without interest).

Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Subject to arrangement on dispatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Friday, 27 September 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 30 September 2019, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Share on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form:

- If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 27 September 2019, or any other place or date notified by the Company in the newspapers.
- If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant who is eligible for personal collection, your authorized representative must provide a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.
- If you do not personally collect your refund cheque(s) and/or Share certificate(s) (where applicable) within the time specified for collection, they will be dispatched promptly to you to the address specified in your Application Form by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form, your refund cheque(s) and/or Share certificate(s) (where applicable) will be sent to the address specified in your Application Form on or before Friday, 27 September 2019 by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

- If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address specified in the Application Form on or before Friday, 27 September 2019 by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or your designated CCASS Participant's stock account as stated in your Application Form on Friday, 27 September 2019 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.
- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.
- If you apply as a CCASS Investor Participant, the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Friday, 27 September 2019 in the manner as described in "– *Publication of Results*" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 27 September 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System. HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account.

(c) If you apply through White Form eIPO service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 27 September 2019, or any other place or date notified by the Company in the newspapers as the date of dispatch or collection of Share certificates.
- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, 27 September 2019 by ordinary post and at your own risk.
- If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(d) If you apply by giving electronic application instructions to HKSCC via CCASS:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 27 September 2019 or on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in “– *Publication of Results*” above on Friday, 27 September 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 27 September 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's “An Operating Guide for Investor Participants” in effect from time to time) on Friday, 27 September 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 27 September 2019.

HOW TO APPLY FOR HONG KONG OFFER SHARES

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report set out on pages IA-1 to IA-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BUDWEISER BREWING COMPANY APAC LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of the Asia Pacific operations excluding Australia of Anheuser-Busch InBev (together, the "**Group**") set out on pages IA-4 to IA-64, which comprises the combined statements of financial position as at 31 December 2017 and 2018 and 31 March 2019, and the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IA-4 to IA-64 forms an integral part of this report, which has been prepared for inclusion in the prospectus of Budweiser Brewing Company APAC Limited (the "**Company**") dated 18 September 2019 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong

Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the combined financial position of the Group as at 31 December 2017 and 2018 and 31 March 2019 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group, which comprises the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2018 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board (“**IAASB**”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-4 have been made.

Dividends

We refer to Note 34 to the Historical Financial Information, which contains information about the dividends paid by the companies comprising the Group in respect of the Track Record Period. No dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 September 2019

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information, which forms an integral part of this accountant's report. The financial statements of the Group for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2019 ("Track Record Period"), on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollars ("US\$"), and all values are rounded to the nearest million ("US\$'million"), except when otherwise indicated.

COMBINED INCOME STATEMENTS

	Notes	For the year ended 31 December		For the three months ended 31 March	
		2017	2018	2018	2019
		US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Revenue		6,099	6,740	1,584	1,606
Cost of sales		(2,944)	(3,240)	(799)	(776)
Gross profit		3,155	3,500	785	830
Distribution expenses		(516)	(540)	(128)	(128)
Sales and marketing expenses		(1,401)	(1,421)	(284)	(281)
Administrative expenses		(404)	(395)	(102)	(76)
Other operating income	6	133	154	39	27
Profit from operations before non-recurring items		967	1,298	310	372
Non-recurring items	7	(45)	(42)	(8)	(16)
Profit from operations		922	1,256	302	356
Finance costs	10	(34)	(22)	(24)	(10)
Non-recurring finance costs	7 & 10	(36)	(21)	(7)	(4)
Finance income	10	19	25	7	8
Net finance cost		(51)	(18)	(24)	(6)
Share of results of associates	16	8	17	1	2
Profit before tax		879	1,255	279	352
Income tax expense	11	(307)	(296)	(66)	(112)
Profit for the year/period		<u>572</u>	<u>959</u>	<u>213</u>	<u>240</u>
Profit/loss of the year/period attributable to:					
Equity holders		574	958	213	240
Non-controlling interests		(2)	1	–	–
Basic and diluted earnings per share	32	N/A	N/A	N/A	N/A

The accompanying notes are an integral part of the combined financial information.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Profit for the year/period	572	959	213	240
Other comprehensive income/(loss):				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement of post-employment benefits	(4)	(4)	1	1
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	931	(495)	148	8
Gains/(losses) on cash flow hedges	(1)	(1)	–	–
Other comprehensive income/(loss), net of tax	926	(500)	149	9
Total comprehensive income	<u>1,498</u>	<u>459</u>	<u>362</u>	<u>249</u>
Total comprehensive income/(loss) of the year/period attributable to:				
Equity holders	1,500	458	362	249
Non-controlling interests	(2)	1	–	–

The accompanying notes are an integral part of the combined financial information.

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As of 31 December		As of
		2017	2018	31 March
		US\$'million	US\$'million	2019
				US\$'million
ASSETS				
Non-current assets				
Property, plant and equipment	12	4,040	3,790	3,749
Goodwill	13	7,046	6,718	6,712
Intangible assets	14	1,819	1,718	1,697
Land use rights	15	323	276	289
Investment in associates	16	367	403	408
Deferred tax assets	17	217	222	223
Trade and other receivables	19	75	55	54
Total non-current assets		13,887	13,182	13,132
Current assets				
Inventories	18	371	417	391
Trade and other receivables	19	697	580	818
Derivatives		7	12	9
Cash and cash equivalents	20	1,761	1,667	1,668
Other current assets		37	4	6
Total current assets		2,873	2,680	2,892
Total assets		16,760	15,862	16,024
COMBINED EQUITY AND LIABILITIES				
Combined equity				
AB InBev capital	21	10,328	10,153	10,398
Non-controlling interests		19	19	19
Total combined equity		10,347	10,172	10,417
Non-current liabilities				
Interest-bearing loans and borrowings	22	57	30	39
Loans with AB InBev to be capitalized upon Listing	22	1,018	473	466
Deferred tax liabilities	17	449	408	416
Trade and other payables	26	26	29	32
Derivatives		7	–	–
Provisions	25	269	250	253
Other non-current liabilities		43	32	32
Total non-current liabilities		1,869	1,222	1,238
Current liabilities				
Bank overdrafts	20	47	45	63
Interest-bearing loans and borrowings	22	43	67	111
Trade and other payables	26	2,567	2,547	2,419
Payables with AB InBev	26	485	405	331
Consigned packaging and contract liabilities	26	1,288	1,284	1,259
Derivatives		–	1	1
Provisions	25	16	18	14
Other current liabilities		98	101	171
Total current liabilities		4,544	4,468	4,369
Total equity and liabilities		16,760	15,862	16,024

The accompanying notes are an integral part of the combined financial information.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Group					
	Contributed capital	Retained earnings	Other comprehensive income reserves	AB InBev capital ⁽¹⁾	Non-controlling interests	Combined equity
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
1 January 2017	8,758	552	(748)	8,562	10	8,572
Profit for the year	–	574	–	574	(2)	572
Other comprehensive income/(loss)						
Exchange gains on translation of foreign operations	–	–	931	931	–	931
Other	–	–	(5)	(5)	–	(5)
Total comprehensive income/(loss)	–	574	926	1,500	(2)	1,498
Share-based payments	32	–	–	32	–	32
Dividends	(15)	–	–	(15)	(2)	(17)
Movement in contribution	249	–	–	249	–	249
Purchase of non-controlling interests	–	–	–	–	13	13
31 December 2017	9,024	1,126	178	10,328	19	10,347
1 January 2018	9,024	1,126	178	10,328	19	10,347
Profit for the year	–	958	–	958	1	959
Other comprehensive income/(loss)						
Exchange loss on translation of foreign operations	–	–	(495)	(495)	–	(495)
Other	–	–	(5)	(5)	–	(5)
Total comprehensive income/(loss)	–	958	(500)	458	1	459
Share-based payments	14	–	–	14	–	14
Dividends	(398)	–	–	(398)	(3)	(401)
Movement in contribution	(249)	–	–	(249)	–	(249)
Purchase of non-controlling interests	–	–	–	–	2	2
31 December 2018	8,391	2,084	(322)	10,153	19	10,172

	Attributable to equity holders of the Group					
	Contributed capital	Retained earnings	Other comprehensive income reserves	AB InBev capital ⁽¹⁾	Non-controlling interests	Combined equity
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
(Unaudited)						
1 January 2018	9,024	1,126	178	10,328	19	10,347
Profit for the period	–	213	–	213	–	213
Other comprehensive income/(loss)						
Exchange gains on translation of foreign operations	–	–	148	148	–	148
Other	–	–	1	1	–	1
Total comprehensive income/(loss)	–	213	149	362	–	362
Share-based payments	6	–	–	6	–	6
Dividends	(322)	–	–	(322)	–	(322)
Movement in contribution	19	–	–	19	–	19
Purchase of non-controlling interests	–	–	–	–	1	1
31 March 2018	8,727	1,339	327	10,393	20	10,413
1 January 2019	8,391	2,084	(322)	10,153	19	10,172
Profit for the period	–	240	–	240	–	240
Other comprehensive income/(loss)						
Exchange gains on translation of foreign operations	–	–	8	8	–	8
Other	–	–	1	1	–	1
Total comprehensive income/(loss)	–	240	9	249	–	249
Share-based payments	3	–	–	3	–	3
Dividends	–	–	–	–	–	–
Movement in contribution	(7)	–	–	(7)	–	(7)
Purchase of non-controlling interests	–	–	–	–	–	–
31 March 2019	8,387	2,324	(313)	10,398	19	10,417

The accompanying notes are an integral part of the combined financial information.

- (1) Included within AB InBev capital are legal statutory reserves in the People's Republic of China ("PRC") of 85m US dollar as of 1 January 2017, 117m US dollar as of 31 December 2017, 137m US dollar as of 31 December 2018 and 137m US dollar as of 31 March 2019. Under the relevant PRC laws and regulations, PRC companies are required to allocate 10% of the company's net profit to a fund, until such a fund reaches 50% of the companies registered capital. The statutory reserve fund can be utilized upon approval by the relevant authorities, to offset against accumulated losses or increase registered capital of the company, provided that such fund is maintained at a minimum of 25% of the companies registered capital.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	For the year ended 31 December		For the three months ended 31 March	
		2017	2018	2018	2019
		US\$ million	US\$ million	US\$ million (Unaudited)	US\$ million
OPERATING ACTIVITIES					
Profit for the year/period		572	959	213	240
Depreciation, amortization and impairment	12, 14, 15	685	696	169	186
Impairment losses on receivables, inventories and other assets		18	17	5	6
Additions in provisions and employee benefits		47	46	10	4
Net finance cost	10	51	18	24	6
Net gain/(loss) on disposal of property, plant and equipment and intangible assets		(26)	(44)	(1)	-
Equity-settled share-based payment expense	24	32	14	7	3
Income tax expense	11	307	296	66	112
Other non-cash items included in profit		(34)	(16)	(4)	(3)
Share of results of associates	16	(8)	(17)	(1)	(2)
Cash flow from operating activities before changes in working capital and use of provisions		1,644	1,969	488	552
Decrease/(increase) in trade and other receivables		9	88	(99)	(240)
Decrease/(increase) in inventories		5	(84)	13	29
Increase/(decrease) in trade and other payables ¹		110	116	(102)	(275)
Decrease in provisions and pensions		(51)	(66)	(33)	(8)
Cash generated from operations		1,717	2,023	267	58
Interest paid (third parties)		(6)	(23)	(13)	(3)
Interest paid (Loans with AB InBev to be capitalized upon Listing)		(109)	(24)	-	-
Interest received		20	26	6	5
Dividends received		6	10	-	-
Income tax paid		(297)	(328)	(2)	(24)
CASH FLOW FROM OPERATING ACTIVITIES		1,331	1,684	258	36
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets		(563)	(599)	(83)	(71)
Proceeds from sale of property, plant and equipment and intangible assets		211	131	19	6
Acquisition of subsidiaries, net of cash acquired	27	(21)	(4)	-	(1)
Acquisition of investment in an associate	16	(232)	-	-	-
Proceeds from sale of other current assets		73	-	-	-
CASH FLOW USED IN INVESTING ACTIVITIES		(532)	(472)	(64)	(66)
FINANCING ACTIVITIES					
Proceeds from/(Repayment of) contributed capital		246	(233)	(40)	(23)
Proceeds from/(Repayment of) loans with AB InBev to be capitalized upon Listing	22	(247)	(545)	18	(5)
Dividends paid to AB InBev		(14)	(391)	(322)	(1)
Dividends paid to non-controlling interest holders		(2)	(3)	-	(1)
Proceeds from borrowings		61	52	1	61
Repayments of borrowings		(144)	(55)	(6)	(17)
Payments of lease liabilities		(24)	(30)	(8)	(9)
Purchase of non-controlling interest		(55)	-	-	-
Cash net finance (cost)/income other than interest		(8)	(32)	2	(2)
CASH FLOW USED IN FINANCING ACTIVITIES		(187)	(1,237)	(355)	4
Net increase/(decrease) in cash and cash equivalents		612	(25)	(161)	(26)
Cash and cash equivalents less bank overdrafts at beginning of the year/period	20	992	1,714	1,714	1,622
Effect of exchange rate fluctuations		110	(67)	23	9
Cash and cash equivalents less bank overdrafts at end of the year/period	20	1,714	1,622	1,576	1,605

The accompanying notes are an integral part of the combined financial information.

1 Comprises of trade and other payables, payables with AB InBev, consigned packaging and contract liabilities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information and Basis of Presentation

1.1 General Information

The Listing business comprises the Asia Pacific operations excluding Australia (the “**Listing Business**” or the “**Group**”) of Anheuser-Busch InBev SA/NV (referred to as “**AB InBev**”). The Asia Pacific operations consist of all entities in the region which are primarily in China, South Korea, India, Vietnam, Japan and relevant operations of AB InBev entities outside of Asia Pacific with operations in the Asia Pacific region or with subsidiaries within the region. The Listing Business is principally engaged in the brewing and distribution of beer in the Asia Pacific region.

The ultimate parent company of the Listing Business is AB InBev, which is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD).

The principal entities comprising the Listing Business are set out below:

Name	Country of incorporation	Date of incorporation	Issued and fully paid share capital/ registered capital (million, except for shares)	Effective interest held by AB InBev as of				Principal activities and place of operation	Notes
				31 December		31 March			
				2017	2018	2019	Date of this report		
Anheuser-Busch InBev (China) Sales Co., Ltd.	PRC	26 April 2005	CNY50/CNY50	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Wuhan) Brewery Co., Ltd.	PRC	26 January 1995	CNY978/USD117	97.06%	97.06%	97.06%	97.06%	Operating company PRC	(iv)
Anheuser-Busch InBev (Foshan) Brewery Co., Ltd.	PRC	9 March 2007	CNY1,105/USD160	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev Harbin Brewery Co., Ltd.	PRC	9 October 1995	CNY1,001/CNY1,001	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Tangshan) Brewery Co., Ltd.	PRC	13 November 2002	CNY760/CNY930	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev Sedrin Brewery Co., Ltd.	PRC	5 February 2002	CNY210/CNY410	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev Sedrin (Zhangzhou) Brewery Co., Ltd.	PRC	13 December 2010	CNY282/USD43	100%	100%	100%	100%	Operating company PRC	(iv)

APPENDIX IA
ACCOUNTANT'S REPORT

Name	Country of incorporation	Date of incorporation	Issued and fully paid share capital/ registered capital (million, except for shares)	Effective interest held by AB InBev as of			Date of this report	Principal activities and place of operation	Notes
				31 December		31 March			
				2017	2018	2019			
Anheuser-Busch InBev (Taizhou) Brewery Co., Ltd.	PRC	5 July 2004	CNY227/CNY227	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev Sedrin (Nanchang) Brewery Co., Ltd.	PRC	29 August 1994	CNY248/USD35	100%	100%	100%	100%	Operating company PRC	(iv)
Siping Ginsber Draft Beer Co., Ltd.	PRC	17 November 2011	N/A	100%	100%	100%	100%	Operating company PRC	(vii)
Anheuser-Busch InBev (Nantong) Brewery Co., Ltd.	PRC	24 August 2011	CNY200/CNY200	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Sichuan) Brewery Co., Ltd.	PRC	23 July 2010	CNY230/CNY230	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Henan) Brewery Co., Ltd.	PRC	11 May 2011	CNY168/CNY302	100%	100%	100%	100%	Operating company PRC	(iv)
InBev Jinlongquan (Hubei) Brewery Co., Ltd.	PRC	20 December 1995	CNY498/USD60	60%	60%	60%	60%	Operating company PRC	(v)
Anheuser-Busch InBev (Suqian) Brewery Co., Ltd.	PRC	30 December 2011	CNY200/CNY200	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Baoding) Brewery Co., Ltd.	PRC	15 November 2012	CNY235/CNY235	100%	100%	100%	100%	Operating company PRC	(iv)
Anheuser-Busch InBev (Shanghai) Sales Co., Ltd.	PRC	8 October 2006	N/A	100%	100%	100%	100%	Operating company PRC	(vii)
Crown Beers India Private Limited	India	22 January 2007	INR5,846	100%	100%	100%	100%	Operating company India	(iii), (vi)

Name	Country of incorporation	Date of incorporation	Issued and fully paid share capital/ registered capital (million, except for shares)	Effective interest held by AB InBev as of				Principal activities and place of operation	Notes
				31 December		31 March			
				2017	2018	2019	Date of this report		
Anheuser-Busch InBev India Limited	India	18 November 1988	INR4,086	99.60%	99.60%	99.60%	99.60%	Holding company India	(iii)
Oriental Brewery Co., Ltd	South Korea	22 May 1952	KRW20,000	100%	100%	100%	100%	Operating company South Korea	(i)
Anheuser-Busch InBev Vietnam Brewery Company Limited	Vietnam	29 June 2012	USD118	100%	100%	100%	100%	Operating company Vietnam	(i)

Notes:

- i. The statutory financial statements for the years ended 31 December 2017 and 2018 were audited by affiliates of Deloitte Touche Tohmatsu.
- ii. The statutory financial statements for the year ended 31 December 2017 were audited by affiliates of Deloitte Touche Tohmatsu.
- iii. The statutory financial statements for the year ended 31 March 2017 were audited by affiliates of KPMG. The audited financial statements for the year ended 31 March 2018 were audited by affiliates of Deloitte Touche Tohmatsu. The audited financial statements for the year ended 31 March 2019 have not been issued.
- iv. The statutory financial statements for the years ended 31 December 2017 and 2018 were audited by Ruihua Certified Public Accountants.
- v. The statutory financial statements for the years ended 31 December 2017 and 2018 were audited by Hubei Jinheng Certified Public Accountants Company Limited.
- vi. The audited financial statements for the year ended 31 December 2018 have not been issued.
- vii. These entities are branches of Anheuser-Busch InBev (China) Sales Co., Ltd. No stand-alone statutory financial statements have been issued.
- viii. The English names of certain subsidiaries referred herein represent the Directors' best effort at translating the Chinese names of the companies as no English names have been registered.

1.2 Basis of presentation

The combined financial information comprises the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2018 and 2019, the combined statements of financial position of the Listing Business as of 31 December 2017 and 2018 and as of 31 March 2019. The Listing Business was under the common control and management of AB InBev immediately before and after the Reorganization (refer to 1.3) and has been managed as a single business by AB InBev throughout the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019. Accordingly the Reorganization is regarded as a recapitalization of a business, and for the purpose of this report, the Financial Information has been prepared on a combined basis using the existing book values from AB InBev's perspective.

The Listing Business represents the business of the Asia Pacific region of AB InBev excluding Australia, and includes the assets, liabilities, revenue, expenses and cash flows attributable to the relevant entities in the region which are primarily in China, South Korea, India, Vietnam and Japan and relevant operations of AB InBev entities outside of Asia Pacific with operations in the Asia Pacific region or with subsidiaries within the region and that are part of the Listing Business.

Transactions and balances previously reported as part of the continuing operations of the Listing Business have been directly attributed to the Group and reflect the following:

- Cash and cash equivalents – Historically, certain cash and cash equivalents were managed as part of a global treasury management function by AB InBev. The Group did not exercise operational control over the cash and cash equivalents in the physical cash pool with AB InBev entities. The balances generated from the Listing Business that were physically pooled into AB InBev Group entities that are outside the Listing Business are therefore not considered cash and cash equivalents of the Group and are not included as such in the combined financial information. For the purposes of the historical financial information of the Group during the Track Record Period and subsequent thereafter until immediately prior to the Listing, amounts in the physical cash pool are included within AB InBev capital which reflects the net funding position between the Group and AB InBev. After the Listing, balances in the physical cash pool will create a receivable or payable between the Group and the AB InBev group counterparty.
- Hedging activities – Historically, certain hedging instruments were managed as part of a global treasury management function by AB InBev. For the purposes of the combined financial information, the net hedging income of 36m US dollar in 2017, 14m US dollar in 2018, 3m US dollar for the three months ended 31 March 2018 and 1m US dollar for the three months ended 31 March 2019 relating to the Listing Business have been allocated in these accounts to reflect the Group's share of AB InBev hedging gains and losses.
- Loan receivables of 1,018m US dollar as of 31 December 2017, 473m US dollar as of 31 December 2018 and 466m US dollar as of 31 March 2019 that are held by AB InBev Group companies outside the Group. As part of the AB InBev global treasury management function, the Group has loans with AB InBev Group entities, which are outside the Group. The related loan receivables held by AB InBev Group entities outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting these borrowings going forward. For the purpose of the combined financial information, the liabilities related to the loans with AB InBev Group entities were presented as borrowings during the Track Record Period and will be extinguished prior to or upon the Listing. The interest charges related to these borrowings were reported as non-recurring finance costs on the basis that these will be extinguished. The legal assignment of loan receivables held by AB InBev with the Group prior to or upon the Listing will be accounted for in equity upon extinguishment.

AB InBev historically recharged costs shared with other AB InBev businesses to the legal entities comprising the Group and were recorded as such in the combined financial information (refer to Note 30).

Intercompany transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated on combination.

As further explained in Note 3(e), and in line with many other Fast Moving Consumer Goods (“**FMCG**”) companies, the Group intentionally maintains a net current liabilities position as part of its business model despite strong operating cash flows. Therefore, the Group's net current liabilities position is not indicative of any going concern issues, and the combined financial information has been prepared on a going concern basis.

1.3 Group reorganization

Budweiser Brewing Company APAC Limited (the “**Company**”) (Note 35) will become the holding company of the Listing Business via a reorganization, which is conditional on completion of the Global Offering. The reorganization is expected to be accounted for as a recapitalization of a single business upon completion.

The Listing Business has not historically formed a separate legal group and is in process of finalizing a reorganization to transfer ownership of the entities comprising the Listing Business to the Company (“the Reorganization”). AB InBev will provide funds to the Company through intercompany loan contributions to enable it to complete the reorganization. The reorganization steps include the transfers via contribution at fair market value of the China, Japan, Vietnam and India operations which were completed in June and July 2019 and the New Zealand and South Korea operations which will be completed prior to or upon listing.

The Company will use the net proceeds from the Global Offering to repay intercompany loans from AB InBev.

The difference between the contribution at fair market value and net assets of the Listing Business at the existing book values from AB InBev’s perspective will be accounted in Equity – movement in contribution.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee (“IFRIC”) interpretations applicable to companies reporting under IFRS for periods beginning on 1 January 2019. The financial information has been prepared under the historical cost convention unless otherwise stated. The Group adopted IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments* effective on 1 January 2017. The adoption of these standards did not have a material impact on the Group.

The accounting policies set out in this note have been applied consistently to all years/periods presented.

The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial information, are disclosed in Note 4.

To the extent that new IFRS requirements are expected to be applicable in the future, they have been listed hereafter. They have not been applied in preparing these combined financial statements.

The following are standards and amendments to existing standards that have been published and are relevant and mandatory for the Group’s accounting periods beginning after 1 January 2020, but have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Materiality	1 January 2020
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates and Joint Ventures	To be determined

2.2 Functional and presentation currency

Unless otherwise specified, all financial information has been presented in US dollar and has been rounded to the nearest million (presentation currency). The financial information of all reporting units included in the combined financial information are measured using the currency of the primary environment in which the reporting unit operates (functional currency).

2.3 Principles of consolidation

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are taken into account. Control is presumed to exist where the Group owns, directly or indirectly, more than one half of the voting rights (which does not always equate to economic ownership), unless it can be demonstrated that such ownership does not constitute control. The financial information of subsidiaries are included in the combined financial information from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are undertakings in which the Group has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. Associates are accounted for by the equity method of accounting, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations on behalf of the associate.

The financial information of the Group's subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. When the financial information of the associates is prepared as of a different date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial information. In such cases, the difference between the end of the reporting period of these subsidiaries and associates from the Group's reporting period is no more than three months.

Transactions with non-controlling interests are treated as transactions with equity owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4 Foreign currency translation

2.4.1 Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the statement of financial position rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the combined income statements. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates ruling at the dates the fair value was determined.

2.4.2 Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the date of the statement of financial position. Income statements of foreign operations are translated to US dollar at exchange rates for the year/period approximating the foreign exchange rates prevailing at the dates of the transactions. The components of owners' equity are translated at historical rates. Exchange differences arising from the translation of owners' equity to US dollar at year-end/period-end exchange rates are taken to other comprehensive income (translation reserves).

2.5 Intangible assets**2.5.1 Brands**

If part of the consideration paid in a business combination relates to trademarks, trade names, formulas, recipes or technological expertise these intangible assets are considered as a group of complementary assets that is referred to as a brand for which one fair value is determined. Expenditure on internally generated brands is expensed as incurred.

2.5.2 Commercial intangibles

A distribution right is the right for the Group to supply a customer and the commitment by the customer to purchase from the Group. A distribution right is the right to sell specified products in a certain territory. Acquired distribution rights are measured initially at cost or fair value when obtained through a business combination. Amortization related to supply and distribution rights is included within sales and marketing expenses.

2.5.3 Software

Purchased software is measured at cost less accumulated amortization. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities; otherwise, it is recognized in the combined income statements when incurred. Amortization related to software is included in cost of sales, distribution expenses, sales and marketing expenses or administrative expenses based on the activity the software supports.

2.5.4 Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated amortization and impairment losses. These are initially recognized at the present value of the future payments and subsequently measured at cost less accumulated amortization and impairment losses.

2.5.5 Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

2.5.6 Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Commercial intangibles, which comprise licenses, brewing, supply and distribution rights and other intangible assets, are amortized over the year/period in which the rights exist. Brands are considered to have an indefinite life unless plans exist to discontinue the brand. Discontinuance of a brand can be either through sale or termination of marketing support. When the Group purchases distribution rights for its own products the life of these rights is considered indefinite, unless the Group has a plan to discontinue the related brand or distribution.

On average, the amortization periods of intangible assets with finite useful lives are as follows:

Commercial intangibles (Licenses, brewing, supply and distribution rights)	5 to 14 years or the unexpired term of the rights
Land use rights	Shorter of 80 years or the unexpired lease term
Software and capitalized development cost	3 to 7 years
Other intangible assets	5 to 20 years

Brands are deemed intangible assets with indefinite useful lives and, therefore, are not amortized but tested for impairment on an annual basis (refer to accounting policy 2.14).

2.5.7 Gains and losses on sale

Net gains on sale of intangible assets are presented in the combined income statements as other operating income. Net losses on sale are included as other operating expenses. Net gains and losses are recognized in the combined income statements when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the intangible assets.

2.6 Land use rights

Land use rights consist of land use rights in China which represents payments to third parties to acquire leasehold interests in property in China. These payments are stated at cost and are amortized over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost. Refer to 2.5.6 for the amortization policy.

2.7 Business combinations

The Group applies the acquisition method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

2.8 Goodwill

Goodwill is determined as the excess of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognized at the date of acquisition. All business combinations are accounted for by applying the purchase method.

Goodwill is stated at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator that the cash-generating unit to which goodwill has been allocated, may be impaired (refer to accounting policy 2.14). Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates and is translated to US dollars using the year-end/period-end exchange rate. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associates.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination such excess is recognized immediately in the combined income statements.

2.9 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer to accounting policy 2.14). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non-refundable tax and transport cost). The cost of a self-constructed asset is determined using the same principles as for an acquired asset. The depreciation methods, residual value, as well as the useful lives are reassessed and adjusted if appropriate, annually.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

Subsequent expenditure

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

The depreciable amount is the cost of an asset less its residual value. Residual values, if not insignificant, are reassessed annually. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are defined in terms of the asset's expected utility to the Group and can vary from one geographical area to another. On average the estimated useful lives are as follows:

Industrial buildings – other real estate properties	20 – 50 years
Production plant and equipment:	
Production equipment	10 – 15 years
Storage, packaging and handling equipment	5 – 7 years
Returnable packaging:	
Kegs	2 – 10 years
Crates	2 – 10 years
Bottles	2 – 5 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on sale

Net gains on sale of items of property, plant and equipment are presented in the combined income statements as other operating income. Net losses on sale are presented as other operating expenses. Net gains and losses are recognized in the combined income statements when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

2.10 Accounting for leases

The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the combined statements of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the combined income statements in the year/period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

The lease liability is presented in the 'Interest-bearing loans and borrowings' line and the right-of-use assets are presented in the 'Property, plant and equipment' line in the combined statements of financial position. In addition, the principal portion of the lease payments is presented within financial activities and the interest component is presented within operating activities in the combined statements of cash flows.

The Group as lessor

Leases where the Group transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the Group are classified as operating leases. Rental income is recognized in the combined income statements within other operating income on a straight-line basis over the term of the lease.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The weighted average method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labor, other direct cost and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. The calculation of the net realizable value takes into consideration specific characteristics of each inventory category, such as expiration date, remaining shelf life, slow-moving indicators, amongst others.

2.12 Trade and other receivables

Trade and other receivables are carried at amortized cost less impairment losses. An estimate of impairment losses for doubtful receivables is made based on a review of all outstanding amounts at the date of the combined statements of financial position.

2.13 Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash. They are stated at face value, which approximates their fair value. In the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Cash and cash equivalents include cash balances in a notional cash pool managed by AB InBev as part of a centralized treasury management system. Since the Group has legal rights to these balances they are included in the Group's cash and cash equivalents.

2.14 Impairment for non-financial assets

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each date of the combined statements of financial position to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the cash-generating unit level, being the level at which the assets generate largely independent cash inflows and are monitored for internal management purposes. Each country is managed as a single business unit and has a significant amount of vertical integration through multi product production facilities and integrated logistics, sales and marketing functions. Based on this, the cash-generating unit is a country or for smaller businesses a group of countries managed as a group. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the combined income statements.

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash-generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.15 Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(a) Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

(b) Disputes and litigations

A provision for disputes and litigation is recognized when it is more likely than not that the Group will be required to make future payments as a result of past events, such items may include but are not limited to claims, lawsuits and actions relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities, and alcohol industry litigation matters.

2.16 Employee benefits***Post-employment benefits***

Post-employment benefits include pensions, post-employment life insurance and post-employment medical benefits. The Group operates a number of defined benefit and defined contribution plans, the assets of which are generally held in separate trustee-managed funds. The pension plans are generally funded by payments from employees and the Group, and for defined benefit plans, taking account of the recommendations of independent actuaries. The Group maintains funded and unfunded pension plans.

a. *Defined contribution plans*

Contributions to defined contribution plans are recognized as an expense in the combined income statements when incurred. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b. *Defined benefit plans*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement. Under this method, the cost of providing pensions is charged to the combined income statements so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the combined income statements include current service cost, net interest cost (income), past service costs and the effect of any curtailments or settlements. Past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the Group recognizes related restructuring or termination costs. The pension obligations recognized in the combined statements of financial position are measured at the present value of the estimated future cash outflows using interest rates based on high quality corporate bond yields, which have terms to maturity approximating the terms of the related liability, less the fair value of any plan assets. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognized in full in the year/period in which they occur in the combined statements of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent years/periods.

Where the calculated amount of a defined benefit liability is negative (an asset), the Group recognizes such pension asset to the extent that economic benefits are available to the Group either from refunds or reductions in future contributions.

Other post-employment obligations

Some group companies provide post-employment medical benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

Termination benefits

Termination benefits are recognized as an expense at the earlier of when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date and when the Group recognizes costs for a restructuring. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy and when the Group can no longer withdraw the offer of termination, which is the earlier of either when the employee accepts the offer or when a legal, regulatory or contractual requirement or restriction on the Group's ability to withdraw the offer takes effect.

Bonuses

Bonuses received by Group employees and management are based on pre-defined Group and individual target achievement. The estimated amount of the bonus is recognized as an expense in the year/period the bonus is earned. To the extent that bonuses are settled in shares of the Group, they are accounted for as share-based payments.

2.17 Share-based payments

The share-based compensation plans relate to shares of AB InBev as historically the Group did not have its own share capital.

The Group's key personnel have historically participated in AB InBev's share-based incentive plans. The combined financial information includes allocations of the cost recorded at AB InBev based on the number of the Group's employees participating in each scheme. The historical cost allocations may not be indicative of the future expenses that will be incurred through incentive schemes that will be established for the Group's key personnel following the Listing.

Different share and share option programs allow the Group's senior management and members of the board to acquire shares of AB InBev and some of its affiliates. The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

2.18 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the combined income statements (in accretion expense) over the expected life of the instrument on an effective interest rate basis.

2.19 Trade and other payables

Trade and other payables, which also include payables with AB InBev and consigned packaging and contract liabilities, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Income tax

Income tax on the profit for the year/period comprises current and deferred tax. Income tax is recognized in the combined income statements except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted, or substantively enacted, at the date of the statements of financial position, and any adjustment to tax payable in respect of previous years/periods.

Deferred taxes are provided using the balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the combined statements of financial position a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized i) on initial recognition of goodwill, ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the Group is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Group recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax claims are recorded within provisions in the combined statements of financial position (refer to accounting policy 2.15).

2.21 Income recognition

(a) *Goods sold*

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when performance obligations are satisfied, meaning when the Group transfers control of a product to a customer.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contracts
- Revenue recognition when performance obligations are satisfied

As a result, all of the Group's revenue is recognized at a point of time. Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to be received in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved.

(b) *Finance income*

Finance income comprises of interest received or receivable on funds invested, dividend income, foreign exchange gains, losses on currency hedging instruments offsetting currency gains, gains on hedging instruments and gains on financial assets are measured at fair value through profit or loss ("FVPL").

(c) *Dividend income*

Dividend income from financial investments is recognized in the combined income statements on the date that the dividend is declared.

2.22 Government grants

A government grant is recognized in the combined statements of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants that compensate the Group for expenses incurred are recognized as other operating income in the combined income statements on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the acquisition of an asset are presented by deducting them from the acquisition cost of the related asset.

2.23 Finance costs

Finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, foreign exchange losses, gains on currency hedging instruments offsetting currency losses, results on interest rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as trading, impairment losses on financial assets as well as any losses from hedge ineffectiveness (refer to accounting policy 2.26).

All interest costs incurred in connection with borrowings or financial transactions are expensed as incurred as part of finance costs in the combined income statements. Any difference between the initial amount and the maturity amount of interest-bearing loans and borrowings, such as transaction costs and fair value adjustments, are recognized in the combined income statements (in accretion expense) over the expected life of the instrument on an effective interest rate basis (refer to accounting policy 2.18). The interest expense component of lease payments is also recognized in the combined income statements using the effective interest rate method in accretion expense.

2.24 Research, advertising, and promotional costs and systems development costs

Research, advertising, and promotional costs are expensed in the year/period in which these costs are incurred. Systems development costs are expensed in the year/period in which these costs are incurred if they do not meet the criteria for capitalization (refer to accounting policy 2.5).

2.25 Purchasing, receiving and warehousing costs

Purchasing and receiving costs are included in the cost of sales in the combined income statements, as well as the costs of storing and moving raw materials and packaging materials. The costs of storing finished products at the brewery as well as costs incurred for subsequent storage in distribution centers are included within distribution expenses in the combined income statements.

2.26 Financial Instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the transactional impact of foreign currencies, interest rates, and commodity prices on the Group's performance. The Group's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the Group does therefore not hold or issue any such instruments for such purposes.

Classification and measurement

Except for certain trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt financial instruments are subsequently measured at amortized cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The classification and measurement of the Group's financial assets is as follows:

- *Debt instruments at amortized cost*, comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the Group's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.

- *Financial assets and liabilities at FVPL*, comprise derivative instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income (“FVOCI”). This category also includes debt instruments for which the cash flow characteristics fail the SPPI criterion or are not held with a business model objective to either collect contractual cash flows, or both collect contractual cash flows and sell.

Impairment of financial assets

For other financial assets, the expected credit loss (“ECL”) is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Hedge accounting

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and commodity prices.

At the inception of the hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. Hedge effectiveness is measured at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument.

For the different types of hedges in place, the Group generally enters into hedge relationships where the critical terms of the hedging instrument match exactly the terms of the hedged item. Therefore typically the hedge ratio is 1:1. The Group performs a qualitative assessment of effectiveness. In circumstances where the terms of the hedged item no longer exactly match the critical terms of the hedging instrument, the Group uses a hypothetical derivative method to assess effectiveness. Possible sources of ineffectiveness are changes in the timing of the forecasted transaction, changes in the quantity of the hedged item or changes in the credit risk of either parties to the derivative contract.

Cash flow hedge accounting

Cash flow hedge accounting is applied when a derivative hedges the variability in cash flows of a highly probable forecasted transaction, foreign currency risk of a firm commitment or a recognized asset or liability (such as variable interest rate instrument).

When the hedged forecasted transaction or firm commitment subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserves is included directly in the initial carrying amount of the non-financial item when it is recognized.

For all other hedged transactions, the amount accumulated in the hedging reserves is reclassified to profit or loss in the same year/period during which the hedged item affects profit or loss (e.g. when the variable interest expense is recognized).

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified to profit or loss when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in the combined statements of comprehensive income is reclassified to profit or loss immediately.

Any ineffectiveness is recognized immediately in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when, and only when, the Group has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.27 AB InBev capital

Balances due to or from AB InBev that are operational in nature or have characteristics of debt are presented as payables or receivables with AB InBev or loans with AB InBev to be capitalized upon Listing respectively in the combined statements of financial position. All remaining balances with AB InBev are equity in nature and included in the AB InBev capital balance within the historical combined financial statements.

2.28 Changes in AB InBev capital

The Group operated and was managed as part of AB InBev during the years/periods presented. AB InBev capital reflects the net funding position between the Group and AB InBev other than balances that are operational in nature or have characteristics of debt. AB InBev capital includes funding transactions, capital contributions as well as other comprehensive income reserves that are deemed equity in the historical combined financial statements.

2.29 Segment reporting

Operating segments are components of the Group's business activities about which separate financial information is available that is evaluated regularly by senior management.

The Group has two operating segments: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific). The Group's operating segment reporting format is geographical because the Group's risks and rates of return are affected predominantly by the fact that the Group operates in different geographical areas. The Group's management structure and internal reporting system to the Board of Directors is set up accordingly. Additionally, management assessed additional factors such as management's views on the optimal number of reporting segments, as well as management's view on the optimal balance between practical and more granular information.

2.30 Non-recurring items

Non-recurring items are those that in management's judgment need to be disclosed separately by virtue of their size or incidence. Such items are disclosed in the combined income statements or separately disclosed in the notes to the Historical Financial Information. Transactions which may give rise to non-recurring items are principally restructuring and integration activities, impairments, gains or losses on disposal of businesses, the effect of the accelerated repayment of debt facilities and bonds.

For the purposes of the preparation of the combined income statements, management has included within non-recurring items the finance cost of loans with other AB InBev entities as these loans are to be capitalized upon the Listing, and the finance costs will not occur post Listing.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest risk and commodity risk), credit risk and liquidity risk. The Group analyzes each of these risks individually as well as on a combined basis, and defines strategies to manage the economic impact on the Group's performance in line with its financial risk management policy. The main derivative instruments used are foreign exchange forward contracts, cross currency interest rate swaps and exchange traded commodity futures. The derivatives are part of cash flow hedge relationship.

(a) Foreign currency risk

The Group is subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes borrowings, sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. The Group's foreign currency risk is primarily related to Euro and US dollar purchases.

Foreign exchange risk on operating activities

The Group may hedge operating transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within the forecast period determined in the financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits.

Foreign exchange risk on foreign currency denominated debt

It is the Group's policy to have the debt in the subsidiaries as much as possible linked to the functional currency of the subsidiary. To the extent this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a combined basis and take into consideration the holistic risk management approach.

Currency sensitivity analysis

Had the Chinese yuan and the South Korean won weakened/strengthened against the Euro or US dollar on average of 5% for the Chinese yuan and 7.5% for the South Korean won, with all other variables held constant, the impact on combined profit before tax would have been approximately higher or lower by 12m US dollar in 2017, 2m US dollar in 2018, 8m US dollar for the three months ended 31 March 2018 and 19m US dollar for the three months ended 31 March 2019.

(b) Interest rate risk

406m US dollar or 38% as of 31 December 2017, 389m US dollar or 76% as of 31 December 2018 and 417m US dollar or 75% as of 31 March 2019 of the Group's interest-bearing financial liabilities, excluding lease liabilities, bears interest at a variable rate. The Group estimated that the reasonably possible change of the market interest rates would have an immaterial impact on the Group's profit.

(c) Commodity price risk

The commodity markets have experienced and are expected to continue to experience price fluctuations. The Group therefore uses both fixed price purchasing contracts and commodity derivatives to minimize exposure to commodity price volatility. The Group has exposures to the following commodities: aluminum, barley, coal, corn, corrugated board, diesel, fuel oil, glass, hops, labels, malt, natural gas, plastics, rice, steel and wheat. As of 31 December 2017, 31 December 2018 and 31 March 2019, the Group has commodity derivatives outstanding for corn. The impact of changes in the commodity prices for the Group's derivative exposures would have caused an immaterial impact on the Group's profit in 2017 and 2018, and for the three months ended 31 March 2018 and 2019.

(d) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Group in relation to lending, hedging, settlement and other financial activities. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored.

The Group mitigates its exposure through a variety of mechanisms. It has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade rating. The Group monitors counterparty credit exposures closely and reviews any external downgrade in credit rating immediately. To mitigate pre-settlement risk, counterparty minimum credit standards become more stringent with increases in the duration of the derivatives. To minimize the concentration of counterparty credit risk, the Group enters into derivative transactions with different financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the Group. The carrying amount is presented net of the impairment losses recognized. There was no significant concentration of credit risks with any single counterparty as of 31 December 2017, 31 December 2018 and 31 March 2019 and no single customer represented more than 10% of the Group's total revenue in 2017 and 2018 and for the three months ended 31 March 2018 and 2019.

Impairment losses on trade receivables of 7m US dollar were recognized for the year ended 31 December 2017 and 2m US dollar were recognized in the three months ended 31 March 2019. No impairment losses on trade and other receivables were recorded in 2018. During the Track Record Period, the ECL for trade receivables was insignificant.

(e) Liquidity risk

Historically, the Group's primary sources of cash flow have been cash flows from operating activities, the issuance of debt, bank borrowings and AB InBev capital. The Group's material cash requirements have included the following:

- Capital expenditures;
- Investments in companies;
- Increases in ownership of the Group's subsidiaries or companies in which it holds equity investments;
- Debt servicing of borrowings from third parties and AB InBev; and
- Payments of dividends and repayment of AB InBev capital.

The Group had net current liabilities of 1,671m US dollar, 1,788m US dollar and 1,477m US dollar as of 31 December 2017 and 2018 and 31 March 2019, respectively, which management considers is a positive aspect of the Group's working capital management and an inherent part of the Group's business model. Substantial effort is devoted to the efficient use of working capital, resulting in an ability to secure favorable credit terms with suppliers that are longer than the inventory and receivables cycles. The Group is also highly cash generative, with cash flows from operating activities of 1,331m US dollar, 1,684m US dollar, 258m US dollar and 36m US dollar for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2018 and 2019, respectively. During the Track Record Period, surplus cash generated from operations was extracted from the Group via transfer into the physical cash pool with AB InBev or dividend payments.

The Group believes that cash flows from operating activities, available cash and cash equivalents as well as access to borrowing facilities, will be sufficient to fund capital expenditures, debt servicing, dividend payments and other cash requirements going forward.

The following are the nominal contractual maturities of financial liabilities including interest payments and derivative financial assets and liabilities:

	As of 31 December 2017						
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Non-derivative financial liabilities							
Secured bank loans	2	2	2	-	-	-	-
Unsecured bank loans and other loans	47	48	10	38	-	-	-
Loans with AB InBev to be capitalized upon Listing ¹	1,018	1,224	21	21	21	486	675
Lease liabilities	51	62	26	13	6	6	11
Bank overdrafts	47	47	47	-	-	-	-
Trade and other payables ²	4,366	4,366	4,340	20	-	6	-
	5,531	5,749	4,446	92	27	498	686
Derivative financial assets/(liabilities)	-	-	7	(7)	-	-	-

As of 31 December 2018

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Non-derivative financial liabilities							
Secured bank loans	6	6	6	–	–	–	–
Unsecured bank loans and other loans	37	37	37	–	–	–	–
Loans with AB InBev to be capitalized upon Listing ¹	473	562	5	5	5	483	64
Lease liabilities	54	69	24	16	10	8	11
Bank overdrafts	45	45	45	–	–	–	–
Trade and other payables ²	4,265	4,265	4,236	21	8	–	–
	<u>4,880</u>	<u>4,984</u>	<u>4,353</u>	<u>42</u>	<u>23</u>	<u>491</u>	<u>75</u>
Derivative financial assets/(liabilities)	11	11	11	–	–	–	–

As of 31 March 2019

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Non-derivative financial liabilities							
Secured bank loans	2	2	2	–	–	–	–
Unsecured bank loans and other loans	86	86	86	–	–	–	–
Loans with AB InBev to be capitalized upon Listing ¹	466	531	5	5	400	57	64
Lease liabilities	62	75	26	18	10	9	12
Bank overdrafts	63	63	63	–	–	–	–
Trade and other payables ²	4,041	4,041	4,009	8	19	5	–
	<u>4,720</u>	<u>4,798</u>	<u>4,191</u>	<u>31</u>	<u>429</u>	<u>71</u>	<u>76</u>
Derivative financial assets/(liabilities)	8	8	8	–	–	–	–

1 Loans with AB InBev to be capitalized upon Listing are presented in the combined statements of financial position and the table above based on their contractual repayment profile. These loans with AB InBev will be capitalized prior to or upon the Listing as part of the reorganization – see also Note 1.2.

2 Comprises of trade and other payables, payables with AB InBev, consigned packaging and contract liabilities.

3.2 Capital management

The Group continuously optimizes its capital structure to maximize shareholder value while keeping the financial flexibility to execute the strategic projects. The Group's capital structure policy and framework aims to optimize shareholder value through cash flow distribution to the Group from its subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below the Group's weighted average cost of capital.

Cash net of debt is defined as cash and cash equivalents and debt securities minus non-current and current interest-bearing loans and borrowings and bank overdrafts (including loans with AB InBev to be capitalized upon Listing). Cash net of debt is a financial performance indicator that is used by the Group's management to highlight changes in the Group's overall liquidity position.

The following table provides a reconciliation of the Group's cash net of debt:

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
			US\$'million
Cash and cash equivalents	1,761	1,667	1,668
Non-current interest-bearing loans and borrowings	(57)	(30)	(39)
Loans with AB InBev to be capitalized upon Listing	(1,018)	(473)	(466)
Current interest-bearing loans and borrowings	(43)	(67)	(111)
Interest-bearing loans and borrowings	(1,118)	(570)	(616)
Bank overdrafts	(47)	(45)	(63)
Cash net of debt	596	1,052	989

Normalized EBITDA is a key financial measure regularly monitored by Management in managing the group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of the Company: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment.

	For the year ended		For the three months ended	
	31 December		31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million	US\$'million
				(Unaudited)
Profit attributable to equity holders of the Group	574	958	213	240
Non-controlling interest	(2)	1	–	–
Profit for the year/period	572	959	213	240
Income tax expense	320	305	77	113
Share of results of associates	(8)	(17)	(1)	(2)
Net finance cost (including non-recurring finance cost)	51	18	24	6
Non-recurring income tax benefit	(13)	(9)	(11)	(1)
Non-recurring items above EBIT (including non-recurring cost)	45	42	8	16

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million	US\$'million
			(Unaudited)	
Normalized EBIT	967	1,298	310	372
Depreciation and amortization	685	696	169	186
Normalized EBITDA	1,652	1,994	479	558
Adjusted Normalized EBITDA – Rolling 12 months				2,073

The Group is not geared. The ratio of cash net of debt to total combined equity was as follows:

	As of 31 December		As of 31 March
	2017	2018	2019
	US\$'million	US\$'million	US\$'million
Cash net of debt	(596)	(1,052)	(989)
Total equity	10,347	10,172	10,417
Total capital	9,751	9,120	9,428
Gearing ratio	-6.1%	-11.5%	-10.4%

3.3 Fair value measurement

A number of the Group's accounting policies and notes require fair value measurement for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements incorporate significant inputs that are based on unobservable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group applies fair value measurement to the instruments listed below.

Derivatives

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is generally determined using unobservable inputs and therefore fall into level 3. In these circumstances, the valuation technique used is discounted cash flow, whereby the projected cash flows are discounted using a risk adjusted rate.

The carrying amounts of the floating and fixed rate interest-bearing financial liabilities, including lease liabilities and Loans with AB InBev to be capitalized upon Listing, and all trade and other receivables and payables, including derivatives financial instruments, as recognized in the combined statements of financial position are a reasonable approximation of the fair values.

The Group had the following financial assets/(liabilities) quoted at fair value:

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Level 1	6	5	3
Level 2	(6)	6	5
Level 3	(12)	(16)	(14)
	(12)	(5)	(6)

4. Critical accounting estimates and judgments

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year/period in which the estimate is revised if the revision affects only that year/period or in the year/period of the revision and future periods if the revision affects both current and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Group believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results.

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 42% of the Group's total assets as of 31 December 2017, 31 December 2018 and 31 March 2019 is tested for impairment at the cash-generating unit level. The Group tests at least annually whether goodwill and indefinite life intangible assets have suffered any impairment by calculating the recoverable amount of the cash-generating unit and comparing this to its carrying value.

The Group's impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists of applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for the other cash-generating units.

The fair value less costs to sell valuation requires judgment around the selection of comparable market participants and their sales multiples. The value in use calculations primarily use cash flow projections. There are a number of assumptions and estimates involved for the preparation of cash flow projections and the estimated terminal value. Key assumptions include the expected growth in revenues and operating margin, growth rates and selection of discount rates, to reflect the risks involved and the terminal growth rate.

Management prepared the financial projections reflecting actual and prior year/period performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

Refer to Notes 13 *Goodwill* and 14 *Intangible Assets* for further information on the goodwill and indefinite life intangible assets exposure and estimates applied.

Determination of indefinite useful life for certain intangible assets

Intangible assets with indefinite useful lives are primarily brands acquired through business combinations. Management has determined that brands have indefinite useful lives as these consist of nationally or internationally prominent brands which have existed for several decades or longer and which are well established in their markets. These markets have been stable or growing. The Group has legal rights to the brands which can be enforced for an indefinite period.

Refer to Note 14 Intangible assets for further information on indefinite life intangible assets.

Contingencies

The preparation of the Group's financial statements requires management to make estimates and assumptions regarding contingencies, which affect the valuation of assets and liabilities at the date of the financial information and the revenue and expenses during the reported period.

The Group discloses material contingent liabilities unless the possibility of any loss arising is considered remote, and material contingent assets where the inflow of economic benefits is probable.

A provision is recorded for a loss contingency when it is probable that a future event will confirm that a liability has been incurred at the date of the financial information, and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future.

The Group has no material contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable.

Income tax position

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the Group provision for income tax.

Some subsidiaries within the Group are involved in tax audits and local inquiries usually in relation to prior years/periods. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the date of the combined statements of financial position and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the Historical Financial Information, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year/period such determination is made.

Refer to Notes 11 *Income Tax Expenses* and 17 *Deferred Tax Assets and Liabilities* for further information on income tax including exposures and estimates applied.

5. Segment information

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker.

The Group operates its business through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are the Group's two reportable segments for financial reporting purposes. Regional and operating Group management is responsible for managing performance, underlying risks and effectiveness of operations. Management uses performance indicators such as Normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources.

All figures in the tables below are stated in million US dollar, except volume (thousand hectoliter) and Normalized EBITDA margin (in %).

For the years ended 31 December 2017 and 2018

	Asia Pacific					
	East		West		Total	
	31 December		31 December		31 December	
	2017	2018	2017	2018	2017	2018
Volume (unaudited)	13,855	14,120	80,111	82,125	93,966	96,245
Revenue	1,462	1,585	4,637	5,155	6,099	6,740
Normalized EBITDA	512	549	1,140	1,445	1,652	1,994
Normalized EBITDA margin%	35.0%	34.6%	24.6%	28.0%	27.1%	29.6%
Depreciation, amortization and impairment					685	696
Normalized profit from operations (Normalized EBIT)					967	1,298
Non-recurring items (<i>Note 7</i>)					(45)	(42)
Profit from operations (EBIT)					922	1,256
Net finance cost					(51)	(18)
Share of results of associates					8	17
Income tax expense					(307)	(296)
Profit for the year					572	959
Segment assets (non-current)	6,006	5,728	7,881	7,454	13,887	13,182
Gross capex	52	67	522	536	574	603

For the three months ended 31 March 2018 and 2019

	Asia Pacific					
	East		West		Total	
	31 March		31 March		31 March	
	2018	2019	2018	2019	2018	2019
	(Unaudited)		(Unaudited)		(Unaudited)	
Volume (unaudited)	3,147	3,220	19,164	18,896	22,311	22,116
Revenue	344	358	1,240	1,248	1,584	1,606
Normalized EBITDA	110	127	369	431	479	558
Normalized EBITDA margin%	32.0%	35.2%	29.8%	34.5%	30.2%	34.7%
Depreciation, amortization and impairment					169	186
Normalized profit from operations (Normalized EBIT)					310	372
Non-recurring items (Note 7)					(8)	(16)
Profit from operations (EBIT)					302	356
Net finance cost					(24)	(6)
Share of results of associates					1	2
Income tax expense					(66)	(112)
Profit for the period					213	240
Segment assets (non-current)	6,014	5,612	7,998	7,520	14,012	13,132
Gross capex	10	3	73	68	83	71

6. Other operating income

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million (Unaudited)
Government grants (Note (a))	92	91	33	24
Net gain/(loss) on disposal of property, plant and equipment, and intangible assets (Note (b))	26	44	(1)	–
Other operating income	15	19	7	3
Other operating income	133	154	39	27

Notes:

- (a) The government grants relate primarily to incentives given by certain Chinese provinces, based on the Group's operations and developments in those regions.
- (b) Included in the net gain on disposal of property, plant and equipment and intangible assets, are net gains of 16m US dollar and 7m US dollar from the sale of properties for the years ended 31 December 2017 and 2018, respectively, and a nil impact in US dollar from the sale of properties for the three months ended 31 March 2018 and 2019.

7. Non-recurring items

The non-recurring items included in the combined income statements are as follows:

	For the year ended		For the three months ended	
	31 December		31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Restructuring	(45)	(39)	(8)	(1)
Acquisition and integration costs	–	(3)	–	–
Costs associated with initial public offering	–	–	–	(15)
Impact on profit from operations	(45)	(42)	(8)	(16)
Non-recurring finance costs	(36)	(21)	(7)	(4)
Non-recurring income tax benefit	13	9	11	1
Net impact on profit	(68)	(54)	(4)	(19)

The non-recurring restructuring charges primarily relate to organizational alignments and the reorganization following a major business combination in 2016. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the Group with a lower cost base in addition to a stronger focus on the Group's core activities, quicker decision-making and improvements to efficiency, service and quality.

The Group incurred costs associated with the initial public offering of 15m US dollar reported as non-recurring items and costs to be capitalized associated with the initial public offering of 3m US dollar for the three months ended 31 March 2019.

The Group incurred non-recurring net finance costs of 36m US dollar for 2017, 21m US dollar for 2018, 7m US dollar for the three months ended 31 March 2018 and 4m US dollars for the three months ended 31 March 2019.

8. Employee benefit expenses, including directors' emoluments

	For the year ended		For the three months ended	
	31 December		31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Wages and salaries	(529)	(545)	(119)	(151)
Social security contributions	(102)	(109)	(22)	(26)
Other personnel cost	(75)	(78)	(19)	(18)
Pension expense for defined benefit plans	(11)	(11)	(4)	(4)
Share-based payment expense	(32)	(14)	(6)	(3)
Contributions to defined contribution plans	(1)	(2)	(1)	(3)
Payroll and related benefits	(750)	(759)	(171)	(205)

Five highest paid individuals

Of the five individuals with the highest emoluments, two individuals were directors for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019. Their emoluments are disclosed in Note 33 *Benefits and Interests of Directors*. The aggregate of the emoluments in respect of the other three individuals with the highest emoluments for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2018 and 2019 are as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'thousand	US\$'thousand	US\$'thousand (Unaudited)	US\$'thousand
Salaries and other emoluments	1,374	1,817	454	484
Discretionary bonuses	60	2,048	512	191
Share-based payments	1,821	1,783	446	461
Retirement scheme contributions	11	31	8	21
	<u>3,266</u>	<u>5,679</u>	<u>1,420</u>	<u>1,157</u>

The emoluments of the three individuals for the years ended 31 December 2017 and 2018 with the highest emoluments are within the following bands:

	For the year ended 31 December	
	2017	2018
6.5 – 7 million HK dollar	1	–
7.5 – 8 million HK dollar	1	–
11 – 11.5 million HK dollar	1	–
12.5 – 13 million HK dollar	–	1
14 – 14.5 million HK dollar	–	1
19 – 19.5 million HK dollar	–	1

The emoluments of the three individuals for the three months ended 31 March 2018 and 2019 with the highest emoluments are within the following bands:

	For the three months ended 31 March	
	2018	2019
	(Unaudited)	
2.5 – 3 million HK dollar	–	2
3 – 3.5 million HK dollar	1	–
3.5 – 4 million HK dollar	1	1
4.5 – 5 million HK dollar	1	–

9. Listing and auditors' fees

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	<i>US\$'thousand</i>	<i>US\$'thousand</i>	<i>US\$'thousand</i> (Unaudited)	<i>US\$'thousand</i>
Auditors' remuneration:				
– Audit services	(802)	(747)	(192)	(147)
– Non-audit services	(1,538)	(1,109)	(114)	(130)
Listing fees	–	–	–	(14,956)
	<u>(2,340)</u>	<u>(1,856)</u>	<u>(306)</u>	<u>(15,233)</u>

10. Finance costs and income

The finance costs included in the combined income statements are as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i> (Unaudited)	<i>US\$'million</i>
Interest expense	(13)	(11)	(3)	(3)
Accretion expense	(3)	(3)	(2)	(1)
Net foreign exchange fluctuations	(9)	9	(14)	(5)
Other financial costs, including bank fees	(9)	(17)	(5)	(1)
Finance costs, excluding non-recurring items	(34)	(22)	(24)	(10)
Non-recurring finance costs	(36)	(21)	(7)	(4)
Finance costs	<u>(70)</u>	<u>(43)</u>	<u>(31)</u>	<u>(14)</u>

As part of the AB InBev global treasury management function, the Group has loans with AB InBev Group entities, which are outside the Group. The related loan receivables held by AB InBev subsidiaries outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting these borrowings going forward. For the purpose of the combined financial information, the liabilities related to the loans with AB InBev entities were presented as borrowings during the Track Record Period and will be capitalized prior to or upon the Listing. The interest charges related to these borrowings were reported as part of the non-recurring finance costs in the combined income statements on the basis that these will be capitalized.

Finance income included in the combined income statements is as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Interest income	19	24	7	6
Other financial income	–	1	–	2
Finance income	19	25	7	8

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Cash and cash equivalents	18	24	7	6
Investment debt securities held for trading	1	–	–	–
Interest income	19	24	7	6

11. Income tax expenses

Income taxes recognized in the combined income statements are as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Current year/period	(298)	(360)	(64)	(96)
Overprovided in prior years/periods	6	29	7	–
Current tax expense	(292)	(331)	(57)	(96)
Origination and reversal of temporary differences	(31)	2	(22)	(27)
Recognition of deferred tax assets on tax losses	11	12	6	7
Recognition of previously unrecognized tax losses	5	21	7	4
Deferred tax expense	(15)	35	(9)	(16)
Total income tax expense	(307)	(296)	(66)	(112)

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate is summarized as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Profit before tax	879	1,255	279	352
Deduct share of results of associates	8	17	1	2
Profit before tax and before share of results of associates	871	1,238	278	350
Adjustments on taxable basis				
Expenses not deductible for tax purposes	77	82	25	52
Other non-taxable income	(6)	(78)	(7)	(7)
	942	1,242	296	395
Aggregated weighted nominal tax rate	25.1%	25.0%	24.0%	25.3%
Tax at aggregated weighted nominal tax rate	(236)	(311)	(71)	(100)
Adjustments on tax expense				
Utilization of tax losses not previously recognized	11	12	6	7
Recognition of deferred tax assets on previous years' tax losses	5	21	7	4
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(44)	(45)	(20)	(16)
Overprovided in prior years	6	29	8	–
Change in tax rate	(35)	–	–	4
Withholding taxes	(7)	(7)	–	(14)
Other tax adjustments	(7)	5	4	3
	(307)	(296)	(66)	(112)
Effective tax rate	35.2%	23.9%	23.7%	32.0%
Normalized effective tax rate	33.6%	23.4%	26.4%	30.6%

The Group's income tax expense included 4m US dollar and nil US dollar in respect of Hong Kong profits tax in the year ended 31 December 2018 and for the three months ended 31 March 2019.

Normalized effective tax rate is not an accounting measure under IFRS accounting and should not be considered as an alternative to the effective tax rate. Normalized effective tax rate method does not have a standard calculation method and the Group's definition of normalized effective tax rate may not be comparable to other companies.

12. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets, as follows:

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Property, plant and equipment owned	3,992	3,738	3,689
Property, plant and equipment leased (right-of-use assets)	48	52	60
Total property, plant and equipment	<u>4,040</u>	<u>3,790</u>	<u>3,749</u>

Property, plant and equipment owned by the Group is detailed as follows:

	As of 31 December 2017			
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total
	US\$'million	US\$'million	US\$'million	US\$'million
Acquisition cost				
Balance as of 1 January 2017	1,779	3,927	424	6,130
Effect of movements in foreign exchange	142	289	23	454
Acquisitions	152	368	24	544
Disposals	(133)	(415)	(2)	(550)
Transfer from/(to) other asset categories and other movements	5	123	(179)	(51)
Balance as of 31 December 2017	<u>1,945</u>	<u>4,292</u>	<u>290</u>	<u>6,527</u>
Depreciation and impairment losses				
Balance as of 1 January 2017	(384)	(1,843)	–	(2,227)
Effect of movements in foreign exchange	(27)	(120)	–	(147)
Depreciation	(124)	(488)	–	(612)
Disposals	73	338	–	411
Transfer from/(to) other asset categories and other movements	(1)	41	–	40
Balance as of 31 December 2017	<u>(463)</u>	<u>(2,072)</u>	<u>–</u>	<u>(2,535)</u>
Carrying amount as of 31 December 2017	<u>1,482</u>	<u>2,220</u>	<u>290</u>	<u>3,992</u>

	As of 31 December 2018			
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total
	US\$'million	US\$'million	US\$'million	US\$'million
Acquisition cost				
Balance as of 1 January 2018	1,945	4,292	290	6,527
Effect of movements in foreign exchange	(102)	(235)	(19)	(356)
Acquisitions	66	433	74	573
Disposals	(29)	(171)	–	(200)
Transfer from/(to) other asset categories and other movements	(10)	19	(40)	(31)
Balance as of 31 December 2018	1,870	4,338	305	6,513
Depreciation and impairment losses				
Balance as of 1 January 2018	(463)	(2,072)	–	(2,535)
Effect of movements in foreign exchange	28	127	–	155
Depreciation	(104)	(511)	–	(615)
Disposals	1	131	–	132
Transfer from/(to) other asset categories and other movements	35	53	–	88
Balance as of 31 December 2018	(503)	(2,272)	–	(2,775)
Carrying amount as of 31 December 2018	1,367	2,066	305	3,738
	As of 31 March 2019			
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total
	US\$'million	US\$'million	US\$'million	US\$'million
Acquisition cost				
Balance as of 1 January 2019	1,870	4,338	305	6,513
Effect of movements in foreign exchange	28	79	6	113
Acquisitions	25	43	2	70
Disposals	–	(21)	–	(21)
Transfer from/(to) other asset categories and other movements	1	65	(70)	(4)
Balance as of 31 March 2019	1,924	4,504	243	6,671

	As of 31 March 2019			
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total
	US\$'million	US\$'million	US\$'million	US\$'million
Depreciation and impairment losses				
Balance as of 1 January 2019	(503)	(2,272)	–	(2,775)
Effect of movements in foreign exchange	(11)	(48)	–	(59)
Depreciation	(32)	(135)	–	(167)
Disposals	–	16	–	16
Transfer from/(to) other asset categories and other movements	–	3	–	3
Balance as of 31 March 2019	(546)	(2,436)	–	(2,982)
Carrying amount as of 31 March 2019	1,378	2,068	243	3,689

As of 31 December 2018 and as of 31 March 2019, there is no property, plant and equipment subject to restrictions on title, other than described in Note 29.

Out of the total 2018 capital expenditures approximately 47% was used to improve the Group's breweries and production facilities while 46% was used for logistics and commercial investments and 7% was used for improving administrative capabilities and purchase of hardware and software. Out of the total 31 March 2019 capital expenditures, approximately 27% was used to improve the Group's breweries and production facilities while 70% was used for logistics and commercial investments and 3% was used for improving administrative capabilities and purchase of hardware and software.

Right-of-use Assets

The Group leases warehouses, factory facilities, other commercial buildings and equipment.

Property, plant and equipment leased by the Group (right-of-use assets) is detailed as follows:

	As of 31 December		As of 31 March
	2017	2018	2019
	US\$'million	US\$'million	US\$'million
Net carrying amount	48	52	60
Depreciation for the year/period	(25)	(30)	(7)

Additions to right-of-use assets were 28m US dollar, 36m US dollar and 13m US dollar for 31 December 2017, 31 December 2018 and 31 March 2019, respectively. The expense related to short-term leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant.

Depreciation is included in the following line items in the combined income statements:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Cost of sales	540	548	128	148
Distribution expenses	33	36	9	9
Sales and marketing expenses	20	23	6	6
Administrative expenses	44	38	9	11
Depreciation	637	645	152	174

13. Goodwill

	As of 31 December		As of 31 March
	2017	2018	2019
	US\$'million	US\$'million	US\$'million
Balance at beginning of the year/period	6,363	7,046	6,718
Effect of movements in foreign exchange	661	(335)	(6)
Acquisitions through business combinations	22	7	–
Balance at end of the year/period	7,046	6,718	6,712

The carrying amount of goodwill by cash-generating units is as follows:

Cash-generating unit	As of 31 December		As of 31 March
	2017	2018	2019
	US\$'million	US\$'million	US\$'million
South Korea	4,119	3,949	3,874
China	2,914	2,758	2,826
Other countries	13	11	12
Total carrying amount of goodwill	7,046	6,718	6,712

The Group completed its annual impairment test for goodwill in the fourth quarter of 2018 and concluded that no impairment charge was warranted. The results of the impairment tests indicate that the excess of the recoverable amounts over the carrying amounts for each cash generating unit was not less than 50%. The Group cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the value of the asset reported.

The Group believes that all of its estimates are reasonable: they are consistent with the Group's internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. During its valuation, the Group ran sensitivity analysis for key assumptions including the weighted average cost of capital ("WACC") and the terminal growth rate. For the main cash-generating units where a value in use model has been used for impairment assessment, WACC generally approximates 7% and the terminal growth rate is equal to the GDP growth rate. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the Group, based on the sensitivity analysis performed is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

The Group's impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists of applying a discounted free cash flow approach based on acquisition valuation models for its major business units and the business units showing a high invested capital to EBITDA multiple, and valuation multiples for its other business units.

The value in use discounted cash flow is based on a 10 year cash flow model. The key judgments, estimates and assumptions used in the value in use discounted free cash flow calculations are generally as follows:

- In the first three years of the model, free cash flows are based on the Group's strategic plan as approved by key management. The Group's strategic plan is prepared per cash-generating unit and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent seven years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions, variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term GDP growth rates, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric; and
- Projections are discounted at the unit's weighted average cost of capital. Calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators (i.e. recent market transactions from peers).

The Group uses a 10 year rather than a five year model as this accords with the Group's long term planning and business acquisition valuation methodology.

Although the Group believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or market or macro-economic conditions.

14. Intangible assets

	As of 31 December 2017				
	Brands	Commercial intangibles	Software	Other	Total
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Acquisition cost					
Balance as of the beginning of the year	1,490	104	189	89	1,872
Effect of movements in foreign exchange	155	7	13	9	184
Acquisitions through business combinations	10	–	–	–	10
Acquisitions and expenditures	–	–	25	5	30
Disposals	(33)	–	(3)	(24)	(60)
Transfer (to)/from other asset categories and other movements ⁽¹⁾	(8)	–	–	(17)	(25)
Balance as of end of year	1,614	111	224	62	2,011

As of 31 December 2017

	Commercial				Total
	Brands	intangibles	Software	Other	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Amortization and impairment losses					
Balance as of the beginning of the year	–	(47)	(82)	(26)	(155)
Effect of movements in foreign exchange	–	(4)	(8)	–	(12)
Amortization	–	(8)	(34)	(2)	(44)
Disposals	–	–	3	11	14
Transfer (to)/from other asset categories and other movements ⁽¹⁾	–	–	–	5	5
Balance as of end of year	–	(59)	(121)	(12)	(192)
Carrying value as of 31 December 2017	1,614	52	103	50	1,819

As of 31 December 2018

	Commercial				Total
	Brands	intangibles	Software	Other	
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Acquisition cost					
Balance as of the beginning of the year	1,614	111	224	62	2,011
Effect of movements in foreign exchange	(79)	(6)	(13)	(4)	(102)
Acquisitions and expenditures	–	–	18	12	30
Transfer (to)/from other asset categories and other movements ⁽¹⁾	–	–	4	(5)	(1)
Balance as of end of year	1,535	105	233	65	1,938
Amortization and impairment losses					
Balance as of the beginning of the year	–	(59)	(121)	(12)	(192)
Effect of movements in foreign exchange	–	4	7	5	16
Amortization	–	(8)	(33)	(6)	(47)
Transfer (to)/from other asset categories and other movements ⁽¹⁾	–	–	–	3	3
Balance as of end of year	–	(63)	(147)	(10)	(220)
Carrying value as of 31 December 2018	1,535	42	86	55	1,718

	As of 31 March 2019				
	Brands	Commercial intangibles	Software	Other	Total
	US\$'million	US\$'million	US\$'million	US\$'million	US\$'million
Acquisition cost					
Balance as of the beginning of the period	1,535	105	233	65	1,938
Effect of movements in foreign exchange	(9)	3	6	(4)	(4)
Acquisitions and expenditures	–	–	1	–	1
Transfer (to)/from other asset categories and other movements ⁽¹⁾	–	–	2	(1)	1
Balance as of end of period	1,526	108	242	60	1,936
Amortization and impairment losses					
Balance as of the beginning of the period	–	(63)	(147)	(10)	(220)
Effect of movements in foreign exchange	–	(2)	(4)	–	(6)
Amortization	–	–	(9)	(2)	(11)
Transfer (to)/from other asset categories and other movements ⁽¹⁾	–	(2)	–	–	(2)
Balance as of end of period	–	(67)	(160)	(12)	(239)
Carrying value as of 31 March 2019	1,526	41	82	48	1,697

(1) The transfer (to)/from other asset categories and other movements mainly relates to transfers between account categories and measurement period adjustments.

Included in intangible assets are 1,614m US dollar, 1,535m US dollar and 1,526m US dollar of assets with an indefinite useful life and 205m US dollar, 183m US dollar and 171m US dollar with a finite life as of 31 December 2017, 31 December 2018 and 31 March 2019, respectively.

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that the Group purchase for its own products, and are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

The carrying amount of intangible assets with indefinite useful lives by country is as follows:

Country	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
South Korea	1,058	1,013	994
China	403	381	391
India	144	132	133
Other countries	9	9	8
Total carrying amount of intangible assets with indefinite useful lives	1,614	1,535	1,526

Intangible assets with indefinite useful lives have been tested for impairment using the same methodology and assumptions as disclosed in Note 13 *Goodwill*. Based on the assumptions described in that note, the Group concluded that no impairment charge is warranted. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the Group is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

Amortization is included in the following line items in the combined income statements:

	For the year ended		For the three months	
	31 December		ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million	US\$'million
			(Unaudited)	
Cost of sales	4	9	5	2
Sales and marketing expenses	4	4	1	1
Administrative expenses	36	34	11	8
Amortization	44	47	17	11

15. Land use rights

The Group acquired the right to use land in China. The net carrying amount of the right-of-use assets was 323m US dollar, 276m US dollar and 289m US dollar as of 31 December 2017, 31 December 2018 and 31 March 2019, respectively.

Land use rights are as follows:

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Net carrying amount	323	276	289
Amortization for the year/period	(4)	(4)	(1)

16. Investment in associates

The Group has an investment in associates, Guangzhou Zhujiang Brewery Joint-Stock Co., Ltd. ("Zhujiang"), incorporated in the PRC.

% of economic interest as of	% of economic interest as of		
	31 December 2017	31 December 2018	31 March 2019
Guangzhou Zhujiang Brewery Joint-Stock Co. Ltd	29.99%	29.99%	29.99%

In February 2017, the Group acquired additional equity interest of 4.37% (from 25.62% to 29.99%) in Zhujiang for a purchase price of 232m US dollar. The Group received a dividend of 3m US dollar and 5m US dollar from Zhujiang during the years ended 31 December 2017 and 2018, respectively. No dividends were received by the Group during the three months ended 31 March 2018 and 2019.

The Group recognized the results of the investment in associates of 8m US dollar for the year ended 31 December 2017, 17m US dollar for the year ended 31 December 2018, 1m US dollar for the three months ended 31 March 2018 and 2m US dollar for the three months ended 31 March 2019.

17. Deferred tax assets and liabilities

The amount of deferred tax assets and liabilities by type of temporary difference are as follows:

	As of 31 December 2017		
	Assets	Liabilities	Net
	US\$'million	US\$'million	US\$'million
Property, plant and equipment	36	(79)	(43)
Intangible assets	3	(442)	(439)
Inventories	14	–	14
Provisions	60	–	60
Trade and other payables	195	–	195
Other items	17	(40)	(23)
Loss carried forwards	4	–	4
Gross deferred tax assets/(liabilities)	329	(561)	(232)
Netting by taxable entity	(112)	112	–
Net deferred tax assets/(liabilities)	217	(449)	(232)
	As of 31 December 2018		
	Assets	Liabilities	Net
	US\$'million	US\$'million	US\$'million
Property, plant and equipment	41	(79)	(38)
Intangible assets	4	(423)	(419)
Inventories	15	(1)	14
Provisions	55	–	55
Trade and other payables	196	–	196
Other items	25	(25)	–
Loss carried forwards	6	–	6
Gross deferred tax assets/(liabilities)	342	(528)	(186)
Netting by taxable entity	(120)	120	–
Net deferred tax assets/(liabilities)	222	(408)	(186)

	As of 31 March 2019		
	Assets	Liabilities	Net
	US\$'million	US\$'million	US\$'million
Property, plant and equipment	40	(69)	(29)
Intangible assets	3	(416)	(413)
Inventories	4	–	4
Provisions	55	–	55
Trade and other payables	201	(1)	200
Other items	20	(36)	(16)
Loss carried forwards	6	–	6
Gross deferred tax assets/(liabilities)	329	(522)	(193)
Netting by taxable entity	(106)	106	–
Net deferred tax assets/(liabilities)	223	(416)	(193)

The change in net deferred taxes recorded in the combined statements of financial position are as follows:

	31 December 2017	31 December 2018	31 March 2019
	US\$'million	US\$'million	US\$'million
Beginning balance	(191)	(232)	(186)
Recognized in profit or loss	(15)	35	(16)
Recognized in other comprehensive income	(2)	(2)	(1)
Other movements and effect of changes in foreign exchange rates	(24)	13	10
Ending balance	(232)	(186)	(193)

Most of the temporary differences are related to the fair value adjustments on intangible assets with indefinite useful lives acquired through business combinations. The realization of such temporary differences is unlikely to occur within 12 months.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amounted to 752m US dollar in 2017 and 594m US dollar in 2018. As of 31 December 2018, 18m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 28m US dollar, 36m US dollar and 97m US dollar expire within one, two and three years respectively, while 415m US dollar have an expiration date of more than three years.

As of 31 March 2019, tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amounted to 539m US dollar. 17m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 27m US dollar, 36m US dollar and 86m US dollar expire within one, two and three years respectively, while 373m US dollar have an expiration date of more than three years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the Group has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

18. Inventories

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Raw materials and consumables	141	146	154
Work in progress	60	60	65
Finished goods	170	211	172
Inventories	371	417	391

The cost of inventories recognized as an expense in cost of sales amounted to 2,944m US dollar and 3,240m US dollar at 31 December 2017 and 2018, respectively, and 799m US dollar and 776m US dollar for the three months ended 31 March 2018 and 2019, respectively.

Impairment losses recognized on inventories amounted to 7m US dollar and 12m US dollar at 31 December 2017 and 2018, respectively, and 2m US dollar and 1m US dollar for the three months ended 31 March 2018 and 2019, respectively.

19. Trade and other receivables**Non-current trade and other receivables**

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Cash deposits for guarantees	36	41	39
Trade and other receivables	21	14	15
Receivables with AB InBev	18	–	–
Non-current trade and other receivables	75	55	54

For the nature of cash deposits for guarantees see Note 29 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other*.

Current trade and other receivables

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Trade receivables and accrued income	444	376	589
Receivables with AB InBev	55	47	44
Indirect tax receivable	111	81	103
Prepaid expenses	67	53	58
Other receivables	20	23	24
Current trade and other receivables	697	580	818

The carrying amount of trade and other receivables is a good approximation of their fair value as the impact of discounting is not significant.

Trade receivables and Receivables with AB InBev are due on average less than 90 days from the date of invoicing.

As of 31 December 2017, 31 December 2018 and 31 March 2019, the aging analysis of current trade receivables and receivables with AB InBev, based on due date, is as follows:

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Not past due	484	399	615
Past due as of reporting date:			
Less than 30 days	9	14	12
Between 30 and 59 days	5	7	5
Between 60 and 89 days	1	3	1
Net carrying amount of trade receivables and Receivables with AB InBev	499	423	633

The Group's exposure to credit, currency and interest rate risks is disclosed in Note 3.1.

20. Cash and cash equivalents

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Short-term bank deposits	175	35	83
Cash and bank accounts	1,339	850	994
Cash pool with AB InBev	247	782	591
Cash and cash equivalents	1,761	1,667	1,668
Bank overdrafts	(47)	(45)	(63)
	1,714	1,622	1,605

The cash in the cash pool with AB InBev was managed as part of a global treasury management function by AB InBev. The Group has legal ownership over the balances that were notionally cash pooled and these balances are therefore considered cash and cash equivalents of the Group. The Group does not have restricted cash.

21. AB InBev capital

Balances due to or from AB InBev that are operational in nature or have characteristics of debt are presented as payables or receivables with AB InBev or loans with AB InBev to be capitalized upon Listing respectively in the combined statements of financial position. All remaining balances with AB InBev are equity in nature and included within the AB InBev capital balance within the historical combined financial statements.

22. Interest-bearing loans and borrowings

This note provides information about the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign exposure currency risk – refer to Note 3.1.

Non-Current Liabilities	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
			US\$'million
Unsecured bank loans and other loans	37	–	–
Loans with AB InBev to be capitalized upon Listing	1,018	473	466
Lease liabilities	20	30	39
Non-current interest-bearing loans and borrowings	1,075	503	505
Current Liabilities	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
			US\$'million
Secured bank loans	2	6	2
Unsecured bank loans and other loans	10	37	86
Lease liabilities	31	24	23
Current interest-bearing loans and borrowings	43	67	111

The current and non-current interest-bearing loans and borrowings amounted to 1,118m US dollar as of 31 December 2017, 570m US dollar as of 31 December 2018 and 616m US dollar as of 31 March 2019.

The Group has loans with AB InBev Group entities outside the Group of 1,018m US dollar as of 31 December 2017, 473m US dollar as of 31 December 2018 and 466m US dollar as of 31 March 2019. The related loan receivables held by AB InBev subsidiaries outside the Group will be transferred to the Group prior to or upon the Listing, thereby eliminating these borrowings going forward.

The Group was in compliance with all its debt covenants as of 31 December 2017, 31 December 2018 and 31 March 2019.

The amounts in the table below include both the principal amount of the lease liabilities and estimated interest payments.

Lease Liabilities	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
			US\$'million
Less than one year	26	24	26
Between one and two years	13	16	18
Between two and three years	6	10	10
Between three and five years	6	8	9
More than five years	11	11	12
	62	69	75

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's combined statements of cash flows from financing activities.

	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2017	1,321	103	1,424
Proceeds from borrowings	4	57	61
Payments on borrowings	(19)	(125)	(144)
Payments on Loans with AB InBev to be capitalized upon Listing	(247)	–	(247)
Payments of lease liabilities	–	(24)	(24)
Capitalization of lease	28	–	28
Unrealized foreign exchange effects	12	8	20
Current portion of long-term debt	(24)	24	–
Balance as of 31 December 2017	1,075	43	1,118
	1,075	43	1,118
	1,075	43	1,118
	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2018	1,075	43	1,118
Proceeds from borrowings	3	49	52
Payments on borrowings	–	(55)	(55)
Payments on Loans with AB InBev to be capitalized upon Listing	(545)	–	(545)
Payments of lease liabilities	–	(30)	(30)
Capitalization of lease	36	–	36
Unrealized foreign exchange effects	(4)	(2)	(6)
Current portion of long-term debt	(62)	62	–
Balance as of 31 December 2018	503	67	570
	503	67	570
	503	67	570

	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
	<i>US\$'million</i> (Unaudited)	<i>US\$'million</i> (Unaudited)	<i>US\$'million</i> (Unaudited)
Balance as of 1 January 2018	1,075	43	1,118
Proceeds from borrowings	1	–	1
Payments on borrowings	–	(6)	(6)
Net proceeds (repayment) on Loans with AB InBev to be capitalized upon Listing	18	–	18
Payments of lease liabilities	–	(8)	(8)
Capitalization of lease	3	–	3
Unrealized foreign exchange effects	1	–	1
Current portion of long-term debt	(9)	9	–
Balance as of 31 March 2018	1,089	38	1,127
	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2019	503	67	570
Proceeds from borrowings	–	61	61
Payments on borrowings	–	(17)	(17)
Payments on Loans with AB InBev to be capitalized upon Listing	(5)	–	(5)
Payments of lease liabilities	–	(9)	(9)
Capitalization of lease	13	–	13
Unrealized foreign exchange effects	2	1	3
Current portion of long-term debt	(8)	8	–
Balance as of 31 March 2019	505	111	616

23. Employee benefits

The Group sponsors various post-employment benefit plans. These include pension plans, both defined contribution plans, and defined benefit plans, and other post-employment benefits. In accordance with IAS 19 Employee Benefits post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group has no further payment obligation. The regular contributions constitute an expense for the year/period in which they are due. Contributions paid into defined contribution plans for the Group amounted to 1m US dollar and 2m for the year ended 31 December 2017 and 2018 and 1m US dollar and 3m US dollar for the three months ended 31 March 2018 and 2019.

Defined benefit plans

The Group contributed to defined benefit plans for South Korea. The plans are partially funded. When plans are funded, the assets are held in legally separate funds set up in accordance with applicable legal requirements and common practice in the country.

The employee benefit net liability amounted to 36m US dollar as of 31 December 2017, 26m US dollar as of 31 December 2018 and 30m US dollar as of 31 March 2019.

The expense recognized in the combined income statements with regards to defined benefit plans amounted to 11m US dollar for each of the year ended 31 December 2017 and 2018 and 4m US dollar for each of the three months ended 31 March 2018 and 2019.

24. Share-based payments

The share-based compensation plans relate to shares of AB InBev as historically the Group did not have its own share capital.

Different share and share option programs allow the Group's senior management to receive or acquire shares of AB InBev. AB InBev has different share-based compensation plans. Further details on the share-based compensation plans are disclosed in AB InBev's 2017 and 2018 Annual Report.

For all option plans, the fair value of share-based payment compensation is estimated at grant date, using a binomial Hull model, modified to reflect the IFRS 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. All of the Group shared-based payment plans are equity-settled.

An expense for the grant date fair value of the award is recognized over the vesting period in the combined income statements with a corresponding credit in equity.

Share-based payment transactions resulted in a total expense of 32m US dollar for the year ended 31 December 2017, as compared to 14m US dollar for the year ended 31 December 2018. Share-based payment transactions resulted in a total expense of 7m US dollar for the three months ended 31 March 2018, as compared to 3m US dollar for three months ended 31 March 2019.

25. Provisions

	<u>Restructuring</u>	<u>Disputes and others</u>	<u>Total</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2017	55	214	269
Effect of changes in foreign exchange rates	3	25	28
Provisions made	34	3	37
Provisions used	(39)	(10)	(49)
Other movements	3	(3)	–
	<u>56</u>	<u>229</u>	<u>285</u>
Balance as of 31 December 2017	<u>56</u>	<u>229</u>	<u>285</u>

	<u>Restructuring</u>	<u>Disputes and others</u>	<u>Total</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2018	56	229	285
Effect of changes in foreign exchange rates	(3)	(10)	(13)
Provisions made	33	1	34
Provisions used	(34)	(4)	(38)
Other movements	(1)	1	–
	<u>51</u>	<u>217</u>	<u>268</u>
Balance as of 31 December 2018			
	<u>Restructuring</u>	<u>Disputes and others</u>	<u>Total</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Balance as of 1 January 2019	51	217	268
Effect of changes in foreign exchange rates	2	4	6
Provisions made	1	–	1
Provisions used	(6)	(2)	(8)
	<u>48</u>	<u>219</u>	<u>267</u>
Balance as of 31 March 2019			

The restructuring provisions are primarily explained by the organizational alignments – see also Note 7 *Non-recurring items*. Provisions for disputes mainly relate to various disputed direct and indirect taxes and claims from former employees.

The provisions are expected to be settled within the following time windows for 31 December 2018:

	<u>Total</u>	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>> 5 years</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Restructuring	51	14	–	37	–
Income and indirect taxes	95	1	4	–	90
Labor	43	–	7	30	6
Other disputes	79	3	–	76	–
	<u>217</u>	<u>4</u>	<u>11</u>	<u>106</u>	<u>96</u>
Disputes and others					
	<u>268</u>	<u>18</u>	<u>11</u>	<u>143</u>	<u>96</u>
Total provisions					

The provisions are expected to be settled within the following time windows for 31 March 2019:

	<u>Total</u>	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>> 5 years</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Restructuring	48	11	–	37	–
Income and indirect taxes	102	2	7	2	91
Labor	39	–	–	33	6
Other disputes	78	1	7	70	–
Disputes and others	<u>219</u>	<u>3</u>	<u>14</u>	<u>105</u>	<u>97</u>
Total provisions	<u>267</u>	<u>14</u>	<u>14</u>	<u>142</u>	<u>97</u>

26. Trade and other payables, payables with AB InBev, consigned packaging and contract liabilities

Non-current trade and other payables

	<u>As of 31 December</u>		<u>As of</u>
	<u>2017</u>	<u>2018</u>	<u>31 March</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<u>2019</u>
			<i>US\$'million</i>
Deferred consideration on acquisitions	12	10	8
Payables with AB InBev	14	19	24
Non-current trade and other payables	<u>26</u>	<u>29</u>	<u>32</u>

Current trade and other payables

	<u>As of 31 December</u>		<u>As of</u>
	<u>2017</u>	<u>2018</u>	<u>31 March</u>
	<i>US\$'million</i>	<i>US\$'million</i>	<u>2019</u>
			<i>US\$'million</i>
Trade payables and accrued expenses	1,865	1,891	1,713
Payroll and social security payables	141	119	124
Indirect taxes payable	377	360	398
Interest payable	10	–	–
Deferred consideration on acquisitions	–	6	6
Other payables	174	171	178
Current trade and other payables	<u>2,567</u>	<u>2,547</u>	<u>2,419</u>

Current payables with AB InBev

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Payables with AB InBev	485	405	331
Payables with AB InBev	485	405	331

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and Payables to AB InBev are on average due within 120 days from the invoice date. As of 31 December 2017, 31 December 2018 and 31 March 2019, trade payables and payables to AB InBev were 2,350m US dollar, 2,296m US dollar and 2,044m US dollar, respectively.

The Group incurred costs associated with the initial public offering of 15m US dollar reported as non-recurring items and costs associated with the initial public offering to be capitalized of 3m US dollar for the three months ended 31 March 2019. These costs are funded by AB InBev and reported as payables to AB InBev. These will be reimbursed by the Group upon Listing.

Current consigned packaging and contract liabilities

	As of 31 December		As of
	2017	2018	31 March
	US\$'million	US\$'million	2019
Consigned packaging	387	391	458
Contract liabilities	901	893	801
Consigned packaging and contract liabilities	1,288	1,284	1,259

Consigned packaging represents deposits paid by the Group's customers for use of the Group's returnable packaging which are assets controlled by the Group.

27. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions on the combined statements of financial position and combined statements of cash flows of the Group for 31 December 2017 and 2018. There were no acquisitions or disposals of subsidiaries for the three months ended 31 March 2019.

	31 December 2017 Acquisitions	31 December 2018 Acquisitions
	US\$'million	US\$'million
Non-current assets		
Property, plant and equipment	1	1
Intangible assets	10	–
Other non-current assets	1	–
Current liabilities		
Trade and other payables	(3)	(1)

	31 December 2017 Acquisitions	31 December 2018 Acquisitions
	<i>US\$'million</i>	<i>US\$'million</i>
Net identifiable assets and liabilities	9	–
Goodwill on acquisitions	22	7
Consideration to be paid	(10)	(4)
Net cash paid on prior year acquisitions	–	1
	<hr/>	<hr/>
Consideration paid	21	4
	<hr/> <hr/>	<hr/> <hr/>

The Group undertook a series of acquisitions during 2017 and 2018, with no significant impact to the Group's combined financial information. In 2017, the Group acquired Boxing Cat Brewery in the PRC. During 2018, the Group acquired the Hand & Malt Brewing Co., a craft brewery in South Korea.

On 18 December 2018, the Group entered into an acquisition agreement with Jebsen Beverage Company Limited among others, to acquire 65% of the registered capital of Jebsen Beverage (China) Company Limited which is principally engaged in the marketing, distribution, sale and commercialization of the Blue Girl and other brands of beer and other malt-based beverages in Mainland China (excluding Hong Kong, Macau and Taiwan). Completion of the Blue Girl transaction took place on 30 May 2019.

The net cash paid on prior year acquisitions was nil US dollar for the three months ended 31 March 2018 and 1m US dollar for the three months ended 31 March 2019. There were no disposals in 2017, 2018 and for the three months ended 31 March 2019.

28. Financial instrument by categories

Set out below is an overview of financial assets held by the Group as of each year/period:

	As of 31 December		As of 31 March
	2017	2018	2019
	<i>US\$'million</i>	<i>US\$'million</i>	<i>US\$'million</i>
Debt instruments at amortized cost			
Trade and other receivables, excluding non-financial assets	594	501	711
Financial assets at fair value through profit or loss			
Derivatives	7	12	9
	<hr/>	<hr/>	<hr/>
	601	513	720
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All financial liabilities are recorded at amortized cost, except for derivatives amounting to 7m US dollar as of 31 December 2017, 1m US dollar as of 31 December 2018 and 1m US dollar as of 31 March 2019.

29. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

	As of 31 December		As of 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Collateral given for own liabilities	141	136	143	134
Contractual commitments to purchase property, plant and equipment	104	113	108	148
Other commitments	11	14	11	17
	<u>256</u>	<u>263</u>	<u>262</u>	<u>299</u>

The collateral given for own liabilities of 141m US dollar as of 31 December 2017, 136m US dollar as of 31 December 2018 and 134m US dollars as of 31 March 2019 includes South Korea's collateral on property in favor of the excise tax authorities. The Group has entered into commitments to purchase property, plant and equipment for an amount of 113m US dollar as of 31 December 2018 and 148m US dollar as of 31 March 2019. Other commitments amount to 14m US dollar as of 31 December 2018 and 17m US dollar as of 31 March 2019 and mainly cover guarantees given to pension funds, rental and other guarantees.

30. Related parties

Transactions with directors and executive board management members (key management personnel)

In addition to short-term employee benefits (primarily salaries) the Group's management members are entitled to post-employment benefits. In particular, members of management participate in the pension plan of their respective country – see also Note 23 *Employee Benefits*. Finally, key management personnel are eligible for AB InBev share option; restricted stock and/or share swap program (refer Note 24 *Share-based Payments*). Total management compensation included in the combined income statements are as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'thousand	US\$'thousand	US\$' thousand (Unaudited)	US\$' thousand
Short-term employee benefits	6,025	14,606	3,652	2,072
Post-employment benefits	97	135	34	73
Share-based payments	3,854	5,351	1,338	955
	<u>9,976</u>	<u>20,092</u>	<u>5,024</u>	<u>3,100</u>

Transactions with AB InBev Group entities

An overview of related party transactions with other AB InBev Group entities is as follows:

	For the year ended 31 December		For the three months ended 31 March	
	2017	2018	2018	2019
	US\$'million	US\$'million	US\$'million (Unaudited)	US\$'million
Purchases of finished goods from AB InBev	174	296	63	72
Service fees, procurement fees and royalties	129	137	33	19
Interest on loans with AB InBev to be capitalized upon Listing	46	27	9	6
Other transactions with AB InBev	(14)	(17)	(1)	(1)
Capital contribution by AB InBev	249	(249)	19	(7)
	<u>249</u>	<u>(249)</u>	<u>19</u>	<u>(7)</u>

An overview of related party balances with other AB InBev entities is as follows:

	As of 31 December		As of 31 March
	2017	2018	2019
	US\$'million	US\$'million	US\$'million
Receivables with AB InBev	73	47	44
Payables with AB InBev	(499)	(424)	(355)
Loans with AB InBev to be capitalized upon Listing	(1,018)	(473)	(466)

The Group incurred costs associated with the initial public offering of 15m US dollar reported as non-recurring items and costs associated with the initial public offering to be capitalized of 3m US dollar for the three months ended 31 March 2019. These costs are funded by AB InBev and reported as payables to AB InBev. These will be reimbursed by the Group upon Listing.

Transactions with associates

Significant interest in an associate is shown in Note 16 *Investment in associates*. The Group did not have transactions with associate during the years/periods ended 31 December 2017, 31 December 2018 and 31 March 2019, except for the dividend distribution from an associate to the Group as described in Note 16 *Investment in Associates*.

31. Subsequent events

As disclosed in Note 27, the Group completed its acquisition of 65% of the registered capital of Jebsen Beverage (China) Company Limited on 30 May 2019.

The reorganization to contribute the Listing Business to the Company was partially implemented during the months of June and July 2019. The reorganization steps include the transfer via contribution at fair market value of the China, Japan, Vietnam and India operations which were completed in June and July 2019 and the New Zealand and South Korea operations which will be completed prior to or upon listing.

32. Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the results for each of the years/periods ended 31 December 2017 and 2018 and for the three months ended 31 March 2018 and 2019 on a combined basis.

33. Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

a. Directors' and managing director's emoluments

Remuneration was paid to one director and the managing director during the Track Record Period as set out below:

For the year ended 31 December 2017

	Directors' Fees	Salaries, allowance and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>
Executive directors							
Jan Craps	–	822	24	–	846	12	858
Renrong Wang	–	527	–	7	534	478	1,012

For the year ended 31 December 2018

	Directors' Fees	Salaries, allowance and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>
Executive directors							
Jan Craps	–	827	1,526	–	2,353	712	3,065
Renrong Wang	–	666	658	8	1,332	567	1,899

For the period ended 31 March 2018 (Unaudited)

	Directors' Fees	Salaries, allowance and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>	<i>US\$' thousand</i>
Executive directors							
Jan Craps	–	207	382	–	589	178	767
Renrong Wang	–	167	165	2	334	142	476

For the period ended 31 March 2019

	Directors' Fees	Salaries, allowance and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	US\$' thousand	US\$' thousand	US\$' thousand	US\$' thousand	US\$' thousand	US\$' thousand	US\$' thousand
Executive directors							
Jan Craps	-	270	32	-	302	201	503
Renrong Wang	-	131	81	13	225	148	373

b. Directors' retirement benefits

During the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019, no retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Group.

c. Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the years/periods ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 31 March 2019.

d. Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019.

e. Information about loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate by and connected entities with such directors

There are no other loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2017 and 2018, and the three months ended 31 March 2018 and 2019.

34. Dividends

Dividends during each of the years ended 31 December 2017 and 2018 and three months ended 31 March 2018 and 2019 represented dividends declared by the companies comprising the Group to the then equity holders of the companies for each of the years ended 31 December 2017 and 2018 and three months ended 31 March 2018 and 2019, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

Subsequent to 31 March 2019, dividends of 370m US dollar and 550m US dollar were declared by certain Group companies to then the equity holders of the companies on 28 May 2019 and 7 June 2019, respectively.

35. Corporate information of the Company

Budweiser Brewing Company APAC Limited was incorporated in the Cayman Islands on 10 April 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company or any of the entities that comprise the Group in respect of any period subsequent to 31 March 2019 and up to the date of this report. Save as disclosed elsewhere in this report, no dividend or distribution has been declared or made by the Company or any of the companies that comprise the Group in respect of any period subsequent to 31 March 2019.



羅兵咸永道

Report On Review of Interim Financial Information
To the Board of Directors of Budweiser Brewing Company APAC Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages IB-3 to IB-28, which comprises the condensed combined interim statement of financial position of the Asia Pacific operations excluding Australia of Anheuser–Busch InBev (together, the “Group”) as at 30 June 2019 and the condensed combined interim income statement, the condensed combined interim statement of comprehensive income, the condensed combined interim statement of changes in equity and the condensed combined interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of Budweiser Brewing Company APAC Limited (the “Company”) are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Other Matter

The comparative information for the condensed combined interim statement of financial position is based on the audited financial statements as at 31 December 2018. The comparative information for the condensed combined interim income statement, the condensed combined interim statement of comprehensive income, the condensed combined interim statement of changes in equity and the condensed combined interim statement of cash flows, and related explanatory notes, for the six-month period ended 30 June 2018 has not been audited or reviewed.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong, 18 September 2019

**APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS**

UNAUDITED CONDENSED COMBINED INTERIM INCOME STATEMENTS

For the six-month period ended 30 June
Million US dollar, except earnings per
shares in US dollar

	<i>Notes</i>	2019	2018
Revenue		3,522	3,511
Cost of sales		(1,633)	(1,690)
Gross profit		1,889	1,821
Distribution expenses		(265)	(277)
Sales and marketing expenses		(618)	(664)
Administrative expenses		(223)	(214)
Other operating income		92	80
Profit from operations before non-recurring items		875	746
Non-recurring items	7	(39)	(11)
Profit from operations		836	735
Finance costs	8	(1)	(19)
Non-recurring net finance costs	8	(7)	(13)
Finance income	8	13	12
Net finance income/(costs)		5	(20)
Share of result of associates	16	8	7
Profit before tax		849	722
Income tax expense	9	(245)	(151)
Profit of the period		604	571
Profit of the period attributable to:			
Equity holders		606	571
Non-controlling interests		(2)	–
Basic earnings per share	25	N/A	N/A
Diluted earnings per share	25	N/A	N/A

The accompanying notes are an integral part of these unaudited condensed combined interim financial statements.

**APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED COMBINED INTERIM STATEMENTS OF
COMPREHENSIVE INCOME**

For the six-month period ended 30 June		
Million US dollar	2019	2018
Profit of the period	604	571
Other comprehensive loss: items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	—	1
Other comprehensive loss: items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(176)	(321)
Cash flow hedges reclassified from equity to profit or loss	1	—
Other comprehensive loss, net of tax	(175)	(320)
Total comprehensive income	429	251
Attributable to:		
Equity holders	431	251
Non-controlling interests	(2)	—

The accompanying notes are an integral part of these unaudited condensed combined interim financial statements.

**APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED COMBINED INTERIM STATEMENTS OF FINANCIAL
POSITION**

As at Million US dollar	<i>Notes</i>	30 June 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	10	3,688	3,790
Goodwill	11	6,834	6,718
Intangible assets	12	1,851	1,718
Land use rights	13	283	276
Investment in associates	16	402	403
Deferred tax assets		238	222
Trade and other receivables	14	54	55
		<hr/>	<hr/>
Total non-current assets		13,350	13,182
Current assets			
Inventories		381	417
Trade and other receivables	14	874	580
Derivatives		9	12
Cash and cash equivalents	15	1,037	1,667
Other current assets		16	4
		<hr/>	<hr/>
Total current assets		2,317	2,680
		<hr/>	<hr/>
Total assets		15,667	15,862
COMBINED EQUITY AND LIABILITIES			
Combined equity			
AB InBev capital	17	9,207	10,153
Non-controlling interests		83	19
		<hr/>	<hr/>
Total combined equity		9,290	10,172
Non-current liabilities			
Interest-bearing loans and borrowings	18	38	30
Loans with AB InBev to be capitalized upon Listing	18	697	473
Deferred tax liabilities		433	408
Trade and other payables	20	123	29
Provisions		248	250
Other non-current liabilities		36	32
		<hr/>	<hr/>
Total non-current liabilities		1,575	1,222
Current liabilities			
Bank overdrafts	15	46	45
Interest-bearing loans and borrowings	18	161	67
Trade and other payables	20	2,843	2,547
Payables with AB InBev	20	210	405
Consigned packaging and contract liabilities	20	1,356	1,284
Derivatives		1	1
Provisions		13	18
Other current liabilities		172	101
		<hr/>	<hr/>
Total current liabilities		4,802	4,468
		<hr/>	<hr/>
Total equity and liabilities		15,667	15,862

The accompanying notes are an integral part of these unaudited condensed combined interim financial statements.

UNAUDITED CONDENSED COMBINED INTERIM STATEMENTS OF CHANGES IN
EQUITY

Million US Dollar	Attributable to equity holders of the Group					
	Contributed capital	Retained earnings	Other comprehensive income reserves	AB InBev capital ²	Non-controlling interests	Combined equity
As per 1 January 2018	9,024	1,126	178	10,328	19	10,347
Profit for the period	–	571	–	571	–	571
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	(321)	(321)	–	(321)
Other	–	–	1	1	–	1
Total comprehensive income	–	571	(320)	251	–	251
Share-based payments	2	–	–	2	–	2
Dividends	(325)	–	–	(325)	–	(325)
Movement in contribution	32	–	–	32	–	32
Purchase of non-controlling interests	–	–	–	–	3	3
As per 30 June 2018	8,733	1,697	(142)	10,288	22	10,310

Million US Dollar	Attributable to equity holders of the Group					
	Contributed capital	Retained earnings	Other comprehensive income reserves	AB InBev capital ^{1,2}	Non-controlling interests	Combined Equity
As per 1 January 2019	8,391	2,084	(322)	10,153	19	10,172
Profit for the period	–	606	–	606	(2)	604
Other comprehensive loss						
Exchange differences on translation of foreign operations	–	–	(176)	(176)	–	(176)
Other	–	–	1	1	–	1
Total comprehensive income	–	606	(175)	431	(2)	429
Share-based payments	11	–	–	11	–	11
Dividends	(920)	–	–	(920)	(1)	(921)
Movement in contribution	(468)	–	–	(468)	–	(468)
Purchase of non-controlling interests	–	–	–	–	67	67
As per 30 June 2019	7,014	2,690	(497)	9,207	83	9,290

1 Included within AB InBev capital are legal statutory reserves in the People's Republic of China ("PRC") of 117m US dollar as of 30 June 2018 and 137m US dollar as of 30 June 2019. Under the relevant PRC laws and regulations, PRC companies are required to allocate 10% of the company's net profit to a fund, until such a fund reaches 50% of the companies registered capital. The statutory reserve fund can be utilized upon approval by the relevant authorities, to offset against accumulated losses or increase registered capital of the company, provided that such fund is maintained at a minimum of 25% of the companies registered capital.

2 Refer to Note 17 *AB InBev capital*.

The accompanying notes are an integral part of these unaudited condensed combined interim financial statements.

**APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS**

UNAUDITED CONDENSED COMBINED INTERIM STATEMENTS OF CASH FLOWS

For the six-month period ended 30 June
Million US dollar

	<i>Notes</i>	2019	2018
OPERATING ACTIVITIES			
Profit of the period		604	571
Depreciation, amortization and impairment	10,12,13	343	338
Impairment losses on receivables, inventories and other assets		6	11
Additions/(reversals) in provisions and employee benefits		10	17
Net finance cost/(income)	8	(5)	20
Net gain on sale of property, plant and equipment and intangible assets	10	(8)	(11)
Equity-settled share-based payment expense	19	11	2
Income tax expense	9	245	151
Other non-cash items included in profit		2	(6)
Share of result of associates	16	(8)	(7)
Cash flow from operating activities before changes in working capital and use of provisions		1,200	1,086
Decrease/(increase) in trade and other receivables		(295)	(249)
Decrease/(increase) in inventories		51	(36)
Increase/(decrease) in trade and other payables ¹		42	177
Decrease/(increase) in provisions and pensions		(13)	(38)
Cash generated from operations		985	940
Interest paid (third parties)		(6)	(16)
Interest paid (Loans with AB InBev to be capitalized upon Listing)		(5)	(20)
Interest received		13	12
Dividends received		9	5
Income tax paid		(177)	(141)
CASH FLOW FROM OPERATING ACTIVITIES		819	780
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(236)	(232)
Proceeds from sale of property, plant and equipment and intangible assets		25	59
Acquisition of subsidiaries, net of cash acquired	6	(149)	(4)
CASH FLOW FROM INVESTING ACTIVITIES		(360)	(177)
FINANCING ACTIVITIES			
Repayment of contributed capital		(465)	45
Net proceeds/(repayments) of Loans with AB InBev to be capitalized upon Listing		223	(304)
Dividends paid to AB InBev	26	(920)	(322)
Dividends paid to non-controlling interest holders		(1)	(3)
Proceeds from borrowings		92	36
Repayments of borrowings		–	(20)
Payments of lease liabilities		(18)	(14)
Cash net finance (cost)/income other than interest		(4)	(14)
CASH FLOW FROM FINANCING ACTIVITIES		(1,093)	(596)
Net increase/(decrease) in cash and cash equivalents		(634)	7
Cash and cash equivalents less bank overdrafts at beginning of period		1,622	1,714
Effect of exchange rate fluctuations		3	(42)
Cash and cash equivalents less bank overdrafts at end of period	15	991	1,679

1 Comprises of trade and other payables, payables with AB InBev, consigned packaging and contract liabilities.

The accompanying notes are an integral part of these unaudited condensed combined interim financial statements.

1. CORPORATE INFORMATION

The Listing business comprises the Asia Pacific operations excluding Australia (the “**Listing Business**” or the “**Group**”) of Anheuser-Busch InBev SA/NV (referred to as “**AB InBev**”). The Asia Pacific operations consist of all entities in the region which are primarily in China, South Korea, India, Vietnam, Japan and relevant operations of AB InBev entities outside of Asia Pacific with operations in the Asia Pacific region or with subsidiaries within the region. The Listing Business is principally engaged in the brewing and distribution of beer in the Asia Pacific region.

The ultimate parent company of the Listing Business is AB InBev, which is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD).

Budweiser Brewing Company APAC Limited (the “Company”) will become the holding company of the Listing Business via a reorganization, which is conditional on completion of the Global Offering. The reorganization is expected to be accounted for as a recapitalization of a single business upon completion.

The Company will use the net proceeds from the Global Offering to repay intercompany loans from AB InBev.

The condensed combined interim financial statements of the Group for the six-month period ended 30 June 2019 comprise the Group and the Group’s interest in associates. The condensed combined interim financial statements for the six-month periods ended 30 June 2019 and 2018 are unaudited; however, in the opinion of the Group, the interim data include all adjustments, consisting of only normally recurring adjustments unless otherwise stated, necessary for a fair statement of the results for the interim period.

2. BASIS OF PRESENTATION

The condensed combined financial interim statements comprises the condensed combined interim income statements, the condensed combined interim statements of comprehensive income, the condensed combined interim statements of changes in equity and the condensed combined interim statements of cash flows for the for the six months ended 30 June 2018 and 2019, the condensed combined interim statements of financial position of the Listing Business 31 December 2018 and as of 30 June 2019. The Listing Business was under the common control and management of AB InBev immediately before and after the Reorganization and has been managed as a single business by AB InBev throughout the six months ended 30 June 2018 and 2019. Accordingly the Reorganization (see below) is regarded as a recapitalization of business, and for the purpose of this report, the Financial Information has been prepared on a combined basis using the existing book values from AB InBev’s perspective.

The Listing Business has not historically formed a separate legal group and is in process of finalizing a reorganization to transfer ownership of the entities comprising the Listing Business to the Company (the “Reorganization”). AB InBev will provide funds to the Company through intercompany loan contributions to enable it to complete the Reorganization. The Reorganization steps include the transfers via contribution at fair market value of the China, Japan, Vietnam and India operations which were completed in June and July 2019 and the New Zealand and South Korea operations which will be completed prior to or upon listing.

The difference between the contribution at fair market value and net assets of the Listing Business at the existing book values from AB InBev’s perspective will be accounted in Equity – movement in contribution.

Transactions and balances previously reported as part of the continuing operations of the Listing Business have been directly attributed to the Group, except for the following:

- *Cash and cash equivalents* – Historically, certain cash and cash equivalents were managed as part of a global treasury management function by AB InBev. The Group did not exercise operational control over the cash and cash equivalents in the physical cash pool with AB InBev entities. The balances generated from the Listing Business that were physically pooled into AB InBev Group entities that are outside the Listing Business are therefore not considered cash and cash equivalents of the Group and are not included as such in the condensed combined interim financial statements. For the purposes of the historical financial information of the Group during the Track Record Period and subsequent thereafter until immediately prior to the Listing, amounts in the physical cash pool are included within AB InBev capital which reflects the net funding position between the Group and AB InBev. After the Listing, balances in the physical cash pool will create a receivable or payable between the Group and the AB InBev group counterparty.

- *Hedging activities* – Historically, certain hedging instruments were also managed as part of a global treasury management function by AB InBev. For the purpose of the condensed combined financial statements, the net hedging income relating to the Asia Pacific region has been allocated to the Group reflecting relevant historical allocations of the Group's share of AB InBev hedging gains and losses.
- *Loan receivables that are held by AB InBev Group companies outside the Group* – As part of the AB InBev global treasury management function, the Group has loans with AB InBev Group entities, which are outside the Group. The related loan receivables held by AB InBev Group entities outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting these borrowings going forward. For the purpose of the condensed combined interim financial statements, the liabilities related to the loans with AB InBev Group entities were presented as borrowings during the Track Record Period and will be extinguished prior to or upon the Listing. The interest charges related to these borrowings were reported as non-recurring finance costs on the basis that these will be extinguished. The legal assignment of loan receivables held by AB InBev with the Group prior to or upon the Listing will be accounted for in equity upon extinguishment.

AB InBev historically recharged costs shared with other AB InBev businesses to the legal entities of the Group and were recorded as such in the condensed combined interim financial statements (refer to Note 23 *Related parties*).

The condensed combined interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standard Board (IASB). They do not include all the information required for full annual financial statements and should be read in conjunction with the combined financial information of the Group as at and for the year ended 31 December 2018 (refer to the Accountant's Report in Appendix IA of the Company's Global Offering).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed combined interim financial statements are consistent with those applied in the combined financial information for the year ended 31 December 2018 included in the Accountant's Report in Appendix IA of the Company's Global Offering.

(A) Summary of changes in accounting policies

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS for periods beginning on 1 January 2019. The financial information has been prepared under the historical cost convention unless otherwise stated. The Group adopted IFRS 9 Financial Instruments, IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments* effective on 1 January 2017.

(B) Foreign currencies

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the condensed combined statement of financial position rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the condensed combined income statements. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates ruling at the dates the fair value was determined.

Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the date of the statement of financial position. Income statements of foreign operations are translated to US dollar at exchange rates for the period approximating the foreign exchange rates prevailing at the dates of the transactions. The components of owners' equity are translated at historical rates. Exchange differences arising from the translation of owners' equity to US dollar at year-end exchange rates are taken to other comprehensive income (translation reserves).

Exchange rates

The most important exchange rates that have been used in preparing the condensed combined interim financial statements are:

1 US dollar equals:	Closing rate		Average rate	
	30 June 2019	31 December 2018	30 June 2019	30 June 2018
Chinese yuan	6.870397	6.877787	6.786424	6.370360
South Korean won	1,157.40	1,115.40	1,144.16	1,072.96

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed combined interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Group believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results.

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 44% and 42% of the Group's total assets as at 30 June 2019 and 31 December 2018, respectively, is tested for impairment at the cash-generating unit level. The Group tests at least annually whether goodwill and indefinite life intangible assets have suffered any impairment by calculating the recoverable amount of the cash-generating unit and comparing this to its carrying value.

The Group's impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists of applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for the other cash-generating units.

The fair value less costs to sell valuation requires judgment around the selection of comparable market participants and their sales multiples. The value in use calculations primarily use cash flow projections. There are a number of assumptions and estimates involved for the preparation of cash flow projections and the estimated terminal value. Key assumptions include the expected growth in revenues and operating margin, growth rates and selection of discount rates, to reflect the risks involved and the terminal growth rate.

Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

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Refer to Note 11 *Goodwill* and Note 12 *Intangibles assets* for further information on the goodwill and indefinite life intangible assets.

Determination of indefinite useful life for certain intangible assets

Intangible assets with indefinite useful lives are primarily brands acquired through business combinations. Management has determined that brands have indefinite useful lives as these consist of nationally or internationally prominent brands which have existed for several decades or longer and which are well established in their markets. These markets have been stable or growing. The Group has legal rights to the brands which can be enforced for an indefinite period.

Refer to Note 12 *Intangible assets* for further information on indefinite life intangible assets.

Contingencies

The preparation of the Group's condensed combined interim financial statements requires management to make estimates and assumptions regarding contingencies, which affect the valuation of assets and liabilities at the date of the financial information and the revenue and expenses during the reported period.

The Group discloses material contingent liabilities unless the possibility of any loss arising is considered remote, and material contingent assets where the inflow of economic benefits is probable.

A provision is recorded for a loss contingency when it is probable that a future event will confirm that a liability has been incurred at the date of the financial information, and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future.

The Group has no material unprovided contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable.

Income tax position

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the Group provision for income tax.

Some subsidiaries within the Group are involved in tax audits and local inquiries usually in relation to prior periods. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the date of the condensed combined statement of financial position and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the condensed combined interim financial statements, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determination is made.

Refer to Note 9 *Income tax expenses* for further information on income tax.

5. SEGMENT REPORTING

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker.

The Group operates its business through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are the Group's two reportable segments for financial reporting purposes. Regional and operating Group management is responsible for managing performance, underlying risks and effectiveness of operations. Management uses performance indicators such as normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources

All figures in the table below are stated in million US dollar, except volume (thousand hectoliter) and Normalized EBITDA margin (in%). The information presented is for the six-month periods ended 30 June 2019 and 2018, except for segment assets (non-current) with comparatives at 31 December 2018.

For the six-month period ended 30 June	Asia Pacific East		Asia Pacific West		Total	
	2019	2018	2019	2018	2019	2018
Volume	6,750	6,959	43,479	43,354	50,229	50,313
Revenue	744	772	2,778	2,739	3,522	3,511
Normalized EBITDA	263	255	955	829	1,218	1,084
Normalized EBITDA margin %	35.4%	33.0%	34.4%	30.3%	34.6%	30.9%
Depreciation, amortization and impairment					(343)	(338)
Normalized profit from operations (normalized EBIT)					875	746
Non-recurring items (see Note 7)					(39)	(11)
Profit from operations (EBIT)					836	735
Net finance income/(cost)					5	(20)
Share of results of associates					8	7
Income tax expense					(245)	(151)
Profit					604	571
Segment assets (non-current)	5,508	5,728	7,842	7,454	13,350	13,182
Gross capex	14	25	222	207	236	232

Normalized EBITDA is a key financial measure regularly monitored by Management in managing the group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of the Company: (i) non-controlling interest; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment.

For the six-month period ended 30 June Million US Dollar	2019	2018
Profit attributable to equity holders of the Group	606	571
Non-controlling interest	(2)	–
Profit for the period	604	571
Income tax expense	246	174
Share of results of associates	(8)	(7)
Net finance cost (including non-recurring finance cost)	(5)	20
Non-recurring income tax benefit	(1)	(23)
Non-recurring items above EBIT (including non-recurring cost)	39	11
Normalized EBIT	875	746
Depreciation and amortization	343	338
Normalized EBITDA	1,218	1,084

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6. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The table below summarizes the impact of acquisitions on the condensed combined statement of financial position as at 30 June 2019 and 30 June 2018 and the condensed combined statement of cash flows of the Group for the six-month periods ended 30 June 2019 and 2018:

Million US Dollar	2019 Acquisitions	2018 Acquisitions
Non-current assets		
Property, plant and equipment	–	1
Intangible assets	196	–
Current assets		
Cash and cash equivalents	36	–
Inventories	30	–
Trade and other receivables	8	–
Non-current liabilities		
Deferred tax liabilities	(49)	–
Current liabilities		
Trade and other payables	(42)	–
Net identifiable assets and liabilities	179	1
Non-controlling interest	(62)	–
Goodwill on acquisitions	256	7
Consideration to be paid	(188)	(4)
Consideration paid	185	4
Cash (acquired)/disposed of	(36)	–
Net cash outflow	149	4

On 30 May 2019, the Company completed a transaction with Jebsen Beverage Company Limited among others, to acquire 65% of the registered capital of Jebsen Beverage (China) Company Limited which is principally engaged in the marketing, distribution, sale and commercialization of the Blue Girl and other brands of beer and malt-based beverages in Mainland China (excluding Hong Kong, Macau and Taiwan).

The identified assets, liabilities and non-controlling interests of Jebsen are recognized in accordance with IFRS 3 *Business Combinations* and have been provisionally determined as at 30 June 2019. The provisional allocation of the purchase price included in the balance sheet is based on the current best estimates of the Group's management. The completion of the purchase price allocation may result in further adjustment to the carrying amount of Jebsen's recorded assets, liabilities and non-controlling interest and the determination of any residual amount that will be allocated to goodwill.

There were no disposals for the six-month periods ended 30 June 2019 or 2018.

7. NON-RECURRING ITEMS

The non-recurring items included in the condensed combined income statements are as follows:

For the six-month period ended 30 June Million US Dollar	2019	2018
Restructuring	(4)	(11)
Costs associated with initial public offering	(35)	–
Impact on profit from operations	(39)	(11)
Non-recurring finance costs	(7)	(13)
Non-recurring income tax benefit	1	23
Net impact on profit attributable to equity holders	(45)	(1)

The non-recurring restructuring charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the Group with a lower cost base in addition to a stronger focus on the Group's core activities, quicker decision-making and improvements to efficiency, service and quality.

The Group incurred costs associated with the initial public offering of 35m US dollar reported as non-recurring items and costs to be capitalized associated with the initial public offering of 4m US dollar for the six-month period ended 30 June 2019.

The Group incurred non-recurring net finance costs of 7m US dollar and 13m US dollar for the six-month periods ended 30 June 2019 and 2018 (refer to Note 8 *Finance costs and income*).

8. FINANCE COSTS AND INCOME

The finance costs included in the condensed combined interim income statements are as follows:

For the six-month period ended 30 June		
Million US Dollar	2019	2018
Interest expense	(6)	(6)
Accretion expense	(1)	(2)
Net foreign exchange gains/(losses)	6	(1)
Other financial costs, including bank fees	–	(10)
Finance costs, excluding non-recurring items	(1)	(19)
Non-recurring finance costs	(7)	(13)
Finance costs	(8)	(32)

As part of the AB InBev global treasury management function, the Group had loans with AB InBev Group entities, which were outside the Group. The related loan receivables held by AB InBev subsidiaries outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting these borrowings going forward. For the purpose of the condensed combined interim financial statements, the liabilities related to the loans with AB InBev entities were presented as borrowings during the Track Record Period and will be capitalized prior to or upon the Listing. The interest charges related to these borrowings were reported as part of non-recurring finance cost on the basis that these will be capitalized.

Finance income included in the condensed combined interim income statements is as follows:

For the six-month period ended 30 June		
Million US Dollar	2019	2018
Interest income	13	12
Finance income	13	12

No interest income was recognized on impaired financial assets.

9. INCOME TAXES

Income taxes recognized in the condensed combined interim income statements can be detailed as follows:

For the six-month period ended 30 June Million US Dollar	2019	2018
Current year	(258)	(187)
Overprovided in prior years	7	30
Current tax expense	(251)	(157)
Origination and reversal of temporary differences	1	(13)
Recognition of deferred tax assets on tax losses	3	14
Recognition of previously unrecognized tax losses	2	5
Deferred tax (expense)/income	6	6
Total income tax expense	(245)	(151)

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

For the six-month period ended 30 June Million US Dollar	2019	2018
Profit before tax	849	722
Deduct share of result of associates	8	7
Profit before tax and before share of result of associates	841	715
Adjustments on taxable basis		
Expenses not deductible for tax purposes	79	35
Other non-taxable income	(31)	(22)
	889	728
Aggregated weighted nominal tax rate	26.1%	25.8%
Tax at aggregated weighted nominal tax rate	(232)	(188)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	3	14
Recognition of deferred taxes assets on previous years' tax losses	2	5
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(21)	(20)
Overprovided in prior periods	7	30
Withholding taxes	(14)	–
Other tax adjustments	10	8
	(245)	(151)
Effective tax rate	29.1%	21.1%
Normalized effective tax rate	27.7%	23.5%

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The Group's income tax expense included 1m US dollar in respect of Hong Kong profits tax for each of the six-month periods ended 30 June 2019 and 2018.

Normalized effective tax rate is not an accounting measure under IFRS accounting and should not be considered as an alternative to the effective tax rate. Normalized effective tax rate method does not have a standard calculation method and the Group's definition of normalized effective tax rate may not be comparable to other companies.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises owned and leased assets, as follows:

Million US dollar	30 June 2019	31 December 2018
Property, plant and equipment owned	3,627	3,738
Property, plant and equipment leased (right-of-use assets)	61	52
Total property, plant and equipment	3,688	3,790

Property, plant and equipment owned by the Group is detailed as follows:

Million US dollar	30 June 2019			31 December 2018	
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total	Total
Acquisition cost					
Balance at end of previous period/year	1,870	4,338	305	6,513	6,527
Effect of movements in foreign exchange	(11)	(15)	1	(25)	(356)
Acquisitions	34	188	7	229	573
Disposals	–	(56)	–	(56)	(200)
Transfer to/(from) other asset categories and other movements ¹	(11)	31	(87)	(67)	(31)
Balance at end of the period/year	1,882	4,486	226	6,594	6,513
Depreciation and impairment losses					
Balance at end of previous period/year	(503)	(2,272)	–	(2,775)	(2,535)
Effect of movements in foreign exchange	1	6	–	7	155
Depreciation	(47)	(255)	–	(302)	(615)
Disposals	–	32	–	32	132
Transfer to/(from) other asset categories and other movements ¹	9	62	–	71	88
Balance at end of the period/year	(540)	(2,427)	–	(2,967)	(2,775)
Carrying amount					
as at 31 December 2018	1,367	2,066	305	3,738	3,738
as at 30 June 2019	1,342	2,059	226	3,627	–

¹ The transfer (to)/from other asset categories and other movements mainly relates to transfers from assets under construction to their respective asset categories, to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*.

As at 30 June 2019 and 31 December 2018, there is no property, plant and equipment subject to restrictions on title, other than described in Note 22 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other*.

Out of the total capital expenditures for the six-month period ended 30 June 2019, approximately 32% was used to improve the Group's production facilities while 65% was used for logistics and commercial investments and 3% was used for improving administrative capabilities and purchase of hardware and software.

Out of the total capital expenditures for the year ended 31 December 2018, approximately 47% was used to improve the Group's breweries and production facilities while 46% was used for logistics and commercial investments and 7% was used for improving administrative capabilities and purchase of hardware and software.

Net gain on disposal of property, plant and equipment and intangible assets included in other operating income amounted to 8m US dollar and 11m US dollar for the six-month periods ended 30 June 2019 and 2018, respectively.

Right-of-Use Assets

The Group leases warehouses, factory facilities, other commercial buildings and equipment.

Property, plant and equipment leased by the Group (right-of-use assets) is detailed as follows:

Million US dollar	30 June 2019	31 December 2018
Net carrying amount	61	52
Depreciation for the period/year	(14)	(30)

Additions to right-of-use assets were 24m US dollar for the six-month period ended 30 June 2019 and 36m US dollar for year ended 31 December 2018. The expense related to short-term and low value leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant.

11. GOODWILL

Million US Dollar	30 June 2019	31 December 2018
Acquisition cost		
Balance at end of previous period/year	6,718	7,046
Effect of movements in foreign exchange	(140)	(335)
Acquisitions through business combinations	256	7
Balance at end of period/year	6,834	6,718

During the six-month period ended 30 June 2019 the Group recognized goodwill on acquisitions of subsidiaries of 256m US dollar (refer to Note 6 *Acquisitions and disposals of subsidiaries*).

The Group's annual goodwill impairment testing is performed during the fourth quarter of the year, or whenever a triggering event has occurred.

12. INTANGIBLE ASSETS

Million US dollar	30 June 2019				31 December 2018	
	Brands	Commercial intangibles	Software	Other	Total	Total
Acquisition cost						
Balance at end of previous period/year	1,535	105	233	65	1,938	2,011
Effect of movements in foreign exchange	(38)	(2)	1	(5)	(44)	(102)
Acquisitions and expenditures	196	–	5	–	201	30
Transfer (to)/from other asset categories and other movements	–	–	4	(4)	–	(1)
Balance at end of period/year	1,693	103	243	56	2,095	1,938
Amortization and impairment losses						
Balance at end of previous period/year	–	(63)	(147)	(10)	(220)	(192)
Effect of movements in foreign exchange	–	1	–	–	1	16
Amortization	–	(3)	(19)	(3)	(25)	(47)
Transfer to/(from) other asset categories and other movements	–	–	(1)	1	–	3
Balance at end of period/year	–	(65)	(167)	(12)	(244)	(220)
Carrying value						
as at 31 December 2018	1,535	42	86	55	1,718	1,718
as at 30 June 2019	1,693	38	76	44	1,851	–

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that the Group purchase for its own products and are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

13. LAND USE RIGHTS

The Group acquired the right to use land in China. The net carrying amount of the right-of-use assets was 283m US dollar and 276m US dollar as of 30 June 2019 and 31 December 2018, respectively.

Land use rights are as follows:

Million US Dollar	30 June 2019	31 December 2018
Net carrying amount	283	276
Amortization for the period/year	(2)	(4)

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14. TRADE AND OTHER RECEIVABLES

Non-current Trade and Other Receivables

Million US Dollar	30 June 2019	31 December 2018
Cash deposits for guarantees	40	41
Trade and other receivables	14	14
Non-current trade and other receivables	54	55

For the nature of cash deposits for guarantees see Note 22 *Collateral and contractual commitments* for the acquisition of property, plant and equipment, loans to customers and other.

Current Trade and Other Receivables

Million US Dollar	30 June 2019	31 December 2018
Trade receivables and accrued income	659	376
Receivables with AB InBev	36	47
Indirect tax receivable	90	81
Prepaid expenses	63	53
Other receivables	26	23
Current trade and other receivables	874	580

Trade receivables and receivables with AB InBev are due on average less than 90 days from the date of invoicing.

As at 30 June 2019 and 31 December 2018, the aging analysis of trade receivables and receivables with AB InBev, based on due date, is as follows:

Million US Dollar	30 June 2019	31 December 2018
Not past due	663	399
Past due as at reporting date:		
Less than 30 days	24	14
Between 30 and 59 days	5	7
Between 60 and 89 days	3	3
Net carrying amount of trade receivables and accrued income and receivables with AB InBev	695	423

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15. CASH AND CASH EQUIVALENTS

<u>Million US Dollar</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
Short-term bank deposits	58	35
Cash and bank accounts	668	850
Cash pool with AB InBev	311	782
Cash and cash equivalents	1,037	1,667
Bank overdrafts	(46)	(45)
	991	1,622

The cash in the cash pool with AB InBev was managed as part of a global treasury management function by AB InBev. The Group has legal ownership over the balances that are notionally cash pooled and these balances are therefore considered cash and cash equivalents of the Group. The Group does not have restricted cash.

16. INVESTMENT IN ASSOCIATES

The Group has an investment in associates, Guangzhou Zhujiang Brewery Joint-Stock Co., Ltd. ("Zhujiang"), incorporated in the PRC.

<u>% of economic interest as at</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
Guangzhou Zhujiang Brewery Joint-Stock Co., Ltd	29.99%	29.99%

The Group received a dividend of 9m US dollar and 5m US dollar from Zhujiang during the six-month periods ended 30 June 2019 and 2018. The Group recognized the results of the investment in associates of 8m US dollar and 7m US dollar for the six-month periods ended 30 June 2019 and 2018.

17. AB INBEV CAPITAL

Balances due to or from AB InBev that are operational in nature or have characteristics of debt are presented as payables or receivables with AB InBev or loans with AB InBev to be capitalized upon Listing respectively in the condensed combined interim statements of financial position. All remaining balances with AB InBev are equity in nature and included within the AB InBev capital balance within the condensed combined interim financial statements.

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18. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign exposure currency risk – refer to Note 21 Risks arising from financial instruments.

NON-CURRENT LIABILITIES Million US Dollar	30 June 2019	31 December 2018
Loans with AB InBev to be capitalized upon Listing	697	473
Lease liabilities	38	30
Non-current interest-bearing loans and borrowings	735	503
CURRENT LIABILITIES Million US Dollar	30 June 2019	31 December 2018
Secured bank loans	18	6
Unsecured bank loans and other loans	117	37
Lease liabilities	26	24
Current interest-bearing loans and borrowings	161	67

The current and non-current loans and borrowings amounted to 896m US dollar as at 30 June 2019 and 570m US dollar as at 31 December 2018.

The Group had loans with AB InBev Group entities outside the Group of 697m US dollar as at 30 June 2019 and 473m US dollar as at 31 December 2018. The related loan receivables held by AB InBev subsidiaries outside the Group will be transferred to the Group prior to or upon the Listing, thereby eliminating these borrowings going forward.

The Group was in compliance with all its debt covenants as at 30 June 2019 and 31 December 2018.

Cash net of debt is defined as cash and cash equivalents and debt securities minus non-current and current interest-bearing loans and borrowings and bank overdrafts (including loans with AB InBev to be capitalized upon Listing). Cash net of debt is a financial performance indicator that is used by the Group's management to highlight changes in the Group's overall liquidity position.

The following table provides a reconciliation of the Group's cash net of debt:

Million US Dollar	30 June 2019	31 December 2018
Cash and cash equivalents	1,037	1,667
Non-current interest-bearing loans and borrowings	(38)	(30)
Loans with AB InBev to be capitalized upon Listing	(697)	(473)
Current interest-bearing loans and borrowings	(161)	(67)
Interest-bearing loans and borrowings	(896)	(570)
Bank overdrafts	(46)	(45)
Cash net of debt	95	1,052

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's condensed combined interim statements of cash flows from financing activities.

Million US Dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
Balance as at 1 January 2019	503	67	570
Proceeds from borrowings	1	91	92
Net proceeds from Loans with AB InBev to be capitalized upon Listing	223	–	223
Payments of lease liabilities	–	(18)	(18)
Capitalization of lease	24	–	24
Current portion of long-term debt	(16)	16	–
Other movements	–	5	5
Balance as at 30 June 2019	735	161	896

Million US Dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt	Total
Balance as at 1 January 2018	1,075	43	1,118
Proceeds from borrowings	3	49	52
Payments on borrowings	–	(55)	(55)
Net payments on Loans with AB InBev to be capitalized upon Listing	(545)	–	(545)
Payments of lease liabilities	–	(30)	(30)
Capitalization of lease	36	–	36
Unrealized foreign exchange effects	(4)	(2)	(6)
Current portion of long-term debt	(62)	62	–
Balance as at 31 December 2018	503	67	570

19. SHARE-BASED PAYMENTS

The share-based compensation plans reported for the periods presented relate to shares of AB InBev as historically the Group did not have its own share capital.

Different share and share option programs allow the Group's senior management to receive or acquire shares of AB InBev. AB InBev has different share-based compensation plans. Further details on the share-based compensation plans are disclosed in AB InBev's 2017 and 2018 Annual Report.

For all option plans, the fair value of share-based payment compensation is estimated at grant date, using a binomial Hull model, modified to reflect the IFRS 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. All of the Group share-based payment plans are equity-settled.

An expense for the grant date fair value of the award is recognized over the vesting period in the condensed combined interim income statements with a corresponding credit in equity.

Share-based payment transactions resulted in a total expense of 11m US dollar and 2m US dollar for the six-month periods ended 30 June 2019 and 2018, respectively.

APPENDIX IB **UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS**

20. TRADE AND OTHER PAYABLES, PAYABLES TO AB INBEV, CONSIGNED PACKAGING AND CONTRACT LIABILITIES

Non-current Trade and Other Payables

Million US Dollar	30 June 2019	31 December 2018
Deferred consideration on acquisitions	98	10
Payables with AB InBev	25	19
Non-current trade and other payables	123	29

Current Trade and Other Payables

Million US Dollar	30 June 2019	31 December 2018
Trade payables and accrued expenses	1,958	1,891
Payroll and social security payables	114	119
Indirect taxes payable	468	360
Deferred consideration on acquisitions	102	6
Other payables	201	171
Current trade and other payables	2,843	2,547

Current Payables with AB InBev

Million US Dollar	30 June 2019	31 December 2018
Payables with AB InBev	210	405
Current Payables with AB InBev	210	405

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and Payables to AB InBev are on average due within 120 days from the invoice date. As at 30 June 2019 and 31 December 2018, trade payables and payables to AB InBev were 2,168m US dollar and 2,296m US dollar, respectively.

The Group incurred costs associated with the initial public offering of 35m US dollar reported as non-recurring items and costs associated with the initial public offering to be capitalized of 4m US dollar for the six months ended 30 June 2019. These costs are funded by AB InBev and reported as payables to AB InBev. These will be reimbursed by the Group upon Listing.

Current Consigned Packaging and Contract Liabilities

Million US Dollar	30 June 2019	31 December 2018
Consigned packaging	515	391
Contract liabilities	841	893
Current consigned packaging and contract liabilities	1,356	1,284

Consigned packaging represents deposits paid by the Group's customers for use of the Group's returnable packaging which are assets controlled by the Group.

APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

21. RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Assets and Financial Liabilities

Set out below is an overview of financial assets held by the Group as at 30 June 2019 and 31 December 2018:

Million US Dollar	30 June 2019	31 December 2018
Debt instruments at amortized cost		
Trade and other receivables, excluding non-financial assets	775	501
Financial assets at fair value through profit or loss		
Derivatives	9	12
	784	513

All financial liabilities are recorded at amortized cost, except for derivatives.

Liquidity Risk

Historically, the Group's primary sources of cash flow have been cash flows from operating activities, the issuance of debt, bank borrowings and AB InBev capital. The Group's material cash requirements have included the following:

- Capital expenditures;
- Investments in companies;
- Increases in ownership of the Group's subsidiaries or companies in which it holds equity investments;
- Debt servicing of borrowings from third parties and AB InBev; and
- Payments of dividends and repayment of AB InBev capital.

The Group believes that cash flows from operating activities, available cash and cash equivalents as well as short term investments, along with related derivatives and access to borrowing facilities, will be sufficient to fund capital expenditures, financial instrument liabilities and dividend payments going forward.

Fair Value

A number of the Group's accounting policies and notes require fair value measurement for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements incorporate significant inputs that are based on unobservable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group applies fair value measurement to the instruments listed below.

Derivatives

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is generally determined using unobservable inputs and therefore fall into Level 3. In these circumstances, the valuation technique used is discounted cash flow, whereby the projected cash flows are discounted using a risk adjusted rate.

The carrying amounts of the floating and fixed rate interest-bearing financial liabilities, including lease liabilities and Loans with AB InBev to be capitalized upon Listing, and all trade and other receivables and payables, including derivatives financial instruments as recognized in the condensed combined interim statements of financial position are a reasonable approximation of the fair values.

The Group had the following financial assets/(liabilities) quoted at fair value:

Million US Dollar	30 June 2019	31 December 2018
Level 1	4	5
Level 2	4	6
Level 3	(200)	(16)
	(192)	(5)

The increase in Level 3 financial liabilities primarily relates to deferred consideration on the Jebesen acquisition. Refer to Note 6 *Acquisitions and disposals of subsidiaries*.

Interest Rate Risk

As at 30 June 2019, 364m US dollar or 44% and as at 31 December 2018, 389m US dollar or 76% of the Group's interest-bearing financial liabilities, excluding lease liabilities, bears interest at a variable rate. The Group estimated that the reasonably possible change of the market interest rates would have an immaterial impact on the Group's profit.

22. COLLATERAL AND CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, LOANS TO CUSTOMERS AND OTHER

Million US Dollar	30 June 2019	31 December 2018
Collateral given for own liabilities	131	136
Contractual commitments to purchase property, plant and equipment	153	113
Other commitments	17	14
	301	263

APPENDIX IB UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

The collateral given for own liabilities of 131m US dollar as at 30 June 2019 and 136m US dollar as at 31 December 2018 includes South Korea's collateral on property in favor of the excise tax authorities. The Group has entered into commitments to purchase property, plant and equipment for an amount of 153m US dollar as at 30 June 2019 and 113m US dollar as at 31 December 2018. Other commitments amount to 17m US dollar as at 30 June 2019 and 14m US dollar as at 31 December 2018 and mainly cover guarantees given to pension funds, rental and other guarantees.

23. RELATED PARTIES

Transactions with Directors and Executive Board Management Members (Key Management Personnel)

In addition to short-term employee benefits (primarily salaries) the Group's management members are entitled to post-employment benefits. In particular, members of management participate in the pension plan of their respective country. Finally, during the periods presented, key management personnel were eligible for AB InBev share options; restricted stock and/or share swap program (refer to Note 19 *Share-based Payments*). Total management compensation included in the condensed combined interim income statements can be detailed as follows:

For the six-month period ended 30 June		
Thousand US Dollar	2019	2018
Short-term employee benefits	5,239	7,303
Post-employment benefits	172	68
Share-based payments	3,195	2,676

Transactions with AB InBev Entities

An overview of related party transactions with other AB InBev entities is as follows:

For the six-month period ended 30 June		
Million US Dollar	2019	2018
Purchases of finished goods from AB InBev	115	92
Service fees, procurement fees and royalties	90	75
Interest on Loans with AB InBev to be capitalized upon Listing	11	16
Other transactions	(5)	(1)
Capital contribution by AB InBev	(468)	32

An overview of related party balances with other AB InBev entities is as follows:

Million US Dollar	30 June	31 December
	2019	2018
Receivables with AB InBev	36	47
Payables with AB InBev	(235)	(424)
Loans with AB InBev to be capitalized upon Listing	(697)	(473)

The Group incurred costs associated with the initial public offering of 35m US dollar reported as non-recurring items and costs associated with the initial public offering to be capitalized of 4m US dollar for the six-month period ended 30 June 2019. These costs are funded by AB InBev and reported as payables to AB InBev. These will be reimbursed by the Group upon Listing.

Transactions with the Associate

Significant interest in an associate is shown in Note 16 *Investment in associates*. The Group did not have transactions with associate during the periods ended 30 June 2019 and 31 December 2018, except for the dividend distribution from an associate to the Group as described in Note 16 *Investment in associates*.

24. SUBSEQUENT EVENTS

The reorganization to contribute the Listing Business to the Company was partially implemented during the months of June and July 2019. The reorganization steps include the transfers via contribution at fair market value of the China, Japan, Vietnam and India operations in June and July 2019, the New Zealand and South Korea operations which will be completed prior to or upon listing.

25. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of these interim financial statements, is not considered meaningful due to the preparation of the results for the six-month periods ended 30 June 2018 and 2019 on a condensed combined basis.

26. DIVIDENDS

Dividends during the six-month periods ended 30 June 2019 and 2018 represented dividends declared by the companies comprising the Group to the then equity holders of the companies for the six-month periods ended 30 June 2019 and 2018, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

Year-to-date dividends declared and paid by certain Group companies to the equity holders were 920m US dollars.

The following information does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix IA to the prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix IA to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis set out below is for illustrative purposes only, and is set out herein to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of 31 March 2019 as if the Global Offering had taken place on 31 March 2019.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets or liabilities of the Group as of 31 March 2019 or at any future dates following the Global Offering.

	Net tangible assets attributable to owners of the Company	Audited combined net tangible assets of the Group attributable to owners as of 31 March 2019	Adjustments arising from the Reorganization	Estimated net proceeds from the Global Offering	Distribution to members of AB InBev Group	Unaudited pro forma combined net tangible assets attributable to the owners of the Company as of 31 March 2019	Unaudited pro forma adjusted net tangible assets per Share (Note 8)	
	(Note 1) US\$'million	(Note 2) US\$'million	(Note 3) US\$'million	(Note 4) US\$'million	(Note 5) US\$'million	US\$'million	(Note 6) US\$	(Note 7) HK\$
Based on an Offer Price of HK\$27.00 per share	-	1,700	(1,112)	4,239	(4,239)	588	0.04	0.35
Based on an Offer Price of HK\$30.00 per share	-	1,700	(1,112)	4,715	(4,715)	588	0.04	0.35

Notes:

- (1) The Company was incorporated on 10 April 2019 with a share capital of US\$0.01 representing 1 ordinary share of US\$0.01.
- (2) The audited combined net tangible assets of the Group attributable to the owners of the Company as of 31 March 2019 is extracted from the Accountant's Report set out in Appendix IA to this prospectus, and is based on the audited combined net assets of the Group as of 31 March 2019 of US\$10,417 million adjusted for intangible assets including goodwill and land use rights as of 31 March 2019 of US\$8,698 million and non-controlling interests of US\$19 million.

- (3) The adjustments arising from the Reorganization are set out in the table below:

Adjustments arising from Reorganization	US\$'million
Loans with AB InBev to be capitalized upon Listing (<i>Note i</i>)	466
Obligations arising from Reorganization plan (<i>Note ii</i>)	(88)
Extraction of excess cash (<i>Note iii</i>)	(1,490)
Total	(1,112)

- (i) US\$466 million of related loan receivables held by AB InBev subsidiaries outside the Group will be legally assigned to the Group prior to or upon the Listing, thereby offsetting the Loans with AB InBev reported in the Accountant's Report.
- (ii) As a result of the Reorganization plan described in the prospectus, the Company will pay approximately US\$88 million in taxes related to the transfer of assets.
- (iii) As part of the Reorganization, the Group expects to make aggregate payments of between US\$1.44 billion and US\$1.54 billion to AB InBev. For the purposes of this Unaudited Pro Forma Financial Information, we have assumed US\$1.49 billion (being the midpoint of the expected repayments of loans and dividends to AB InBev) will be distributed, of which US\$1.14 billion was distributed prior to 30 June 2019, mainly in the form of dividends from certain Group companies to their current shareholders, and the remainder will be made upon Listing as a partial repayment of the Shareholder Loan (see Note 5 below).
- (4) The estimated net proceeds from the Global Offering are based on 1,262,350,000 Offer Shares (assuming the Offer Size Adjustment Option is not exercised) and the indicative Offer Price of HK\$27 per Share and HK\$30 per Share, being the low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding approximately US\$15 million which were already recognized in the combined income statements as of 31 March 2019). For the purpose of this Unaudited Pro forma Financial Information, we assume that no Over-allotment Option is exercised and under the Share Issuance Agreement, the Company issued 189,352,000 Shares to APAC HoldCo 2 in exchange for the cancellation of all remaining principal amount of the Shareholder Loan.
- (5) As described in the History, Development and Reorganization section of the Prospectus, a member of the AB InBev Group will enter into a Shareholder Loan with the Company to fund the Reorganization transactions described in the Prospectus. Following completion of the Global Offering, the Company will use the entire net proceeds from the Global Offering to settle the Reorganization transactions by fully repaying the Korea Debt Receivable Loan and the outstanding balance of the Shareholder Loan.
- (6) The unaudited pro forma net tangible assets per Share is based on the adjustments referred to above and on the basis that 13,243,397,000 Shares were in issue assuming that the Global Offering and the Capitalization Issue had been completed on 31 March 2019 and the Offer Size Adjustment Option is not exercised. However, this does not take into account of any options to be granted under the Share Award Schemes, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to allot and issue or repurchase Shares as described in the section headed "Share Capital". For the purpose of this Unaudited Pro Forma Financial Information, we assume that no Over-allotment Option is exercised and under the Share Issuance Agreement, the Company issued 189,352,000 Shares to APAC HoldCo 2 in exchange for the cancellation of all remaining principal amount of the Shareholder Loan.
- (7) In connection with the preparation of this unaudited pro forma statement of adjusted net tangible assets, the translation of United States dollars into Hong Kong dollars has been made at a rate of US\$1.00 to HK\$7.8392.
- (8) No adjustment has been made to the unaudited pro forma adjusted net tangible assets per Share to reflect any trading result or other transaction of the Group entered into subsequent to 31 March 2019.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Budweiser Brewing Company APAC Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Budweiser Brewing Company APAC Limited (the "**Company**") and its subsidiaries upon completion of the Reorganization (collectively the "**Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 March 2019, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of the Company's prospectus dated 18 September 2019, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 March 2019 as if the proposed initial public offering had taken place at 31 March 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 March 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies *Hong Kong Standard on Quality Control 1* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 March 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong, 18 September 2019

A. TAXATION

The following summary of certain Hong Kong and Cayman Islands tax consequences of the purchase, ownership and disposition of the Shares is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules, and is not intended to be and should not be taken to constitute legal or tax advice.

Prospective investors should consult their own tax advisers concerning the application of Hong Kong and Cayman Islands tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Shares arising under the laws of any other taxing jurisdiction. Neither the Company nor any of the Relevant Persons assumes any responsibility for any tax consequences or liabilities that may arise from the subscription for, holding or disposal of the Shares.

The taxation of the Company and that of the Shareholders is described below. Where Hong Kong and Cayman Islands tax laws are discussed, these are merely an outline of the implications of such laws. Such laws and regulations may be interpreted differently. It should not be assumed that the relevant tax authorities or the Hong Kong and Cayman Islands courts will accept or agree with the explanations or conclusions that are set out below.

Investors should note that the following statements are based on advice received by the Company regarding taxation laws, regulations and practice in force as at the Latest Practicable Date, which may be subject to change.

1. OVERVIEW OF TAX IMPLICATIONS OF HONG KONG**(a) Hong Kong Taxation of the Company*****Profits Tax***

The Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%, unless such profits are chargeable under the half-rate of 8.25% that may apply for the first HKD2 million of assessable profits for years of assessment beginning on or after 1 April 2018. Dividend income derived by the Company from its subsidiaries will be excluded from Hong Kong profits tax.

(b) Hong Kong Taxation of Shareholders***Tax on Dividends***

No tax is payable in Hong Kong in respect of dividends paid by the Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Trading gains from the sale of Shares by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong income tax rates of 16.5% on corporations and 15.0% on individuals, unless such gains are chargeable under the respective half-rates of 8.25% and 7.5% that may apply for the first HKD2 million of assessable profits for years of assessment beginning on or after 1 April 2018. Gains from sales of Shares effected on the Stock Exchange will be considered by the Hong Kong Inland Revenue Department to be derived from or arise in Hong Kong. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HKD5 is currently payable on any instrument of transfer of Shares.

Estate Duty

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

2. OVERVIEW OF TAX IMPLICATIONS OF THE CAYMAN ISLANDS

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 April 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

Stamp Duty

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies, except those which hold interests in land in the Cayman Islands.

Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

B. REGULATORY OVERVIEW

The following is a brief summary of the laws and regulations in the PRC and South Korea that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group.

This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the Latest Practicable Date, which may be subject to change.

THE PRC

1. Laws and Regulations Relating to Beer/Alcohol Production Business

(a) Licensing for Food Production

According to the PRC Food Safety Law, as amended (the “**Food Safety Law**”), adopted by Standing Committee of the National People’s Congress (the “**NPCSC**”) and the Food Production Licensing Measures, no entity or individual may manufacture food products without obtaining a food production license.

The Food and Drug Administration Authorities (the State Administration for Market Regulation, collectively, with its predecessor authorities, the “**SAMR**”) are responsible for the centralized administration of food production licenses, and its local counterparts are responsible for the administration of production license for food within their own jurisdictions and the imposition of penalties for violations of the relevant regulatory requirements.

The Announcement on the Publication of a Catalog of Food Production License and the Examination Rules on Beer Production License set the auditing standards for the production process, production sites, equipment and raw materials of beer production and require that the production license must indicate the name of the product (beer) and the specific type of product produced (pasteurized beer, draft beer, fresh beer or specialty beer). The production license is valid for three years.

(b) Food Safety

The Food Safety Law, as amended, and the Regulations for the Implementation of the Food Safety Law of the PRC, as amended (the “**Implementation Rules on the Food Safety Law**”), impose general and specific legal requirements with respect to foods, food additives, food related products and other specific food products. Licenses are required not only for food production but also for other food related operations. In general, whoever intends to engage in food production, food distribution and catering services must obtain a license under the Food Safety Law. A production license is also required to produce packaging materials that come in direct contact with food and certain other “high-risk” food-related products pursuant to state oversight of the production of industrial products.

In addition, the Food Safety Law also extends its regulatory scope to food storage and transportation as well as stipulates new requirements in respect of food catering service providers. Pursuant to the Food Safety Law, containers, tools and facilities used for food storage, transportation and loading/unloading must (i) be safe and harmless, (ii) be kept clean to prevent any food from contamination and (iii) meet any special requirements (in respect of temperature, humidity, etc.) necessary for maintaining food safety. Food must be stored and transported separately from any poisonous or hazardous materials. Food producers are required to establish and implement certain control standards on food transportation and delivery. In addition, the Food Safety Law mandates that an online food trader must register its real name on the platform and clearly set forth the trader’s responsibilities and the platform provider’s examination duties.

(c) Employee Health Examination System and Health Record System

Under the Food Safety Law and its Implementation Rules, food producers and business operators are required to establish and implement an employee health examination system and health record system. Persons suffering from the diseases that impede food safety must not engage in work in contact with ready-to-eat food. Personnel of food producers and business operators must undergo an annual health check and may undertake duties only upon obtaining health certificates.

(d) Procurement Check Record System and Food Ex-factory Inspection System

Under the Food Safety Law and its Implementation Rules, food producers are required to examine the relevant licenses and eligibility certification documents of their suppliers when purchasing food ingredients, food additives and food-related products. If the relevant eligibility certification documents are unavailable, these items must be inspected by the purchaser in accordance with food safety standards. These items may not be procured or used if they do not meet the food safety standards. Food production enterprises are required to establish a record system for the inspection of these items, and record information, including the names, specifications, quantities, production date or batch number, shelf life and purchase date, names, address and contact information of suppliers, and dates of purchase of these items.

Food production enterprises are also required to establish a record system for the inspection of foods exiting the factory, check the inspection certificate and safety status of foods exiting the factory, and record information, including the

names, specifications, quantities, dates of production, production batch number, shelf life, serial numbers of the certificate of testing conformity, number of inspection certificates, names, address and contact methods of purchasers, and dates of sales of foods. All inspection records must be retained for at least six months after the expiry of the shelf life of the products. If the product does not have a shelf life, the records and certificates must be kept for at least two years. Food producers and business operators may carry out the inspection of their products by themselves or through qualified inspectors pursuant to the Food Safety Law.

(e) Food Recall System

In accordance with the food recall system under the Food Safety Law and its Implementation Rules, if a food producer or seller finds that food it has produced or sold does not comply with relevant food safety standards, it must immediately cease the production or sale of the food and notify the relevant producers, sellers and consumers, recall the foods where necessary, and report the relevant information to the local branch of the CFDA at or above the county level. If the food producer or seller fails to recall the unsafe foods or cease production or sale of such unsafe foods, the local branch of the CFDA (and SAMR) may order them to recall the foods or cease the relevant business operation. A food producer or seller must record the name, trademark, specifications, production date, production batches, quantity and other information concerning the unsafe product that is recalled and disposed of and keep such records for at least two years.

(f) Product Quality and Product Liability

In accordance with the Product Quality Law of the PRC, as amended (the “**Product Quality Law**”), producers are liable for the quality of the products they produce. Where anyone produces or sells products that do not comply with the relevant national or industrial standards and requirements safeguarding the health and safety of persons and property, the relevant authority will order such person to suspend production and/or sales, confiscate the products, impose a fine up to three times of the value of the products, confiscate illegal gains (if any) as well as revoke the business license of the producer in severe cases.

Under the Product Quality Law, responsibilities and obligations of manufacturers for the products include: (i) to be responsible for the quality of products produced by them; (ii) that the description of the products on the package of products shall be true to the facts; (iii) not to produce products expressly phased out by the state; (iv) not to forge or falsely use product quality marks, such as authentication marks; (v) not to mix impurities or imitations into the products, substitute a fake product for a genuine one or a defective product for a high-quality one or pass off a defective product as a qualified one in the production; and (vi) to ensure that, for products that are fragile, flammable, explosive, toxic, erosive or radioactive and products that cannot be handled up-side-down in the process of storage or transportation or for which there are other special requirements, the packaging thereof shall meet the corresponding requirements, and carry warning marks or warning notes written in Chinese to highlight the proper way of handling.

Responsibilities and obligations of sellers for the products include: (i) to adopt a check-for-acceptance system for stock replenishment to examine the quality certificates and other identifications of such stock; (ii) to take measures in maintaining good quality of the products for sale; (iii) not to sell defective or deteriorated products or products which have been publicly ordered to cease sales;

(iv) to sell products with labels that comply with the Product Quality Law; (v) not to forge or falsely use product quality marks, such as authentication marks; and (vi) not to mix impurities or imitations into the products, substitute a fake product for a genuine one or a defective product for a high-quality one, or pass off a defective product as a qualified one in the sale of products.

Manufacturers and sellers of defective products in the PRC may incur liability for losses and injury caused by such products. Under the General Principles of the Civil Laws of the PRC, as amended, the General Rules of the Civil Law of the PRC and the Tort Liability Law of the PRC, the manufacturer or retailer of defective products which cause damage to any property or personal injury shall assume civil liability pursuant to the law, including but not limited to compensation.

(g) Product Standardization

The PRC Standardization Law, as amended, imposes compulsory food hygiene standards on food production enterprises. Products that fall short of the compulsory standards cannot be distributed or imported.

2. Laws and Regulations Relating to Beer/Alcohol Circulation Businesses

(a) Food Operation Licensing

The Food Safety Law has specific provisions regarding the internal management of food operation business enterprises.

Pursuant to the Administrative Measures for Food Operation Licensing, as amended, a Food Operation License valid for five years must be obtained prior to engaging in food sales or catering services. Food operators may not forge, alter, sell, lease, lend or transfer such license and must display the original license in a prominent location at the business venue.

Local licenses for the distribution of alcohol commodities may be required. For example, pursuant to the Administrative Measures of Shanghai Municipality for Production and Sales of Alcohol Commodities adopted by the Standing Committee of Shanghai People's Congress, local enterprises that engage in alcohol wholesaling must apply to the municipal wine monopoly bureau for an Alcohol Wholesale License, while local enterprises who engage in alcohol retailing must apply to the district (county) wine administrative department for an Alcohol Retail License.

(b) Online Retail Businesses

Pursuant to the Notice of the General Office of the Ministry of Commerce on the Relevant Issues Concerning the Examination, Approval and Administration of Projects of Foreign Investment in Internet and Vending Machine Sales promulgated by Ministry of Commerce of the PRC (the "MOFCOM"), a foreign-invested enterprise may engage in online direct sales (i.e., sale of goods through the Internet), provided that such foreign-invested enterprises must display its business license and approval certificate at an eye-catching spot on the operating website.

According to the Administrative Measures for Online Trading promulgated by the State Administration for Industry and Commerce, dealers engaging in the online trading of commodities and provision of relevant services must undergo industrial and commercial registration formalities in accordance. In August 2018, the NPCSC promulgated the E-commerce Law, which took effect on 1 January 2019. The E-commerce Law stipulates that in case of any claim from end customers requesting the e-commerce platform operator to bear any compensation liability, the e-commerce platform operator may seek recourse from the merchants using the platform.

(c) *Registration Requirement for Operators and/or Products to be Imported and Exported*

Pursuant to the Foreign Trade Law of the PRC, as amended (the “**Foreign Trade Law**”), promulgated by the National People’s Congress of the PRC (the “**NPC**”) as well as the Measures for the Record-Filing and Registration of Foreign Trade Operators, as amended, promulgated by the MOFCOM, foreign trade operators engaged in the import and export of goods must register with the authority responsible for foreign trade under the State Council or its authorized agencies, unless the laws, regulations and authority responsible for foreign trade under the State Council do not so require. Foreign trade operators that have not filed for registration as required will be declined the to process the declaration, examination and clearance for import and export of goods by the PRC Customs authority.

(d) *Import and Export of Goods*

Pursuant to the Customs Law of the PRC, as amended, and related regulations, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the PRC Customs authority. The consignees and consignors for import or export goods and the customs brokers engaged in customs declaration must register with the PRC Customs authority.

Pursuant to the Regulations of PRC Customs on Administration of Registration of Declaration Entities, as amended, promulgated by the General Administration of Customs, consignors or consignees for the import or export of goods must register with their local Customs authorities. After registering formalities, consignors or consignees for the import or export of goods may handle their own declarations at any customs port or any other places where customs supervisory affairs are concentrated within the customs territory of the PRC.

(e) *Food Import Record Filing*

Pursuant to the Administrative Provisions on the Food Import and Food Importer, the PRC implemented a system of record-filing for food importers, for which the Quality Supervision, Inspection and Quarantine administrations of different governmental levels have responsibility for such filings. If a food importer fails to complete such filing, or if the filing information is not consistent with the actual operating information, the food importer will be subject to rectification and be listed in the credit record management system.

(f) *The Law on Import and Export Commodity Inspection and Relevant Implementation Regulations*

Pursuant to the Measures for the Administration of Safety of Imported and Exported Foods, as amended, promulgated by the NPC, the General Administration of Customs is in charge of the supervision and administration of the safety of imported and exported food nationwide. The General Administration of Customs is charged with implementing registration management over the overseas manufacturers of imported food, record-filing management over the exporters or agents that export food to the PRC, inspection of imported food, record-filing management over the manufacturers of exported food, supervision and spot checks of exported food, classified management of imported and exported food, and credit management over manufacturers and business operators of imported and exported food.

According to the Law of the PRC on Import and Export Commodity Inspection, as amended, promulgated by the NPC and its Implementation Regulations, as amended, promulgated by the former State Bureau of Import and Export Commodities Inspection and by the State Council, specified imported and exported commodities must be inspected by a qualified inspection institution.

(g) *Food/Beer Advertisement*

According to the Advertising Law of the PRC promulgated by the NPCSC, alcohol advertisements may not: (i) induce or encourage excessive alcohol consumption or promote uncontrolled drinking; (ii) show drinking actions; (iii) show the activity of operating a car, boat, airplane or other transport; or (iv) give an explicit or implicit expression that alcohol consumption has the effect of eliminating tension and anxiety, enhancing physical stamina or similar effects. Moreover, alcohol advertisements may not be published in mass media that targets minors. Violations of the above are subject to fines, enforced remediation of impacts, cessation of publishing the advertisement and, in serious cases, cancellation of business license.

3. *Laws and Regulations Relating to Foreign Investment*

(a) *Foreign Investment Law*

On 15 March 2019, the NPC approved the Foreign Investment Law, which will take effect on 1 January 2020 and replace three existing laws on foreign investments in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of, foreign investments in view of investment protection and fair competition.

According to the Foreign Investment Law, “foreign investment” refers to investment activities directly or indirectly conducted by one or more natural persons, business entities or otherwise organizations of a foreign country (collectively referred to as “**foreign investors**”) within mainland China, and

“investment activities” include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within mainland China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets or other like rights and interests of an enterprise within mainland China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within mainland China; and (iv) investments by other means as provided by law, administrative regulation or the State Council.

Furthermore, the Foreign Investment Law provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the Foreign Investment Law, while the structure and corporate governance of newly established foreign invested enterprises must be in line with those requirements applicable to domestic invested enterprises in China.

(b) *Catalog for Guidance on Foreign Investments in Industries*

Guidance on foreign investment in different industries in the PRC can be found in the Catalog of Industries Encouraged for Foreign Investment (the “**Encouraged Catalog**”) and the Special Administrative Measures (Negative List) for Foreign Investment Access (the “**Negative List**”), jointly issued by the MOFCOM and the National Development and Reform Commission of the PRC (the “**NDRC**”), and such Encouraged Catalog and Negative List will be amended and re-promulgated from time to time by these two government authorities. The current effective Encouraged Catalog and Negative List contains three categories of industries: (i) industries in which foreign investment is encouraged; (ii) industries in which foreign investment is restricted; and (iii) industries in which foreign investment is prohibited. Industries not mentioned in the Encouraged Catalog are deemed to be industries in which foreign investment is permissible.

The main business activities of our Group conducted in the PRC fall into the permitted industry.

(c) *MOFCOM Filing Regime*

The Decision to Amend Four Laws including the Law of the PRC on Wholly Foreign-Owned Enterprises issued by the NPCSC (the “**Decision**”) amended certain provisions of the Law on Sino-foreign Equity Joint Venture, the Law on Sino-foreign Cooperative Joint Venture, the Law on Wholly Foreign-owned Enterprise and the Law on Protection of Taiwanese Investment in Mainland China. Following the Decision, the MOFCOM published the Interim Measures for Filing Administration of the Establishment and Change of Foreign-invested Enterprises (the “**Interim Measures**”). The MOFCOM and the NDRC further jointly issued a circular to further clarify the Decision.

According to these rules, the previous examination and approval regime applicable to the establishment and operation of most foreign-invested enterprises in the PRC has been replaced with a new filing-based system (i.e., for most of the foreign-invested enterprises in the PRC, their establishment and major changes during their operation, such as capital increases, changes of business scope, etc. will be no longer subject to MOFCOM’s prior approval; instead, they only need to file such establishment or changes after completing the AIC registration), except for those foreign-invested enterprises that fall within the “negative list” (i.e., industrial sectors that cannot benefit from the new filing-based regulatory regime, which

includes industrial sectors under the “prohibited category,” “restricted category” and those within the “encouraged category” that are subject to shareholding and/or senior management requirements) under the Catalog.

4. Laws and Regulations Relating to Intellectual Property Rights

(a) Trademark Law

The Trademark Law of the PRC, as amended (the “**Trademark Law**”), and the Implementing Regulations of the Trademark Law of the PRC, as amended, provide the basic legal framework for the regulation of trademarks in the PRC, covering registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. Registered trademarks are protected under the Trademark Law and related rules and regulations. Trademarks are registered with the Trademark Office of the National Intellectual Property Administration. Where registration is sought for a trademark that is identical or similar to another trademark that has already been registered or given preliminary examination and approved for use on the same or similar commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

(b) Patent Law

Patents in the PRC are mainly protected under the Patent Law of the PRC, as amended (the “**Patent Law**”), passed by the NPCSC, and its Implementation Rules, as amended. An inventor or a designer may apply for the grant of an invention patent, a utility patent or a design patent. According to the Patent Law, the right to apply for a patent (a patent application) and the right of registered patent can be transferred upon completion of registration with the authority. The patent right duration is 20 years for invention and 10 years for utility and design, counted from the date of filing.

(c) Copyright and Software Copyright

Copyright, including copyrighted software, is mainly protected under the Copyright Law of the PRC, as amended (the “**Copyright Law**”), passed by the NPCSC, and its Implementation Regulations, as amended, promulgated by the State Council. These rules provide that Chinese citizens, legal persons or other organizations will, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

(d) Domain Names

The Administrative Measures for Internet Domain Names promulgated by the Ministry of Industry and Information Technology provide that “.CN” and “.zhongguo (in Chinese character)” are China’s national top level domains. Any party that engages in internet information services must use its domain name in compliance with laws and regulations and in line with relevant provisions of the telecommunications authority and must not use its domain name to commit any violation.

5. Laws and Regulations Relating to Foreign Exchange

The principal law governing foreign currency exchange in the PRC is the Regulations of the PRC on Foreign Exchange Administration, as amended (the “**Forex Regulations**”). According to the Forex Regulations currently in effect, international payments in foreign currencies and transfers of foreign currencies under current account, such as payments of dividends or interests, shall not be restricted. Foreign currency transactions under the capital account, such as direct investment and capital contributions, are still subject to restrictions and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming the Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (the “**SAFE Circular 19**”) enacted by the SAFE, as well as the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account enacted by the SAFE, foreign exchange receipts under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement can be used for expenses under current accounts within the company’s business scope and may be used for expenses under capital accounts as permitted by applicable laws and regulations.

Such capital shall not be directly or indirectly used for the payment beyond the business scope of the enterprise or as prohibited by laws and regulations. Unless otherwise permitted by laws or regulations, the domestic enterprise shall not, directly or indirectly, use such capital for investment in securities or other investment than principal-guaranteed products issued by banks; nor may any such capital be used for granting loans to non-connected enterprises (unless it is permitted by the business scope) or the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

(a) Dividend Distribution

Under PRC laws and regulations, PRC companies, including WFOEs and EJVs, may distribute dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies, including domestic companies, WFOEs and EJVs, are required to set aside each year at least 10% of their after-tax profits based on PRC accounting principles to their statutory general reserves funds until the cumulative amount of such reserve funds reach 50% of their registered capital. These reserves are not distributable as cash dividends. EJVs may elect to set aside separate funds for employee welfare, bonuses and development, and WFOEs may elect to set aside funds for employee welfare and bonuses, at the discretion of such PRC companies and as stipulated in their articles of association. Such reserves or funds are not distributable as dividends.

6. Laws and Regulations Relating to Competition and Anti-Monopoly

(a) *Anti-Monopoly Law*

Pursuant to the Anti-Monopoly Law of the PRC (the “**Anti-Monopoly Law**”), “dominant market position” refers to a position where an operator may manipulate the price, volume and other trade conditions of a commodity on its relevant market, or may obstruct or otherwise affect the entrance of other operators into relevant markets. Operators who hold a dominant market position are prohibited from engaging in practices that may be classified as an abuse of said position, such as: (a) selling products at unfairly high or unfairly low prices; (b) selling products at a price lower than cost without legitimate grounds; (c) refusing to trade with the other trading party without legitimate grounds; (d) forcing another trading party to trade only with said operator or other operators specified by said operator without legitimate grounds; (e) conducting tie-in sales or adding other unreasonable conditions on a deal without legitimate grounds; (f) discriminating among trading parties of the same qualifications with regards to trade price or other terms without legitimate grounds; or (g) other practices recognized by the anti-monopoly law enforcement authorities as abuse of dominant market position. Where an operator abuses a dominant market position, the anti-monopoly law enforcement authorities will order a halt to the offending behavior, confiscate the illegal earnings and impose a fine from 1% to 10% of the previous year’s sales revenue.

(b) *Anti-Unfair Competition Law*

Competition among business operators is generally governed by the Anti-Unfair Competition Law of the PRC, as amended (the “**Anti-Unfair Competition Law**”). According to the Anti-Unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators that contravene the provisions of the Anti-Unfair Competition Law, and disturb market competition order with a result of damaging the lawful rights and interests of other operators or consumers constitute unfair competition.

When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a people’s court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-Unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages. Where the losses suffered by the injured operator are difficult to calculate, the amount of damages will be the profit gained by the infringer through the infringing act. If an operator seriously infringes a trade secret in bad faith, the amount of compensation the operator will undertake will be up to not more than five times the amount of such damages. The infringer will also bear all reasonable costs paid by the injured operator to prevent the infringement.

(c) *Pricing Law*

Pursuant to the Pricing Law of the PRC (the “**Price Law**”), the operators must, in determining prices, abide by the principles of fairness, being in conformity with law, honesty and credibility. Production and management costs and market supply and demand factors must be the fundamental basis for the determination of prices by operators.

Operators must, in selling, procuring commodities and providing services, display clearly marked prices in accordance with the provisions of the competent departments of price of the government. Operators may not sell commodities with an additional price besides the marked price and may not collect any fee not indicated. Furthermore, operators may not commit unfair price acts such as manipulating market prices in collusion to the detriment of the lawful rights and interests of other operators or consumers. Any operator who commits any of the unfair price acts prescribed in the Price Law will be ordered to make a rectification, have the illegal gains confiscated and may be imposed a fine of up to five times of the illegal gains; where the circumstances are serious, an order will be issued for the suspension of business operations for consolidation, or the business license will be revoked by the SAMR. In addition, any operator who causes consumers or other operators to pay additional prices pursuant to illegal price acts must refund the portion overpaid; where damage has been caused, liability for compensation will be borne according to law. Any operator who violates the provision of clearly marking prices will be ordered to make a rectification, have the illegal gains confiscated and may be concurrently imposed a fine of up to RMB5,000.

7. Laws and Regulations Relating to Environmental Protection and Work Safety

(a) Environmental Protection

The Environmental Protection Law of the PRC, as amended, provides for a regulatory framework to protect and develop the environment, prevent and reduce pollution and other public hazards, and safeguard human health. The Ministry of Ecology and Environment of the PRC is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility generating pollutants or other hazards to adopt environmental protection measures in its operations and establish an environmental protection responsibility system. Legal liabilities for any violation of the law include a fine, order to make correction, restriction of production, suspension of production for rectification, compulsory shutout or closedown, or criminal liabilities.

The Law of the PRC on Environmental Impact Assessment, as amended, provides detailed requirements for environmental impact assessment. The classified administration of environmental impact assessments for construction projects must be implemented in accordance with the degree of environmental impacts of construction projects.

The Regulations on Environmental Protection Management for Construction Projects, as amended, implements regulatory categories of environmental protection with respect to construction projects. The constructing unit must, when conducting a feasibility study with respect to the construction project, submit for approval an environmental impact statement, environmental impact report or environmental impact registration form. The constructing unit must, after the completion of the construction project for which the environmental impact report or environmental impact statement was prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct an acceptance check of the constructed supporting environmental protection facilities and prepare an acceptance check report.

After the construction project has been completed, the constructing unit must apply to the department responsible for environmental protection that originally examined and approved the environmental impact statement, environmental impact report or environmental impact registration form relating to the said construction project, for examination and acceptance of the environmental protection facilities used in the construction project. Facilities for the prevention and treatment of environmental pollution required to be constructed together with a construction project based on the environmental impact assessment must be designed, constructed and put into use simultaneously with the main project.

The Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects, as amended, stipulates detailed rules regarding the management of environmental protection acceptance of construction projects by the environmental protection authorities. The result of such environmental protection acceptance will be regularly published by the environmental protection authorities.

The Law of the PRC on Prevention and Control of Water Pollution, as amended, forms a legal framework for preventing and controlling water pollution in respect of terrestrial and underground water from rivers, lakes, canals, channels and reservoirs. According to the law, water pollution prevention and control facilities must be designed, constructed and utilized on construction sites. These prevention facilities will be inspected by related environmental protection departments.

The Law of the PRC on Prevention and Control of Atmospheric Pollution, as amended, provides a legal framework for preventing and controlling atmospheric pollution. Enterprises, institutions and other manufacturers and business operators undertaking development projects that will have an impact on the atmospheric environment must conduct and disclose an environmental impact assessment; emission of atmospheric pollutants must comply with the atmospheric pollutants emission standards and also comply with the control requirements for total emissions of key atmospheric pollutants.

The Law of the PRC on Prevention and Control of Environmental Noise Pollution, as amended, stipulates specific provisions regarding the prevention and control of environmental noise pollution. Every project under construction, renovation or expansion is required to conform to the regulations of the State governing environmental protection.

The Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, as amended, applies to the prevention and treatment of environmental pollution by solid waste in the PRC. Construction projects that generate solid waste and the construction of facilities for the storage, utilization and disposal of solid waste must prepare an environmental impact assessment and comply with the provisions of the State on administration of environmental protection for construction projects.

The PRC Water Law, as amended, provides that the direct usage of water from natural sources such as rivers, lakes or underground water is subject to a water usage permit system. The usage of such water is conditional upon the application and grant of a Water Intake Permit from the relevant water administration authorities and payment of the relevant water resource fees.

(b) Production Safety

Pursuant to the PRC Production Safety Law, as amended, the Ministry of Emergency Management of the PRC is in charge of the overall administration of production safety. The PRC Production Safety Law provides that any entity engaging in manufacturing must meet national or industrial standards regarding safe production and provide qualified working conditions required by law, administrative rules and the national or industrial standards. The entity engaging in production must install prominent warning signs at or on the relevant dangerous operation site, facility and equipment. The design, production, installment, use, testing, maintenance, upgrade and disposal of safety equipment must comply with national and industrial standards.

Pursuant to the Law of the PRC on Special Equipment Safety and the Regulations on Safety Supervision of Special Equipment, as amended, special equipment user entities must, within 30 days before or after the equipment is put into use, go through registration with authorities in charge of special equipment safety and obtain use registration certificates. Registration marks must be displayed at prominent positions of special equipment. Special equipment user entities must conduct day-to-day maintenance and regular self-inspection and keep records thereof. In addition, special equipment user entities must, in accordance with safety technical specifications and one month prior to expiry of inspection validity, make a request for regular inspection to the special equipment inspection institution.

(c) Fire Protection

The Fire Prevention Law of the PRC, as amended, provides that the fire prevention units of public security departments are responsible for the implementation of laws and regulations to monitor and administer fire prevention affairs. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards. For a construction project that needs fire prevention design under the national fire protection technical standards for project construction, the construction entity must submit the fire prevention design documents to the fire prevention department of the public security authority for approval or filing (as the case may be). No construction permit will be given for a construction project for which the fire prevention design has not been approved or has been considered unqualified after examination, nor shall the construction entity commence such construction project.

Upon completion of a construction project for which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project will go through an acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. No construction may be put into use before it is accepted by the competent fire prevention departments of public security authorities. As of 23 April 2019, the Ministry of Emergency Management and its local branches at or above county level monitor and administer fire prevention affairs.

The fire and rescue departments at the corresponding levels are responsible for implementation of such laws and regulations. Under the new fire protection design review and final inspection system for construction projects, for a construction project that needs fire prevention design, the construction entity must submit the fire prevention design documents to Ministry of Housing and

Urban-Rural Development authorities of PRC under the State Council (the “MOHURD”) for its approval review or provide fire protection design drawings and technical information as needed for construction when applying for a construction permit or approval of the construction commencement report. Upon completion of a construction project, the construction entity shall submit the applications for fire protection acceptance check to MOHURD or to be filed with MOHURD for its random inspection.

8. Laws and Regulations Relating to Employment, Social Insurance and Housing Provident Fund

(a) General Labor Contract Rules

Labor contracts must be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the employees under the Labor Contract Law of the PRC. Labor contracts must be concluded in writing if labor relationships are to be or have been established between employers and the employees. Enterprises and institutions are forbidden to force employees to work beyond the time limit and employers must pay employees overtime wages in accordance with national regulations.

In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. According to the Labor Law of the PRC, as amended, enterprises and institutions must establish and perfect a system of work place safety and sanitation, strictly abide by national rules and standards on work place safety and sanitation and educate employees on work place safety and sanitation. Work place safety and sanitation facilities must comply with national standards. The enterprises and institutions must provide employees with a safe work place and sanitation conditions that are in compliance with national standards and relevant labor protection regulations.

(b) Social Security and Housing Provident Fund

According to the Social Insurance Law, as amended, the Regulations on Occupational Injury Insurance, as amended, the Interim Measures Concerning the Maternity Insurance for Enterprises Employees, the Interim Regulations Concerning the Levy of Social Insurance, the Unemployment Insurance Regulations, the Interim Measures Concerning the Administration of the Registration of Social Insurance and the Regulations Concerning the Administration of Housing Fund, as amended, enterprises and institutions in the PRC are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as the housing fund and other welfare plans. These payments are made to local administrative authorities, and any employer who fails to contribute may be ordered to correct the deficit within a stipulated time limit and be fined if it still fails to contribute after such stipulated time limit has passed.

9. Laws and Regulations Relating to Taxation

(a) *Enterprise Income Tax*

The Law of the PRC on Enterprise Income Tax, as amended (the “**EIT Law**”), and its Implementation Regulations (the “**EIT Rules**”) classify enterprises as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. An enterprise incorporated outside the PRC with its “de facto management bodies” located within the PRC is considered a “resident enterprise,” meaning that it will be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The Implementation Rules of the EIT Law define de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting and properties” of the enterprise. Circular 82 provides further elaborations on that.

Pursuant to the EIT Law and the EIT Rules, non-resident enterprises that do not have an establishment or place of business in China, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business in China, would typically pay an enterprise income tax of 10% for their income sourced from inside China. Such income includes dividends and gains from China.

Pursuant to the the applicable tax treaties signed between China and the other countries/regions where non-resident enterprises are tax residents, these non-resident enterprises could be subject to a lower enterprise income tax rate (generally 5% if provided for in the tax treaties) on dividends from China. However, these non-resident enterprises need to meet the conditions specified in (1) the applicable tax treaties and (2) Notice of the State Administration of Taxation (“**SAT**”) on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (“**Circular 81**”). They also need to pass the beneficial ownership test in Announcement of the SAT on Issues Relating to “Beneficial Owner” in Tax Treaties (“**Circular 9**”) and list several factors to consider including without limitation, whether the applicant for the tax treaty benefits is obligated to pay more than 50% of its income in twelve months to residents in a third country.

In addition, under the Notice of the State Administration of Taxation SAT on Relevant Issues with Respect to the Implementation of Dividend Provisions Clauses in Tax Treaties promulgated by the SAT, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified in the tax treaty for the dividends paid to it by a Chinese resident company: (i) such tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; and (iii) the capital ratio of the Chinese resident company directly owned by such a tax resident reaches the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends.

(b) *Tax Circular 7 and Tax Circular 37*

SAT issued the Announcement of SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (“**Tax Circular 7**”), which provides comprehensive guidelines relating to indirect transfers of PRC taxable assets by a non-resident enterprise and heightens the PRC tax authorities’ scrutiny over such indirect PRC

transfers. Under Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets by a non-resident enterprise if there is no reasonable commercial purpose for the non-resident enterprise to dispose equity interest in an overseas holding company which directly or indirectly holds such PRC taxable assets. Under such circumstances, the PRC tax authorities could disregard the existence of such intermedia overseas holding company and consider the transaction to be the non-resident enterprise's direct transfer of PRC taxable assets subject to EIT Law and the EIT Rules. Circular 7 provides relevant factors to consider when assessing what constitutes reasonable commercial purpose.

Circular 7 introduced a "safe harbor" scenario for offshore indirect transfers. Qualified internal group restructurings that fulfill all of the following criteria would be considered as having commercial purpose and subsequently no China CIT would be imposed:

- (1) The shareholding relationship of the transaction parties satisfies one of the following:
 - The transferor directly or indirectly owns 80% or more of the equity interest in the transferee; or
 - The transferee directly or indirectly owns 80% or more of the equity interest in the transferor; or
 - 80% or more of the equity interest of both the transferor and the transferee are directly or indirectly held by the same party.

Where more than 50% (not including 50%) of the value of the overseas enterprise is directly or indirectly derived from immovable properties located in China, the shareholding relationship shall be 100%.

- (2) The current indirect transfer would not result in a reduction of the CIT burden with respect to gains arising from subsequent indirect transfers; and
- (3) The deal consideration of the transfer is entirely settled in the form of equity (not including the equity of listed enterprises) of the transferee or its subsidiaries.

However, Circular 7 contains certain exemptions including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed company which holds such PRC taxable assets on a public market and (ii) where there is an indirect transfer of PRC taxable assets but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempt from EIT under an applicable tax treaty or arrangement which China has executed with the country/region where the non-resident enterprise is a tax resident.

Also, the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises as amended ("**Tax Circular 37**"), which further clarifies the practice and procedure of withholding EIT from or payment of EIT by a non-resident enterprise in such circumstances and defines how the capital gain of a non-resident enterprise should be calculated.

We have conducted and may conduct acquisitions involving changes in corporate structures. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax obligations on us or require us to provide assistance to PRC tax authorities for their inspection with respect thereto. Any EIT subsequently imposed on such gains or any adjustments made to such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

(c) Value-added Tax

The Interim Regulations of the PRC on Value-added Tax, as amended and the Implementation Rules for the Interim Regulations of the PRC on Value-added Tax, as amended provide that all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services and the import of goods within the territory of the PRC must pay value-added tax (“VAT”). Standard VAT rates for general VAT payers are 17%, 13%, 11% and 6%, respectively, depending on the nature of the goods and services before 1 May 2018. From 1 May 2018, Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (“**Tax Circular 32**”) reduced the applicable VAT rates for general VAT taxpayers to 16%, 10% and 6%, respectively. Announcement on Policies for Deepening the VAT Reform (“**Tax Circular 39**”) effectuates on 1 April 2019 further reduced the applicable VAT rates for general VAT taxpayers to 13%, 9% and 6%, respectively.

(d) Excise Tax

Pursuant to Interim Regulations of the PRC on Excise Tax, as amended, entities and individuals engaged in producing, commissioned processing or importing consumer goods as specified in the Regulations, within the territory of the PRC, and all other entities and individuals determined by the State Council to sell such consumer goods specified in the Regulations will be the taxpayers of excise tax and must pay such excise tax in accordance with the Regulations. The taxable items and tax rates of excise tax will be subject to the “Schedule of Items and Rates of Excise Tax” attached to the Regulations. Pursuant to “Schedule of Items and Rates of Excise Tax,” alcohol drinks and alcohol are clarified as excise tax items subject to excise tax on the manufacturer.

(e) Transfer Pricing

The Announcement of the State Administration of Taxation on Matters Relating to Improvement on Related Party Declarations and Simultaneous Data Management enhanced the reporting obligations with respect to related-party transactions. Resident enterprises that pay enterprise income tax according to their financial records must declare transactions with their related parties when submitting annual EIT tax returns to the tax authorities. Pursuant to the provisions of Article 43 of the EIT Law and Article 114 of the EIT Rules, if a resident enterprise is under transfer pricing audit, it shall prepare the relevant information in connection with its related party transactions, including without limitation, the method of determining its price, re-sale price or ultimate sale price of the asset or service involved in such related party transactions, for that tax year in accordance with the requirements of the PRC tax authorities. Pursuant to Article 123 of the EIT Rules, where a business transaction between an enterprise and its related parties do not comply with the arm’s length principle or the enterprise has made other arrangements with no reasonable commercial objectives, the tax authorities will have the right to make tax adjustments within 10 years from the tax year in which the business dealing occurred.

(f) **Stamp Duty**

According to the Provisional Regulations of the PRC Concerning Stamp Duty, as amended, a taxpayer must calculate the amount of stamp duty payable in accordance with the nature of the taxable documents. Some calculations must be based on the proportional tax rate, while others must be in accordance with the quota amount. Determination of detailed tax rates and amounts of tax to be paid must be undertaken in accordance with the Stamp Duty Tariff Table.

SOUTH KOREA

As a general matter, our South Korean subsidiary is subject to rules and regulations applicable to corporations established under the South Korean Commercial Code. Our South Korean subsidiary's business operations are also regulated by a number of other South Korean laws and regulations, including in particular those described below.

1. Regulations Generally Applicable to Liquor Industry

In order for our South Korean subsidiary to engage in the business of manufacturing and distributing liquor products in South Korea, our South Korean subsidiary is required to obtain a liquor license from its district tax office under the Liquor Tax Act (the "**LTA**"), which regulates issuance, revocation and withdrawal of such liquor licenses. The National Tax Service (the "**NTS**") and regional and district tax offices enforces the LTA primarily based on the Guidelines of the NTS issued under the LTA (the "**NTS Guidelines**") which sets forth detailed guidelines on the rules under the LTA. In particular, NTS is authorized to revoke or suspend our South Korean subsidiary's liquor license, restrict the volume of our South Korean subsidiary's liquor products which may be distributed in the market, deny our South Korean subsidiary's corporate tax deduction or impose an administrative fine of up to KRW20 million if our South Korean subsidiary is found to have violated LTA or NTS Guidelines. Moreover, if any employee or officer of our South Korean subsidiary is found to have participated in an action in violation of LTA, such employee or officer may be subject to a criminal sanction under the Punishment of Tax Offenses Act, in which case our South Korean subsidiary may also become vicariously liable for such violation.

The Food Sanitation Act (the "**FSA**") generally regulates the business of manufacturing, selling and importing of food products in South Korea. As liquor products are classified as food products for the purpose of the FSA, our South Korean subsidiary is subject to the FSA, which requires our South Korean subsidiary to file a business report, which identifies certain general information of its business such as the name of the company and head office address, and a report of any material change to such information, with the Ministry of Food and Drug Safety (the "**MFDS**").

In connection with its marketing and advertisement activities, our South Korean subsidiary is prohibited from, among others, excessively glamorizing consumption of liquor products, broadcasting songs designed to promote the sale of its liquor products and advertising liquor products with alcohol percentage of 17 degree or higher through television commercials under the National Health Protection Act (the "**NHPA**"), which is regulated and enforced by the Ministry of Health and Welfare.

(a) Regulations for production of liquor products

Our South Korean subsidiary is subject to the following laws and regulations in connection with its production of liquor products which are enforced and regulated by the Food Safety Policy Bureau of the MFDS:

- the FSA, which regulates sanitation of, among others, food, food additives and containers, packaging, labeling and advertisements of such products;
- the Special Act on Imported Food Safety Control, which regulates safety and quality of imported food products including those relating to requirements to be complied with importation, sale, clearance and distribution of such products; and
- the Framework Act on Food Safety, which provides for the authorities of different governmental bodies for supervising and regulating food safety.

(b) Distribution and Sale of Liquor Products

Our South Korean subsidiary's distribution and sale of liquor products are mainly regulated by the NTS Guidelines as follows:

- Our South Korean subsidiary is restricted under the NTS Guidelines from engaging in certain activities which would disrupt the liquor trading market such as, among others, provision of rewards or incentives for supply of liquor products, manipulation of tax or sales receipts to promote liquor product sales and provision of gifts or rewards in the value of certain threshold or unauthorized free drinks to consumers;
- Our South Korean subsidiary is required to transport its liquor products based on certain shipment methods and requirements as prescribed under the NTS Guidelines;
- Under the NTS Guidelines, our South Korean subsidiary is required to (i) specify on the label of its liquor products certain information such as their serial number, volume and production date, (ii) report to the NTS of the factory price of its liquor products, (iii) report to the NTS of any change to the factory price of any of its liquor products which was previously reported to the NTS and (iv) comply with certain requirements in respect of its liquor manufacturing facilities and containers;
- Our South Korean subsidiary is prohibited under the NTS Guidelines from selling its liquor products through internet or telemarketing; and
- Our South Korean subsidiary is prohibited from inserting in the labels of its liquor products any trademarks, trade names or other marks which (i) are not registrable under the NTS, (ii) misrepresent the contents of its liquor products and (iii) otherwise may cause confusion of consumers regarding such liquor products.

2. Foreign Investments in South Korea

The Foreign Investment Promotion Law of South Korea (the “**FIPL**”) primarily regulates a foreigner’s direct investment in South Korean companies. A foreign investor, whose initial investment amount is not less than KRW 100,000,000, must report such acquisition of shares in advance to, and receive an acknowledgment thereof from, a foreign exchange bank as designated by the Ministry of Trade, Industry and Energy (the “**MOTIE**”), or the South Korea Trade Investment Promotion Agency, if such foreign investor (i) acquires 10% or more of the voting share capital of a South Korean company (whether listed or unlisted) or (ii) participates in the management of a South Korean company (which is generally evidenced by the appointment of one or more directors of the company), even though its ownership ratio is less than 10%. Subsequent acquisition is subject to the same filing requirement as the initial acquisition. A South Korean corporation into which a foreign investor makes direct investment must be registered as a foreign invested enterprise with MOTIE or the South Korea Trade Investment Promotion Agency.

3. South Korean Foreign Exchange Regulations

If the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, the Ministry of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit, safe-keep or sell any means of payment to the Bank of South Korea or certain other governmental agencies or the foreign exchange equalization fund or financial companies; and if the Government concludes that the international balance of payments and international financial markets are experiencing or are likely to experience significant disruption or that the movement of capital between South Korea and other countries is likely to adversely affect its monetary policies, exchange rate policies or other macroeconomic policies, the Ministry Economy and Finance may take action to require any person who intends to effect a capital transaction to obtain permission or to require any person who effects a capital transaction to deposit a portion of the means of payment acquired in such transactions with the Bank of South Korea or the foreign exchange equalization fund or financial companies.

4. General Employment Matters in South Korea

Under the Labor Standards Act of Korea (the “**LSA**”), a basic framework to govern employee related matters, an employer is required to compensate employees for overtime, night-time and days off at the rate of 150% of the employee’s hourly ordinary wage. Under the LSA, an employee is entitled to 15 days of paid annual leave (subject to the minimum attendance requirement). An employee who has been employed for more than three consecutive years is entitled to one additional day of paid annual leave every two years up to a maximum of 25 days. An employer must compensate the employees for any and/or all unused annual leave at the rate of 100% of the ordinary wage unless such employer takes certain measures to promote employees to use their annual leave.

The Act on Protection of Fixed-Term and Part-Time Employees (the “**APFP**”) applies to employment contracts executed or renewed after 1 July 2007. The APFP was designed to enhance protection afforded to fixed-term employees and contains provisions that could increase costs associated with hiring fixed-term employees.

Dispatch of workers is regulated by the Dispatched Workers Protection Act of South Korea (the “**DWPA**”). Under the DWPA, (i) the work to be performed by the dispatched workers must fall under one of the permitted 32 job categories listed under the Presidential Decree of the DWPA, and (ii) if the dispatched workers have been working for two years or more at the same employer, such employer has the responsibility to hire such dispatched workers as regular employees. Violations of DWPA provisions may result in criminal sanctions of imprisonment or fines. In addition, employers are prohibited from discriminating against dispatched workers with respect to working conditions and should treat them the same as their regular employees working in a same or similar job.

Under relevant South Korean law, an employer is generally required to subscribe to the following social insurance programs for all directors and employees: (i) the National Pension; (ii) the National Health Insurance; (iii) the Industrial Accident Compensation Insurance and (iv) the Unemployment Insurance.

5. South Korea Taxation

(a) *Corporate Income Tax*

Domestic corporations are required to pay corporate income tax in accordance with the Corporation Income Tax Law. Filing of corporate income tax return is required twice a year. The year-end return is due within three months of the fiscal year end and the interim return is due within two months of the first half of a fiscal year. Corporate income tax rate (including the local income tax which is levied at 10% of the corporate income tax) is 11% for the first KRW 200 million of taxable income, 22% for the taxable income over KRW 200 million but less than KRW 20 billion, and 24.2% for the taxable income over KRW 20 billion but less than KRW 300 billion, and 27.5% for the taxable income exceeding KRW 300 billion. To discourage corporations from holding real estate, not directly used for business, an additional tax of 11% (including local tax, and which will be increased to 44%, in case non-business purpose real estate is sold before registration of acquisition) is imposed on capital gains earned from the sale of non-business purpose real estate. Foreign tax credits may be obtained in accordance with certain formula and under certain conditions provided for in the South Korean tax law.

As a relief from double taxation, the South Korean tax law allows certain exclusions from taxable income, so called Dividend Received Deduction (the “**DRD**”), in connection with dividends received by a South Korean parent company (not limited to qualified holding companies under the Monopoly Regulation and Fair Trade Act of South Korea) from its South Korean subsidiaries. The exclusion rates vary depending on the South Korean parent company’s ownership ratio in the South Korean subsidiary distributing the dividends. If the South Korean parent company owns 100% interest in its subsidiary, the entire amount of dividends received by the South Korean parent company will be excluded from the taxable income of the South Korean parent company. Please note, however, that the amount of DRD would be reduced in accordance with the formula prescribed in the South Korean tax law, if the South Korean parent company has certain borrowings.

The South Korean tax law introduced the consolidated tax return regime towards the end of 2008. Under the consolidated tax return regime, effective for fiscal years beginning on or after 1 January 2010, a holding company in South Korea is allowed to elect to file its tax return on a consolidated basis with its South Korean subsidiaries. Only those South Korean subsidiaries which are wholly

(100%) owned are eligible for the consolidated tax return election. Being an internal transaction, distribution of dividends by such South Korean subsidiaries to the holding company would not be recognized as income on the consolidated tax return.

Interest, dividends, royalty, capital gains and other income paid to a foreign corporation by a South Korean corporation require taxes to be withheld by the South Korean corporation. Withholding tax reports are required to be filed on monthly basis by the 10th day of the month following the month in which the income is paid. Interest (except for interest exempt under the South Korean tax law) and dividend paid to a foreign corporation are generally subject to 22% withholding tax (including local income tax), unless exempt or reduced under an applicable tax treaty. When a foreign corporate investor without a permanent establishment in South Korea earns income by way of selling or otherwise disposing of securities issued by a South Korean corporation, the buyer must withhold 11% (including local income tax) of the sales proceeds or 22% (including local income tax) of capital gains, whichever is lower, unless exempt under an applicable tax treaty.

To avoid any adverse tax consequences, any transaction between domestic or foreign affiliates should occur at fair market value or arm's length price under the South Korean tax law.

(b) Value Added Tax

VAT is imposed on the supply of goods, services, and importation of goods at the rate of 10% as required by the South Korean Value Added Tax Law and VAT returns are required to be filed on quarterly basis within 25 days of the end of each quarter. A business that engages in the supply of goods or services independently in the course of its business is required to collect output VAT from the purchaser and remit it to the relevant tax office. The amount of VAT payable to the tax office is computed by deducting input VAT paid from output VAT. Input VAT which exceeds output VAT is refundable. VAT imposed on importation of goods is collected by the customs authorities. Certain goods such as basic life necessities, land, books, and services such as education, finance and insurance and social welfare are exempt from VAT. Goods for exportation, services rendered outside South Korea, international transportation service by ships and aircraft, and certain goods or services supplied for foreign exchange earnings as prescribed in the South Korean tax law are subject to zero-rate VAT.

(c) Tax Incentive and Exemptions

Special tax measures are provided for in the Tax Incentives and Limitation Law for certain fiscal policy purposes. They include provisions for nontaxable income, tax credit, income deductions, tax exemptions, and tax refunds for public corporations, small enterprises, defense industries and overseas businesses. For example, interest paid on foreign currency denominated bonds issued by a South Korean corporation to a foreign company, subject to certain other conditions, is exempt from South Korean withholding tax.

This Appendix contains a summary of the Memorandum and Articles of Association of the Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 April 2019 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 9 September 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

Classes of shares

The share capital of the Company consists of ordinary shares.

Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less

than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Alteration of capital

The Company may by ordinary resolution of its members:

- increase its share capital by the creation of new shares;
- consolidate all or any of its capital into shares of larger amount than its existing shares;
- divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so canceled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Cayman Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors***Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- he resigns by notice in writing delivered to the Company;
- he becomes of unsound mind or dies;
- without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- he is prohibited from being a director by law; or
- he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Cayman Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting.

Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An Executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chair of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chair of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- the declaration and sanctioning of dividends;
- the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

- the election of directors in place of those retiring;
- the appointment of auditors and other officers; and
- the fixing of the remuneration of the directors and of the auditors.

Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chair.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Cayman Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HKD2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Cayman Companies Law or, upon a maximum payment of HKD1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Cayman Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Cayman Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 April 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Cayman Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an

order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five percent (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety percent (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g., for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands (the "**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "*Documents available for inspection*" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 10 April 2019 under the name “Budweiser Brewing Company APAC Limited 百威亞太控股有限公司。”

The Company has established a place of business in Hong Kong at Flat/RM 1823, 18/F Soundwill Plaza II - Mid Town, 1-29 Tang Lung Street, Causeway Bay, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on 8 May 2019, with Renrong Wang (Frank) (王仁榮) of Flat/RM 1823, 18/F Soundwill Plaza II - Mid Town, 1-29 Tang Lung Street, Causeway Bay, Hong Kong and Chan Wai Ling (陳蕙玲) of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong appointed as the Hong Kong authorized representatives of the Company on 17 April 2019 for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations are subject to Cayman Islands law and to its constitution which comprises the Memorandum and Articles of Association. A summary of the Memorandum and Articles of Association of the Company and the Cayman Companies Law is set out in “*Appendix IV – Summary of the Constitution of the Company and Cayman Islands Companies Law.*”

2. Changes in the Share Capital of the Company

As at the date of incorporation of the Company, the authorized share capital of the Company was USD50,000 divided into 5,000,000 shares with a par value of USD0.01 each.

The following alterations in the issued and paid-up share capital of the Company have taken place since its date of incorporation up to the date of this prospectus:

- (a) On 27 June 2019, we implemented a share subdivision of each issued and unissued share with par value of USD0.01 each into 1,000 Shares of USD0.00001 each, and increased our authorized share capital to 13,000,000,000 Shares. Accordingly, following the completion of the subdivision and increase of authorized share capital, our authorized share capital will be USD130,000, divided into ordinary Shares of USD0.00001 each. The total number of issued Shares in the Company increased from 1 Share to 1,000 Shares;
- (b) On 3 July 2019, the issued share capital of the Company increased through the issue of 7,534,412,000 new Shares to APAC HoldCo 2 in exchange for the transfer of the China business into the Group. See “*History, Development and Reorganization – 5. Transfer of the China Business into the Group*”; and
- (c) On 9 September 2019, the Shareholders passed a resolution to increase our authorized share capital from USD130,000 to USD180,000, divided into 18,000,000,000 Shares of USD0.00001 each. The total number of issued Shares of the Company remains unchanged.

As a result of the foregoing transactions, as at the date of the prospectus, a total of 7,534,413,000 Shares have been issued with APAC HoldCo 2 holding 100%.

Save as disclosed above and in “– *Written Resolutions of the Shareholders Passed on 9 September 2019*” below, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written Resolutions of the Shareholders Passed on 9 September 2019

On 9 September 2019, resolutions of the Company were passed by the then Shareholders pursuant to which, among other things:

- (a) the Company conditionally approved and adopted the Articles of Association with effect from the Listing Date;
- (b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in “*Structure of the Global Offering – Conditions of the Global Offering*” and pursuant to the terms set out therein:
 - (i) an authorization was granted to the Directors to capitalize the sum of USD230 standing to the credit of the share premium account of the Company to allot and issue 23,000,000 Shares to trustee(s) of the Share Award Schemes for the purpose of providing for future awards under the Share Award Schemes or any other incentive scheme adopted by the Company from time to time;
 - (ii) the Global Offering was approved and the Directors were authorized to allot and issue the Shares pursuant to the Global Offering;
 - (iii) the Listing was approved and the Directors were authorized to implement the Listing;
 - (iv) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:
 - (A) 20% of the total number Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering; and
 - (B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph (v) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, (II) the end of the period within which the Company is required by the Articles of Association or any applicable laws to hold its next annual general meeting and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting (the “**Applicable Period**”);

- (v) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering and at such price or prices as may be determined by the Directors, provided the purchase price shall not be 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange, and otherwise in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the Applicable Period;
- (vi) the Share Award Schemes, the details of which are set out in “*Appendix V – Statutory and General Information – D. Share Award Schemes*”, were approved and the Directors were authorized to implement the Share Award Schemes; and
- (vii) any and all actions of the Company, or of any Director or officer or representative of the Company, taken in connection with the Reorganization or the preparation for the Listing prior to the date of the resolutions were ratified, confirmed, approved and adopted in all respects.

4. Subsidiaries

Details of the material subsidiaries of the Company are set out as the principal entities comprising the Listing Business in “*Appendix IA – Accountant’s Report.*”

The following subsidiaries of the Company were incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Shanghai Boxing Cat Brewing Co., Ltd. Beijing No. 1 Branch	PRC	9 May 2018
Shanghai Kaipiwu Catering Co., Ltd. Yangpu Branch	PRC	4 April 2019
Putian Goose Island Craft Brewery Culture Co., Ltd.	PRC	28 September 2018
Putian Goose Island Craft Brewery Culture Co., Ltd. Licheng Sports Centre Branch	PRC	30 October 2018
Blue Girl Beer Brand Company Limited	Hong Kong	1 December 2018
Budweiser Brewing (Korea Holdings) Limited	Hong Kong	22 May 2019
Budweiser Brewing (China Holdings) Limited	Cayman Islands	21 May 2019

Details of the changes in the share capital of the Company's material subsidiaries which are listed as the principal entities comprising the Listing Business in "Appendix IA – Accountant's Report" during the two years immediately preceding the date of this prospectus are set out below:

- (a) On 28 February 2019, the registered share capital of Anheuser-Busch InBev (Harbin) Beer Sales Co., Ltd. increased by RMB485.0 million to RMB486.0 million and such increase was paid up by Anheuser-Busch InBev China Sales Company Limited, after which Anheuser-Busch InBev China Sales Company Limited held 100% equity interest in Anheuser-Busch InBev (Harbin) Brewery Co., Ltd.;
- (b) On 4 December 2018, the issued share capital of Oriental Brewery, Co., Ltd decreased by KRW 2,011,000,000 to KRW 20,000,000,000 and the difference between the amounts was received by Interbrew International B.V. after which Interbrew International B.V. held 20,000,000 shares of Oriental Brewery, Co., Ltd, representing 100% interest in its issued share capital;
- (c) On 25 June 2019, the registered share capital of Anheuser-Busch InBev Sedrin (Nanchang) Brewery Co., Ltd. increased by RMB300.0 million to RMB390.0 million and such increase was paid up by Anheuser-Busch InBev Sedrin Brewery Co., Ltd, after which Anheuser-Busch InBev Sedrin Brewery Co., Ltd still held 100% equity interest in Anheuser-Busch InBev Sedrin (Nanchang) Brewery Co., Ltd.; and
- (d) Between the Latest Practicable Date and the date of this prospectus, the issued share capital of China HoldCo may increase through the issue of new shares in exchange for the transfer of the China business into the Group via a series of share transfers amongst wholly-owned, indirect subsidiaries of AB InBev. See "History, Development and Reorganization – 5. Transfer of the China Business into the Group".

Save as set out above and in "Appendix IA – Accountant's Report," there has been no alteration in the share capital of the material subsidiaries of the Company within two years immediately preceding the date of this prospectus.

So far as is known to any Director or the Chief Executive Officer, as at the Latest Practicable Date, the following persons are directly or indirectly interested in 10% or more of the issued voting shares of the following subsidiaries of the Company:

Name of Subsidiary	Name of Shareholder	Number of Shares held or interested in	Approximate Percentage (%)
InBev Jinlongquan Brewery (Hubei) Co., Ltd.	Hubei Jinlongquan (Group) Co., Ltd.	–	40%
InBev Jinlongquan Brewery (Yichang) Co., Ltd.	Hubei Jinlongquan (Group) Co., Ltd.	–	40%
InBev Jinlongquan Brewery (Xiaogan) Co., Ltd.	Hubei Jinlongquan (Group) Co., Ltd.	–	40%
Jebsen Beverage (China) Company Limited	Jebsen Beverage Company Limited	–	35%
Blue Girl Beer Brand Company Limited	Jebsen and Company Limited	9,999	50%

5. Repurchases by the Company of its Own Securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases of shares by a listed company must be funded out of funds legally available for the purpose in accordance with the constitutive documents of the listed company, the Listing Rules and the applicable laws and regulations of the listed company's jurisdiction of incorporation. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its shares if that repurchase would result in the number of listed shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those shares must be canceled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of shares on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchase of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate price paid for such repurchases.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person,” that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) if the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 13,054,045,000 Shares in issue as at the Listing Date (assuming the Offer Size Adjustment Option is not exercised), could accordingly result in up to approximately 1,305,404,500 Shares being repurchased by the Company during the period prior to:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the end of the period within which the Company is required by the Articles of Association or any applicable law to hold its next annual general meeting; or
- (iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their close associates currently intends to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make any repurchases of Shares pursuant to the repurchase mandate in accordance with the Listing Rules and the applicable laws and regulations in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save for the foregoing, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases of Shares pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced may require a further waiver from the Stock Exchange in relation to the Listing Rules requirements regarding the public float of the Company. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) the Share Issuance Agreement dated 2 July 2019;
- (b) the Deed of Non-competition dated 12 September 2019;
- (c) a cornerstone investment agreement dated 17 September 2019, entered into among the Company, GIC Private Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Morgan Stanley Asia Limited and Morgan Stanley & Co. International plc, pursuant to which GIC Private Limited agreed to subscribe for such number of Shares that may be subscribed for in the amount of USD1,000,000,000 at the Offer Price; and
- (d) the Hong Kong Underwriting Agreement dated 17 September 2019.

2. Intellectual Property





As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:



(a) Trademarks

- (i) As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.		32	Anheuser-Busch InBev (Harbin) Brewery Co., Ltd.	PRC	5485365	20 August 2029
2.		32	Anheuser-Busch InBev (Harbin) Brewery Co., Ltd.	PRC	23680443	6 April 2028
3.		32	Anheuser-Busch InBev (Harbin) Brewery Co., Ltd.	PRC	18188512	6 December 2026
4.		32	Anheuser-Busch InBev Sedrin Brewery Co., Ltd	PRC	5963180	13 January 2020
5.		32	ORIENTAL BREWERY CO., LTD.	PRC	14668329	6 November 2025

- (ii) As at the Latest Practicable Date, the Group had been granted the non-exclusive right to use the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.		18, 25, 32	Anheuser-Busch, LLC	Hong Kong	199900833AA	6 May 2025
2.		32	ANHEUSER-BUSCH, LLC	PRC	3152352	20 August 2023
3.		32	CERVECERIA MODELO DE MEXICO, S.DE R.L.DE C.V.	PRC	5922441	27 November 2019
4.		32	ANHEUSER-BUSCH INBEV S.A.	PRC	G877661	11 January 2026

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
5.		32	InBev Belgium SPRL	PRC	G1349690	22 March 2027
6.	 Franziskaner WEISSBIER	32	SPATEN-FRANZISKANER-BRAU GMBH	PRC	G1241072	6 February 2025

- (iii) As at the date of this prospectus, the Group had been granted the non-exclusive right to use the following trademarks which are material to its business of which the registration was being applied:

No.	Trademark	Class	Applicant	Place of Registration	Application Number	Application Date
1.	百威亞太	32, 33, 43	Anheuser-Busch, LLC	Hong Kong	304967641	20 June 2019
2.	BUD APAC	32, 33, 43	Anheuser-Busch, LLC	Hong Kong	304967632	20 June 2019

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1.	www.budweiserapac.com	Anheuser-Busch InBev (China) CO., Ltd.	30 April 2022
2.	www.ab-inbev.cn	Anheuser-Busch InBev (China) CO., Ltd.	14 July 2020
3.	www.obbeer.co.kr	OB BEER CO., LTD	3 November 2020

(c) Patents

As at the Latest Practicable Date, the Group did not have any patent which are material to its business.

C. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Interests of the Directors and Chief Executive Officer

As at the Latest Practicable Date, the interests and/or short positions (as applicable) of the Directors and the Chief Executive Officer in the Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which:

- (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO),
- (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or

- (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Long Position in Shares of AB InBev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of Interest	Number of shares			Approximate Percentage
		Ordinary shares	Unvested and conditional options and RSUs	Total	
Jan Craps	Beneficial Owner	13,752	1,125,277	1,139,029 ¹	0.056%
Renrong Wang (Frank)	Beneficial Owner	19,801	99,321	119,122 ²	0.006%

Notes:

- The 1,139,029 shares of AB InBev that Mr. Jan Craps was interested in include 13,752 ordinary shares, 1,008,939 shares that may be delivered upon the exercise of options, and 116,338 RSUs.
- The 119,122 shares of AB InBev that Mr. Renrong Wang (Frank) was interested in include 19,801 ordinary shares, 55,726 shares that may be delivered upon the exercise of options, and 43,595 RSUs

Long Position in Shares of Ambev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of Interest	Number of shares			Approximate Percentage
		Common shares	Unvested and conditional options and RSUs	Total	
Jan Craps	Beneficial Owner	136,970	753,483	890,453 ¹	0.0057%

Note:

- The 890,453 shares of Ambev that Mr. Jan Craps was interested in include 136,970 common shares, 544,120 shares that may be issued upon the exercise of options, and 209,363 RSUs.

We have applied for, and the SFC has granted the Non-executive Directors a partial exemption from strict compliance with Part XV (other than Divisions 5, 11 and 12) of the SFO in respect of the duty to disclose interests in AB InBev and Amber as “associated corporations” (as defined in the SFO) of the Company. See “*Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance and the SFO*”.

Save as disclosed above and the interest of the Non-executive Directors in “associated corporations” (as defined in the SFO) of the Company as exempt by the SFC, none of the Directors or the Chief Executive Officer will, immediately following the completion of the Capitalization Issue and the Global Offering, have an interest and/or short position (as applicable) in the Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares or debentures of the Company’s associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

2. Particulars of Letters of Appointment

Each of the Directors has entered into a letter of appointment in relation to his/her role as a director of the Company for a period of three years since the Listing Date, which is subject to termination by the Director or the Company in accordance with the terms of the letter of appointment (as the case may be), the requirements of the Listing Rules and the provisions relating to the retirement and rotation of the Directors under the Articles of Association.

Pursuant to the terms of the letters of appointment entered into between each Director (on the one part) and the Company (on the other part), (a) the Executive Directors and the Non-executive Directors are not entitled to receive any director’s fees; (b) the annual retainer payable by the Company to each Independent Non-executive Director is USD75,000; (c) each of the Independent Non-executive Directors will also be eligible, at the discretion of the Company, to receive certain RSUs pursuant to the Share Award Schemes of the Company, subject to the rules of the Share Award Schemes and applicable law; (d) an Independent Non-executive Director will receive from the Company an additional fee of USD18,750 for being the chair of the Audit Committee; and (e) an Independent Non-executive Director will receive from the Company meeting fees for attending meetings of the Board committees.

Each Director is entitled to be indemnified by the Company (to the extent permitted under the Articles of Association and applicable laws) and to be reimbursed by the Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

Save as disclosed above, none of the Directors have entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

For details of the Directors’ remuneration, see “*Directors and Senior Management – Remuneration of the Directors and of the Five Highest Paid Individuals.*”

4. Agency Fees or Commissions

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, as detailed in “*Underwriting – Commissions and Expenses.*”

No commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in “*Other Information – Qualifications and Consents of Experts*” below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to the Group.

6. Disclaimers

- (a) Save as disclosed in this prospectus, none of the Directors nor any of the experts referred to in “*Other Information – Qualifications and Consents of Experts*” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save in connection with the Underwriting Agreements and as disclosed in the prospectus, none of the Directors nor any of the experts referred to in “*Other Information – Qualifications and Consents of Experts*” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.
- (c) None of the Directors has any existing or proposed service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).
- (d) Save as disclosed in “*Relationship with AB InBev,*” neither the Controlling Shareholders nor the Directors are interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the business of the Group.
- (e) Save as disclosed in this prospectus, no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

D. SHARE AWARD SCHEMES**1. Share Award Schemes of the Company****(a) Reasons for adopting the Share Award Schemes**

We believe that a business is only as good as its people. Our success is driven by the fact that our employees see themselves as owners and stakeholders of our business. For this reason, we are strong advocates for awarding employees. One way we do this is to provide employees with the opportunity to become true owners of the business by acquiring Shares and therefore aligning their interests with those of the Company.

The Company has four Share Award Schemes, namely:

- (i) the Discretionary Restricted Stock Units Plan (the “**RSU Plan**”);
- (ii) the Share-Based Compensation Plan (the “**SBC Plan**”);
- (iii) the People Bet Plan (the “**PB Plan**”); and
- (iv) the Discretionary Long-Term Incentive Plan (the “**LTI Plan**”).

(b) Administration of the Share Award Schemes

The Board of Directors shall be responsible for the administration of the Share Award Schemes. The Board of Directors may delegate part or all powers under the Share Award Schemes to the Remuneration Committee. In the case of a delegation of powers, the Board of Directors may retain full authority to exercise all the rights and obligations of the Remuneration Committee under the Share Award Schemes at any time whatsoever, or to delegate them to another committee constituted by the Board of Directors.

(c) Appointment of a Trustee

The Board of Directors may appoint a Trustee to assist with the administration and vesting of the RSUs and Options to be granted pursuant to the Share Award Schemes. The Company may, to the extent permitted by the Cayman Companies Law: (a) allot and issue Shares to the Trustee which will be used to satisfy the RSUs upon vesting and the Options upon exercise; and/or (b) direct and procure the Trustee to make on-market purchases of Shares to satisfy the RSUs upon vesting and the Options upon exercise. The Board of Directors shall, to the extent permitted by applicable laws, provide sufficient funds to the Trustee by whatever means as the Board of Directors may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of RSUs and exercise of Options under the Share Award Schemes.

(d) Issue and Allotment of Shares to the Trustee

In order to enable the Trustee to release Shares to the participants in the Share Award Schemes upon the vesting, exercise and/or the expiry of the lock-up period of the awards under the Share Award Schemes, the Company will allot and issue, on the Listing Date, 23,000,000 Shares to the Trustee for the RSU Plan, SBC Plan, PB Plan and LTI Plan and any other incentive scheme adopted by the Company from time to time representing 0.18% of the total issued share capital of the Company on the Listing Date (assuming the Offer Size Adjustment Option is not exercised at all). Such Shares will be held by the Trustee on trust for the purpose of satisfying awards granted under the respective schemes.

(e) ***Scheme Mandate Limit***

Subject to the terms of the Share Award Schemes, the total number of Shares which may be issued upon exercise of all Options and vesting of all RSUs to be granted under the Share Award Schemes and any other schemes must not in aggregate exceed 10% of the Shares in issue on the Listing Date (assuming the Offer Size Adjustment Option is not exercised), i.e. 1,305,404,500 Shares.

(f) ***Conditions of the Share Award Schemes***

Each of the Share Award Schemes shall take effect subject to: (i) the passing of the resolution by the Shareholders to approve and adopt the Share Award Schemes and to authorize the Board of Directors to grant RSUs and Options pursuant to the Share Award Schemes and to allot and issue or otherwise deal with the Shares in connection with the Share Award Schemes; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in connection with the Share Award Schemes; and (iii) the commencement of trading of the Shares on the Main Board of the Stock Exchange (the “**Conditions**”).

2. **The RSU Plan**

The following is a summary of the principal terms of the RSU Plan conditionally approved and adopted by the Shareholders. The terms of the RSU Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Plan does not involve the grant of options by the Company to subscribe for new Shares.

(a) ***Participants of the RSU Plan***

The Board of Directors may, at its discretion, grant RSUs pursuant to the RSU Plan to any employee and/or director of the Group who the Board of Directors considers, in its absolute discretion, have contributed or will contribute to the Group (the “**RSU Plan Participants**”).

(b) ***Term of the RSU scheme***

Subject to the Conditions being satisfied, the RSU Plan shall be valid and effective for a period of ten years commencing on the date of its conditional adoption by the Shareholders and expiring on the tenth anniversary thereof or such earlier date as it is terminated in accordance with the RSU Plan, after which period no further RSUs may be granted, but in all other aspects the terms of the RSU Plan shall remain in full force and effect in respect of RSUs which are granted during the term of the RSU Plan and which remain unvested immediately prior to the termination of the RSU Plan.

(c) ***Grant of RSUs***

(i) ***Making an Offer***

An offer of the grant of RSUs (an “**RSU Offer**”) shall be made to a RSU Plan Participant by an RSU offer letter (an “**RSU Offer Letter**”) requiring the RSU Plan Participant to undertake to hold the RSU on the terms on which it is to be granted (which shall include the vesting date and performance conditions that must be satisfied before an RSU will vest in whole or in part) and to be bound by the terms of the RSU Plan and any other terms and conditions as contained in the RSU Offer Letter.

(ii) *Acceptance of an RSU Offer*

An RSU Offer is accepted by the RSU Plan Participant when the RSU Plan Participant returns the completed acceptance form to the Company before the expiry of the period specified in the RSU Offer Letter. A RSU Plan Participant who fails to return the completed Acceptance Form before the expiry of the confirmation period will be deemed to have refused the RSU Offer and the RSUs.

(iii) *Restrictions on Time of Offer*

No offer of RSU shall be made to, nor shall any RSU Offer be capable of acceptance by, any RSU Plan Participant at a time when the RSU Plan Participant would or might be prohibited from dealing in the Shares by the Listing Rules or any other applicable laws, regulations or rules (including the Code of Dealing of the Company).

No RSU Offer may be made while the Company is in possession of inside information until such inside information ceases to be inside information. In particular, the Company may not make any Offers during the period commencing one month immediately preceding the earlier of:

- i. the date of meeting of the Board of Directors (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- ii. the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

Where an RSU Offer is made to a Director or to any RSU Plan Participant who, because of his/her office or employment in the Company or any member of the Group, is likely to be in possession of unpublished price-sensitive information in relation to the Shares, no RSU Offer may be made on any day on which the financial results of the Company are published and during the period of:

- i. 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- ii. 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(iv) *Offer to connected persons*

Any RSU Offer to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the Independent Non-executive Directors (excluding the Independent Non-executive Director who is the proposed RSU Plan Participant of the RSU Offer in question) and all grants to connected person shall be subject to compliance with the requirements of the Cayman Companies Law and the Listing Rules, including where necessary the prior approval of the Shareholders.

(d) **Maximum number of Shares available**

At any time during the term of the RSU Plan, the maximum aggregate number of Shares with respect to which RSUs may be granted pursuant to the RSU Plan shall be the “**RSU Plan Mandate Limit**,” calculated in accordance with the following formula:

$$\text{RSU Plan Mandate Limit} = \text{A} - \text{B} - \text{C}$$

Where:

- A** = 10% of the Shares in issue on the date the Company was listed or 10% of the Shares in issue as at the date of approval of the renewed limit (the “**RSU New Approval Date**”);
- B** = the maximum aggregate number of Shares that may be transferred upon the vesting of RSUs that have already been granted pursuant to the RSU Plan; and
- C** = the maximum aggregate number of Shares that may be transferred upon the vesting or exercise of any awards that have already been granted pursuant to any other Share Award Schemes.

Shares in respect of RSUs which have lapsed in accordance with the terms of the RSU Plan (or awards that have lapsed under any other Share Award Schemes) will not be counted for the purposes of determining the maximum aggregate number of Shares in respect of which RSUs may be granted pursuant to RSU Plan.

Shares in respect of which RSUs are granted pursuant to the RSU Plan (including those outstanding, lapsed or vested RSU) prior to the RSU New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares in respect of which the RSUs may be granted following the RSU New Approval Date under the limit as renewed.

If the Company proposes to grant RSUs during the period between one annual general meeting and the subsequent annual general meeting of the Company which may be satisfied by the Company allotting and issuing new Shares upon the vesting of the RSUs, the Company shall, at the annual general meeting of the Company, propose for the Shareholders to consider and, if thought fit, approve an ordinary resolution granting a mandate specifying:

- i. the maximum number of new Shares in respect of which RSUs may be granted during the Applicable Period; and

- ii. that the Board of Directors has the power to allot, issue and deal with Shares in respect of which RSUs are granted during the Applicable Period as and when the RSUs vest.

The mandate referred to above shall remain in effect during the period from the passing of the ordinary resolution granting the mandate until the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the end of the period within which the Company is required by any applicable laws or by the bye-laws of the Company to hold the next annual general meeting of the Company; and
- iii. the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting,

(the “**Applicable Period**”).

(e) Vesting of RSUs

The RSUs are subject to a vesting period running from the grant date to the vesting date as described in the RSU Offer Letter. On or shortly after the vesting date, the Company will deliver (or procure the Trustee to deliver) the relevant number of Shares to the RSU Plan Participant, subject to the terms and conditions of the RSU Plan, the RSU Offer Letter and the Acceptance Form; provided, however, that in the case of any RSU Plan Participant that is a US taxpayer, the relevant number of Shares will be delivered to the RSU Plan Participant no later than the fifteenth day of the third month following the end of the taxable year of the Company in which the vesting date occurs, unless otherwise determined by the Board of Directors and expressly set forth in the applicable RSU Offer Letter.

The total number of Shares to be delivered by the Company or the Trustee to the RSU Plan Participant pursuant to the vesting of the RSUs and the vesting of dividend equivalents (as set out below in “2. *The RSU Plan – (f) Rights Attached to the RSUs*”) shall be rounded down to the nearest board lot of Shares (after withholding any income or taxes and/or social security payments that are required to be withheld under any applicable law, rules or regulation).

Notwithstanding the foregoing, but in all events subject to the proviso above, if the Company, the Trustee or any RSU Plan Participant would or might be prohibited by the Listing Rules or by any other applicable laws, regulations or rules (including the Code of Dealing of the Company) from dealing in the Shares, the date on which the relevant Shares under the RSUs will be transferred to the RSU Plan Participant shall occur as soon as possible after the date when such dealing is permitted.

(f) Rights Attached to the RSUs

RSUs entitle their holder to a dividend equivalent, which represents an amount roughly equivalent to the gross dividend paid by the Company on the Shares underlying the RSUs. This dividend equivalent will be granted to the RSU Plan Participants on the date any dividend is paid by the Company and in the form of additional RSUs with the same vesting conditions, including the same vesting date, and governed by the same terms and conditions as the underlying RSUs.

The number of additional RSUs to which a RSU Plan Participant is entitled upon payment of a dividend on the Shares underlying the RSUs will be calculated by the Company. The number will be roughly equivalent to the amount of the gross dividend per Share divided by the market value of the Shares on the dividend payment date and multiplied by the number of RSUs that the RSU Plan Participant holds.

The Shares underlying any dividend equivalent granted in the form of RSUs may be held by the Trustee on trust and delivered to the RSU Plan Participant upon vesting.

(g) *Transferability of the RSUs*

The RSUs shall be personal to the RSU Plan Participant and shall not be assignable or transferable and the RSU Plan Participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to the RSUs, provided that, subject to the lapse provisions in the terms of the RSU Plan, the RSUs may be transferred by will or by the laws of testacy and distribution.

(h) *Rights Attached to the Shares*

The Shares to be delivered to the holders of RSUs upon vesting of RSUs will rank *pari passu* with existing ordinary Shares of the Company with all rights and benefits generally attached to such Shares. Unless agreed otherwise between the RSU Plan Participant and the Company, the Shares delivered upon vesting of RSUs are not subject to any transfer restrictions under the rules of the RSU Plan.

(i) *Change of Control*

If prior to the vesting date, any of the following events take place:

- (i) a general offer by way of a takeover or otherwise (other than by way of scheme of arrangement pursuant to terms of the RSU Plan) which is made by any person to acquire all the Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional; or
- (ii) a scheme of arrangement whereby an offer is made to all the Shareholders to purchase all their Shares and which is approved by the necessary number of Shareholders at the requisite meeting(s); or
- (iii) a compromise or arrangement (other than a scheme of arrangement contemplated pursuant to terms of the RSU Plan) between the Company and the Shareholders and/or the creditors of the Company pursuant to the Cayman Companies Law is proposed for the purposes of or in connection with a plan for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iv) a voluntary wind-up of the Company is approved by the Shareholders,

the Board of Directors shall have the sole discretion to determine whether any RSUs shall be accelerated and the date and terms of any acceleration. Any RSUs which are not accelerated at the discretion of the Board of Directors shall lapse immediately.

(j) Lapse of RSUs

Subject to the terms and conditions of the RSU Plan, the RSUs shall lapse automatically and become null and void (to the extent not already vested) on the earliest of:

- (i) the failure to achieve performance conditions that must be satisfied by the RSU Plan Participant before an RSU will vest in whole or in part;
- (ii) the occurrence of conduct the RSU Plan Participant is responsible for that contributes to a material adverse decision being made against the Company or a company in the Group or a material breach of the Code of Business Conduct of the Group before the RSU Vesting Date;
- (iii) dismissal for serious cause of the RSU Plan Participant before the RSU Vesting Date; and
- (iv) resignation before a cumulated age ("**Cumulated Age**") of 70. The Cumulated Age refers to the sum, on the last day of employment, of: (i) the age of the RSU Plan Participant; and (ii) the number of years of employment of the RSU Plan Participant within the Group.

Subject to the terms and conditions of the RSU Plan,

- (i) in the case of: (a) termination of employment other than resulting from a resignation or a dismissal for serious cause before the Cumulated Age of 70; and (b) termination of employment other than resulting from a dismissal for serious cause between the Cumulated Age of 70 and 79, certain portion of RSUs may remain in full force and effect and the remaining RSUs will automatically lapse and become null and void;
- (ii) in the case of termination of employment other than resulting from a dismissal for serious cause at or after the Cumulated Age of 80, the RSUs will remain in full force and effect; and
- (iii) in the case of death of the RSU Plan Participant or termination of employment following permanent disability of the RSU Plan Participant before the Vesting Date, the RSU Vesting Period will automatically lapse and all RSUs will automatically vest and the Shares to be delivered upon vesting of the RSUs will be delivered to the relevant successors of the RSU Plan Participants.

(k) Changes to Capital Structure

In the event of changes to the capital structure of the Company by way of a capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company or any member of the Group is a party or in connection with any share option, restricted share or other Share Award Schemes) or reclassifications of the Shares, mergers (partial), demergers, as well as the right to amend the clauses in the articles of association governing the

allocation of profits or liquidation, which has an unfavorable effect on the RSUs, the number of RSUs and/or the number of Shares to which the RSUs give rights will be adjusted for the purpose of safeguarding the interests of the holders of RSUs, in the manner determined at the sole discretion of the Board of Directors, subject to any required action by the Shareholders' meeting. The terms of such adjustment will be communicated to the RSU Plan Participants in due time.

(l) Modification to the RSU Plan

The Board of Directors may unilaterally modify at any time the practical and/or accessory modalities of the terms and conditions of the RSU Plan. It may also unilaterally modify the terms and conditions at any time, including but not limited to when such modifications are required to comply with any change in legislation, so long as such modifications comply with the requirements of the Cayman Companies Law and the Listing Rules, to the extent applicable. The Board of Directors may amend any performance or vesting conditions that apply to the RSUs if there is an event that causes it to consider that the performance or vesting conditions should be amended.

(m) Termination of the RSU Plan

The Company may by ordinary resolution in general meeting or the Board of Directors may at any time, terminate the RSU Plan and in such event, no further RSUs may be granted but in all other respects the terms of the RSU Plan shall remain in full force and effect in respect of the RSUs which are granted during the term of the RSU Plan and which remain unvested immediately prior to the termination of the RSU Plan.

Upon termination of the RSU Plan, any assets held by the Trustee for the purposes of the RSU Plan shall be sold and the proceeds, together with any cash held by the Trustee under the RSU Plan, remitted to the Company, as settlor of the trust, for its absolute benefit provided that the Trustee shall not be permitted to sell the assets held on trust by it to the extent that it would result in it holding insufficient assets to satisfy the Shares underlying any unvested RSUs.

(n) General

As of the Latest Practicable Date, no RSU had been granted or agreed to be granted by the Company pursuant to the RSU Plan. The grant and vesting of any RSUs which may be granted pursuant to the RSU Plan will be in compliance with Rule 10.08 of the Listing Rules.

Details of the RSU Plan, including particulars and movements of the RSUs granted during each financial year of the Company, and our employee costs arising from the grant of the RSUs will be disclosed in our annual report.

3. The SBC Plan

The following is a summary of the principal terms of the SBC Plan conditionally approved and adopted by the Shareholders. The terms of the SBC Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the SBC Plan does not involve the grant of options by the Company to subscribe for new Shares.

(a) Participants of the SBC Plan

The Board of Directors may, in its absolute discretion, send offer letters to the employees and directors of the Group to enable them to make an election between receiving their bonuses (if any) in the form of cash, Shares or a mixture of cash and Shares, as granted under the SBC Plan. Eligible employees who are entitled to a bonus under the SBC Plan become SBC Plan Participants (the “**SBC Plan Participants**”).

(b) Bonus and Principal Features of the SBC Plan

- (i) Eligible employees have the possibility to receive all or part of their bonuses under the SBC Plan (the “**Bonus**”) in the form of locked-up Shares (the “**Voluntary Shares**”) instead of cash.

The SBC Plan Participants have the choice between the following three bonus alternatives:

- i. the cash bonus alternative – which is the default alternative – where the Bonus is paid entirely in cash (the “**Cash Bonus**”); or
 - ii. the mixed bonus alternative where the bonus under the SBC Plan is paid partially in Voluntary Shares and partially in cash (the “**Mixed Bonus**”) – the percentage of the Bonus paid in Voluntary Shares is fixed and set out in the offer letter; or
 - iii. the shares bonus alternative where the Bonus is paid entirely in Voluntary Shares (the “**Shares Bonus**”).
- (ii) The SBC Plan Participants who opt for the Mixed Bonus or the Shares Bonus will purchase the Shares at a 10% discount. The discount is paid in the form of RSUs, rounded down to the nearest Share.
 - (iii) As an additional reward, the SBC Plan Participants who opt for the Mixed Bonus or the Shares Bonus will receive from the Company additional “matching” RSUs, rounded down to the nearest Share.

(c) Offer of Bonus

(i) Election of Bonus Alternatives

Eligible employees will receive an offer letter (“**SBC Offer Letter**”) informing them of the start of the election period. All eligible employees must make their election between the Cash Bonus, the Mixed Bonus and the Shares Bonus within the time frame set out in the SBC Offer Letter. Any election submitted in the Company’s online tool is subject to and only becomes effective if and upon an eligible employee receiving a Bonus. The entitlement to a Bonus (if any) is at the sole and absolute discretion of the Company or the employing entity.

An eligible employee (or as applicable a SBC Plan Participant) who fails to submit his/her election between the bonus alternatives before the expiry of the election period set out in the SBC Offer Letter will be deemed to have chosen the Cash Bonus alternative.

(ii) Grant of RSUs to connected persons

Any offer or grant of RSUs to a Director, the Chief Executive Officer or substantial shareholder of the Company, or any of their respective associates, shall follow the same restrictions set out under “2. *The RSU Plan – (c) Grant of RSUs – (iv) Offer to connected persons*” above.

(iii) Time of offers and acceptance

The offer or grant of RSUs (as applicable), and any acceptance by a SBC Plan Participant shall be subject to the same restrictions set out under “2. *The RSU Plan – (c) Grant of RSUs – (iii) Restrictions on Time of Offer*” above.

(d) Maximum number of Shares available

At any time during the term of the SBC Plan, the maximum aggregate number of Shares with respect to which RSUs may be granted shall be calculated in the same way as under the RSU Plan, set out under “2. *The RSU Plan – (d) Maximum number of Shares available*” above.

(e) Source of the Bonus

The Company may at its sole discretion:

- i. direct and procure the Trustee to make on-market purchases of Shares (over a fixed period of days on an aggregate basis if necessary) to satisfy the purchases of Voluntary Shares by the SBC Plan Participants. At the direction of the Company the Trustee shall purchase the Shares on-market at the prevailing market prices until the total purchase amount of all SBC Plan Participants who elect to receive the Mixed Bonus or Shares Bonus has been utilized as far as possible. In such case, the price of the Shares shall be the weighted average purchase price of all the Shares purchased by the Trustee. The Voluntary Shares shall be allocated among the SBC Plan Participants on the basis of their respective purchase amount by reference to the weighted average purchase price of the Shares, rounded down to the nearest number of Shares or board lot of Shares, as determined by the Company; or
- ii. allot and issue fully paid Shares to the Trustee to satisfy the purchase of Voluntary Shares by the SBC Plan Participants. The price of the Shares shall be with reference to the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on grant date specified in the SBC Offer Letter (or any other date determined by the Company). The number of Voluntary Shares to be allocated to the SBC Plan Participant will be determined by the purchase amount (as contributed by the SBC Plan Participant) divided by the price of the Shares, rounded down to the nearest number of Shares or board lot of Shares, as determined by the Company.

(f) Vesting of the RSUs and Lock-Up of the Voluntary Shares

The RSUs are subject to a vesting period as detailed in the SBC Offer Letter. Upon expiry of the vesting period, the Company shall deliver (or procure the Trustee to deliver) the relevant number of Shares underlying the RSUs granted to the SBC Plan Participants within a reasonable period subject to the terms and conditions of the SBC Plan. In the case of SBC Plan Participants that is a US taxpayer as defined in the SBC Plan, the relevant number of Shares underlying the RSUs will be delivered to such SBC Plan Participants no later than the fifteenth day of the third month following the end of the taxable year of the Company in which the expiry of the vesting period occurs, unless otherwise determined by the Board of Directors and expressly set out in the SBC Offer Letter.

The Voluntary Shares are subject to a lock-up period as detailed in the SBC Offer Letter. Upon expiry of the lock-up period, the Company will deliver (or procure the Trustee to deliver) all of the Voluntary Shares to the SBC Plan Participants, subject to the terms of the SBC Plan.

The Company may appoint the Trustee to hold the Voluntary Shares and the Shares underlying the RSUs on trust for the SBC Plan Participants during the lock-up of the Voluntary Shares and the vesting of the RSUs, as applicable.

(g) Rights attached to the RSUs and Voluntary Shares

The RSUs entitle the SBC Plan Participants to a dividend equivalent representing an amount roughly equivalent to the gross dividend paid by the Company on the Shares underlying the RSUs. The dividend equivalent will be granted to the SBC Plan Participants on the date any dividend is paid by the Company and in the form of additional RSUs with the same vesting conditions, including the same vesting period, and governed by the same terms and conditions as the underlying RSUs.

The number of additional RSUs to which an SBC Plan Participant is entitled upon payment of a dividend on the Shares underlying the RSUs will be roughly equal to the gross dividend per Share divided by the market value of the Shares on the dividend payment date and multiplied by the number of RSUs held by the Participant.

The Shares underlying any dividend equivalent granted in the form of RSUs may be held by the Trustee on trust for the SBC Plan Participants and shall be delivered to the SBC Plan Participants upon vesting.

Dividends and distributions payable in respect of the Voluntary Shares from the grant date may be held by the Trustee on trust for the SBC Plan Participant. The Company shall direct and procure that any dividends and distributions in respect of any of the Voluntary Shares held by the Trustee during the lock-up period of the Voluntary Shares be paid to the SBC Plan Participants upon the expiry of the lock-up period of the Voluntary Shares or termination of employment or engagement, whichever is earlier.

(h) Ranking of and rights attached to the Shares

The Shares to be delivered to a SBC Plan Participant upon vesting of the RSUs and expiry of the lock-up of the Voluntary Shares (as applicable) shall rank *pari passu* with existing ordinary Shares of the Company with all rights and benefits generally attached to such Shares.

(i) Transferability**(i) RSUs**

The transferability of the RSUs to be offered and granted under the SBC Plan is the same as that of the RSUs to be offered and granted under the RSU Plan. Please refer to “2. *The RSU Plan – (g) Transferability of the RSUs*” above.

(ii) Voluntary Shares

During the lock-up period, the Voluntary Shares shall not be assignable or transferable and the SBC Plan Participants shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to the Voluntary Shares, save that the Voluntary Shares may be transferred by will or by laws of testacy or distribution and shall become freely transferable and the transfer restrictions on Voluntary Shares in this paragraph (i) shall cease to apply on the date of the end of employment of an SCB Plan Participant at any time and for any reason (including that resulting from resignation or a dismissal for serious cause as defined under the SBC Plan) or on the date of death of an SCB Plan Participant.

(iii) Shares upon vesting and the expiry of the lock-up period of the Voluntary Shares

Unless agreed otherwise between the SBC Plan Participant and the Company, the Shares delivered upon vesting of the RSUs and the expiry of the lock-up period are not subject to any transfer restrictions under the rules of the SBC Plan.

(j) Change of control

If prior to the vesting date of any RSUs under the SBC Plan, any of the following events under “2. *The RSU Plan – (i) Change of Control*” above takes place, the Board of Directors shall have sole discretion to determine whether any RSUs shall be accelerated and the date and terms of any acceleration. Any RSUs which are not accelerated at the discretion of the Board of Directors shall lapse immediately.

(k) Lapse of the RSUs

Subject to the terms and conditions of the SBC Plan, the RSUs will lapse automatically and become null and void (to the extent not already vested) on the earliest of:

- (i) the failure to comply with the Voluntary Shares’ transfer restrictions referred to in “3. *The SBC Plan – (i) Transferability – (ii) Voluntary Shares*” above;
- (ii) the failure to achieve performance conditions that must be satisfied by the SBC Plan Participant before an RSU will vest in whole or in part;
- (iii) the occurrence of conduct the SBC Plan Participant is responsible for that contributes to a material adverse decision being made against the Company or a company in the Group or a material breach of the Code of Business Conduct of the Group before the vesting date;

- (iv) dismissal for serious cause of the SBC Plan Participant before the vesting date; and
- (v) resignation before the Cumulated Age of 70.

Subject to the terms and conditions of the SBC Plan,

- (i) in the case of termination of employment other than resulting from a resignation or a dismissal for serious cause before the Cumulated Age of 70 and termination of employment other than resulting from a dismissal for serious cause between the Cumulated Age of 70 and 79, certain portion of RSUs may remain in full force and effect and the remaining RSUs will automatically lapse and become null and void;
- (ii) in the case of termination of employment other than resulting from a dismissal for serious cause at or after the Cumulated Age of 80, the RSUs will remain in full force and effect; and
- (iii) in the case of death of the SBC Plan Participant or termination of employment following permanent disability of the SBC Plan Participant before the vesting date, the vesting period will automatically lapse and all RSUs will automatically vest and the Shares to be delivered upon vesting of the RSUs will be delivered to the relevant successors of the SBC Plan Participants.

In all cases of termination of employment (whether resulting from resignation, dismissal for serious cause or death), the Voluntary Shares will become freely transferable and restrictions on transferability referred to “3. *The SBC Plan – (i) Transferability – (ii) Voluntary Shares*” above will cease to apply on the date of such termination.

(l) *Changes to Capital Structure*

In the event of certain changes to the capital structure of the Company as set out under “2. *The RSU Plan – (k) Changes to Capital Structure*” above, the number of RSUs and/or the number of Shares to which the RSUs give rights will be adjusted for the purpose of safeguarding the interests of the holders of RSUs, in the manner determined at the sole discretion of the Board of Directors, subject to any required action by the Shareholders’ Meeting of the Company.

(m) *Modifications to the SBC Plan*

The modification rules of the SBC Plan are the same with that of the RSU Plan. Please refer to “2. *The RSU Plan – (l) Modification to the RSU Plan*” above.

(n) *Termination of the SBC Plan*

The Company may by ordinary resolution in general meeting or the Board of Directors may at any time, terminate the SBC Plan and in such event, no further Voluntary Shares or RSUs may be offered. Voluntary Shares and RSUs purchased or granted during the term of the SBC Plan shall continue to be valid in accordance with their terms of purchase or grant after the end of the term of the SBC Plan.

Upon termination of the SBC Plan, any assets held by the Trustee for the purposes of the SBC Plan shall be sold and the proceeds, together with any cash held by the Trustee under the SBC Plan, remitted to the Company, as settlor of the trust, for its absolute benefit provided that the Trustee shall not be permitted to sell the assets held on trust by it to the extent that it would result in it holding insufficient assets to satisfy any Voluntary Shares or the Shares underlying any unvested RSUs.

(o) General

As of the Latest Practicable Date, no Voluntary Share or RSU had been granted or agreed to be granted by the Company pursuant to the SBC Plan. The grant and vesting of any Shares or RSUs which may be granted pursuant to the SBC Plan will be in compliance with Rule 10.08 of the Listing Rules.

Details of the SBC Plan, including particulars and movements of the Shares in connection with the SBC Plan and the RSUs granted during each financial year of the Company, and our employee costs arising from such grants will be disclosed in our annual report.

4. The PB Plan

The following is a summary of the principal terms of the PB Plan conditionally approved by and adopted by the Shareholders. The terms of the PB Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the PB Plan does not involve the grant of options by the Company to subscribe for new Shares.

(a) Participants of the PB Plan

Locked-up Shares (“**Purchased Shares**”) and RSUs under the PB Plan may be offered to such eligible employees as the Board of Directors shall select in its sole discretion.

(b) Term of the PB Plan

Subject to the Conditions being satisfied, the PB Plan shall be valid and effective from the date of its adoption to its tenth anniversary or such earlier date as the PB Plan is terminated in accordance with the terms and conditions of the PB Plan.

(c) Acquisition of Purchased Shares and Grant of RSUs

(i) Making an Offer

An offer of the opportunity to acquire a specified number of Purchased Shares and the grant of a certain number of “matching” RSUs (a “**PB Plan Offer**”) shall be made to an eligible employee by an offer letter (a “**PB Plan Offer Letter**”) requiring the eligible employee to hold the RSUs on the terms on which they are to be granted (which shall include the lock-up period of the Purchased Shares, the vesting period/date of the RSUs and performance conditions that must be satisfied in order for the RSUs to vest in whole or in part) and to be bound by the terms of the PB Plan and any other terms and conditions as contained in the PB Plan.

(ii) *Acceptance of a PB Plan Offer*

A PB Plan Offer is accepted when the eligible employee: (a) completes and returns the acceptance form (the “**PB Plan Acceptance Form**”) in paper form or electronically through the internet website referred to in the PB Plan Offer Letter in the manner and within the confirmation period as set out in the PB Plan Offer Letter; and (b) pays the full offer amount specified in the PB Plan Offer Letter (the “**PB Plan Offer Amount**”) within the specified timeframe. Any eligible employee who has duly accepted the PB Plan Offer will become a participant of the PB Plan (a “**PB Plan Participant**”).

A PB Plan Participant shall be offered “matching” RSUs at a ratio specified in the PB Plan Offer Letter.

(iii) *Offer to connected persons*

Any PB Plan Offer to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the same restrictions set out above under “2. *The RSU Plan – (c) Grant of RSUs – (iv) Offer to connected persons*” above.

(iv) *Restrictions on Time of a PB Plan Offer*

The making of a PB Plan Offer shall be subject to the same time restrictions set out above under “2. *The RSU Plan – (c) Grant of RSUs – (iii) Restrictions on Time of Offer*” above.

(d) Maximum number of Shares available for RSUs

At any time during the term of the PB Plan, the maximum aggregate number of Shares with respect to which RSUs may be granted shall be calculated in the same way as that of the RSU Plan set out under “2. *The RSU Plan – (d) Maximum number of Shares available*” above.

(e) Vesting of RSUs and Lock-up of the Purchased Shares

The RSUs are subject to a vesting period as described in the PB Plan Offer Letter. Within a reasonable period after the vesting date, the Company will deliver (or procure the Trustee to deliver) the relevant number of Shares to the PB Plan Participant in accordance with and subject to the terms and conditions of the PB Plan, the PB Plan Offer Letter and the PB Plan Acceptance Form.

The Purchased Shares are subject to a lock-up period as set out in the PB Plan Offer Letter. Within a reasonable period after the expiry of the lock-up period of the Purchased Shares, the Company will deliver (or procure the Trustee to deliver) all of the Purchased Shares to the PB Plan Participant, subject to the terms and conditions of the PB Plan, the PB Plan Offer Letter and PB Plan Acceptance Form.

Notwithstanding the foregoing, if the Company, the Trustee or any PB Plan Participant would or might be prohibited by the Listing Rules or by any other applicable laws, regulations or rules (including the Code of Dealing of the Company) from dealing in the Shares, the date on which the relevant Shares under the RSUs and/or Purchased Shares will be transferred to the PB Plan Participant shall occur as soon as possible after the date when such dealing is permitted.

The total number of Shares to be delivered by the Company or the Trustee to the PB Plan Participant pursuant to:

- (i) the expiry of the lock-up period of the Purchased Shares (or termination of the PB Plan Participant's employment or engagement, whichever is earlier) in relation to the Purchased Shares;
- (ii) the vesting of the RSUs; and
- (iii) the vesting of the RSUs granted in the form of dividend equivalents (as described in "4. *The PB Plan – (f) Rights Attached to the RSUs and the Purchased Shares*" below)

shall be rounded down to the nearest board lot of Shares (after withholding any income or taxes and/or social security payments that are required to be withheld under any applicable law, rule or regulation).

(f) *Rights Attached to the RSUs and the Purchased Shares*

The rights attached to the RSUs and the Purchased Shares Rights are the same with that of the SBC Plan. Please refer to "3. *The SBC Plan – (g) Rights Attached to RSUs and the Voluntary Shares*" above.

(g) *Rights Attached to the Shares*

The Shares to be delivered to the PB Plan Participant upon vesting of the RSUs and upon the expiry of the lock-up period of the Purchased Shares will rank pari passu with existing ordinary Shares of the Company with all rights and benefits generally attached to such Shares.

(h) *Transferability*

(i) RSUs

The transferability of the RSUs to be offered and granted under the PB Plan are the same with that of the RSUs to be offered and granted under the RSU Plan. Please refer to "2. *The RSU Plan – (g) Transferability of the RSUs*" above.

(ii) Purchased Shares

During the lock-up period, Purchased Shares shall not be assignable or transferable and the PB Plan Participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to the Purchased Shares, provided that subject to the lapse provisions under the terms of the PB Plan or following the PB Plan Participant's death, Purchased Shares may be transferred by will or by the laws of testacy and distribution.

(iii) Shares upon vesting of the RSUs and the expiry of the lock-up period of the Purchased Shares

Unless agreed otherwise between the PB Plan Participant and the Company, the Shares to be delivered upon vesting of the RSUs and the Shares to be delivered upon the expiry of the lock-up period of the Purchased Shares, are not subject to any transfer restrictions under the rules of the PB Plan.

(i) Change of Control

If prior to the vesting date of any RSUs under the PB Plan, any of the events under “2. *The RSU Plan – (i) Change of Control*” takes place, the Board of Directors shall have the sole discretion to determine whether any RSUs shall be accelerated and the date and terms of any acceleration. Any RSUs which are not accelerated at the discretion of the Board of Directors shall lapse immediately.

(j) Lapse of RSUs

Subject to the terms and conditions of the PB Plan, the RSUs will lapse automatically and become null and void (to the extent not already vested) on the earliest of:

- (i) the failure to comply with the Purchased Shares’ transfer restrictions referred to in “4. *The PB Plan – (h) Transferability – (ii) Purchased Shares*” above;
- (ii) the failure to achieve performance conditions that must be satisfied by the PB Plan Participant before an RSU will vest in whole or in part;
- (iii) the occurrence of conduct the PB Plan Participant is responsible for that contributes to a material adverse decision being made against the Company or a company in the Group or a material breach of the Code of Business Conduct of the Group before the vesting date;
- (iv) dismissal for serious cause of the PB Plan Participant before the vesting date; and
- (v) resignation before the Cumulated Age of 70 or dismissal other than for serious cause.

Subject to the terms and conditions of the PB Plan:

- (i) in the case of termination of employment other than resulting from a dismissal for serious cause or resignation between the Cumulated Age of 70 and 79, certain portion of RSUs may remain in full force and effect and the remaining RSUs will automatically lapse and become null and void;
- (ii) in the case of termination of employment other than resulting from a dismissal for serious cause at or after the Cumulated Age of 80, the RSUs will remain in full force and effect; and
- (iii) in the case of death of the PB Plan Participant or termination of employment following permanent disability of the PB Plan Participant before the vesting date, the vesting period will automatically lapse and all RSUs will automatically vest and the Shares to be delivered upon vesting of the RSUs will be delivered to the relevant successors of the PB Plan Participants.

In all cases of termination of employment (whether resulting from resignation, dismissal for serious cause or death), the Purchased Shares will become freely transferable and restrictions on transferability referred to “4. *The PB Plan – (h) Transferability – (ii) Purchased Shares*” above will cease to apply on the date of such termination.

(k) Changes to Capital Structure

In the event of changes to the capital structure of the Company as set out under “2. *The RSU Plan – (k) Changes to Capital Structure*” above, the number of RSUs and/or the number of Shares to which the RSUs give rights will be adjusted for the purpose of safeguarding the interests of the holders of the RSUs, as determined at the sole discretion of the Board of Directors, subject to any required action by the Shareholders’ Meeting of the Company. The terms of such adjustment will be communicated to the PB Plan Participants in due time.

(l) Modification to the PB Plan

The modification rules of the PB Plan are the same with that of the RSU Plan. Please refer to “2. *The RSU Plan – (l) Modification to the RSU Plan*” above.

(m) Termination of the PB Plan

The termination rules of the PB Plan are the same with that of the SBC Plan. Please refer to “3. *The SBC Plan – (n) Termination of the SBC Plan*” above.

(n) General

As of the Latest Practicable Date, no Share or RSU had been granted or agreed to be granted by the Company pursuant to the PB Plan. The grant and vesting of any Shares or RSUs which may be granted pursuant to the PB Plan will be in compliance with Rule 10.08 of the Listing Rules.

Details of the PB Plan, including particulars and movements of the Shares in connection with the PB Plan and the RSUs granted during each financial year of the Company, and our employee costs arising from such grants will be disclosed in our annual report.

5. The LTI Plan

The following is a summary of the principal terms of the LTI Plan conditionally approved and adopted by the Shareholders. The terms of the LTI Plan are subject to the requirements under Chapter 17 of the Listing Rules.

(a) Participants of the LTI Plan (the “LTIP Participants”) and basis for determining eligibility of the Participants

Options under the LTI Plan may be offered to such eligible employees and directors of the Group as the Remuneration Committee shall select in its sole discretion, on and subject to the terms of the LTI Plan and the Listing Rules.

(b) Term of the LTI Plan

Subject to the Conditions being satisfied, the LTI Plan shall be valid and effective from the date of its adoption to its tenth anniversary, or such earlier date as the LTI Plan is terminated in accordance with the terms and conditions of the LTI Plan (the “**LTIP Term**”).

(c) *Grant of Options*

(i) *Making an LTIP Offer*

An offer of the grant of an option (an “**Option**”) in connection with the LTI Plan (an “**LTIP Offer**”) shall be made to a participant by an offer letter (an “**LTIP Offer Letter**”), informing the participant that he/she is an eligible employee and indicating the number of shares being offered by the Company and the price per Option that the eligible employee must pay for the exercise of his/her Options (the “**Exercise Price**”).

(ii) *Acceptance of an LTIP Offer*

An LTIP Offer is accepted when the eligible employee returns the completed acceptance form (the “**LTIP Acceptance Form**”) to the Company before the expiry of the offer period as indicated in the LTIP Offer Letter. An eligible employee to whom Options are offered may accept all, part or none of them, by specifying in the LTIP Acceptance Form the exact number of accepted Options. If accepting part only, the eligible employees must accept a board lot of Shares or an integral multiple thereof, and they will be deemed to have refused the other Options offered to him/her and shall have no further rights to such Option.

Failure to complete and submit the LTIP Acceptance Form within the offer period will be deemed to constitute a refusal by the eligible employee of all Options offered to him/her. The acceptance of the Options shall always be subject to applicable laws, regulations and the Listing Rules.

(iii) *Restrictions on time of LTIP Offer*

The making of an LTIP Offer shall be subject to the same time restrictions set out under “2. The RSU Plan – (c) Grant of RSUs – (iii) Restrictions on Time of Offer” above.

(iv) *Offers to connected persons*

Any offer of Options to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the proposed participant of the Options in question).

(v) *Offers to substantial shareholder or Independent Non-executive Director*

Where any grant of Options to a substantial shareholder or an Independent Non-executive director, or any of their respective associates, would result in the Shares underlying all Options already granted and to be granted (including Options exercised, canceled and outstanding) to such person pursuant to the LTI Plan and any other share option schemes of the Company in the 12 month period up to and including the date of the LTIP Offer Letter (the “**LTIP Offer Date**”):

- representing in aggregate over 0.1% of the Shares in issue on the LTIP Offer Date; and

- having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the LTIP Offer Date, in excess of HKD5 million,

such further grant of Options shall be subject to prior approval by the Shareholders in general meeting by way of poll and all connected persons of the Company shall abstain from voting in favor of the resolution relating to the grant of such Options at such general meeting.

The Company shall send a circular to the Shareholders in accordance with the requirements of the Listing Rules. Unless provided otherwise in the Listing Rules, the date of the Board of Directors meeting for proposing such further grant of Options is to be taken as the LTIP Offer Date.

(d) *Maximum entitlement of each individual under the LTI Plan*

Subject to the terms and conditions of the LTI Plan, the maximum number of Shares issued and to be issued upon the exercise of the Options granted to each LTIP Participant pursuant to the LTI Plan (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares underlying the options granted during such period pursuant to any other share option schemes of the Company) exceed 1% of the Shares in issue for the time being.

Where any further grant of Options to a LTIP Participant would result in the Shares issued and to be issued upon the exercise of all Options granted and to be granted to such person (including exercised, lapsed and outstanding Options) in the 12-month period up to and including the date of such further grant (when aggregated with any Shares underlying the options granted during such period pursuant to any other share option schemes of the Company) representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his/her associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the LTIP Participant in question, the number and terms of the Options to be granted (and Options previously granted to such LTIP Participant) and such other information required under the Listing Rules.

(e) *Exercise Price*

The Exercise Price of the Options is specified in the LTIP Offer Letter. The Exercise Price shall be determined by the Board of Directors in its absolute discretion but in any event shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the LTIP Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the LTIP Offer Date; and
- (iii) the nominal value of the Shares,

and, for the purposes of sub-section (ii) above, where the Shares have been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares in the listing of the Company shall be used as the closing price of the Shares for any Business Day falling within the period before the listing of the Shares on the Stock Exchange.

In the case of incentive stock options (“ISO”) granted to an individual described in Section 422(b)(6) of the US Internal Revenue Code 1986 (the “Code”) (relating to certain 10% owners), the Exercise Price shall not be less than 110% of the fair market value of a Share on the date of grant.

(f) Exercise of Options

(i) Exercise period

Subject to restrictions applicable under the Listing Rules or any other applicable laws, regulations or rules (including the Code of Dealing of the Company and the terms and conditions of the LTI Plan), Options may only be exercised during the period defined as such in the LTIP Offer Letter (the “**Exercise Period**”). The Options that are not exercised within the Exercise Period automatically lapse and become null and void. The Board of Directors or the Remuneration Committee may make adjustments to the Exercise Period of Options that it deems necessary to satisfy the conditions of, or prevent the violations of requirements of, applicable securities laws.

(ii) Method of exercise

An Option will be deemed exercised upon receipt by the Company, or any other person designated to that effect by the Company, at any time during the Exercise Period of: (i) a duly completed exercise form specifying the number of Options being exercised (provided that the number of Shares underlying the Options must be in respect of a board lot or an integral multiple thereof); and (ii) any other statements and documents that the Company, or any other person designated to that effect, deems necessary or desirable to comply with all applicable legal and regulatory provisions.

The exercise of the Options will be processed by the Company, or by any person or entity designated for this purpose by the Company, as soon as administratively and/or legally possible.

The Options can be exercised through a regular exercise, wherein full payment of the Exercise Price be paid to the Company by the LTIP Participant with ownership of the Shares transferring to the LTIP Participant upon receipt by the Company of the Exercise Price, or in a cashless exercise, wherein the LTIP Participant directs the Company to procure the sale of the Shares underlying the exercised Options on the market and pay any amount in excess of the Exercise Price to the LTIP Participant.

(g) Change of Control

If prior to the commencement or expiry of the Exercise Period of any Options, any of the following events under “2. *The RSU Plan – (i) Change of Control*” above takes place, the Board of Directors shall have the sole discretion to determine whether any Options shall be exercisable and if so, the relevant terms and the new Exercise Period. The balance of any Option that is determined by the Board of Directors not to be exercisable shall lapse immediately.

(h) Lapse of Options

Subject to the terms and conditions of the LTI Plan, the Options will lapse automatically and become null and void (to the extent not already exercised) on the earliest of:

- (i) the failure to achieve performance conditions that must be satisfied by the LTIP Participant before an Option is capable to be exercised; and
- (ii) the occurrence of conduct the LTIP Participant is responsible for that contributes to a material adverse decision being made against the Company or a company in the Group or a material breach of the Code of Business Conduct of the Group before the exercise of the Options.

Subject to the terms and conditions of the LTI Plan:

- (i) in the case of dismissal other than for serious cause, all Options which are not exercisable according to the rule set out in “5. *The LTI Plan – (f) Exercise of Options – (i) Exercise Period*” above on the date of the end of employment will automatically lapse and become null and void. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised but only during a 180-day period starting on the day that employment has ended.
- (ii) in the case of resignation or dismissal for serious cause, all Options which are not exercisable according to the rule set out in “5. *The LTI Plan – (f) Exercise of Options – (i) Exercise Period*” above on the date of the end of employment will automatically lapse and become null and void. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised but only during a 90-day period starting on the day that employment has ended.
- (iii) in the case of resignation or dismissal other than for serious cause between the Cumulated Age of 70 and 79, where all Options are not exercisable according to the rule set out in “5. *The LTI Plan – (f) Exercise of Options – (i) Exercise Period*” above on the date of the end of employment, certain portion of Options may remain in full force and effect. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised until the end of the Exercise Period. In the case of dismissal for serious cause between Cumulated Age of 70 and 79, all Options which are not exercisable according to the same rule on the date of the end of employment will automatically lapse and become null and void. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised but only during a 90-day period starting on the day that employment has ended.

- (iv) in the case of resignation or dismissal other than for serious cause at or after a Cumulated Age of 80, all Options which are not exercisable according to the rule set out in “5. The LTI Plan – (f) Exercise of Options – (i) Exercise Period” above on the date of the end of employment will remain exercisable. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised until the end of the Exercise Period. In the case of dismissal for serious cause at or after a cumulated age of 80, all Options which are not exercisable according to the same rule on the date of the end of employment will automatically lapse and become null and void. All Options which on the date of the end of employment are exercisable according to the same rule may be exercised but only during a 90-day period starting on the day that employment has ended.
- (v) in the case of death of the LTIP Participant or termination of employment following permanent disability of the LTIP Participant before the exercise of the Options, all Options which are not exercisable according to the rule set out in “5. The LTI Plan – (f) Exercise of Options – (i) Exercise Period” above on permanent disability or death become immediately and unconditionally exercisable. All Options which on the date of the permanent disability or death are exercisable according to the same rule may be exercised until the end of the Exercised Period.

(i) Treatment of ISOs

ISOs shall be treated as non-qualified stock options (“**NQSOs**”) if they are exercised later than three months after an LTIP Participant’s termination of employment. If “5. The LTI Plan – (h) Lapse of Options – (v)” above applies with respect to ISOs, and the permanent disability of the LTIP Participant is as described in section 22(e)(3) of the Code, such ISOs shall be treated as NQSOs if they exercised later than one year after termination of employment.

(j) Leave of Absence

Subject to applicable law, if an LTIP Participant is on a leave of absence extending for less than two years from the date on which it began, such LTIP Participant shall be deemed to remain employed.

(k) Cancellation of Options

The Board of Directors may at any time cancel Options previously granted but not yet exercised and may, at its discretion, make a grant of new Options to the same LTIP Participant.

(l) Maximum number of Shares available

At any time during the Term, the maximum aggregate number of Shares with respect to which Options may be granted pursuant to the LTIP shall be “**LTIP Mandate Limit**,” calculated in accordance with the following formula:

$$\text{LTIP Mandate Limit} = \text{A} - \text{B} - \text{C}$$

where:

- A** = 10% of the Shares in issue on the date the Company was listed or 10% of the Shares in issue as at the date of approval of the renewed limit (the “**LTIP New Approval Date**”);

- B** = the maximum aggregate number of Shares that may be transferred upon the exercise of Options that have already been granted pursuant to the LTI Plan; and
- C** = the maximum aggregate number of Shares that may be transferred upon the vesting or exercise of any awards that have already been granted pursuant to any other Share Award Schemes.

Shares in respect of which Options are granted under the LTI Plan or other Share Award Schemes will not be counted for the purpose of determining the maximum aggregate number of Shares in respect of which the Option may be granted following the LTIP New Approval Date. The Company may grant Options beyond the LTIP Mandate Limit to LTIP Participants if Shareholders' approval has been obtained in respect of specific LTIP Participants following the Company sending a circular to Shareholders containing information required by the Listing Rules.

The Plan Mandate Limit may be renewed subject to prior Shareholders' approval, but in any event, the total number of Shares in respect of which Options may be granted following the date of approval of the renewed limit ("**LTIP New Approval Date**") under the limit as renewed must not exceed 10% of the Shares in issue as at the LTIP New Approval Date. Shares in respect of which Options are granted pursuant to the LTI Plan and any other equity-based incentive plans of the Company (including those outstanding, lapsed or exercised in accordance with such plans) prior to the LTIP New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares in respect of which the Option may be granted following the LTIP New Approval Date under the limit as renewed. For the avoidance of doubt, Shares issued prior to the LTIP New Approval Date pursuant to the exercise of Options granted pursuant to this LTI Plan will be counted for the purpose of determining the number of Shares in issue as at the LTIP New Approval Date.

Notwithstanding the foregoing, the Company may grant Options beyond the LTIP Mandate Limit to LTIP Participants if:

- (i) separate Shareholders' approval has been obtained for granting Options beyond the LTIP Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
- (ii) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules.

The maximum number of Shares issued and to be issued upon the exercise of the Options granted to each LTIP Participant pursuant to the LTI Plan in any 12-month period shall not exceed 1% of the Shares in issue for the time being, unless separately approved by Shareholders in a general meeting (in which the LTIP Participant and his/her associates abstain from voting), preceded by a circular containing details of the proposed grant of Options and other information required by the Listing Rules.

At any time, the maximum number of Shares which may be issued upon the exercise of all outstanding Options shall not exceed 30% of the Shares in issue from time to time.

(m) Rights attached to the Shares/Options

The Shares to be purchased upon exercise of the Options under the LTI Plan will rank *pari passu* with existing ordinary Shares of the Company with all rights and benefits generally attached to such Shares.

No dividends will be paid on the Options. No LTIP Participant shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to the LTI Plan, unless and until the Shares underlying the Option are actually issued or transferred to the LTIP Participant pursuant to the exercise of such Option.

(n) *Transferability*

Options are personal to each LTIP Participant and shall not be assignable or transferable, and the LTIP Participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to the Options. The terms and conditions of the LTI Plan shall bind executors, administrators, legal personal representatives, heirs, successors and permitted assigns and transferees of the LTIP Participant.

(o) *Changes to Capital Structure*

In the event of changes to the capital structure of the Company as set out under “2. *The RSU Plan - (k) Changes to Capital Structure*” above, the Exercise Price and/or the number of Options and/or the number of Shares to which the Options give rights will be adjusted for the purpose of safeguarding the interests of the holders of Options at the sole discretion of the Board of Directors, subject to Shareholders’ approval. The terms of such adjustment will be communicated to the LTIP Participants in due time.

(p) *Modification of LTI Plan*

The Board of Directors may unilaterally modify the terms and conditions of the LTI Plan and practical/accessory modalities thereof, including to comply with any change in legislation so long as such modifications comply with the requirements of the Cayman Companies Law and the Listing Rules. Those specific provisions of the LTI Plan which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants and changes to the authority of the Board of Directors in relation to any alteration of the terms of the LTI Plan shall not be made, in either case, without the prior approval of Shareholders in general meeting.

Any alterations to the terms and conditions of the LTI Plan which are of a material nature or any changes to the terms of the Options granted must be approved by the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the LTI Plan. The Board of Directors’ determination as to whether any proposed alteration to the terms and conditions of the LTI Plan is material shall be conclusive.

The LTI Plan so altered must comply with Chapter 17 of the Listing Rules.

Shareholder approval/confirmation of any amendment shall be obtained to the extent necessary to comply with Section 422 of the Code (relating to ISOs) or any other applicable law, regulation or stock exchange listing requirements.

(q) *Termination of LTI Plan*

The Company may by ordinary resolution in general meeting or the Board of Directors may at any time, terminate the LTI Plan and, in such event, no further Options may be granted under this LTI Plan. Options which are granted during the LTIP Term shall continue to be valid in accordance with their terms of grant after the end of the LTIP Term.

Upon termination of the LTI Plan, any assets held by the Trustee for the purposes of the LTI Plan shall be sold and the proceeds, together with any cash held by the Trustee under the Plan, remitted to the Company, as settlor of the trust, for its absolute benefit, provided that the Trustee shall not be permitted to sell the assets held on trust by it to the extent that it would result in it holding insufficient assets to satisfy the Shares underlying any unvested Options.

(r) General

As of the Latest Practicable Date, no Option had been granted or agreed to be granted by the Company pursuant to the LTI Plan.

Details of the LTI Plan, including particulars and movements of the Options granted during each financial year of the Company, and our employee costs arising from the grant of the Options will be disclosed in our annual report.

6. AB InBev Exceptional Stock Option Grants

To encourage its and its subsidiaries' employees to help with its deleveraging efforts, AB InBev have granted, and will grant, from time to time, a series of long term incentives (stock options or RSUs connected to the shares of AB InBev) to its executives, including the senior management of the Company, that have their vesting subject to, among other things, the fulfillment of certain financial indicators of AB InBev at the end of each year after the grants. Specific forfeiture rules relating to these AB InBev option grants apply in case of employment termination. The grants are approved by the Remuneration Committee of the Board and confirmed by the annual general shareholders' meeting of AB InBev each year.

E. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group in Hong Kong and the Cayman Islands.

2. The Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of USD1 million for acting as the sponsors for the Listing.

3. Registration Procedures

The principal register of members of the Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a Hong Kong branch register of members of the Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's branch share register in Hong Kong and may not be lodged in the Cayman Islands.

4. Preliminary Expenses

The total preliminary expenses of the Company are estimated to be approximately USD5,400 and were paid by the Company.

5. Promoter

The Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Capitalization Issue and the Global Offering or the related transactions described in this prospectus.

6. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
J.P. Morgan Securities (Far East) Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Morgan Stanley Asia Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
PricewaterhouseCoopers	Certified Public Accountants
GlobalData Plc	Industry consultant
Conyers Dill & Pearman	Cayman Islands attorney-in-law
Fangda Partners	PRC legal advisers
KIM & CHANG	South Korean legal advisers

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

As of the Latest Practicable Date, none of the experts named above:

- (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
- (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

7. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (b) Save as disclosed in this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued.
- (d) None of the equity and debt securities of the Company is listed or dealt in on any stock exchange (other than the Stock Exchange) nor is any listing or permission to deal being or proposed to be sought.
- (e) The Group has no outstanding convertible debt securities or debentures.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived.
- (g) The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.
- (h) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to in “*Appendix V – Statutory and General Information*”; and
- (c) the written consents referred to in “*Appendix V – Statutory and General Information.*”

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer at 55th Floor, One Island East, Taikoo Place, Quarry Bay, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountant’s Report and the report on the unaudited pro forma financial information issued by PricewaterhouseCoopers, the texts of which are set out in “*Appendix IA – Accountant’s Report*” and “*Appendix II – Unaudited Pro Forma Financial Information,*” respectively;
- (c) the audited combined financial statements of the Group for the years ended 31 December 2017 and 2018 and for the three months ended 31 March 2019;
- (d) the review report from PricewaterhouseCoopers in respect of the unaudited interim financial information for the six months ended 30 June 2019, the text of which is set out in “*Appendix IB - Unaudited Condensed Combined Interim Financial Statements*”;
- (e) the letter from Conyers Dill & Pearman, the Company’s Cayman Islands legal adviser, summarizing the Memorandum and Articles of Association of the Company and certain aspects of Cayman Companies Law referred to in “*Appendix IV – Summary of the Constitution of the Company and Cayman Islands Companies Law*”;
- (f) the legal opinion from Fangda Partners, the Company’s PRC Legal Adviser, in respect of certain aspects of the Company;
- (g) the legal opinion from KIM & CHANG, the Company’s South Korean legal adviser, in respect of certain aspects of the Company;
- (h) the industry report prepared by GlobalData Plc;
- (i) the Cayman Companies Law;
- (j) the letters of appointment referred to in “*Appendix V – Statutory and General Information*”;

- (k) the material contracts referred to in “*Appendix V – Statutory and General Information*”; and
- (l) the written consents referred to in “*Appendix V – Statutory and General Information*.”

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“1H2018”	the six months ended 30 June 2018
“1H2019”	the six months ended 30 June 2019
“1Q2018”	the three months ended 31 March 2018
“1Q2019”	the three months ended 31 March 2019
“2H2018”	the six months ended 31 December 2018
“2H2019”	the six months ended 31 December 2019
“AB InBev”	Anheuser-Busch InBev SA/NV (Euronext: ABI; NYSE: BUD; MEXBOL: ANB; JSE: ANH) (which incorporated for an unlimited duration under the laws of Belgium), or the AB InBev Group, as the context requires. AB InBev is the ultimate controlling shareholder of the Company, which was indirectly interested in 100% of the issued share capital of the Company as at the Latest Practicable Date
“AB InBev Excluded Business”	(a) any projects developed by the global research and development and incubation platforms of the AB InBev Group (including, but not limited to, ZX Ventures, GITEC, ZITEC and Z-Tech) before or after the Listing Date; and (b) certain pre-existing licensing and distribution arrangements for beer (both alcohol and non-alcohol), cider and other alcohol malt-based beverages in the APAC Territories that had been entered into by members of the AB InBev Group with third parties before the Listing Date, provided that any profits derived directly by such member of the AB InBev Group from the relevant third party under such arrangements will be transferred to the Group with effect from the Listing Date
“AB InBev Group”	AB InBev and its subsidiaries (excluding the Group)
“AB InBev Intermediate Holding Companies”	the intermediate holding companies between AB InBev and the Company comprising of the entities numbered between 1. to 25. (inclusive) set out in the section headed “ <i>Substantial Shareholders</i> ”
“AB InBev Products”	products offered for sale under brands that are owned or acquired by or licensed to the AB InBev Group
“Administrative Services”	IT services and other administrative services provided by the AB InBev Group to the Group

“AI”	artificial intelligence
“Ambev”	Ambev S.A., a Brazilian company listed on the New York Stock Exchange (NYSE: ABEV) and on the São Paulo Stock Exchange (BVMF: ABEV3), and successor of Companhia de Bebidas das Américas – Ambev and a non-wholly-owned subsidiary of AB InBev
“Anheuser-Busch”	Anheuser-Busch Companies, LLC, a Delaware limited liability company, (formerly Anheuser-Busch Companies, Inc.) prior to its combination with InBev
“APAC HoldCo 1”	AB InBev Brewing Company Holdings (APAC) Limited
“APAC HoldCo 2”	AB InBev Brewing Company (APAC) Limited
“APAC North”	North Asia Pacific, covering BU China and BU East Asia before the combination with APAC South in January 2019
“APAC South”	South Asia Pacific, covering BU Australia and New Zealand, BU South Asia and BU Southeast Asia before the combination with APAC North in January 2019
“APAC Territories”	(1) Australia; (2) Bangladesh; (3) Bhutan; (4) Brunei Darussalam; (5) Burma (Myanmar); (6) Cambodia; (7) China (including Hong Kong, Macau and Taiwan); (8) Cook Islands; (9) Federated States of Micronesia; (10) Fiji; (11) India; (12) Indonesia; (13) Japan; (14) Kiribati; (15) Laos; (16) Malaysia; (17) Maldives; (18) Marshall Islands; (19) Mongolia; (20) Nauru; (21) Nepal; (22) New Caledonia; (23) New Zealand; (24) Niue; (25) Palau; (26) Papua New Guinea; (27) Philippines; (28) Republic of Korea (South Korea); (29) Samoa; (30) Singapore; (31) Solomon Islands; (32) Sri Lanka; (33) Thailand; (34) Timor Leste (35) Tonga; (36) Tuvalu; (37) Vanuatu; (38) Vietnam; and (39) Wallis and Futuna
“Application Form(s)”	the WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them, that are used in connection with the Hong Kong Public Offering

“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time), conditionally adopted on 9 September 2019 and which will become effective upon the Listing, a summary of which is set out in “ <i>Appendix IV – Summary of the Constitution of the Company and Cayman Companies Law</i> ”
“Asia Pacific East”	one of the Group’s two operating and reporting segments, comprising primarily South Korea, Japan and New Zealand
“Asia Pacific West”	one of the Group’s two operating and reporting segments, comprising China, India, Vietnam and exports elsewhere in Asia Pacific
“Board” or “Board of Directors”	the board of directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“CADA”	China Alcohol Drinks Association
“Capitalization Issue”	the issue of Shares on the Listing Date by way of the capitalization of certain sums standing to the credit of the share premium account of the Company to the Trustee for the purpose of satisfying the RSUs and/or Options to be issued under the Share Award Schemes, details of which are set out in the section headed “ <i>Appendix V – Statutory and General Information – A. Further Information About the Company – 3. Written Resolutions of Shareholders Passed on 9 September 2019</i> ” in this prospectus or any other incentive scheme adopted by the Company from time to time
“Cash Pooling Arrangements”	the AB InBev Group’s cash pooling arrangements, under which funds from different participants are consolidated into the AB InBev Group’s cash pool accounts with the Pooling Agent
“Cayman Companies Law”	the Cayman Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Account”	a securities account maintained by a CCASS Participant with CCASS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCI”	Competition Commission of India
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Budweiser Brewing Company APAC Limited (百威亞太控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 10 April 2019
“connected POCs”	e-commerce and digitalized POC equipment
“Controlling Shareholders”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to AB InBev, and/or the AB InBev Intermediate Holding Companies
“customers”	a network of local distributors and retailers of the Company
“Deed of Non-competition”	the deed of non-competition dated 12 September 2019 entered into between the Company and AB InBev to limit possible future competition between the parties with effect from the Listing Date, see “ <i>Relationship with AB InBev</i> ” for further details
“Director(s)”	the director(s) of the Company
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)

“EIT Rules”	the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施細則)
“EUR”	euros, the lawful currency of the European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
“forecast period”	the five years from 2018 to 2023
“FY” or “financial year”	financial year ended or ending 31 December
“GBP”	British Pound Sterling, lawful currency of the United Kingdom
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GlobalData”	GlobalData Plc, the independent industry consultant of the Company
“GlobalData Report”	the industry research report prepared by GlobalData
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group,” “we,” “our” or “us”	The Company and its subsidiaries, including where the context otherwise requires, any companies that will become our subsidiaries as part of the Reorganization and the businesses carried on by them or their predecessors (as the case may be)
“Group Excluded Business”	(a) certain pre-existing licensing and distribution arrangements for beer (both alcohol and non-alcohol), cider and other alcohol malt-based beverages outside the APAC Territories that had been entered into by members of the Group with third parties before the Listing Date; and (b) any natural or organic expansion of such licensing and distribution arrangements for such products outside the APAC Territories
“HABECO”	Hanoi Beer Alcohol and Beverage Corporation
“HKD “or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, in its capacity as nominee for HKSCC (or any successor thereto) as operator of CCASS and any successor, replacement or assign of HKSCC Nominees Limited as nominee for the operator of CCASS
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 63,118,000 Shares initially being offered by the Company pursuant to the Hong Kong Public Offering (subject to reallocation and the Offer Size Adjustment Option as described in “ <i>Structure of the Global Offering</i> ”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “ <i>Structure of the Global Offering</i> ”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters listed in “ <i>Underwriting – Hong Kong Underwriters,</i> ” being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 17 September 2019 relating to the Hong Kong Public Offering entered into among, inter alia, the Company, the Joint Sponsors and the Hong Kong Underwriters, as further described in “ <i>Underwriting</i> ”
“IFRS”	International Financial Reporting Standards
“IMF”	International Monetary Fund
“InBev”	InBev SA/NV, an entity formed under the laws of Belgium, prior to its combination with Anheuser-Busch
“independent third party”	any party who is not connected (within the meaning of the Listing Rules) with the Company, so far as the Directors are aware after having made reasonable inquiries

“Interbrew”	Interbrew S.A., an entity formed under the laws of Belgium, prior to its combination with Ambev
“International Offer Shares”	the 1,199,232,000 Shares being initially offered by the Company for subscription at the Offer Price pursuant to the International Offering (subject to reallocation and the Offer Size Adjustment Option as described in “ <i>Structure of the Global Offering</i> ”) together with, where relevant, up to an additional 189,352,000 Shares which may be issued by the Company pursuant to any exercise of the Over-allotment Option (assuming the Offer Size Adjustment Option is not exercised), as further described in “ <i>Structure of the Global Offering</i> ”
“International Offering”	the offer of the International Offer Shares (a) in the US solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act or (b) outside the US in offshore transactions in reliance on Regulation S, at the Offer Price, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in “ <i>Structure of the Global Offering</i> ”
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering to be entered into among, inter alia, the Company, the Joint Global Coordinators, the Joint Sponsors and the International Underwriters on or about the Price Determination Date, as further described in “ <i>Underwriting</i> ”
“Joint Bookrunners”	J.P. Morgan Securities (Asia Pacific) Limited (in relation to Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to International Offering only), Morgan Stanley Asia Limited (in relation to Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to International Offering only), Merrill Lynch (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited, BNP Paribas Securities (Asia) Limited, Citigroup Global Markets Asia Limited (in relation to Hong Kong Public Offering only), Citigroup Global Markets Limited (in relation to International Offering only), Deutsche Bank AG, Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited

“Joint Global Coordinators”	J.P. Morgan Securities (Asia Pacific) Limited, Morgan Stanley Asia Limited, Merrill Lynch (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited
“Joint Lead Managers”	J.P. Morgan Securities (Asia Pacific) Limited (in relation to Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to International Offering only), Morgan Stanley Asia Limited (in relation to Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to International Offering only), Merrill Lynch (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited, BNP Paribas Securities (Asia) Limited, Citigroup Global Markets Asia Limited (in relation to Hong Kong Public Offering only), Citigroup Global Markets Limited (in relation to International Offering only), Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Banco Santander, S.A. (in relation to International Offering only), BOCI Asia Limited, Coöperatieve Rabobank U.A. (in relation to International Offering only), ICBC International Securities Limited, ING Bank N.V., Mizuho Securities Asia Limited, MUFG Securities EMEA plc (in relation to International Offering only), SMBC Nikko Capital Markets Limited (in relation to International Offering only) and Societe Generale
“Joint Representatives”	J.P. Morgan Securities (Asia Pacific) Limited, Morgan Stanley Asia Limited (in relation to Hong Kong Public Offering only) and Morgan Stanley & Co. International plc (in relation to International Offering only)
“Joint Sponsors”	J.P. Morgan Securities (Far East) Limited and Morgan Stanley Asia Limited
“Korea Debt Receivable Loan”	the loan note due from the Company to Mexbrew Investment SARL, see “ <i>History, Development and Reorganization</i> ”
“KRW”	South Korean won, the lawful currency of South Korea
“Latest Practicable Date”	10 September 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Licenses”	collectively, the Licenses to Import and the Licenses to Manufacture

“Licenses to Import”	exclusive licenses to import for sale, sell and distribute and non-exclusive licenses to advertise and promote AB InBev Products in Asia Pacific granted by the AB InBev Group to the Group
“Licenses to Manufacture”	exclusive licenses to manufacture for sale, sell and distribute and non-exclusive licenses to advertise and promote AB InBev Products in Asia Pacific granted by the AB InBev Group to the Group
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 30 September 2019, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“M&A Rules”	the Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (2009 Amendments) (關於外國投資者併購境內企業的規定)
“Maximum Offer Price”	HKD30.00 per Offer Share, being the maximum subscription price in the Offer Price Range
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of the Company adopted by a special resolution on 10 April 2019, as amended from time to time, a summary of which is set out in “ <i>Appendix IV – Summary of the Constitution of the Company and Cayman Islands Companies Law</i> ”
“Memorandum and Articles of Association”	the Memorandum and the Articles
“Minimum Offer Price”	HKD27.00 per Offer Share, being the minimum subscription price in the Offer Price Range
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NGOs”	non-governmental organizations

“Non-exempt Continuing Connected Transactions”	(1) the Licenses to Import, (2) the Licenses to Manufacture, (3) the Cash Pooling Arrangements, (4) the Strategic Services, (5) the Procurement Services and (6) the Administrative Services, each as described in “ <i>Connected Transactions</i> ”
“normalized”	performance measures (EBITDA and EBIT) before non-recurring items
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HKD30.00 and expected to be not less than HKD27.00, such price to be determined by agreement between the Joint Representatives (on behalf of the Underwriters) and the Company on or before the Price Determination Date
“Offer Price Range”	HKD27.00 to HKD30.00 per Offer Share
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by the Company pursuant to any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option
“Offer Size Adjustment Option”	an option under the Hong Kong Underwriting Agreement and expected to be under the International Underwriting Agreement, respectively, exercisable by the Company with the prior written agreement between the Company and the Joint Representatives on or before the time of execution of the Price Determination Agreement and will lapse immediately thereafter, pursuant to which the Company may issue additional 464,952,000 Shares representing in aggregate up to 36.8% of the initial number of Offer Shares at the Offer Price to cover additional market demand if any
“Options”	the rights to purchase from the Company Shares pursuant to the Share Award Schemes
“organic”	the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations and scopes
“Oriental Brewery”	Oriental Brewery Co., Ltd., an entity formed under the laws of Korea

“Over-allotment Option”	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters), pursuant to which the Company may be required to issue up to an additional 189,352,000 Shares (representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an additional 259,095,000 Shares (representing not more than 15% of the number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, as further described in “ <i>Structure of the Global Offering</i> ”
“PMO”	Project Management Office
“PPM”	Planning and Performance Management
“PRC” or “China”	the People’s Republic of China, but for the purposes of this prospectus only, except where the context requires, references in this prospectus to PRC or China exclude Hong Kong, Macau and Taiwan
“PRC Legal Adviser”	Fangda Partners, legal advisor to the Company as to PRC laws
“price categories”	price categories based on an index value assigned by GlobalData, based on retail pricing of beer
“Price Determination Date”	the date, expected to be on or about Monday, 23 September 2019, on which the Offer Price will be determined and, in any event, not later than Wednesday, 25 September 2019 (Hong Kong time)
“principal markets”	the key markets in Asia Pacific that the Company operates in, namely China, South Korea, India and Vietnam
“Procurement Services”	procurement services provided by the AB InBev Group to the Group
“QIB”	a qualified institutional buyer within the meaning of the Rule 144A
“Regulation S”	Regulation S under the US Securities Act

“Relevant Persons”	the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, the Controlling Shareholders, any of their or the Company’s respective directors, officers, agents, or representatives or advisers or any other person involved in the Global Offering
“Reorganization”	the reorganization of the Group in preparation for the Listing, details of which are set out in “ <i>History, Development and Reorganization – Our Reorganization</i> ”
“Rest of Southeast Asia” or “SE Asia region”	Indonesia, Malaysia, Brunei Darussalam, Singapore, Philippines, Thailand, Myanmar, Cambodia and Laos
“RMB”	Renminbi, the lawful currency of the PRC
“RSUs”	restricted stock units, being contingent rights to receive from the Company Shares which are granted pursuant to the Share Award Schemes
“Rule 144A”	Rule 144A under the US Securities Act
“SAB”	as the context requires, to ABI SAB Group Holding Limited (formerly SABMiller Limited and prior to that SABMiller plc) or to ABI SAB Group Holding Limited and the group of companies owned and/or controlled by ABI SAB Group Holding Limited prior to the combination between AB InBev and ABI SAB Group Holding Limited on 10 October 2016
“SABECO”	Saigon Alcohol Beer and Beverages Corporation
“SABI”	SAB India Limited (now AB InBev India Limited), an Indian subsidiary that will become a subsidiary of our Group as part of the Reorganization
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“Sarbanes-Oxley Act”	the US Sarbanes Oxley Act of 2002, as amended from time to time
“Services”	collectively, the Strategic Services, the Procurement Services and the Administrative Services
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share Award Schemes”	the Discretionary Restricted Stock Units Plan, the Share-Based Compensation Plan, the People Bet Plan, and the Discretionary Long-Term Incentive Plan of the Company approved by the Board and by the Shareholders on 9 September 2019 for the grant of, among others, RSUs and Options to eligible participants, a summary of the principal terms of which is set forth in the section headed “ <i>Appendix V – Statutory an General Information – D. Share Award Schemes</i> ”
“Share Issuance Agreement”	the reorganization and conditional share issuance agreement dated 2 July 2019 between the Company, AB InBev Investment Holding Company Limited and APAC HoldCo 2 under which the parties agreed to the mechanism for the repayment or cancellation of the Shareholder Loan, see “ <i>History, Development and Reorganization</i> ” for details
“share of throat”	the volume consumption of beer compared to all alcohol beverages
“Share Subdivision”	the share subdivision of each issued and unissued share with par value of USD0.01 each into 1,000 Shares of USD0.00001 each pursuant to a written resolutions passed by the Shareholders on 27 June 2019
“Shareholder(s)”	holder(s) of Shares
“Shareholder Loan”	a short-term loan that will be given by AB InBev Investment Holding Company Limited to the Company to fund the transfer of certain companies from AB InBev Group into the Group at fair market value
“Shares”	ordinary shares in the share capital of the Company with a nominal value of USD0.00001 each
“Smart Drinking Goals”	the smart drinking goals of the Company, which include City Pilot, Social Norms, NABLAB and Alcohol Health Literacy
“South Korea”	the Republic of Korea
“Stabilizing Manager”	J.P. Morgan Securities (Asia Pacific) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Services”	certain strategic advice and support services provided by the AB InBev Group to members of the Group
“strong beers”	beers with higher alcohol content by volume
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Track Record Period”	the two financial years ended 31 December 2018 and the three months ended 31 March 2019
“Trustee”	the trustee of the Share Award Schemes to be appointed by the Company on or before Listing Date to hold Shares pending the vesting of RSUs and Options granted or to be granted
“TSR”	Together for Safer Roads
“UB”	United Breweries, the historical market leader in the Indian beer market by volume and value, through their brand Kingfisher, followed by the Company and Carlsberg
“UK”	the United Kingdom
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“UNITAR”	United Nations Institute for Training and Research
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933, as amended
“USD”	Dollars, the lawful currency of the US
“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

“Zhujiang”	Guangzhou Zhujiang Brewery Joint-Stock Co., Ltd. (廣州珠江啤酒股份有限公司) (listed on Shenzhen Stock Exchange with the stock code of 002461), an associate invested by the Company
“ZITEC”	Asia Pacific Zone Innovation and Technology Center of the Company, which was established in 2011 in Wuhan, China

In this prospectus, unless the context otherwise requires, the terms “**associate**”, “**close associate**”, “**connected person**”, “**core connected person**”, “**connected transaction**”, “**subsidiary**” and “**substantial shareholder**” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, certain amounts denominated in Hong Kong Dollars have been translated into US Dollars at an exchange rate of USD1 = HKD7.8392, respectively, in each case for illustrative purposes only and such conversions shall not be construed as representations that amounts in Hong Kong Dollars were or could have been or could be converted into US Dollars and/or that amounts in US Dollars were or could have been or could be converted into Hong Kong Dollars at such rate or any other exchange rates.

This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. The terminologies and their meanings may not correspond to standard industry meanings or usage of those terms.

“ABV”	alcohol by volume
“ASP”	average selling price
“B2B”	business-to-business
“B2C”	business-to-consumer
“BU”	business unit
“CAGR”	Compound Annual Growth Rate
“ERP”	enterprise resource planning
“FMCG”	fast-moving consumer goods
“GDP”	Gross Domestic Product
“HL”	hectoliter
“KPIs”	key performance indicators

“NABLAB”	no-and low-alcohol beer
“PCC” or “Per Capita Consumption”	beer per capita consumption in terms of liters per year, which is based on total beer industry volume per unit of total population
“PET”	polyethylene terephthalate
“POCs”	points-of-connection
“R&D”	research and development
“Retail Selling Price or RSP”	the price of products sold to the end users for consumption
“SG&A”	selling, general and administrative expenses
“VPO”	Voyager Plant Optimization
“ZBB”	Zero-Based Budgeting

OUR VALUES: OUR 10 PRINCIPLES

The driving force behind our culture is our 10 Principles. Each is built on ownership, informality, candor, transparency and meritocracy. We set ourselves stretch targets and are never completely satisfied with our results.

Dream

- 1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

People

- 2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.
- 3 We recruit, develop, and retain people who can be better than ourselves. We will be judged by the quality of our teams.

Culture

- 4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.
- 5 The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.
- 6 We are a company of owners. Owners take results personally.
- 7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.
- 8 We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.
- 9 Leadership by personal example is at the core of our culture. We do what we say.
- 10 We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

