華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 291)

FINANCIAL AND OPERATIONAL REVIEW 2013 FIRST QUARTER

This announcement is made by China Resources Enterprise, Limited ("the Company") on a voluntary basis in pursuit of a higher standard of corporate governance and in promoting the Company's transparency. The Company currently intends to continue to publish the quarterly financial and operational review in the future. The financial and operational review for the 2013 first quarter was not audited and was prepared in accordance with accounting principles generally accepted in Hong Kong

The directors of the Company are pleased to present the following unaudited financial and operational information for the first quarter ended 31 March 2013.

FINANCIAL HIGHLIGHTS

Three months ended 31 March	**2013 (Unaudited)** ***HK$ million***	2012 (Unaudited) *HK$ million*
Turnover	**36,153**	33,348
Profit attributable to shareholders of the Company	**512**	1,327
Basic earnings per share[1]	**HK$0.21**	HK$0.55

	At 31 March 2013 (Unaudited) ***HK$ million***	At 31 December 2012 (Audited) *HK$ million*
Equity attributable to shareholders of the Company	**41,385**	40,742
Non-controlling interests	**12,766**	13,042
Total equity	**54,151**	53,784
Consolidated net borrowings	**-**	1,330
Gearing ratio[2]	**Net Cash**	2.5%
Net assets per share (book value):	**HK$17.23**	HK$16.97

Notes:

1. Diluted earnings per share for the three months ended 31 March 2013 and 2012 are HK$0.21 and HK$0.55, respectively.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.

ANALYSIS OF TURNOVER AND PROFIT

Three months ended 31 March	Turnover		Profit Attributable to Shareholders ("PAS")		PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments by segment (Note 1)	
	2013 (Unaudited) ***HK$ million***	2012 (Unaudited) *HK$ million*	**2013 (Unaudited)** ***HK$ million***	2012 (Unaudited) *HK$ million*	**2013 (Unaudited)** ***HK$ million***	2012 (Unaudited) *HK$ million*
Retail	**25,923**	24,150	**525**	1,327	**525**	560
Beer	**6,548**	5,778	**(23)**	(33)	**(23)**	(33)
Food	**2,433**	2,580	**57**	57	**57**	57
Beverage	**1,453**	929	**8**	6	**8**	6
	36,357	33,437	**567**	1,357	**567**	590
Elimination of inter-segment transactions	**(204)**	(89)	**-**	-	**-**	-
Net corporate interest and expenses	**-**	-	**(55)**	(30)	**(55)**	(30)
Total	**36,153**	33,348	**512**	1,327	**512**	560

Note:

1. For the analysis of PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments, the effect of the following transactions have been excluded in the PAS of the respective division:

   a. Net valuation surplus on investment properties of approximately HK$767 million has been excluded from the 2012 results of Retail division.

PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the quarterly financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012 except for the adoption of certain new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2013.

The adoption of these new and revised standards, amendments and interpretations has had no material effects on the results and financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

The Group has not early applied the new and revised standards and amendments that have been issued by the HKICPA but are not yet effective. The directors of the Company anticipate that the application of these standards and amendments will have no material impact on the Group's results of operations and financial positions.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the first quarter ended 31 March 2013, the Group's unaudited consolidated turnover and profit attributable to the Company's shareholders amounted to approximately HK$36,153 million and HK$512 million, respectively, representing an increase of 8.4% and a decrease of 61.4%, respectively, over the corresponding period of last year. Excluding asset revaluation, the Group's underlying unaudited consolidated profit attributable to the Company's shareholders would have decreased by 8.6% for the first quarter ended 31 March 2013.

Retail

The Group's retail division achieved turnover of HK$25,923 million and attributable profit of HK$525 million for the first quarter of 2013, representing an increase of 7.3% and a decrease of 60.4% year-on-year, respectively. Excluding the revaluation surplus, the division's attributable profit for the first quarter of 2013 would have decreased by 6.3% year-on-year.

The Group's retail division mainly comprises supermarkets, "中藝 Chinese Arts & Crafts" stores, "華潤堂 CR Care" stores, "采活 VIVO" health and beauty stores and "太平洋咖啡 Pacific Coffee" shops. As at the end of March 2013, the Group operated more than 4,400 stores in China, of which approximately 82% were self-operated and the rest were franchised.

With the central government strictly enforces the principles of diligence and thrift and with calls to curb "the three public consumptions" (receptions, vehicles and overseas trips at public expense), along with the flattening inflation, have adversely affected consumption expenditure in the short run. During the quarter under review, total retail sales of consumer goods grew at the most moderate rate since 2006. Road toll exemptions on public holidays have also diverted consumption to other areas. The Group's retail division recorded same store sales growth of 2.9% year-on-year.

The increases in minimum wage levels across various regions and the normal salary increment within the industry have resulted in more pressure on labor costs, which have in turn exerted pressure on the profitability of the Group's retail division. Accordingly, the division implemented various initiatives to control operating costs in all aspects such as enhancing bargaining power over leases and sharing sales and marketing resources by leveraging synergies arising from its multi-format business, establishing an energy management system to optimize energy savings at its retail stores, as well as improving its labor structure and hiring system.

With the aim of further enhancing its market share, the division continued to establish coverage in new regions and to review its product mix and operational strategy. During the quarter under review, the Group's two leading brands – "太平洋咖啡 Pacific Coffee" and "Ole' ", joined hands for the first time to establish boutique stores in Northeast China, while "華潤萬家 CR Vanguard" debuted its first specialized halal supermarket in Ningxia. These initiatives further expanded and improved the division's influence in the retail industry.

Looking ahead, hypermarkets will remain the main retail format of the Group's retail division. The division will continue to develop in regions in which the Group has a dominant market share and will increase its market share by rapidly expanding its multi-format business platform. To further enhance its market share, the Group has accelerated the pace of the expansion of its established business format, thus consolidating its strong regional leadership. The division will continue to accelerate its expansion into third-to-fourth tier cities, as well as into counties, towns and villages, and will also establish direct trading bases between farmers and supermarkets, food safety model shops and environmental protection and energy saving model shops. Moreover, the division will accelerate the renovation and brand transition of the newly-acquired stores in order to provide a better shopping experience to customers and to improve store image.

Beer

The Group's beer division reported turnover of HK$6,548 million and an attributable loss of HK$23 million, respectively for the first quarter of 2013, representing an increase of 13.3% and a decrease in loss by 30.3% over the corresponding period last year.

The division recorded beer sales volume of 2,297,000 kiloliters for the first quarter of 2013, representing an increase of 16% as compared to the corresponding period last year. Of this, the sales volume of the Group's national "雪花 Snow" brand increased by 17% to approximately 2,103,000 kiloliters, accounting for over 90% of the Group's total beer sales volume. With its continuous efforts in enhancing production capacity, the implementation of sales strategies tailored to specific market segments, the strengthening of its sales network and the enhancement of customer services at points of sale, the division achieved a rapid increase in beer sales volume for the first quarter. Higher-than-usual temperatures nationwide fueled the growth in the overall capacity of the beer market during the period under review, which in turn boosted the division's sales volume.

During the quarter under review, the division's overall operating costs, including primary and secondary raw material costs, generally increased. In response to the intensifying market competition, the division ramped up investment in promotions and marketing in a moderate manner, which in turn hindered growth in the division's operating profit. By leveraging its economies of scale and centralized procurement, the Group's beer division further enhanced its production efficiency so as to relieve cost pressures. Meanwhile, the division continued to enhance its product mix in hope to lift the average selling price of its product and to consolidate its overall profitability.

The division's newly-built breweries in Guangxi and Anhui commenced operation during the quarter under review. As at the end of March 2013, the Group operated more than 80 breweries in

China with an aggregate annual production capacity approximately 18,000,000 kiloliters. The recent Sichuan earthquake in April this year has insignificant impact to the local operation.

In addition, the Group's beer division has entered into an agreement in February 2013 to acquire the business of Kingway Brewery Holdings Limited ("Kingway Brewery") in relation to its beer production, distribution and sales businesses for a total consideration of RMB5.38 billion. The assets involved include seven breweries in Chengdu, Dongguan, Foshan, Shantou, Tianjin, Xian and Shenzhen Plant 2 with a combined production capacity of 1.45 million tonnes. With the good brand reputation of Kingway Brewery in China, especially in Guangdong Province, as well as its strong market share, extensive sales network and established manufacturing facilities, the acquisition will not only strengthen the division's production capacity and economies of scale, but also further optimize the sales network of the Group in China and continue to enhance the Group's leading position in China's beer industry.

Looking ahead, the Group's beer division will continue to carry out marketing campaigns for the "雪花 Snow" brand so as to strengthen the brand's reputation and customer loyalty. The division will reinforce the promotion of its premium beer to optimize its product mix. At the same time, the division will continue to seek and evaluate investment opportunities in a prudent manner while pursuing organic growth in order to expand its market share and to consolidate its leading market position.

Food

The Group's food division reported turnover of HK$2,433 million for the first quarter of 2013, representing a decrease by 5.7% year on year; the attributable profit for the first quarter of 2013 was HK$57 million remained comparable to the corresponding period last year.

In respect of the division's Hong Kong operation, the decline in sales volume in the livestock distribution business as a result of weaker demand for pork and the low selling prices of live pigs affected the division's profitability. By conducting effective communications with suppliers to strengthen its supply chain management, the division partially alleviate the impact brought by the decline in selling prices. The year-on-year decline in the price of live pigs as a result of the cyclical effects of live pig production, coupled with high raw material prices, led to the contraction in the profitability of the division's livestock raising business. The division will step up construction of Hong Kong breeding base in southern China and will enhance the quality and the sources of live pig procurement in order to strengthen the management of the livestock raising business so as to cope with the sluggish live pig market.

As for the meat operation in China, domestic live pig prices remained low, which stabilized the demand for pork. Through the vigorous expansion of the division's carved meat business and increasing the number of specialized meat retail stores in various cities, the division achieved satisfactory growth in its profit margin.

The division's assorted foodstuff operation in China strengthened awareness of the "五豐黎紅" brand through various initiatives such as promotional activities and inviting distributors for company visits, which was effective in boosting profitability. In addition, leveraging its sales network in Shenzhen and its brand reputation, the rice distribution business endeavoured to consolidate the reputation of "五豐 Ng Fung" branded rice products across the nation.

During the period under review, the division completed an acquisition of a fruit processing and distribution business, laying the foundation for the formation of a vertically-integrated industry chain spanning from sources to retail channels. The division will continue the vigorous expansion of its quality agricultural bases nationwide, sparing no effort to become the top brand in China's fruit and vegetable industry.

Looking ahead, the Group's food division will continue to focus on the domestic market and will enhance the operational efficiency of its existing businesses to accommodate its development strategy. Through the promotion and marketing of the "五豐 Ng Fung" brand, expansion into new markets and mergers and acquisitions, the Group will further enhance the scale of the division's business in China and improve its profitability.

Beverage

The Group's beverage division reported turnover of HK$1,453 million and attributable profit of HK$8 million for the first quarter of 2013, representing increases of 56.4% and 33.3% year-on-year, respectively.

Thanks to the remarkable growth in the sales volume of purified water, as well as the active promotion of beverage products, the division's total sales volume increased by 43% year-on-year to approximately 971,000 kiloliters in the first quarter of 2013. Supportive to the nationwide expansion of the "怡寶 C'estbon" brand by sponsoring "World Water Day", while increasing TV advertisements etc, thus driving the rapid growth in the sales volume and turnover of purified water in markets such as Guangdong, Hunan, Sichuan, Jiangsu, Guangxi and Fujian, which in turn further consolidated the market leading position of our purified water business in Southern China.

During the quarter under review, the division continued to step up its marketing and promotional efforts for "麒麟 Kirin" beverage products, and to localize the brand with the aim of expanding consumer base of "麒麟 Kirin" beverage product, as well as to enhance product awareness and recognition. Meanwhile, the division adopted a more flexible approach to leveraging market opportunities through the on-going optimization of its sales procedures in order to sharpen its competitive edge in the market.

Looking ahead, more and more opportunities for innovative products will arise as consumers become increasingly health conscious. At the same time, the growing brand awareness of "怡寶 C'estbon" in the national market has provided sound support for the rapid growth of the division. The Group's beverage division will continue to engage in research and development for new products so as to optimize its product mix, and will implement strategic marketing plans to enhance its brand image and to boost its market share.

FINANCIAL REVIEW

Pledge of Assets

As at 31 March 2013, assets with a carrying value of HK$531 million (31 December 2012: HK$391 million) were pledged for bank borrowings and notes payable.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 March 2013.

CAUTION STATEMENT

The Board wishes to remind investors that the above financial data are based on the Company's internal records and management accounts. The above financial data for the first quarter of 2013 have not been reviewed or audited by the auditors. Shareholders of the Company and potential investors should exercise caution when dealing in shares of the Company.

By order of the Board
CHEN LANG
Chairman

Hong Kong, 16 May 2013

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Lang (Chairman), Mr. Hong Jie (Chief Executive Officer), Mr. Liu Hongji (Vice Chairman) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Du Wenmin, Mr. Yan Biao, Mr. Wei Bin, Mr. Huang Daoguo and Dr. Chen Ying. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.