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華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

- Consolidated turnover achieved a new record of HK$146,413 million, representing an increase of 16.0%
- Excluding after-tax effect of asset revaluation and major disposals, underlying consolidated profit attributable to the Company's shareholders would have increased by 7.5% to HK$1,642 million
- The Board recommended a final dividend of HK$0.14 per share, bringing the total dividend for 2013 to HK$0.27 per share

FINANCIAL HIGHLIGHTS

	2013	2012
	HK$ million	*HK$ million*
Turnover	**146,413**	126,236
Profit attributable to shareholders of the Company	**1,908**	3,945
Basic earnings per share[1]	**HK$0.79**	HK$1.64
Dividend per share		
– interim	**HK$0.13**	HK$0.15
– final	**HK$0.14**	HK$0.15
	HK$0.27	HK$0.30

	At 31 December 2013	At 31 December 2012
	HK$ million	*HK$ million*
Equity attributable to shareholders of the Company	**44,073**	40,742
Non-controlling interests	**15,538**	13,042
Total equity	**59,611**	53,784
Consolidated net borrowings	**1,167**	1,330
Gearing ratio[2]	**2.0%**	2.5%
Current ratio	**0.86**	0.89
Net assets per share (book value):	**HK$18.34**	HK$16.97

Notes:
1. Diluted earnings per share for the year ended 31 December 2013 and 2012 are HK$0.79 and HK$1.64, respectively.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.

ANALYSIS OF TURNOVER AND PROFIT

	Turnover		Profit Attributable to Shareholders ("PAS")		PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments (Note 1)	
	2013	2012	**2013**	2012	**2013**	2012
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Core Businesses						
- Retail	**95,174**	83,506	**1,000**	2,871	**734**	525
- Beer	**32,994**	28,064	**943**	823	**943**	823
- Food	**12,069**	10,379	**53**	331	**53**	259
- Beverage	**7,305**	4,766	**106**	86	**106**	86
	147,542	126,715	**2,102**	4,111	**1,836**	1,693
Elimination of inter-segment transactions	**(1,129)**	(479)	**-**	-	**-**	-
Net corporate interest and expenses	**-**	-	**(194)**	(166)	**(194)**	(166)
Total	**146,413**	126,236	**1,908**	3,945	**1,642**	1,527

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 gain on disposal of non-core investments and net valuation surplus on investment properties with an aggregate amount of approximately HK$266 million (2012: HK$2,346 million) has been excluded from the results of Retail division.

   b. Net gain on disposal of non-core investments and valuation surplus on investment properties with an aggregate amount of approximately HK$72 million have been excluded from the 2012 results of the Food division.

CHAIRMAN'S STATEMENT

Final Results

In 2013, China's economy was full of challenges, with a slowdown in growth momentum. In view of this, the Group continued to optimize its business strategies and to identify opportunities arising from the restructuring of China's economy with continuous commitment to developing its core businesses - retail, beer, food and beverage. During the year under review, we successfully concluded the formation of a joint venture with Tesco PLC ("Tesco") involving the retail business, and also completed the acquisition of Kingway Brewery Holdings Limited's ("Kingway Brewery") beer business. These strategic moves not only expanded our businesses in a steady and sustainable manner, but also enhanced our core competitiveness and consolidated our leading position in the industry, which will deliver long term sustainable profitability. We are ready for our future growth with the goal of becoming the largest consumer goods company in China.

For the year ended 31 December 2013, the Group recorded consolidated turnover of approximately HK$146,413 million, representing an increase of 16.0% year-on-year. Consolidated profit attributable to the Company's shareholders amounted to HK$1,908 million, representing a decrease of 51.6% year-on-year. Excluding the after-tax effect of asset revaluation and major disposals, the Group's underlying consolidated profit attributable to the Company's shareholders for the year ended 31 December 2013 would have increased by 7.5%.

Dividends

The Board recommends a final dividend of HK$0.14 per share for the year ended 31 December 2013 (2012: HK$0.15 per share) to shareholders whose names appear on the register of members of the Company on 6 June 2014. The final dividend, if approved, is to be payable in cash, with an option to receive new and fully paid shares in lieu of cash (the "Scrip Dividend Scheme"). Together with the interim dividend of HK$0.13 per share, the total dividend for 2013 will amount to HK$0.27 per share (2012: HK$0.30 per share).

Subject to the approval by shareholders at the forthcoming annual general meeting, a circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or around 13 June 2014. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. It is expected that the dividend warrants and the share certificates for the Scrip Dividend Scheme will be sent to shareholders on or around 10 July 2014.

Change of Address of Share Registrar and Transfer Office

With effect from 31 March 2014, the Company's Share Registrar and Transfer Office, Tricor Standard Limited will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. All telephone and facsimile numbers of the Company's Share Registrar will remain unchanged.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 26 May 2014 to Friday, 30 May 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 30 May 2014, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014 (Monday)) not later than 4:30 p.m. on Friday, 23 May 2014 for registration.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 6 June 2014 and the register of members of the Company will be closed on Friday, 6 June 2014, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Share Registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014 (Monday)) not later than 4:30 p.m. on Thursday, 5 June 2014 for registration.

Strategy Implementation

Building on the successful strategy of "market leadership with outstanding brands, operational excellence and synergies among its businesses", the Group achieved sustainable results which propelled it to further pursue its aspiration to be one of the largest consumer goods company in China.

On the retail front, hypermarkets will remain the main format of the Group's retail division. The division will continue to develop in regions in which the Group has dominant market share and to increase market share by expanding the multi-format business platform. The Group stepped up its effort in the national expansion of its multi-format stores to create synergistic opportunities between its businesses, leveraging its extensive retail network of 4,600 stores across China with the aim of giving impetus to its organic growth. In addition, the division achieved a significant strategic milestone in 2013 - the Group and international retail giant Tesco concluded an agreement in October 2013 to form a joint venture to engage in the business of multi-category retailing while also securing significant cost and operational synergies from a compelling combination of local expertise and international best practices. By combining the extensive national retail networks of both companies, the Joint Venture aims to become the leading multi-format retailer in Greater China and to crystallize faster growth and enhanced profitability.

The Group's beer division exhibited strong growth momentum thanks to its continued efforts in enhancing production capacity, effective sales and marketing strategies, as well as the strengthening of its distribution network. The Group's flagship "雪花 Snow" brand remained the best-selling single beer brand in China in terms of volume with a market share of approximately

23% in China. To extend its market leading position, the Group's beer division completed the acquisition of Kingway Brewery assets during the year under review. We are confident that the competitive advantage of the division will be further enhanced after the seamless integration with Kingway Brewery leveraging its reputation and market share in China, especially in Guangdong Province.

The food division pushed forward its expansion plan and focused on the development of high potential businesses in China through various mergers and acquisitions so as to broaden its income stream. In 2013, the division's assorted foodstuff operation in China acquired rice distribution, production and processing businesses, as well as fruit processing and distribution businesses, to forge a vertically-integrated supply chain spanning from sources to distribution. The expansion will also enhance the synergies with the retail division and secure sustainable improvement in both divisions in the long run.

In respect of the beverage division, it achieved robust growth in both sales volume and turnover. The "怡寶 C'estbon" purified water products propelled its expansion plan across the country during the year under review. Stepping up its effective promotion campaigns, and with growing its sales network, "怡寶 C'estbon" maintained its place in the top tier of the purified water market in China. Furthermore, the division's "麒麟 Kirin" products focused on certain key cities to boost synergistic investment in sales and engaged in brand localization in order to broaden its customer base. Looking ahead, the division will continue its involvement in the research and development of new products to take advantage of the changing customer preferences in beverage products.

Confronting the ever changing business environment, the Group is dedicated to building specialized IT systems for systematic information analysis, thus enhancing operational efficiency and cost effectiveness. The IT systems include the Enterprise Resource Planning ("ERP") system, Customer Relationship Management ("CRM") system, as well as other systems relating to the consumer goods industries, with more than 800 professionals engaged to support this special project. The Group will continue to invest in these revolutionary IT systems.

Prospects

Pursuant to the Chinese government's rolling out of the "steady growth" policy, the economy is expected to stabilize. We believe there is immense untapped potential in China's retail market that has yet to be realised. With the benefits arising from acquisitions in 2013, we are confident in our capability to grow through adversity in the long term and to seize growth opportunities in the market when the economy rebounds.

We will continue to implement our stated strategy of growing our four pillar consumer goods businesses by deepening penetration and expanding our markets nationally. We will also leverage our economies of scale to enhance operational efficiency and strengthen our profitability as a whole.

We have formed a strong bond with SABMiller plc, one of the world's largest brewery companies, for approximately 20 years. We also had another fruitful achievement in 2011 with the establishment of a joint venture with Kirin Holdings Company, Limited, a leading Asian food and beverage company. The valuable experience we have gained from such partnerships gives us confidence in our joint venture with Tesco. Nevertheless, we will continue to explore opportunities in each of our businesses and implement our win-win strategy to cooperate with international players in China so as to enhance synergy and operating efficiency in future.

Appreciation

On behalf of the board, I would like to show my earnest gratitude for all the trust and support from our valued shareholders, customers and business partners. I would also like to take this opportunity to express my appreciation for all the contributions and dedication given by our professional management and staff. We will get ready to make our greatest efforts to enrich our customers' lives with high quality products and services through our sincere commitment.

Chen Lang
Chairman

Hong Kong, 20 March 2014

2013 RESULTS

The Directors of China Resources Enterprise, Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

		2013	2012
	Notes	***HK$ million***	*HK$ million*
Turnover	*3*	**146,413**	126,236
Cost of sales		**(109,040)**	(95,835)
Gross profit		**37,373**	30,401
Other income	*4*	**2,647**	4,459
Selling and distribution expenses		**(27,566)**	(21,891)
General and administrative expenses		**(7,131)**	(6,003)
Finance costs	*5*	**(304)**	(361)
Share of net results of associates		**27**	48
Profit before taxation		**5,046**	6,653
Taxation	*6*	**(1,894)**	(1,631)
Profit for the year	*7*	**3,152**	5,022
Attributable to:			
Shareholders of the Company		**1,908**	3,945
Non-controlling interests		**1,244**	1,077
		3,152	5,022
Earnings per share	*9*		
Basic		**HK$0.79**	HK$1.64
Diluted		**HK$0.79**	HK$1.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$ million	*HK$ million*
Profit for the year	**3,152**	5,022
Other comprehensive income/(expenses):		
Exchange differences on translating foreign operations	**1,435**	3
Fair value adjustment on available for sale investments	**21**	7
Fair value adjustment on derivative financial instruments	**-**	8
Reclassification adjustments:		
– release of exchange differences upon disposal of subsidiaries/associates	**(13)**	(6)
	1,443	12
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of properties	**1,881**	132
Income tax relating to surplus on revaluation of properties	**(150)**	(64)
	1,731	68
Other comprehensive income for the year, net of tax	**3,174**	80
Total comprehensive income for the year	**6,326**	5,102
Attributable to:		
Shareholders of the Company	**4,615**	4,022
Non-controlling interests	**1,711**	1,080
	6,326	5,102

CONSOLIDATED BALANCE SHEET

At 31 December 2013

	Notes	2013	2012
		HK$ million	*HK$ million*
Non-current assets			
Fixed assets			
- Investment properties		**15,952**	12,735
- Interests in leasehold land held for own use under operating leases		**8,492**	6,266
- Other property, plant and equipment		**44,673**	37,970
Goodwill		**19,428**	14,948
Other intangible assets		**562**	295
Interests in associates		**388**	389
Available for sale investments		**142**	128
Prepayments		**876**	2,258
Deferred taxation assets		**1,540**	992
		92,053	75,981
Current assets			
Stocks		**25,021**	21,242
Trade and other receivables	*10*	**16,428**	13,744
Taxation recoverable		**251**	125
Pledged bank deposits		**336**	391
Cash and bank balances		**21,200**	16,005
		63,236	51,507
Current liabilities			
Trade and other payables	*11*	**(69,178)**	(53,104)
Short term loans		**(3,357)**	(4,374)
Taxation payable		**(1,155)**	(706)
		(73,690)	(58,184)
Net current liabilities		**(10,454)**	(6,677)
Total assets less current liabilities		**81,599**	69,304
Non-current liabilities			
Long term loans		**(19,346)**	(13,352)
Deferred taxation liabilities		**(1,831)**	(1,499)
Other non-current liabilities		**(811)**	(669)
		(21,988)	(15,520)
		59,611	53,784
Capital and reserves			
Share capital		**2,403**	2,401
Reserves		**41,670**	38,341
Equity attributable to shareholders of the Company		**44,073**	40,742
Non-controlling interests		**15,538**	13,042
Total equity		**59,611**	53,784

Notes:

1. Basis of preparation

The announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The financial statements for the year ended 31 December 2013 have been prepared in accordance with accounting principles generally accepted in Hong Kong.

2. Principal Accounting Policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012 except for the adoption of the new and revised standards, amendments and interpretations mentioned below.

Adoption of new and revised standards, amendments and interpretations

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised standards, amendments and interpretations on Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRS") that are effective or available for early adoption for the financial year beginning 1 January 2013. In the current year, the Group has adopted the following new and revised standards, amendments and interpretations.

HKAS 1 (Amendments)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendments)	Government loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

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

Accounting standards, amendments and interpretations that are not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 9	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities
HKFRS Interpretation 21	Levies

2. Principal Accounting Policies – continued

Accounting standards, amendments and interpretations that are not yet effective (continued)

The Group has not early applied the new standards, amendments and interpretations that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to determine whether these new standards, amendments and interpretations would have a material impact on its results of operations and financial position.

3. Segment information

Operating segments

	Retail *HK$ million*	Beer *HK$ million*	Food *HK$ million*	Beverage *HK$ million*	Investments and Others *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
For the year ended 31 December 2013							
TURNOVER							
External sales	95,072	32,835	11,267	7,239	-	-	146,413
Inter-segment sales*	102	159	802	66	-	(1,129)	-
Total	95,174	32,994	12,069	7,305	-	(1,129)	146,413
Segment result**	1,973	2,581	208	224	-		4,986
Unallocated corporate expenses							(170)
Interest income							534
Finance costs							(304)
Profit before taxation							5,046
Taxation							(1,894)
Profit for the year							3,152
As at 31 December 2013							
ASSETS							
Segment assets	78,652	55,052	9,777	4,342	-		147,823
Deferred taxation assets							1,540
Taxation recoverable							251
Unallocated corporate assets							5,675
Consolidated total assets							155,289
LIABILITIES							
Segment liabilities	43,694	31,367	2,396	2,870	-		80,327
Taxation payable							1,155
Deferred taxation liabilities							1,831
Unallocated corporate liabilities							12,365
Consolidated total liabilities							95,678
OTHER INFORMATION							
Capital expenditure	6,051	9,343	1,283	724	1		17,402
Depreciation and amortisation	1,753	1,834	201	100	1		3,889
Impairment loss recognised	112	109	60	-	-		281
Valuation gain on investment properties	280	-	-	-	-		280

3. Segment information – continued

Operating segments (continued)

	Retail *HK$ million*	Beer *HK$ million*	Food *HK$ million*	Beverage *HK$ million*	Investments and Others *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
For the year ended 31 December 2012							
TURNOVER							
External sales	83,415	27,973	10,106	4,742	-	-	126,236
Inter-segment sales*	91	91	273	24	-	(479)	-
Total	83,506	28,064	10,379	4,766	-	(479)	126,236
Segment result**	3,695	2,362	508	181	-		6,746
Unallocated corporate expenses							(118)
Interest income							386
Finance costs							(361)
Profit before taxation							6,653
Taxation							(1,631)
Profit for the year							5,022
As at 31 December 2012							
ASSETS							
Segment assets	68,751	41,878	7,583	2,280	-		120,492
Deferred taxation assets							992
Taxation recoverable							125
Unallocated corporate assets							5,879
Consolidated total assets							127,488
LIABILITIES							
Segment liabilities	36,434	21,285	1,092	1,028	-		59,839
Taxation payable							706
Deferred taxation liabilities							1,499
Unallocated corporate liabilities							11,660
Consolidated total liabilities							73,704
OTHER INFORMATION							
Capital expenditure	9,686	3,859	495	70	1		14,111
Depreciation and amortisation	1,533	1,462	214	82	1		3,292
Impairment loss recognised	7	220	5	-	-		232
Valuation gain on investment properties	2,166	-	1	-	-		2,167

** Inter-segment sales were charged at prevailing market rates*
*** Segment result represents earnings before interest income, finance costs and taxation*

3. Segment information – continued

Geographical segments

	2013		2012	
	Turnover *HK$ million*	**Non-current assets (Note)** *HK$ million*	Turnover *HK$ million*	Non-current assets (Note) *HK$ million*
Hong Kong	**8,100**	**15,637**	8,740	13,756
Chinese Mainland	**138,192**	**74,733**	116,331	61,103
Other Countries	**121**	**1**	1,165	2
	146,413	**90,371**	126,236	74,861

Note: Non-current assets excluded available for sale investments and deferred tax assets.

4. Other income

	2013 *HK$ million*	2012 *HK$ million*
Other income includes the following:		
Dividends from unlisted available for sale investments	**2**	1
Interest income	**534**	386
Valuation gain on investment properties	**280**	2,167
Profit on disposal of subsidiaries/business	**1**	192
Profit on disposal of associates	**1**	65
Profit on disposal of fixed assets	**174**	307
Government grants recognised	**345**	319

5. Finance costs

	2013 *HK$ million*	2012 *HK$ million*
Interest on bank loans and other loans wholly repayable within five years	**329**	323
Financing charges (including exchange gain or loss)	**(2)**	67
	327	390
Less: Amount capitalized in cost of qualifying assets	**(23)**	(29)
	304	361

6. Taxation

	2013	2012
	HK$ million	*HK$ million*
Current taxation		
Hong Kong	**175**	155
Chinese Mainland	**2,200**	1,524
Overseas	**-**	3
	2,375	1,682
Deferred taxation		
Hong Kong	**5**	(9)
Chinese Mainland	**(486)**	(42)
	1,894	1,631

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

Chinese Mainland income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Chinese Mainland. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

7. Profit for the year

	2013	2012
	HK$ million	*HK$ million*
Profit for the year has been arrived at after charging:		
Depreciation		
- Owned assets	**3,853**	3,274
Amortisation of other intangible assets (included in general and administrative expenses)	**36**	18

8. Dividends

	2013	2012
	HK$ million	*HK$ million*
2013 interim dividend paid of HK$0.13 (2012: HK$0.15) per ordinary share	**313**	360
2013 proposed final dividend of HK$0.14 (2012: HK$0.15) per ordinary share	**337**	360
	650	720

At the meeting held on 20 March 2014, the directors proposed final dividend of HK$0.14 (2012: HK$0.15) per ordinary share. This proposed dividend, which is calculated on the Company's number of ordinary shares as at the date of the board meeting, is not recognised as a liability in these financial statements. The total dividends paid by the Company, including the final dividend for the year 2012 and the interim dividend for the year 2013, amounting to HK$673 million (2012: HK$1,128 million) are reflected in the current year financial statements.

9. Earnings per share

	2013	2012
	HK$ million	*HK$ million*
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	**1,908**	3,945

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,402,658,243**	2,400,353,822
Effect of dilutive potential ordinary shares:		
- Share options	**1,927,606**	3,425,292
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,404,585,849**	2,403,779,114

10. Trade and other receivables

	2013	2012
	HK$ million	*HK$ million*
Trade receivables	**2,308**	1,466
Provision for doubtful debts	**(63)**	(39)
	2,245	1,427
Value-added tax recoverable	**5,051**	4,159
Prepayments	**2,432**	1,750
Deposits paid	**1,332**	1,260
Other receivables	**2,658**	1,895
Amounts due from a holding company	**2,689**	740
Amounts due from fellow subsidiaries	**-**	2,485
Amounts due from associates	**21**	28
	16,428	13,744

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

The following is the aging analysis of trade receivables at the balance sheet date:

	2013	2012
	HK$ million	*HK$ million*
0 – 30 days	**1,205**	776
31 – 60 days	**341**	231
61 – 90 days	**126**	80
> 90 days	**573**	340
	2,245	1,427

The fair value of the Group’s trade and other receivables at balance sheet date was approximate to the corresponding carrying amount.

11. Trade and other payables

	2013	2012
	HK$ million	*HK$ million*
Trade payables	**25,822**	20,288
Receipt in advance	**16,580**	14,552
Accruals	**10,544**	7,080
Deposit received	**6,900**	5,850
Other payables	**9,212**	5,252
Amounts due to fellow subsidiaries	**116**	76
Amounts due to associates	**4**	6
	69,178	53,104

The following is an aging analysis of trade payables at the balance sheet date:

	2013	2012
	HK$ million	*HK$ million*
0 – 30 days	**17,919**	13,649
31 – 60 days	**3,787**	3,293
61 – 90 days	**1,406**	1,339
> 90 days	**2,710**	2,007
	25,822	20,288

The fair value of the Group’s trade and other payables at balance sheet date was approximate to the corresponding carrying amount.

12. Other Information

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company and audited by the Company’s auditor, PricewaterhouseCoopers. An unqualified auditors’ report will be included in the Annual Report to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Retail

The Group's retail division reported turnover of HK$95,174 million in 2013, representing an increase of 14.0% year-on-year. Excluding the after-tax revaluation surplus and the disposal of the non-core assets, the division's attributable profit for 2013 increased by 39.8% as compared to 2012 while its attributable profit of HK$1,000 million in 2013, decreased by 65.2% as compared to 2012.

The Group's retail division mainly consists of "華潤萬家 CR Vanguard" 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 2013, the Group operated over 4,600 stores in China, of which approximately 83% were self-operated while the rest were franchised.

During the year under review, a balanced for better economic development was achieved and a stabilized society was expected to remain in China, which was driven by its "steady growth" policy. Secondary and tertiary industries became the main growth driver of the economy as the initial result of economic restructuring. Same store sales growth of the Group's retail division increased by 4.7% year-on-year. The growth in turnover was mainly attributable to new store openings. Nevertheless, the increases in minimum wage levels across various regions and normal salary increments in the industry exerted pressure on the profitability of the division. As such, the Company implemented various initiatives to control operating costs in a comprehensive manner in order to absorb costs over time such as establishing an energy management system to optimize energy savings at its retail stores, enhancing bargaining power over leases by leveraging synergies arising from its multi-format business, as well as improving its labor structure and hiring system.

To reinforce the national influence of the Group's retail business, as well as to further enhance its market share, the division continued to extend its network into new regions and to review its product mix and operational strategy. During the year under review, "采活 VIVO" expanded into new markets such as Wuxi, Hangzhou and Foshan in accordance with the Group's strategy of leveraging synergies arising from its multi-format business. "Ole′ " debuted its new-concept store in eastern China at the Jing An Kerry Center, Shanghai. The stores under Jiangxi Hongkelong Department Store Investment Company Limited, which have been integrated into the Group since 2012, were rebranded as "華潤萬家 CR Vanguard" stores. Amid the backdrop of the transformation within the industry, the division deployed various interactive activities with suppliers across the nation so as to optimize supply chain integration and achieve a mutually beneficial situation.

Furthermore, in October 2013, the Group and Tesco PLC ("Tesco") signed an agreement to form a Joint Venture to consolidate the retail business in China. Completion of the agreement is subject to regulatory approval. Pursuant to the agreement, Tesco will inject the 134 stores and 19 shopping malls it currently operates in mainland China into the Joint Venture. Tesco will inject these assets and allocate an aggregate cash sum of HK$4,325 million to subscribe for the new shares of the Joint Venture so that the Group and Tesco will hold interests in the Joint Venture amounting to 80% and 20%, respectively. The Joint Venture will be the exclusive platform for the Group and Tesco to engage in the business of multi-category retailing through hypermarkets, supermarkets, convenience stores, cash and carry business and liquor stores (as well as the online/internet equivalent of any of the foregoing businesses) in Greater China. The Joint Venture aims to become the leading multi-format retailer in Greater China, and targets faster growth and enhanced profitability. It is also a compelling combination of local expertise and international best practices. The Joint Venture is set to improve retail services for consumers in China while securing significant cost and operational synergies from the combination of the two operations.

Looking ahead, the retail division will continue to adopt hypermarkets as its main retail format and to expand its multi-format store network in regions where the Group has already established a presence. By enhancing resource allocation, operational balance and efficiency, the division aims to become the market leader in the retail industry. To further consolidate its leading position in major regional markets in China and capture a greater market share, the division will continue to speed up its expansion into third-to-fourth tier cities, as well as into counties, towns and villages. The division will also establish direct trading bases with farmers, food safety model shops and environmental protection with energy saving model shops. Moreover, the division will accelerate the renovation and brand transition of newly-acquired stores in order to improve store image and provide a better shopping experience to customers. Meanwhile, the division will push forward its supply chain integration to pave the way for future development while implementing various lean management measures comprehensively to stimulate organic growth.

Beer

The Group’s beer division reported turnover and attributable profit of HK$32,994 million and HK$943 million, respectively in 2013, representing increases of 17.6% and 14.6% year-on-year, respectively.

The Group’s beer sales volume increased by 10% year-on-year to approximately 11,722,000 kiloliters in 2013, of which the sales volume of the Group’s national “雪花 Snow” brand increased by 10% to approximately 10,620,000 kiloliters, accounting for more than 90% of the Group’s total beer sales volume. During the year under review, the growth momentum in beer sales volume was mainly attributable to the Group’s continuous efforts to enhance its production capacity, effective brand promotions, as well as the strengthening of its distribution network and enhancement of management services to points of sale. During the year under review, higher-than-usual temperatures nationwide accelerated the growth of overall capacity in the beer market, which along with rapid growth in the sales volume of premium beers, in turn boosted the division’s sales volume.

During the year under review, in response to the intensifying market competition, the division ramped up investment in some of its promotions and marketing activities in a moderate manner. As such, the significant growth in sales boosted the division’s operating profit. At the same time, 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 the hopes of lifting the average selling prices of its products and to consolidate overall profitability.

The division’s newly-built breweries in Guangxi, Anhui, Hubei, Zhejiang and Guizhou commenced operation during the year under review. As at the end of 2013, the Group operated more than 95 breweries in China with an aggregate annual production capacity of over 19,000,000 kiloliters.

In addition, in September 2013, the Group’s beer division completed the acquisition of Kingway Brewery Holdings Limited (“Kingway Brewery”)’s seven breweries in relation to its beer production, distribution and sales businesses, with an annual production capacity of 1.45 million tonnes. With the strong 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 market position in Guangdong Province, but will also further optimize the Group’s sales network in China, enhancing 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 in order to strengthen the brand’s reputation and customer loyalty. The division will reinforce the promotion of its premium beers 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$12,069 million and attributable profit of HK$53 million in 2013, representing an increase of 16.3% and a decrease of 84.0% year-on-year, respectively. Excluding the after-tax revaluation surplus and the gain on the disposal of non-core investments, the division’s attributable profit would have decreased by 79.5% year-on-year in 2013. The division is undergoing business transition, with the new businesses establishing its economies of scale, thus affecting the overall profitability of the division.

In respect of the division’s operation in Hong Kong, affected by cyclical effects on production, the selling prices of live pigs decreased as compared to last year while costs of raw materials remained at a high level, which in turn put pressure on the profitability of the livestock rearing operation. In future, the division will step up construction of its Hong Kong breeding base in Southern China, enhance the quality and sources of live pig procurement and strengthen management so as to mitigate negative effects brought by lower selling prices and rising costs.

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 meat wholesale business and carved meat business and increasing the number of specialized meat retail stores in various cities, the division achieved satisfactory growth in both turnover and gross profit margin.

The division's assorted foodstuff operation in China increased awareness of the "五豐黎紅" brand through various initiatives such as promotional activities and inviting distributors to site visits, which in turn led to a significant improvement in profitability. In addition, the rice distribution business completed the acquisitions of distribution businesses in Shanghai, Shaanxi, Hubei and Liaoning provinces during the year under review. It also completed the acquisitions of rice production and processing businesses in quality rice production areas at Wuchang in Heilongjiang and in Liaoning, with annual production capacities of 100,000 tons and 200,000 tons, respectively. Leveraging its sales network and brand reputation, the rice distribution business endeavoured to consolidate the reputation of "五豐 Ng Fung" branded rice products nationwide.

During the year under review, the division acquired a fruit processing and distribution business and built pomelo bases in Meizhou and Pinghe for farming, production and processing, laying a solid foundation for the formation of a vertically-integrated industry chain spanning from sources to retail stores. The division will continue to push the vigorous nationwide expansion of its quality agricultural bases, and will spare no effort to become one of the leading brands in the fruit and vegetable industry in China.

Looking ahead, the Group's food division will continue to focus on the domestic market and will enhance operational efficiency 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 division's scale and profitability.

Beverage

The Group's beverage division reported turnover of HK$7,305 million and attributable profit of HK$106 million in 2013, representing increases of 53.3% and 23.3% year-on-year, respectively.

Thanks to the remarkable growth in the sales volume of "怡寶 C'estbon" purified water, as well as the active promotion of beverage products, the division's total sales volume increased by 41% year-on-year to approximately 4,930,000 kiloliters in 2013. During the year under review, the division further enhanced the market-leading position of its purified water business in southern China by focusing on its core markets such as Guangdong Province, Hunan Province and Sichuan Province and expanding its sales network in their adjacent regions. At the same time, the purified water business propelled the expansion of the "怡寶 C'estbon" brand across the country through television and internet advertisements, as well as offline marketing and promotional activities such as sponsorship of the "World Water Day" event, which contributed to continuous sales growth for the division.

Facing market competition in the industry as well as the early investment stage of the beverage products from "麒麟 Kirin", the division actively strengthened its marketing and promotional efforts for "麒麟 Kirin" beverage products during the year under review and focused on certain key cities to boost synergistic investment in sales channels with that of the packaged water. It also engaged in a moderate degree of brand localization in order to broaden its customer base. This enhanced product recognition and awareness, which sharpened the competitive edge of the division in the market and also maintained continuous sales growth of beverage products.

Looking ahead, China's beverage industry will maintain its relatively strong growth momentum, in particular for the packaged water segment. In the face of further market consolidation and intensifying competition, the division will further enhance operational efficiency and reinforce its efforts in research and development and in promotional activities to meet the customer demand. The division will also optimize its marketing strategy to enhance its brand image so as to increase its market share.

FINANCIAL REVIEW

Capital and Funding

As at 31 December 2013, the Group's consolidated cash and bank balance amounted to HK$21,536 million. The Group's borrowings as at 31 December 2013 were HK$22,703 million with HK$3,357 million repayable within one year, HK$19,343 million repayable after one year but within five years and HK$3 million repayable after five years.

On the basis of the Group's net borrowings relative to the shareholders' funds and minority interests, the Group's gearing was approximately at 2.0% as at 31 December 2013.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 31 December 2013, 17.7% of the Group's cash deposit balance was held in Hong Kong dollars, 76.7% in Renminbi and 5.6% in US dollars; whereas 72.5% of the Group's borrowings was denominated in Hong Kong dollars and 1.6% in Renminbi and 25.9% in US dollars. The Group's borrowings are principally on a floating rate basis.

As the majority of the Group's assets, liabilities, revenue and payments are denominated in functional currencies of the respective group entity, the expected foreign currency exposure is minimal.

Pledge of Assets

As at 31 December 2013, assets with a carrying value of HK$514 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 December 2013.

CORPORATE GOVERNANCE

The Company recognises that the development and maintenance of a good and solid framework of corporate governance suitable to the needs of the Group requires commitment and continuous vigilance. The Directors firmly believe that sensible corporate governance practice is essential to vigorous but steady growth of the Group.

The Company has implemented its own corporate governance standards and objectives since November 2003. On 8 April 2005, the Board approved the Company's “Corporate Governance Practice Manual” (“Corporate Governance Manual”). The Corporate Governance Manual, which was revised on 31 March 2009, 18 November 2010 and 21 March 2012, incorporates almost all of the Code Provisions and some of the Recommended Best Practices set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 of the Listing Rules. The Corporate Governance Manual can be downloaded from our website and copies are available on request to the Company Secretary.

The Company has complied with the Code Provisions set out in the CG Code throughout the year ended 31 December 2013, save and except the following:

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

In respect of Code Provision A.5.6 of the CG Code, the Board did not have a policy concerning diversity of the Board members, but the Board is actively considering the adoption of the relevant policy.

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

In respect of Code Provision D.1.4 of the CG Code, the Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors", and, if applicable, "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under the Listing Rules, legal and other regulatory requirements.

On 8 April 2005, the Company has adopted its own Code of Ethics and Securities Transactions (“Code of Ethics”) which apply to the Directors and other specified individuals including the Group's senior management and persons who are privy to information relating to the Group’s securities which is price sensitive in nature or inside information of the Group. To further improve the effectiveness in the actual application of the Code of Ethics, the Company has since fine-tuned the Code of Ethics on 6 April 2006, 4 April 2007, 31 March 2009 and 18 November 2010 (“New Code of Ethics”). Both the Code of Ethics and the New Code of Ethics are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance with the standards set out in the Code of Ethics, the New Code of Ethics and the Model Code by any Director during the year ended 31 December 2013.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES

As at 31 December 2013, the Group, excluding its associated companies, had a staff size of around 217,000, amongst which about 98% were employed in the Chinese Mainland, whilst the rest were mainly in Hong Kong and overseas. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends with built-in merit components, paid in the form of cash bonuses.

By order of the Board
CHEN LANG
Chairman

Hong Kong, 20 March 2014

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. Wei Bin, Mr. Yan Biao, Mr. Huang Daoguo and Mr. 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.