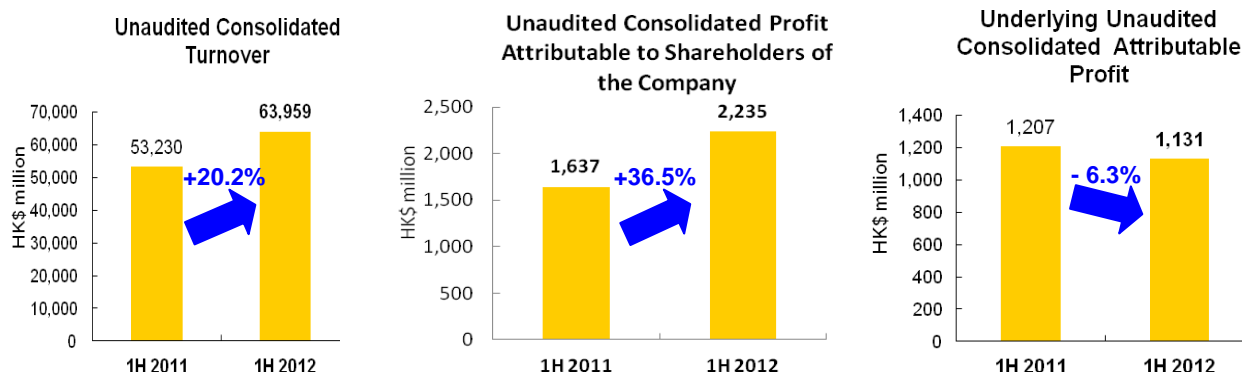


For Immediate Release

Press Release

## China Resources Enterprise Announces Interim Results for 2012 Better Position to Capture Future Growth

- Unaudited consolidated turnover and attributable profit of the Group increased 20.2% and 36.5%, respectively, to HK\$63,959 million and HK\$2,235 million.
- Excluding the after-tax effect of asset revaluation and disposals of non-core assets, the Group's unaudited underlying consolidated profit attributable to the Company's shareholders decreased 6.3% to HK\$1,131 million.
- Turnover of the beer division increased by 14.1% to HK\$14,633 million, while attributable profit increased by 14.0% to HK\$375 million in the first half of 2012.
- Retail division reported turnover of HK\$42,125 million and attributable profit of HK\$1,754 million, representing increases of 22.6% and 59.7%, respectively.
- The Board has resolved to declare an interim dividend of HK\$0.15 per share.



[Hong Kong, 17 August 2012] **China Resources Enterprise, Limited** (HKEx: 00291) ('The Company' or together with its subsidiaries, 'The Group') today announced its interim results for the six months ended 30 June 2012. Unaudited consolidated turnover of the Group amounted to HK\$63,959 million, representing an increase of 20.2%. Unaudited consolidated profit attributable to the Company's shareholders amounted to HK\$2,235 million, representing an increase of 36.5% year-on-year. Excluding the after-tax effect of asset revaluation and disposals of non-core assets, the Group's unaudited underlying consolidated profit attributable to the Company's shareholders decreased 6.3% to HK\$1,131 million. The Board recommended an interim dividend of HK\$0.15 per share.

Mr. Qiao Shibo, outgoing Chairman of the Company, said, "Leveraging its extensive distribution network and following its growth strategy which emphasizes regional dominance and synergistic opportunities between our core businesses, the Group continued to deliver steady results despite a slowdown in China's economy during the period. Through prudent organic growth and acquisitions, the Group has further fortified its position as a market leader in China."



The Group's **retail division** reported turnover of HK\$42,125 million and attributable profit of HK\$1,754 million in the first half of 2012, representing increases of 22.6% and 59.7% year-on-year respectively. Excluding the after-tax revaluation surplus and the disposal of non-core assets, the division's attributable profit for the first half of 2012 would have decreased by 3.6% year-on-year. In addition to the same store sales growth of 5.7% year-on-year, the turnover increase was mainly attributable to the opening of new stores and the contribution from the newly acquired Jiangxi Hongkelong Department Store Investment Company Limited.

Various operating cost control measures were implemented during the reporting period, including leveraging synergies arising from its multi-format business, enhancing bargaining power over the leases and establishing an energy management system to promote energy savings in its retail stores.

The retail division also fostered strategic cooperation with prominent mainland property developers to bring in the Group's multi-format stores in the same shopping mall for customers, which will enhance the Group's rental bargaining power. In addition, the Group continued to build coverage in new regions, reviewed its product mix and refined its operational strategy to further increase its market share.

Looking ahead, the retail division will step up its efforts in developing mature business formats in major regional markets while accelerating its expansion into third-to-fourth tier cities, as well as into counties, towns and villages. Meanwhile, the division will enhance standardization of its retail formats, implement lean management measures, and promote standardization of operational flow to stimulate sales and profitability. The division will also focus on improving the operation of both new stores and loss-making stores.

The Group's **beer division** recorded turnover of HK\$14,633 million and attributable profit of HK\$375 million for the first half of 2012, representing increases of 14.1% and 14.0% year-on-year, respectively. Sales volume for beer during the period under review rose by 6% to 5,366,000 kiloliters, of which sales volume of the Group's national “雪花 Snow” beer brand accounting for over 90% of the Group's total beer sales volume.

During the review period, the beer division's operating costs including raw materials generally increased, the division has alleviated costs pressures thanks to its enhanced procurement, production and energy efficiency. Moreover, the division was proactive in exploring market opportunities and debuting new products. These have boosted sales volume and lifted sales of premium beer products, which in turn raised average selling prices and stabilized profitability.

As the division's newly-built and acquired breweries in Henan and Zhejiang commenced operation during the period, the Group operated more than 80 breweries in China with an aggregate annual production capacity of more than 16,000,000 kilolitres as at the end of June 2012.



The division will continue to carry out marketing campaigns for “雪花 Snow” and reinforce the promotion of its premium beer to optimize its product mix, and strengthen its centralized procurement system. It will also continue to seek and evaluate investment opportunities prudently while pursuing organic growth, so as to attain a higher market share and maintain its leading position.

The Group's **food division** reported turnover of HK\$5,114 million, representing an increase of 5.3% year-on-year, while the attributable profit decreased by 25.4% to HK\$144 million during the period. The Group maintained its leadership position in the Hong Kong live pig market through the synergy with its livestock raising business in China. As for the division's meat operation in China, with the downward price trend of live pigs and pork, coupled with strengthened bargaining power over suppliers, both sales volume and gross profit have increased. Regarding its assorted foodstuff operation in China, by optimizing its product mix, together with significant inroads made in neighbouring markets such as Jiangsu and Anhui, it recorded growth in turnover and alleviated rising cost pressures.

Looking forward, the food division will adhere to its development strategy of strengthening brand-building, expansion into new markets and well-planned strategic mergers and acquisitions to further expand in the China market.

The Group's **beverage division** attained a turnover of HK\$2,289 million, representing a surge of 67.6% year-on-year, while the attributable profit decreased by 48.3% to HK\$30 million, mainly due to diluted earnings contribution from the formation of a joint venture with Kirin Holdings Company, Limited in mid-August 2011.

With its flagship purified water brand “怡寶 C'estbon” and the active promotion of beverage products of the “麒麟 Kirin” operation, the Group's beverage division recorded total sales volume of approximately 1,685,000 kiloliters in the first half of 2012, an increase of 39%. The packaged water operation achieved a remarkable increase in sales volume and turnover, especially in Guangdong, Hunan, Sichuan, Guangxi, Jiangxi and Hainan Provinces. Meanwhile, the “麒麟 Kirin” operation started to sell its existing products through packaged water distribution channels such as Guangdong, Hunan and Sichuan Provinces, and has also been aided by the enhancement of its product mix and pricing system. Besides, the drop in the prices of major primary and secondary raw materials, including packaging materials and sugar, has alleviated the pressure from rising operating costs. The Chinese beverage market continues to demonstrate considerable growth potential, paving the way for the Group's beverage division to maintain relatively high growth in sales volume.



Mr. Chen Lang, newly appointed Chairman of the Company, concluded, “Looking ahead, we believe the short-term operating environment in China will still be affected by global economy. Nevertheless, the Central Government’s initiatives to promote consumer spending in its “12th Five-Year Plan” made us more optimistic about the future development of consumer goods industry. The Group maintained surplus cash resources through its operation and the disposal of certain non-core assets or investments. Our cash reserves can facilitate the expansion of the Group, which can capture the benefits from a future rebound in the Chinese economy. ”

### **About China Resources Enterprise, Limited**

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and is one of the constituent stocks of the Hang Seng Index in Hong Kong. The Group focuses on the consumer businesses, including retail, beer, food and beverage in China.

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Full details of our 2012 interim results have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the corporate website at [www.cre.com.hk](http://www.cre.com.hk).