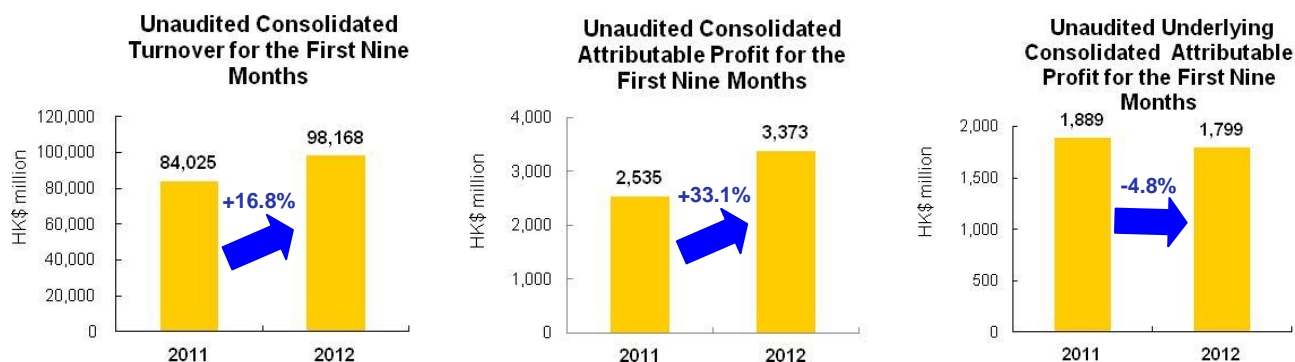


**For Immediate Release  
Press Release**

## China Resources Enterprise Announces Unaudited Review for the First Nine Months of 2012

- Unaudited consolidated turnover and profit attributable to shareholders increased 16.8% and 33.1%, respectively, to HK\$98,168 million and HK\$3,373 million.
- Excluding the after-tax effect of asset revaluation and major disposals, the Group's unaudited underlying consolidated profit attributable to the Company's shareholders for the first nine months of 2012 decreased by 4.8% to HK\$1,799 million.
- Turnover of the retail division increased by 21.2% to HK\$63,067 million, while attributable profit increased by 64.4% to HK\$2,242 million.
- Beer division reported turnover of HK\$23,786 million and attributable profit of HK\$878 million, representing increases of 7.6% and 1.7%, respectively.



[Hong Kong, 21 November 2012] **China Resources Enterprise, Limited** (HKEx: 00291) ("The Company" or together with its subsidiaries, "The Group") today announced its unaudited financial and operational review for the nine months ended 30 September 2012 ("the review period"). The Group reported unaudited consolidated turnover and profit attributable to shareholders of HK\$98,168 million and HK\$3,373 million, respectively, representing increases of 16.8% and 33.1% year-on-year. Excluding the after-tax effect of asset revaluation and major disposals, the Group's unaudited underlying consolidated profit attributable to the Company's shareholders for the review period decreased by 4.8% to HK\$1,799 million.

Mr. Hong Jie, Chief Executive Officer of the Company, said, "Despite a slowdown in China's economy in the review period, the Group expanded steadily in all its four businesses. With a growth strategy of national expansion that emphasizes strong regional leadership, the Group continued to enhance its presence in China so as to consolidate its leading position in the country's consumer industry."



The Group's **retail division** recorded turnover of HK\$63,067 million and attributable profit of HK\$2,242 million for the review period, representing increases of 21.2% and 64.4% year-on-year respectively. Excluding the after-tax revaluation surplus and the disposal of the non-core assets, the division's attributable profit decreased 0.5% year-on-year. The division achieved a same store sales growth of 4.6%. The opening of new stores and the contribution from the newly acquired Jiangxi Hongkelong Department Store Investment Company Limited also contributed to the sales growth.

In order to control operating costs, the retail division has implemented various initiatives such as enhancing bargaining power over leases by leveraging synergies arising from its multi-format business, establishing an energy management system to promote energy savings at its retail stores, as well as improving its labor structure and hiring system. The division also stepped up its effort in establishing coverage in new regions and fostering strategic cooperation with national developers to bring in its multiple retail formats to various high-quality commercial properties. In addition, a number of convenience stores will soon be opened at metro stations in Hangzhou, Zhejiang Province.

To further enhance its market share, the division will strive to expand into third-to-fourth tier cities, countries, towns and villages. The division will further improve the operation of new stores and loss-making stores in order to boost sales and profitability through organic growth. Besides, concerted efforts will also be made to enhance the standardization of retail formats, optimize management flow and implement lean management measures.

The Group's **beer division** recorded turnover of HK\$23,786 million and attributable profit of HK\$878 million for the review period, representing increases of 7.6% and 1.7% year-on-year, respectively. Total beer sales volume increased by 5% to approximately 9,062,000 kiloliters during the first nine months in 2012, of which sales volume of "雪花 Snow" brand accounted for over 90% of the Group's total beer sales volume. As the division's newly-built and acquired breweries in Henan, Shanxi and Zhejiang commenced operation, the Group operated over 80 breweries in China with an aggregate annual production capacity of more than 17,000,000 kiloliters as at the end of September 2012.

The greater frequency of rainy weather conditions across regions, where the Group has dominant market share, has affected the overall sales volume growth and average selling price of beer. The beer division continued to carry out effective marketing campaigns to boost the sales of its beer and optimized its product mix through enhancing the sales of premium beer products to stabilize profitability. Besides, by leveraging its economies of scale and centralized procurement, the division further enhanced its production and energy efficiency to alleviate cost pressures.

The division will continue to launch marketing campaigns for the "雪花 Snow" brand to reinforce its reputation and customer loyalty. In addition, the division will further optimize its product mix and strengthen its centralized purchase system by reinforcing the promotion of its premium beer. It will also continue to seek and evaluate investment opportunities while pursuing organic growth, so as to capture a larger market share and fortify its market leading position.



The Group's **food division** recorded turnover of HK\$7,750 million for the review period, representing an increase of 0.2% year-on-year, while attributable profit increased by 7.5% to HK\$271 million. Excluding the after-tax revaluation surplus and deemed gain on the disposal of non-core investments, the division's attributable profit would have decreased by 11.3% for the review period.

Although the division's frozen food operation in Hong Kong was still affected by the excess market supply and low selling prices, its profitability improved steadily by leveraging the strengthened forecasts on supply and demand, as well as adjustments in the procurement cycle. However, as the higher prices of live pigs in 2011 set a relatively high basis of comparison for the review period, there was decline in turnover and operating profit in Hong Kong's livestock distribution operation. As for the division's meat operation in China, with the drop of live pigs prices which stimulated consumption, coupled with decreasing procurement costs and strengthened bargaining power over suppliers, both turnover and gross profit increased. The division's assorted foodstuff operation in China also recorded growth in turnover and gross profit as it further modified its product mix and made significant inroads in new markets such as Jiangsu and Anhui.

Looking ahead, China remains to be a key market for the division's growth. The division will actively review its development strategy, enhance the operational efficiency of its existing business, and execute mergers and acquisitions to strengthen and expand its business in China.

The Group's **beverage division** reported a turnover of HK\$3,908 million for the review period, representing an increase of 58.7% year-on-year, while attributable profit decreased by 26.7% to HK\$88 million. This was mainly resulted from diluted earnings contribution from the formation of a joint venture with Kirin Holdings Company, Limited in mid-August 2011.

With its flagship "怡寶 C'estbon" brand of purified water and the active promotion of the beverage products of the "麒麟 Kirin" operation, total sales volume of the Group's beverage division rose by 36% year-on-year to approximately 2,859,000 kiloliters for the review period. The bottled water operation delivered rapid growth in both sales volume and turnover, especially in provinces such as Guangdong, Hunan, Sichuan, Jiangsu, Guangxi, Fujian and Hainan, further strengthening the leading position of the Group's purified water operation in southern China. The "麒麟 Kirin" operation started to sell its existing products through the existing distribution channels of the packaged water operation in Guangdong, Hunan and Sichuan, and has picked up growth momentum in sales volume in its existing markets. The beverage market in China continues to demonstrate considerable growth potential, which paves the way for the beverage division to maintain relatively high growth in sales volume.



Mr. Chen Lang, Chairman of the Company, concluded, "We expect the short-term operating environment for the consumer goods business in China to remain under pressure. However, we are optimistic about the future development of the industry as the central government's '12th Five-Year Plan' has been effective in stimulating domestic consumption. In addition, our strong cash position has enabled us to accelerate our future expansion as well as to benefit from the rebound in China's economy. Looking ahead, we will continue to push forward our expansion plans and to intensify our control in the areas of risk management and cash and asset management in order to cope with the changes in the global economic environment."

### **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.

For further information, please contact:

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

Mr. Vincent Tse, General Manager  
Strategic Planning and Investor Relations Dept.  
Tel: +852 2829 8407  
Mobile: +852 9861 1983  
Email: [vincent.tse@cre.com.hk](mailto:vincent.tse@cre.com.hk)

Ms. Jover Wong, Senior Public Relations Manager  
Strategic Planning and Investor Relations Dept.  
Tel: +852 2829 8412  
Mobile: +852 9389 0851  
Email: [jover.wong@cre.com.hk](mailto:jover.wong@cre.com.hk)

#### **Hill + Knowlton Strategies Asia**

Ms. Crystal Yip  
Tel: +852 2894 6211  
Email: [crystal.yip@hkstrategies.com](mailto:crystal.yip@hkstrategies.com)

Mr. Kevin Law  
Tel: +852 2894 6219  
Email: [kevin.law@hkstrategies.com](mailto:kevin.law@hkstrategies.com)

Full details for the first nine months of 2012 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).