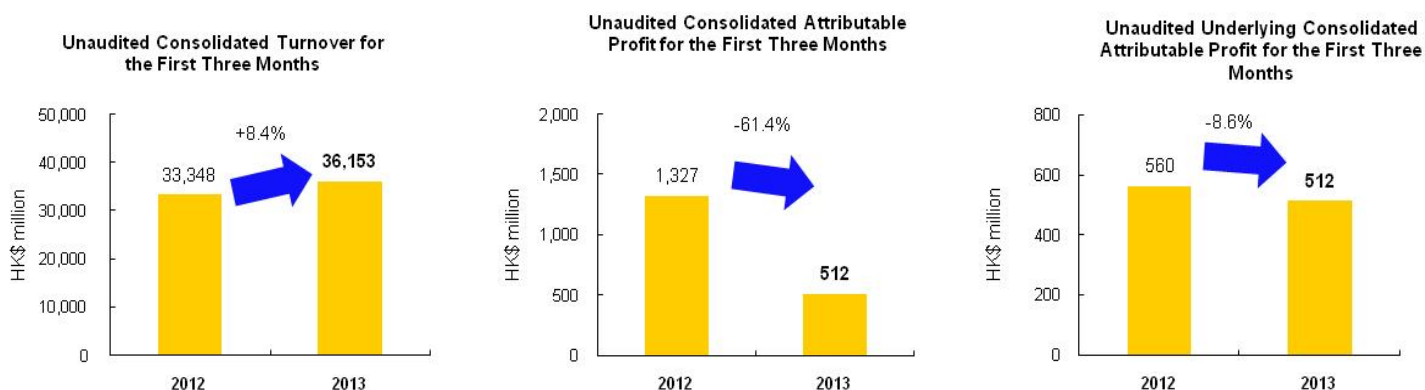


For Immediate Release

Press Release

## China Resources Enterprise Announces Unaudited Review for the First Three Months of 2013

- Unaudited consolidated turnover and profit attributable to the Company's shareholders increased 8.4% and decreased 61.4%, respectively, to HK\$36,153 million and HK\$512 million.
- The attributable profit reduction was mainly due to asset revaluation in the previous year, a non-recurring item this year.
- Excluding asset revaluation, underlying unaudited consolidated profit attributable to the Company's shareholders would have decreased by 8.6% for the first quarter in 2013.
- Retail division reported turnover of HK\$25,923 million representing an increase of 7.3%. Excluding the revaluation surplus, the division's attributable profit would have decreased by 6.3% year-on-year.
- Turnover of the beer division increased by 13.3% year-on-year to HK\$6,548 million, while attributable loss reduced by 30.3% to HK\$23 million.
- The beverage division recorded robust growth. Turnover and attributable profit were HK\$1,453 million and HK\$8 million, representing increases of 56.4% and 33.3% respectively. The overall performance of the food division was steady.



[Hong Kong, 16 May 2013] **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 three months ended 31 March 2013 ("the review period"). The Group reported unaudited consolidated turnover and profit attributable to the Company's shareholders of HK\$36,153 million and HK\$512 million, respectively, representing an increase of 8.4% and a decrease of 61.4% year-on-year. Excluding asset revaluation, the Group's unaudited underlying consolidated profit attributable to the Company's shareholders would have decreased by 8.6% for the review period.

**Mr. Hong Jie, Chief Executive Officer of the Company**, said, "In the first quarter of 2013, the easing inflation and the anti-extravagance campaign advocated by the central government aimed at reinforcing diligence and thrift affected consumption expenditures in China. Nevertheless, we further expanded our



businesses by extending coverage to new regions and enhancing the operational efficiency and resource allocation of our core businesses – retail, beer, food and beverage. These efforts have enabled the Group to achieve steady growth in turnover and to consolidate our market leading position in established sectors and regions.”

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 year-on-year increases of 7.3% and decreases of 60.4%, 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. 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. The division achieved same store sales growth of 2.9% year-on-year, mainly driven by the moderate growth in the total retail sales of consumer goods nationwide.

During the review period, the Group stepped up its marketing efforts to capture a larger market share in new regions and expanded its influence in the retail industry. The Group's two leading brands, “太平洋咖啡 Pacific Coffee” and “Ole' ”, joined hands for the first time to launch boutique stores in Northeast China, while “華潤萬家 CR Vanguard” debuted its first specialized halal supermarket in Ningxia. To tackle the impact brought by rising operating costs, the Group implemented various cost control measures such as enhancing its bargaining power over leases and sharing sales and marketing resources by leveraging synergies arising from its multi-format business, establishing an energy management system at its retail stores, as well as improving its labor structure and hiring system.

Looking ahead, hypermarkets will remain the main format of the Group's retail division. The division will continue to consolidate its strong regional leadership in dominant markets and accelerate its expansion into third-to-fourth tier cities, as well as into counties, towns and villages. Renovation and brand transition for newly-acquired stores of the division will also be accelerated to provide a compelling shopping experience for customers and to improve store images.

The Group's **beer division**'s reported turnover of HK\$6,548 million and attributable loss of HK\$23 million for the first quarter of 2013, representing an increase of 13.3% and a reduction of 30.3% year-on-year, respectively. The division's total beer sales volume increased by 16% to 2,297,000 kiloliters for the first quarter of 2013, thanks to the continuous efforts in enhancing production capacity, the strengthening of its sales network and the enhancement of customer services at points of sale. The sales volume of “雪花 Snow” brand increased by 17% to 2,103,000 kiloliters, accounting for over 90% of the Group's total beer sales volume. During the review period, the newly-built breweries in Guangxi and Anhui commenced operation. 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.

In response to the intensifying market competition, the division increased the promotion and marketing activities. In the meantime, the division continued to enhance its product mix to relieve the pressure on



rising operation costs and consolidate its overall profitability. The division also 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. 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 will also further optimize the Group’s sales network in China and fortify its market leading position in China’s beer industry.

With the aim of strengthening its brand reputation and improving customer loyalty, the beer division will continue to carry out marketing campaigns for the “雪花 Snow” brand. The division will also seek and evaluate investment opportunities in a prudent manner while pursuing organic growth in order to expand its market share.

The Group’s **food division** reported turnover of HK\$2,433 million, representing a decrease of 5.7% year-on-year. Attributable profit amounted to HK\$57 million, which remained comparable to the corresponding period last year.

In Hong Kong, the division conducted effective communications with suppliers to strengthen its supply chain management in livestock distribution business, which in turn alleviated the impact brought by the decline in selling prices. As for the meat operation in China, the division achieved satisfactory growth in profit margin through its vigorous expansion in the carved meat business and increasing the number of specialized meat retail stores. The profitability of the assorted foodstuff operation was effectively boosted by the strengthened awareness of “五豐黎紅” brand. Furthermore, the division acquired a fruit processing and distribution business during the review period, which laid a foundation for the formation of a vertically-integrated supply chain spanning from sources to retail channels.

Looking ahead, the division will continue to focus on the domestic market and will enhance the operational efficiency of its existing businesses to accommodate its development strategy. The Group will further enhance the scale in China and improve profitability through effective promotions and marketing efforts of the “五豐 Ng Fung” brand, expansion into new markets and mergers and acquisitions.

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. Total sales volume increased by 43% year-on-year to approximately 971,000 kiloliters during the review period, mainly attributable to the active promotion of beverage products and rapid growth in the sales volume and turnover of purified water.

To sharpen its competitive edge and build brand awareness, the division has adopted a more flexible approach to leveraging market opportunities through the on-going optimization of its sales procedures. Moreover, the division continued to step up its marketing and promotional efforts for “麒麟 Kirin” beverage



products and is looking to localize the brand with the aim of expanding its consumer base as well as enhancing product awareness and recognition. Looking forward, the division will continue to engage in research and development for new products so as to further optimize its product mix. Strategic marketing and promotional initiatives will be implemented to further enhance the brand awareness with the aim of capturing a larger market share.

**Mr. Chen Lang, Chairman of the Company**, concluded, "The operating environment for the retail business is expected to remain challenging in the short run. However, we are optimistic about China's retail market as the central government's new urbanization strategies promulgated at the '18th National Congress' is expected to fuel domestic demand for consumer products, which will in turn benefit the Group's future growth. Besides, we will continue to seek and evaluate suitable opportunities to forge cooperative relationships with other market players to create synergies with our businesses. Looking ahead, we will continue to focus on steady expansion of our businesses and on strengthening our core competitiveness so as to maintain our market leading position and seize opportunities when the economy rebounds."

#### **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 goods businesses, including retail, beer, food and beverage in China.

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Full details for the first three months of 2013 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).