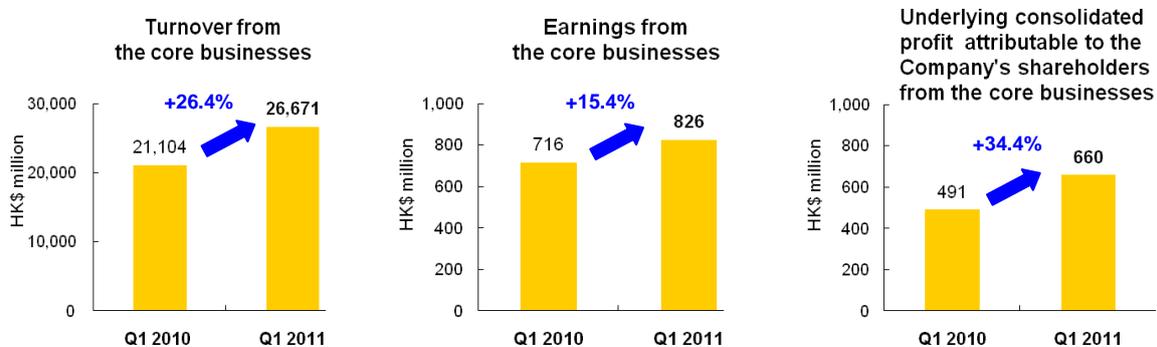


For Immediate Release
Press Release

China Resources Enterprise Announces Unaudited Quarterly Review for Q1 2011

- Consolidated turnover and earnings from the core businesses rose by 26.4% and 15.4% respectively to HK\$26,671 million and HK\$826 million.
- Underlying consolidated profit attributable to the Company's shareholders from the core businesses would have increased by 34.4% after excluding the after-tax profit of asset revaluation and major disposals.
- *Retail division* recorded solid growth with turnover and earnings climbing by 27.7% and 16.2% respectively. Excluding an after-tax revaluation surplus, the division's underlying net profit would have increased by 33.7% benefiting from strong same store sales growth of 12.7%.
- *Beer division* attained a 20.1% increase in turnover and a 5.3% increase in earnings thanks to improvements in both beer sales volume and average selling prices.
- *Food division* reported year-on-year increases of 24.1% and 1.7% in turnover and earnings respectively. Excluding the after-tax revaluation surplus and after-tax profits from the reduction of certain equity interests in strategic investments in the corresponding period of last year, the division recorded an increase of 26.7% in underlying net profit backed by strong brand recognition.
- *Beverage division* achieved significant growth of 49.2% and 42.9% in turnover and earnings respectively on robust sales volume growth.



[Hong Kong, 19 May 2011] China Resources Enterprise, Limited (HKEx: 00291) ('The Company' and together with its subsidiaries, 'The Group') today announced its unaudited quarterly financial and operational review for the three months ended 31 March 2011. The Group's core businesses, including the retail, beer, food and beverage divisions, generated consolidated turnover of HK\$26,671 million and consolidated profit attributable to the Company's shareholders of HK\$826 million, representing increases of 26.4% and 15.4% year-on-year respectively. Excluding the after-tax profit of asset revaluation and major disposals, the Group's underlying consolidated profit attributable to the Company's shareholders from the core businesses would have increased by 34.4% year-on-year to HK\$660 million.



Mr. Qiao Shibo, Chairman of the Company, said, "The Group's sustained growth in the first quarter of 2011 has enhanced the leading position of our consumer businesses in China. Looking ahead, we expect China's consumer market to remain promising. We will actively pursue both acquisition opportunities and organic growth so as to further strengthen our core businesses. "

The Group's **retail division** recorded a turnover of HK\$19,019 million and earnings of HK\$694 million for the first quarter of 2011, representing increases of 27.7% and 16.2% year-on-year respectively. Excluding an after-tax revaluation surplus, the division's underlying net profit for the first quarter of 2011 would have increased by 33.7% year-on-year. The division's same store sales increased by 12.7% year-on-year during the quarter under review partly due to rising food prices that lent support to the increases in sales per transaction at the stores. Earnings before interest, tax, depreciation and amortization of the division for the first quarter of 2011 amounted to HK\$1,314 million, representing a year-on-year increase of 18.4%. The higher operating profit was mainly attributable to a substantial improvement in sales during the Chinese New year period. Since the beginning of this year, the minimum wage increase and taxes such as China's Urban Maintenance and Construction Tax and Education Surcharges imposed on foreign enterprises have put pressure on the operating costs in the Chinese Mainland. However, gross margins and profitability improved because of various initiatives such as leveraging economies of scale and establishing direct trading bases between farmers and supermarkets.

During the quarter under review, the Group's "華潤萬家 Vanguard" and "Olé" supermarkets extended their reach to new markets such as West Guangdong, Baise of Guangxi and Chongqing. Moreover, in line with its strategy to further harness synergy on a multi-format business platform, the Group's "中藝 Chinese Arts & Crafts" and "華潤堂 CR Care" stores further expanded their network in the mainland market. As at the end of March 2011, the Group operated over 3,300 stores in China, of which over 70% were self-operated while the rest were franchised.

The **beer division** reported a turnover of HK\$4,902 million and earnings of HK\$20 million for the first quarter of 2011, representing year-on-year increases of 20.1% and 5.3% respectively. The Group's total beer sales volume increased by 10.3% to approximately 1,908,000 kiloliters in the first quarter of 2011. Benefiting from a series of unique marketing campaigns that further enhanced its brand image, the sales volume of the Group's national brand "雪花 Snow" increased by 11.2% to approximately 1,725,000 kiloliters, accounting for more than 90% of the Group's total beer sales volume.

The rapid increase in the cost of primary and secondary raw materials, higher labour costs and taxes such as the Urban Maintenance and Construction Tax and Education Surcharges imposed on foreign enterprises increased the operating costs. Nevertheless, the beer division strove to lift the sales of premium beers and optimize its product mix in order to improve its average selling prices and relieve cost pressure. As at the end of March 2011, the Group operated over 70 breweries in China, which altogether had an aggregate annual production capacity of more than 14,600,000 kiloliters.



The **food division** reported a turnover of HK\$2,262 million and earnings of HK\$118 million for the first quarter of 2011, representing year-on-year increases of 24.1% and 1.7% respectively. Excluding the after-tax revaluation surplus and after-tax profits from the reduction of certain equity interests in strategic investments in the corresponding period of last year, the division's underlying net profit would have risen by 26.7% year-on-year.

The mainland meat processing, branded food processing, cold storage and trading, as well as distribution businesses achieved robust operating results. Faced with the higher costs of raw materials, labor and pigs, the Group actively fine-tuned its sales strategy and optimized its product mix to offset cost pressure. By modifying operational strategy, enhancing the coordination between supply, logistics and sales, and ensuring steady supply and prices of live pigs, the Hong Kong livestock distribution operation enhanced gross margins and achieved growth in turnover and profit during the quarter under review. The assorted foodstuff operation also recorded satisfactory growth in operating results thanks to the active promotion of the “五豐 Ng Fung” brand.

The Group's **beverage division** reported a turnover of HK\$567 million and earnings of HK\$10 million for the first quarter of 2011, representing year-on-year increases of 49.2% and 42.9% respectively. With its flagship purified water brand “怡寶 C'estbon”, the division's total sales volume rose by 40% to approximately 522,000 kiloliters. During the quarter under review, the division rapidly expanded its market coverage in Jiangxi, Yunnan and Henan. In the more established markets such as Guangdong, Sichuan, Hunan and Jiangsu, the division achieved sustained growth in sales volume through continuously enhancing its distribution channel management. To tackle rising raw material costs, the division made appropriate adjustments to its sales strategy in Sichuan and Guangdong to encourage distributors to stock up more products, which led to notable growth in sales volume.

In view of the huge growth potential in China's fast-developing beverage market, the Group has established a joint venture with Kirin Holdings Company, Limited that is 60% owned by the Group. The two companies would each inject their respective existing non-alcoholic beverage operations in China into the joint venture. The Group is confident that this joint venture will facilitate the division to become a powerful contender in China's non-alcoholic beverage market.

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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 quarterly review for Q1 2011 have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the corporate website at www.cre.com.hk.