For Immediate Release

Press Release

China Resources Enterprise Announces Interim Results for 2015
"Embrace the Future"

- **Unaudited consolidated turnover up by 13.4% year-on-year, to approximately HK$94,660 million. Consolidated loss attributable to the Company's shareholders was HK$4,327 million compared to attributable profit of HK$929 million for the first half of 2014, in which a provision for goodwill impairment of HK$2,014 million (net amount attributable to shareholders) and a loss on remeasurement of disposal group of HK$2,222 million were recognised.**
- **Beer division saw turnover and attributable profit rise by 6.1% and 30.5% year-on-year, respectively, to approximately HK$19,609 million and HK$544 million, respectively.**
- **Retail division reported turnover of HK$61,146 million, representing an increase of 16.3%. Attributable loss was HK$2,778 million compared with attributable profit of HK$700 million for the first half of 2014.**
- **Food division, which was undergoing a transition period, recorded turnover and attributable loss of HK$8,480 million and HK$5 million, respectively, representing an increase of 5.5% and a loss reduction of 93.1% over the same period last year.**
- **Beverage division reported turnover and attributable profit up by 24.7% and 193.9% year-on-year, respectively, to approximately HK$6,307 million and HK$194 million, respectively.**
- **The resolution approving the disposal of all of the Group's non-beer businesses to CRH for a total consideration of HK$30 billion was passed by its independent shareholders. More details of the special dividend and subsequent arrangements will be announced at a later date.**

[Hong Kong, 21 August 2015] – **China Resources Enterprise, Limited** (HKEx: 00291) (the "Company", or together with its subsidiaries, the "Group") today announced its unaudited financial and operational results for the six months ended 30 June 2015. Unaudited consolidated turnover increased by 13.4% to HK$94,660 million, respectively. Consolidated loss attributable to the Company's shareholders was HK$4,327 million compared to attributable profit of HK$929 million for the first half of 2014. Excluding after-tax effect of asset revaluation, underlying consolidated loss attributable to the Company's shareholders was HK$4,406 million compared to underlying attributable profit of HK$668 million in the same period last year. The Board has resolved not to declare an interim dividend.

Mr. Hong Jie, Chief Executive Officer of the Company, said, "Our transformation into a beer-focused business will unlock the value of our market-leading beer business from the previous conglomerate structure and remove the uncertain outlook in the short to medium-term for the non-beer businesses, for which additional and ongoing investment is required to improve profitability."

The resolution on the disposal of the Group's discontinued operation – including the retail, food and beverage businesses – to China Resources (Holdings) Company Limited ("CRH") for a total consideration of HK$30 billion was approved at the Extraordinary General Meeting held on 3 August 2015. Upon the completion of the disposal, the Group will specialize in the beer business of which its subsidiary, China Resources Snow Breweries Limited, is the largest brewer by sales volume in China, the largest beer market by sales volume in the world. The proceeds from the disposal will largely be distributed to the shareholders in the form of a special dividend. Subject to the fulfilment of conditions as stated in a circular on 9 July 2015, a special dividend of HK$12.30 per share is expected to be paid by the end of October 2015. More details on the special dividend and the subsequent arrangements will be announced at a later date.

The ***beer division*** achieved turnover and attributable profit of HK$19,609 million and HK$544 million for the first half of 2015, representing increases of 6.1% and 30.5% year-on-year, respectively. EBITDA increased by 14.1% year-on-year to HK$2,615 million. Overall beer market capacity fell due to the macro-economic slowdown and unfavourable weather conditions in mainland China. The sales volume of the beer division decreased slightly by 0.8% to 6,249,000 kiloliters, outperforming the industry average through strengthened production capacity, localized and tailored marketing strategies, enhanced brand promotions and increased market share. The Group's national "雪花 Snow" brand accounted for approximately 90% of the Group's total beer sales volume.

During the period under review, operating profit rose as a result of improved economies of scale, lean management and better control of selling expenses. The overall average selling price increased by approximately 6.8% year-on-year thanks to the rapid increase in the sales volume of premium beer, which also boosted growth in the division's average selling price. As at the end of June 2015, the Group operated 98 breweries across 25 Chinese provinces with a total annual nominal production capacity of over 20,000,000 kiloliters.

Moving forward, to strengthen the brand reputation of and customer loyalty to the "雪花 Snow" brand, the Group's beer division will continue its marketing campaigns, reinforce the promotion of its premium beers, optimize its product mix and quality, and seek greater value through synergies created from the merger and acquisition. At the same time, the division will continue to cooperate with SABMiller PLC and step up its regional presence through organic growth and acquisitions, and will consolidate its leading marketing position.

The Group's ***retail division*** recorded turnover of HK$61,146 million in the first half of 2015, representing an increase of 16.3%. It recorded attributable loss of HK$2,778 million compared with attributable profit of HK$700 million for the same period last year. Excluding after-tax revaluation surplus and the disposal of non-core assets, the division's attributable loss for the first half of 2015 was HK$2,847 million, while attributable profit was HK$439 million for the first half of 2014. Same store sales decreased 3.8% year-on-year. As at the end of June 2015, the Group

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operated over 4,800 stores in China, of which approximately 85% were self-operated while the rest were franchised.

In view of the current macro-economic environment and declining performance of the joint venture (the "Joint Venture"), the Group made a provision for the impairment loss on goodwill for HK$2,014 million (net amount attributable to shareholders) during the first half of 2015. A provision for HK$422 million (net amount attributable to shareholders) was also made for the closure of certain less efficient stores and stores with poor prospects.

During the period under review, the performance of the division continued to be negatively impacted by the economic slowdown and intensified competition in retail industry. More time and investment is needed in the Joint Venture with Tesco PLC in order to improve its operational efficiency and profitability. The short to medium-term performance of the Group's retail division is expected be impacted with further adjustments ahead.

The ***food division*****,** which was undergoing transition period, reported turnover and attributable loss of HK$8,480 million and HK$5 million for the first half of 2015, representing an increase of 5.5% and a loss reduction of 93.1% year-on-year, respectively. The rice business continued to grow its national presence by acquiring three rice processing plants during the review period. However, it will require high initial investment and marketing expenses to improve its long term profitability. Meanwhile, the low overall selling price of hogs continued to put pressure on the division's operations in Hong Kong. In addition, the Group's meat operations have been affected by the slowdown in the overall demand growth. The division will therefore likely require continued investment to improve capacity utilisation and profitability.

The ***beverage division*** recorded turnover and attributable profit of HK$6,307 million and HK$194 million for the first half of 2015, representing increases of 24.7% and 193.9% year-on-year, respectively. The division's total sales volume increased by 23.5% year-on-year to approximately 3,978,000 kiloliters in the first half of 2015. This was mainly attributable to the growth in sales volume of "怡寶 C'estbon" purified water and further refinement of the sales districts. The division stepped up its marketing and promotional efforts in a moderate manner during the period under review. Looking ahead, the division will need to make additional investments to ramp up its investment in promotional activities and research and development and to diversify its currently limited product portfolio.

Mr. Chen Lang, Chairman of the Company, concluded, "Looking forward, we are confident in our ability to leverage our leading position to create sustainable profitable growth and better returns on assets in the future. We believe our transformation into a beer-focused company is in the best interests of our shareholders, and it will give us greater flexibility in executing our business plan for the beer business and to deliver outstanding returns to our shareholders."

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 in China.

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Full details of our 2015 interim results 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.

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