

For Immediate Release

Press Release

China Resources Enterprise announced unaudited quarterly review for Q3 2006

[Hong Kong, 21 November 2006] China Resources Enterprise, Limited (HKEx: 0291) ('The Company' or together with its subsidiaries, 'The Group') today announced its unaudited financial and operational review for the third quarter and the nine months ended 30 September 2006. Consolidated turnover for the third quarter and the nine months ended 30 September 2006 amounted to approximately HK\$18.0 billion and HK\$49.6 billion respectively, representing an increase of 27% and 25% over the same periods of last year. Profit attributable to the Company's shareholders for the third quarter of 2006 rose 4% to HK\$630 million whereas that for the first nine months of 2006 rose 1% to HK\$1,895 million. Excluding the after-tax effect of revaluation of investment properties and major disposals, which led to an aggregate gains of HK\$407 million in the first nine months of 2006 and HK\$583 million in the same period of 2005, underlying net profit increased by 16% for the first nine months of 2006. Core consumer businesses contributed to the strong underlying profit growth, especially from retail, beverage and food.

There was encouraging profit increase in retail business with earnings contribution for the third quarter and the first nine months of the year amounted to HK\$29 million and HK\$176 million respectively, representing an increase of 13.8 times and 65% over the same periods in 2005. All three operations, including supermarket, brand-fashion distribution and retail stores in Hong Kong, reported profitability improvement in the third quarter, accounting for the profit jump. In particular, the supermarket operation recorded a net profit of HK\$14 million in the third quarter of 2006, bringing the net profit for the first nine months of the year to HK\$133 million, an increase of 130%. It registered overall same store growth of 6.3% during the current nine-month period, including the 7.5% increase of the mainland.

Beverage business continued to deliver superior performance. Earnings for the third quarter and the first nine months of 2006 was HK\$151 million and HK\$226 million respectively, reflecting a year-on-year increase of 16% and 19%. Sales volume of beer rose by 32% to 4.35 million kiloliters for the first nine months of 2006, underpinned by an outstanding organic growth of 25%. Our national brand "SNOW" recorded a 91% sales volume growth to 2.43 million kiloliters during the same period, constituting 56% of the total sales volume. The tremendous growth this year has reinforced its position as the largest beer brand in the mainland and the top ten globally in terms of sales volume.

There was strong result in food processing and distribution business in the third quarter, leading to an overall 22% underlying net profit increase for the first nine months of 2006 to HK\$335 million. With the active



promotion of "Ng Fung" brand as high quality fresh meat and enrichment in product mix, there was a significant operating profit growth in the foodstuff distribution division. The two meat processing projects in Shenzhen and Shanghai performed well and have developed an efficient supply chain from pig sourcing, slaughtering, meat production to retailing. The marine fishing operation also had a turnaround during the third quarter on robust turnover growth.

Turnover of the Group's investment property portfolio, which comprises mainly retail properties, increased by 15% and 16% for the third quarter and the first nine months of 2006 respectively, attributable to higher retail rents and the initial contribution from the newly renovated property on Hennessy Road. Despite the fluctuation in international oil prices, our petroleum and related products distribution business was steady. Its respective underlying net profits of HK\$170 million and HK\$387 million for the third quarter and the first nine months of the year were comparable to those of last year.

The operating environment of our textile business remained challenging and earnings contribution for the third quarter and the first nine months of 2006 amounted to HK\$13 million and HK\$54 million, a decrease of 47% and 33% from the same periods in 2005. However, there is a strong demand for our high-end yarn products, MAKO, after technology upgrade and our future focus will be on product mix enhancements.

Managing Director of the Group, Mr. Mark Chen, said, "Our strength in the first half of the year has carried into the second half as reflected by the third quarter performance. We are well positioned to capitalize on the favorable consumer markets in both mainland China and Hong Kong, reaffirming our strong growth profile."

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About China Resources Enterprise, Limited

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and is also traded on SEAQ International of the London Stock Exchange. It is one of the constituent stocks of the Hang Seng Index in Hong Kong and Hang Seng London Reference Index. The Group focuses on the consumer businesses in both the Chinese Mainland and Hong Kong, with core activities being retail, beverage, food processing and distribution, textile and property investment.

For further information, please contact:

Mr. Francis Kwong
Deputy Managing Director
China Resources Enterprise, Limited
Tel: +852 2829 9816
Fax: +852 2598 8453
Email: francis.kwong@cre.com.hk

Full details of our Quarterly Review will be posted on The Standard and Hong Kong Economic Journal on 22 November 2006 and the corporate web site at www.cre.com.hk.

FINANCIAL HIGHLIGHTS

	Three months ended 30 September 2006 (Unaudited)		Nine months ended 30 September 2006 (Unaudited)	
	HK\$'000	2005 (Unaudited & Restated) ¹ HK\$'000	HK\$'000	2005 (Unaudited & Restated) ¹ HK\$'000
Turnover	17,987,437	14,200,877	49,568,159	39,557,237
Profit attributable to shareholders of the Company	629,775	605,151	1,895,268	1,867,511
Basic earnings per share	N/A	N/A	HK\$0.82	HK\$0.86
Diluted earnings per share	N/A	N/A	HK\$0.80	HK\$0.84

	At 30 September 2006 (Unaudited) HK\$'000	At 31 December 2005 (Unaudited & Restated) ¹ HK\$'000
Equity attributable to shareholders of the Company	20,452,034	18,196,448
Minority interests	5,407,384	4,746,888
Total equity	25,859,418	22,943,336
Consolidated net borrowings	675,144	3,282,079
Gearing ratio ²	2.6%	14.3%
Current ratio	1.21	1.12
Net assets per share: book value	HK\$8.74	HK\$8.15

Notes:

- The Group has changed its accounting policy on jointly controlled entities to proportionate accounting for the financial period commencing from 1 January 2006. The new accounting policy has been applied retrospectively and certain 2005 comparative figures are restated accordingly. However, the change in accounting policy would not have any impact on the consolidated net assets as at 31 December 2005 and the consolidated net profit for the nine months ended 30 September 2005.
- Gearing ratio represents the ratio of consolidated net borrowings to total equity.



ANALYSIS OF TURNOVER AND PROFIT

	Three months ended 30 September		Nine months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited & Restated) ¹ HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited & Restated) ¹ HK\$'000
Turnover by Segment				
Core Businesses				
- Retail	4,992,624	4,020,182	14,902,644	11,950,519
- Beverage	3,319,454	2,437,663	7,664,075	5,641,936
- Food Processing and Distribution	1,628,537	1,403,883	4,517,242	4,240,122
- Textile	1,203,264	1,105,907	3,329,508	3,164,528
- Investment Property	88,321	76,815	259,606	223,838
Subtotal	11,232,200	9,044,450	30,673,075	25,220,943
Other Businesses				
- Petroleum and Related Products Distribution	6,792,220	5,218,472	19,043,886	14,507,252
- Investments and Others	-	-	-	-
Subtotal	6,792,220	5,218,472	19,043,886	14,507,252
	18,024,420	14,262,922	49,716,961	39,728,195
Elimination of inter-segment transactions	(36,983)	(62,045)	(148,802)	(170,958)
Total	17,987,437	14,200,877	49,568,159	39,557,237

ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September		Nine months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Profit/(loss) attributable to shareholders of the company by segment				
<i>Core Businesses</i>				
- Retail	29,055	1,966	176,381	106,899
- Beverage	150,839	130,392	226,251	190,284
- Food Processing and Distribution	121,391	87,856	335,045	334,623
- Textile	13,366	25,210	54,356	80,869
- Investment Property	81,409	145,682	561,619	574,906
Subtotal	396,060	391,106	1,353,652	1,287,581
<i>Other Businesses</i>				
- Petroleum and Related Products Distribution	170,119	168,488	386,915	470,520
- Investments and Others	116,695	109,053	308,221	277,296
Subtotal	286,814	277,541	695,136	747,816
	682,874	668,647	2,048,788	2,035,397
Net corporate interest and expenses	(53,099)	(63,496)	(153,520)	(167,886)
Total	629,775	605,151	1,895,268	1,867,511



ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September		Nine months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Profit/(loss) attributable to shareholders excluding the effect of investment property revaluation and major disposal of non-core assets/investments by segment				
<i>Core Businesses</i>				
- Retail	21,135	1,966	168,461	106,899
- Beverage	150,839	130,392	226,251	190,284
- Food Processing and Distribution ¹	121,391	87,856	335,045	275,193
- Textile	12,805	25,210	53,539	79,828
- Investment Property ²	49,526	47,154	163,423	137,431
Subtotal	355,696	292,578	946,719	789,635
<i>Other Businesses</i>				
- Petroleum and Related Products Distribution ³	170,119	168,488	386,915	385,518
- Investments and Others	116,695	109,053	308,221	277,296
Subtotal	286,814	277,541	695,136	662,814
	642,510	570,119	1,641,855	1,452,449
Net corporate interest and expenses	(53,099)	(63,496)	(153,520)	(167,886)
Total	589,411	506,623	1,488,335	1,284,563

Notes:

1. Net gain on disposal of an associated company amounting to approximately HK\$59 million has been excluded in 2005 results.
2. Net valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of HK\$398 million (2005: HK\$437 million) have been excluded.
3. Net gain on disposal of an investment amounting to HK\$85 million has been excluded in 2005 results.