

For Immediate Release

Press Release

- **Turnover reached another new high of HK\$53.6 billion, a 14% increase from 2004**
- **Earnings rose by 50% to a record HK\$2,220 million**
- **Excluding the after-tax effect of revaluation of investment properties, which led to a HK\$403 million gain, underlying net profit increased by 23%**
- **Final dividend of HK25¢ recommended, bringing the full year dividend to HK38¢, a 41% growth from last year**

China Resources Enterprise Announced Final Results for 2005 Charting New Horizons

[Hong Kong, 6 April 2006] China Resources Enterprise, Limited (HKEx: 0291) ('The Company' or together with its subsidiaries, 'The Group') announced its final results for the twelve months ended 31 December 2005 today. Consolidated turnover rose 14% over 2004 to another new high of HK\$53.6 billion. Profit attributable to Company's shareholders grew by 50% to a record HK\$2,220 million. Excluding the after-tax effect of revaluation of investment properties, which led to a HK\$403 million gain, underlying net profit was up 23%. Earnings per share rose by 45% to HK102¢. The Board of Directors proposed a final dividend of HK25¢ per share. Together with the interim dividend of HK13¢ per share, the full year cash dividend will be HK38¢ per share, a 41% increase from 2004 with payout ratio reaching 40%.

The Group's retail business reported overall encouraging profitability improvement during the year under review. Earnings surged 105% to HK\$107 million led by supermarket operation and other retail stores in Hong Kong. In particular, the supermarket operation contributed HK\$54m earnings, in sharp contrast to the HK\$7m loss in FY2004, and EBITDA amounted to HK\$576m, an increase of 54%. It registered overall same store growth of 4.4% led by the 5.9% increase of the mainland supermarket business.

Earnings contribution from the Group's beverage business rose by 30% to HK\$136 million. Beer sales volume increased by 26%, of which 15% was organic, to 3.95 million kilolitres. Overall average selling price increased by 7% and overall gross margin was slightly higher. Through focused brand marketing, distribution initiatives and continuous improvement in sales mix, our national brand "SNOW" achieved outstanding growth. Its sales volume increased by 47% to 1.58 million kilolitres and accounted for 40% of our total sales volume.



Food processing and distribution business reported a 9% growth in earnings driven by the foodstuff distribution operation. Continuous enrichment in product mix, together with the expansion of sales and distribution network contributed to the respectable increase in profit. Benefited from growing concerns over food safety and quality, the “Ng Fung” brand of high quality food products was largely welcomed by local consumers.

Textile business made a considerable turnaround in 2005, with earnings of HK\$81 million, as compared to a loss of HK\$1 million in 2004. The spinning and weaving division recovered and contributed HK\$51 million earnings. Sales volume of cotton yarns and fabrics increased by 29% and 13% respectively. Earnings contribution from the garment division increased by 41% with a 20% increase in sales volume.

Earnings from petroleum and related products distribution business grew by 22% over 2004. Recurring earnings increased by 54% with better performance of petroleum wholesaling and petrol station as well as higher profit contribution from piped gas projects.

Managing Director of the Company, Mr. Mark Chen, said, “The Group performed well in 2005 with strong results across our businesses under management. Disposal of non-core assets has also been accelerated with more than HK\$1.4 billion operating cashflow generated from this exercise last year. At the same time, various business strategies have been implemented to capture the immense potential of a vibrant operating environment.”

Chairman, Mr. Song Lin, also said, “To achieve our goal to become the largest consumer company in China, the Group has been investing assertively in its core consumer businesses to build a platform for sustainable growth. To a large extent, the 2005 results also indicate the initial success of our transformation. We shall be aiming at improving profitability of our core businesses and concurrently seeking expansion opportunities to open up new horizons for growth.”

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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 also 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 Hong Kong and the Chinese Mainland, with core activities being retail, beverage, food processing and distribution, textile and property investment.

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Full details of our Final Results 2005 will be posted on The Standard, Hong Kong Economic Journal and Wen Wei Po on 7 April 2006 and the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com.



FINANCIAL HIGHLIGHTS

For the year ended 31 December 2005

	2005 HK\$'000	2004 HK\$'000 (Restated) ³
Turnover	53,583,919	47,078,103
Profit from operations	3,255,372	2,023,850
Share of net results of associates	353,736	361,948
Profit attributable to shareholders of the Company	2,220,403	1,480,053
Earnings per share ¹ (HK\$)	\$1.02	\$0.70
Dividend per share (HK\$)		
Interim	\$0.13	\$0.11
Final	\$0.25	\$0.16
	\$0.38	\$0.27
- Special interim	-	-
	31 December 2005 HK\$'000	31 December 2004 HK\$'000 (Restated) ³
Equity attributable to shareholders of the Company	18,196,448	15,124,828
Minority interests	4,746,888	4,811,653
Total equity	22,943,336	19,936,481
Consolidated net borrowings	3,311,150	4,980,613
Gearing ratio ²	14.4%	25.0%
Current ratio	1.12	1.26
Net assets per share: book value (HK\$)	\$8.15	\$7.12

Note:

1. Earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.
3. Comparatives have been restated to conform with the current year presentation in light of the change in accounting policies.



ANALYSIS OF TURNOVER AND PROFIT

For the year ended 31 December 2005

	2005 HK\$'000	2004 HK\$'000 (Restated) ¹
Turnover by segment		
Core Businesses		
- Retail	16,202,472	13,898,114
- Beverage	6,854,604	5,079,388
- Food Processing and Distribution	5,623,565	5,433,955
- Textile	4,291,206	3,851,037
- Property	299,121	306,997
Subtotal	<u>33,270,968</u>	<u>28,569,491</u>
Other Businesses		
- Petroleum and related products Distribution	20,539,758	18,680,861
- Investments and Others	-	-
Subtotal	<u>20,539,758</u>	<u>18,680,861</u>
	53,810,726	47,250,352
Elimination of inter-segment transactions	(226,807)	(172,249)
Total	<u><u>53,583,919</u></u>	<u><u>47,078,103</u></u>
Profit attributable to shareholders by segment		
Core Businesses		
- Retail	107,202	52,212
- Beverage	135,783	104,092
- Food Processing and Distribution	414,471	380,504
- Textile	81,198	(873)
- Property	689,786	309,666
Subtotal	<u>1,428,440</u>	<u>845,601</u>
Other Businesses		
- Petroleum and related products Distribution	623,874	511,069
- Investments and Others	355,977	319,806
Subtotal	<u>979,851</u>	<u>830,875</u>
	2,408,291	1,676,476
Net corporate interest and expenses	(187,888)	(196,423)
Total	<u><u>2,220,403</u></u>	<u><u>1,480,053</u></u>

Note:

1. Comparatives have been restated to conform with the current year presentation in light of the change in accounting policies.