

**For Immediate Release**

**Press Release**

**China Resources Enterprise Announces Unaudited Quarterly Review for Q3 2007**

[Hong Kong, 19 November 2007] 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 2007. Profit attributable to the Company's shareholders for the third quarter of 2007 increased 21% to HK\$765 million, while that for the first nine months of 2007 rose 138% to HK\$4,502 million. Excluding the after-tax effect of revaluation of investment properties and major disposals, underlying net profit would have increased by 18% for both the third quarter and the first nine months of 2007. The disposal of the entire interest in the Group's non-core petroleum distribution operation in Hong Kong was completed in June this year and generated a gain of HK\$2,393 million. Excluding the turnover contribution of this discontinued operation, the unaudited consolidated turnover for the third quarter and the nine months ended 30 September 2007 amounted to approximately HK\$14.2 billion and HK\$38.8 billion respectively, representing increases of both 27% over the same periods of last year. Core businesses reported a 70% rise in earnings and a 69% rise in underlying net profit in the third quarter compensating for the loss in profit contribution from this divested operation.

The sturdy performance of the retail business continued with a 3.4 times surge in earnings contribution to HK\$127 million for the third quarter, bringing the total earnings for the first nine months of the year to HK\$400 million, a 127% increase. There was encouraging profit growth among all retail operations with net margin expansion. Supermarket operation, in particular, reported net profit of HK\$73 million for the third quarter and HK\$274 million for the first nine months of 2007, representing increases of 4.2 times and 108% respectively. There was an overall same store growth of 10% during the nine-month period under review, boosted by the 11% increase of the mainland supermarket business. Other retail operations, including brand-fashion distribution and retail stores in Hong Kong, also performed well with profit growth of 240% and 116% respectively for the first nine months of the year.

Beverage business maintained its rapid growth momentum in terms of both profitability and sales volume. Earnings for the third quarter and the first nine months of 2007 were HK\$248 million and HK\$366 million respectively, reflecting increases of 64% and 62%. Sales volume of beer rose 34% to approximately 5.8 million kiloliters for the first nine months of 2007, of which organic growth was 22%, further lifting the operation's leading share in the mainland market. With a spectacular sales growth of 74% to approximately 4.24 million kiloliters during the same period, "SNOW" consolidating its position as the single largest beer brand on the mainland.



Earnings of the food processing and distribution business amounted to HK\$157 million for the third quarter and HK\$381 million for the first nine months of 2007, representing increases of 30% and 14% respectively. The cost pressure from tight supply of mainland livestock continued during the quarter under review. However, there was a significant growth in profitability of the frozen food, aquatic products and other assorted foodstuff distribution.

Textile business continued to report improved results. Earnings for the third quarter and the first nine months of 2007 amounted to HK\$42 million and HK\$111 million, increased by 200% and 102% from the same periods in 2006. The growth was mainly driven by the improvement in profitability of the spinning and weaving operation as well as the strong demand for the nylon and stockings products.

Turnover of the Group's investment property portfolio, which predominantly consists of retail properties, increased by 7% for both the third quarter and the first nine months of 2007.

Managing Director of the Company, Mr. Mark Chen, said, "We are glad to see that the underlying net profit for the third quarter remained strong. The robust performance of our core businesses had compensated for the profit shortfall after the divestment of the petroleum business. This in turn highlights the success of our business strategies and the flourishing consumer markets in both mainland China and Hong Kong."

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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 the London Stock Exchange. It is one of the constituent stocks of the Hang Seng Index in Hong Kong. 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.

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Full details of our Quarterly Review for Q3 2007 have been posted on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the corporate website at [www.cre.com.hk](http://www.cre.com.hk).



## FINANCIAL HIGHLIGHTS

	Three months ended 30 2007 (Unaudited) HK\$ million		Nine months ended 30 September 2007 (Unaudited) HK\$ million	
		2006 (Unaudited) HK\$ million		2006 (Unaudited) HK\$ million
Turnover <sup>1</sup>	14,234	17,987	49,387	49,568
Profit attributable to shareholders of the Company <sup>1</sup>	765	630	4,502	1,895
Basic earnings per share <sup>2</sup>	N/A	N/A	HK\$1.90	HK\$0.82
Diluted earnings per share <sup>2</sup>	N/A	N/A	HK\$1.88	HK\$0.80
			At 30 September 2007 (Unaudited) HK\$ million	At 31 December 2006 (Audited) HK\$ million
Equity attributable to shareholders of the Company			21,898	19,141
Minority interests			7,121	5,824
Total equity			29,019	24,965
Consolidated net borrowings			2,386	1,781
Gearing ratio <sup>3</sup>			8.2%	7.1%
Net assets per share:				
Book value			HK\$9.20	HK\$8.12

### Notes:

1. These amounts include turnover and profit attributable to shareholders contributed by the Petroleum and Related Products Distribution division, which is presented as discontinued operation according to the Hong Kong Financial Reporting Standard 5. The respective amounts of the discontinued operation are separately disclosed in the analysis of turnover and profit.
2. Basic earnings per share and diluted earnings per share of the discontinued operation are HK\$1.09 and HK\$1.08 respectively (2006: HK\$0.17 and HK\$0.16).
3. 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		
	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %
<b>Turnover by segment</b>						
<b>Core Businesses</b>						
- Retail	6,493	4,993	30.0	18,930	14,903	27.0
- Beverage	4,595	3,319	38.4	10,878	7,664	41.9
- Food Processing and Distribution	1,919	1,629	17.8	5,360	4,517	18.7
- Textile	1,208	1,203	0.4	3,526	3,329	5.9
- Investment Property	94	88	6.8	277	260	6.5
<b>Subtotal</b>	<b>14,309</b>	<b>11,232</b>	<b>27.4</b>	<b>38,971</b>	<b>30,673</b>	<b>27.1</b>
<b>Other Businesses</b>						
- Petroleum and Related Products Distribution (discontinued operation)	-	6,792	(100.0)	10,610	19,044	(44.3)
- Investments and Others	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>6,792</b>	<b>(100.0)</b>	<b>10,610</b>	<b>19,044</b>	<b>(44.3)</b>
	<b>14,309</b>	<b>18,024</b>	<b>(20.6)</b>	<b>49,581</b>	<b>49,717</b>	<b>(0.3)</b>
Elimination of inter- segment transactions	(75)	(37)	102.7	(194)	(149)	30.2
<b>Total</b>	<b>14,234</b>	<b>17,987</b>	<b>(20.9)</b>	<b>49,387</b>	<b>49,568</b>	<b>(0.4)</b>



## ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September			Nine months ended 30 September		
	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %
<b>Profit attributable to shareholders ("PAS") by Segment</b>						
<b>Core Businesses</b>						
- Retail	127	29	337.9	400	176	127.3
- Beverage	248	151	64.2	366	226	61.9
- Food Processing and Distribution	157	121	29.8	381	335	13.7
- Textile	42	14	200.0	111	55	101.8
- Investment Property	99	81	22.2	485	562	(13.7)
<b>Subtotal</b>	<b>673</b>	396	<b>69.9</b>	<b>1,743</b>	1,354	<b>28.7</b>
<b>Other Businesses</b>						
- Petroleum and Related Products Distribution (discontinued operation)	–	170	(100.0)	2,576	387	565.6
- Investments and Others	127	117	8.5	325	308	5.5
<b>Subtotal</b>	<b>127</b>	287	<b>(55.7)</b>	<b>2,901</b>	695	<b>317.4</b>
	<b>800</b>	683	<b>17.1</b>	<b>4,644</b>	2,049	<b>126.6</b>
Net corporate interest and expenses	(35)	(53)	(34.0)	(142)	(154)	(7.8)
<b>Total</b>	<b>765</b>	630	<b>21.4</b>	<b>4,502</b>	1,895	<b>137.6</b>



## ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September			Nine months ended 30 September		
	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million	Increased/ (Decreased) %
<b>PAS excluding the effect of investment property revaluation and major disposal of non-core assets/investments by segment</b>						
<b>Core Businesses</b>						
- Retail <sup>a</sup>	121	21	476.2	384	168	128.6
- Beverage	248	151	64.2	366	226	61.9
- Food Processing and Distribution <sup>b</sup>	143	121	18.2	367	335	9.6
- Textile <sup>c</sup>	31	13	138.5	97	54	79.6
- Investment Property <sup>d</sup>	58	49	18.4	170	164	3.7
<b>Subtotal</b>	<b>601</b>	<b>355</b>	<b>69.3</b>	<b>1,384</b>	<b>947</b>	<b>46.1</b>
<b>Other Businesses</b>						
- Petroleum and Related Products Distribution (discontinued operation) <sup>e</sup>	-	170	(100.0)	183	387	(52.7)
- Investments and Others	127	117	8.5	325	308	5.5
<b>Subtotal</b>	<b>127</b>	<b>287</b>	<b>(55.7)</b>	<b>508</b>	<b>695</b>	<b>(26.9)</b>
	<b>728</b>	<b>642</b>	<b>13.4</b>	<b>1,892</b>	<b>1,642</b>	<b>15.2</b>
Net corporate interest and expenses	(35)	(53)	(34.0)	(142)	(154)	(7.8)
<b>Total</b>	<b>693</b>	<b>589</b>	<b>17.7</b>	<b>1,750</b>	<b>1,488</b>	<b>17.6</b>

### Notes:

1. For the nine months ended 30 September 2007,
  - a. Net valuation surplus of approximately HK\$16 million (2006: HK\$8 million) has been excluded in the results of Retail division.
  - b. Net gain on disposal of associated companies amounting to approximately HK\$14 million (2006: Nil) has been excluded in the results of Food Processing and Distribution division.



- c. Net valuation surplus amounting to approximately HK\$5 million (2006: HK\$1 million) and a gain on disposal of an associate amounting to approximately HK\$9 million (2006: Nil) have been excluded in the results of the Textile division.
  
- d. Net valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of approximately HK\$315 million (2006: HK\$398 million) have been excluded in the results of the Investment Property division.
  
- e. The disposal of the Group's 100% equity interest in Petroleum and Related Products Distribution business was completed at the end of June 2007 with a total gain of approximately HK\$2.4 billion. The gain was excluded in the result of the division.