

For Immediate Release

Press Release

- **Record interim results with earnings rising by 195% to HK\$3,737 million and turnover reaching HK\$35.2 billion, an increase of 11%**
- **The disposal of non-core petroleum distribution operation in Hong Kong generated a gain of HK\$2,393 million**
- **Underlying net profit was up 17% to HK\$1,057 million driven by the 32% profit growth of the core businesses**
- **Interim dividend of HK15¢ declared, a 7% increase**

**China Resources Enterprise Announces Interim Results for 2007
“A Year of Transformation”**

[Hong Kong, 5 September 2007] China Resources Enterprise, Limited (HKEx: 0291) (‘The Company’ or together with its subsidiaries, ‘The Group’) today announced its interim results for the six months ended 30 June 2007. Consolidated turnover rose by 11% to another new high of HK\$35.2 billion. Profit attributable to the Company’s shareholders amounted to a record HK\$3,737 million, an increase of 195%. Excluding the after-tax effect of revaluation of investment properties and major disposals, which led to aggregate gains of HK\$2,680 million and HK\$366 million in the first half of 2007 and 2006 respectively, underlying net profit was up 17% to HK\$1,057 million. The disposal of the Group’s non-core petroleum distribution operation in Hong Kong generated a gain of HK\$2,393 million during the period under review. Core consumer-related businesses reported a 32% rise in underlying profit growth. Earnings per share were HK\$1.58 compared to HK55¢ in the same period of 2006. The Board of Directors declared an interim dividend of HK15¢ per share, a 7% increase from last year.

There was encouraging profit growth among all retail operations with net margin expansion. Total retail earnings climbed 86% to HK\$273 million on a 25% rise in turnover. Supermarket operation, in particular, delivered strong performance. Profit grew 69% to HK\$201 million with strong same store growth of 8%, boosted by the 9% increase of the mainland business. EBITDA amounted to HK\$525 million, up 20%. Other retail operations, including brand-fashion distribution and retail stores in Hong Kong, also performed well with profit growth of 269% and 60% respectively.

Beverage business sustained its robust growth momentum and earnings rose by 55% driven by the improvement in the existing breweries and the additional contribution from the acquired 38% stake in the Sichuan operation. Sales volume of beer increased by 37% to 3.34 million kiloliters, of which organic growth was 24%, enhancing its leading share in the mainland beer market. Our national brand, SNOW, reported an impressive 82% sales volume growth to 2.38 million kiloliters, consolidating its position as the single largest beer brand on the mainland.

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China Resources Enterprise, Limited

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Earnings of food business increased by 5% to HK\$224 million with significant profitability growth in the frozen food and other assorted foodstuff distribution operation as well as the marine fishing operation, which offset the negative impact arising from the shortage of livestock and the related price volatility. The “Ng Fung” brand of high quality fresh meat continues to command a strong premium brand image.

Textile business reported a major recovery with earnings contribution totalled HK\$69 million, up 68%, attributable to the increase in export orders of apparel products as well as product mix enhancement of the spinning and weaving division following the technology upgrade program.

There was an 8% increase in turnover from the investment property portfolio, which predominantly consists of retail properties. Petroleum business contributed HK\$183 million underlying net profit, representing a 16% decrease over the same period of 2006. The decline was mainly due to the discontinuation of contribution from the piped gas, chemical distribution and other petroleum related businesses on the mainland, which were disposed of in November 2006.

Managing Director of the Company, Mr. Mark Chen, said, “We have achieved impressive half yearly recurring growth driven by the core businesses, reaffirming the success of our strategic priorities. The business trends, in terms of same store growth for retail, sales volume growth for brewery, development of mainland projects for food and product mix improvement for textile, are all very encouraging.”

Chairman, Mr. Song Lin, also said, “2007 will be a year of transformation for CRE, underlined by the record interim results and rapid expansion of the core businesses. Following the divestment of the non-core petroleum business, our turnover now comprises purely the core businesses. We are entering a new era of growth and prosperity driven by these flourishing consumer businesses.”

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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 Interim Results 2007 have been posted on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the corporate website at www.cre.com.hk.



FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million
Turnover ¹	35,153	31,581
Profit attributable to shareholders of the Company ¹	3,737	1,266
Basic earnings per share ²	HK\$1.58	HK\$0.55
Diluted earnings per share ²	HK\$1.56	HK\$0.54
Special dividend per share paid ³	HK\$0.60	N/A
Interim dividend per share	HK\$0.15	HK\$0.14

	At 30 June 2007 (Unaudited) HK\$ million	At 31 December 2006 (Audited) HK\$ million
	Equity attributable to shareholders of the Company	22,764
Minority interests	6,556	5,824
Total equity	29,320	24,965
Consolidated net borrowings	652	1,781
Gearing ratio ⁴	2.2%	7.1%
Net assets per share:		
Book value	HK\$9.58	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\$0.10 and HK\$0.09).
3. The disposal of our petroleum distribution operation in Hong Kong was completed on 29 June 2007 and a special dividend of HK\$0.60 per share was paid in August 2007.
4. Gearing ratio represents the ratio of consolidated net borrowings to total equity.



ANALYSIS OF TURNOVER AND PROFIT

	Turnover		Profit Attributable to Shareholders ("PAS")		PAS excluding the effect of investment property revaluation and major disposal of non-core assets / investments (Note 1)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006	2007	2006
	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million
Core Businesses						
- Retail	12,437	9,910	273	147	263	147
- Beverage	6,283	4,345	118	76	118	76
- Food Processing and Distribution	3,441	2,889	224	214	224	214
- Textile	2,318	2,126	69	41	66	41
- Investment Property	183	171	386	480	112	114
Subtotal	24,662	19,441	1,070	958	783	592
Other Businesses						
- Petroleum and Related Products Distribution (discontinued operation)	10,610	12,252	2,576	217	183	217
- Investments and Others	-	-	198	191	198	191
Subtotal	10,610	12,252	2,774	408	381	408
	35,272	31,693	3,844	1,366	1,164	1,000
Elimination of inter-segment transactions	(119)	(112)	-	-	-	-
Net corporate interest and expenses	-	-	(107)	(100)	(107)	(100)
Total	35,153	31,581	3,737	1,266	1,057	900

Note:

1. For the analysis of PAS excluding the effect of investment property revaluation and major disposal of non-core assets / investments, the effect of the following transactions have been excluded in the PAS of the respective division:
 - a. Net valuation surplus amount to HK\$10 million (2006: Nil) has been excluded in the results of the Retail division.
 - b. Net valuation surplus amount to HK\$3 million (2006: Nil) has been excluded in the results of the Textile division.
 - c. Net valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of HK\$274 million (2006: HK\$366 million) have been excluded in the results of the Investment Property division.
 - d. 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.