

For Immediate Release

Press Release

China Resources Enterprise Announced Unaudited Quarterly Review for Q1 2007

[Hong Kong, 23 May 2007] China Resources Enterprise, Limited (HKEx: 0291) ('The Company' or together with its subsidiaries, 'The Group') today announced its unaudited quarterly financial and operational review for the three months ended 31 March 2007. For the period under review, the Group's unaudited consolidated turnover and profit attributable to shareholders amounted to approximately HK\$17,453 million and HK\$740 million respectively, representing an increase of 14% and 10% over the same quarter of 2006. Excluding the after-tax effect of revaluation of investment properties, which amounted to gains of HK\$243 million and HK\$283 million in the first quarter of 2007 and 2006 respectively, underlying net profit for the first quarter of 2007 would have increased by 27%.

Retail business continued to show robust improvement in profitability with earnings increased by 32% to HK\$168 million on a 28% rise in turnover. In particular, the supermarket operation registered a 29% profit growth to HK\$130 million attributable to strong same store growth, stable gross margin and lower expense ratio. It recorded an overall same store growth in constant currency terms of 7.9% boosted by the 8.7% increase of the mainland supermarket business. EBITDA amounted to HK\$319 million, up 18%. Other retail operations, including brand-fashion distribution and retail stores in Hong Kong, also performed well with profit growth of 109% and 7% respectively.

Beverage business maintained its rapid growth momentum with a 52% rise in turnover. Sales volume of beer increased by 43% to approximately 1,167,000 kiloliters, of which organic growth was 37%, lifting its leading share in the mainland market further. With a spectacular growth of 96% to approximately 824,000 kiloliters, "SNOW" consolidated its position as the single largest beer brand on the mainland. The first quarter of a year is typically a low season for the beverage business and there were initial losses in the new breweries during the period. Despite a slightly higher net loss of HK\$32 million compared to HK\$29 million of the same period in 2006, strong sales volume growth and overall stable gross profit margin have paved solid platform for the peak beer sale seasons in the second and third quarters.

Earnings of food business increased by 7% to HK\$108 million with steady growth in profitability at the foodstuff distribution operation as well as the marine fishing and aquatic products processing operation. The "Ng Fung" brand of high quality fresh meat continued to be highly appreciated.

Textile business delivered improved results. Earnings of the period amounted to HK\$32 million, soared 78% with higher gross profit margin driven by product mix enhancement as a result of the technology upgrade program.

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There was a 8% increase in turnover from the investment property business, which comprises retail investment properties predominantly. Petroleum business contributed HK\$119 million earnings, a 49% increase over the same period of 2006. Steadily rising oil price, increase in sales volume, effective inventory management and turnaround in petrol station operation had contributed to the operating result.

Managing Director of the Company, Mr. Mark Chen, said, "We have maintained our relatively fast development pace with matching recurring profit growth. With our strong financial position and rising market presence, we look forward to further growth led by our core 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 Quarterly Review will be posted on The Standard and Hong Kong Economic Journal on 25 May 2007 and the corporate web site at www.cre.com.hk.



FINANCIAL HIGHLIGHTS

	Three months ended 31 March	
	2007 (Unaudited) HK\$ million	2006 (Unaudited) HK\$ million
Turnover ¹	17,453	15,377
Profit attributable to shareholders of the Company ¹	740	674
Basic earnings per share ²	HK\$0.31	HK\$0.29
Diluted earnings per share ²	HK\$0.31	HK\$0.29

	At 31 March 2007 (Unaudited) HK\$ million	At 31 December 2006 (Audited) HK\$ million
	Equity attributable to shareholders of the Company	20,157
Minority interests	6,729	5,824
Total equity	26,886	24,965
Consolidated net borrowings ³	320	1,781
Gearing ratio ⁴	1.2%	7.1%
Net assets per share: Book value	HK\$8.51	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. The amounts include basic earnings per share and diluted earnings per share of the discontinued operation of HK\$0.05 and HK\$0.05 (2006: HK\$0.03 and HK\$0.03) respectively.
3. The consolidated net borrowings include the amount of net cash attributable to the discontinued operation of HK\$366 million (31 December 2006: HK\$133 million).
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 (Note 1)	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	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	6,995	5,449	168	127	168	127
- Beverage	2,300	1,512	(32)	(29)	(32)	(29)
- Food Processing and Distribution	1,641	1,408	108	101	108	101
- Textile	1,070	1,020	32	18	30	18
- Investment Property	90	83	296	339	55	56
Subtotal	12,096	9,472	572	556	329	273
Other Businesses						
- Petroleum and Related Products Distribution (discontinued operation) ²	5,416	5,960	119	80	119	80
- Investments and Others	–	–	88	88	88	88
Subtotal	5,416	5,960	207	168	207	168
	17,512	15,432	779	724	536	441
Elimination of inter-segment transactions	(59)	(55)	–	–	–	–
Net corporate interest and expenses	–	–	(39)	(50)	(39)	(50)
Total	17,453	15,377	740	674	497	391

Notes:

- For the analysis of PAS excluding the effect of investment property revaluation:
 - Net valuation surplus amounting to HK\$241 million (2006: HK\$283 million) has been excluded in the results of the Investment Property division.
 - Net valuation surplus amounting to HK\$2 million (2006: nil) has been excluded in the results of the Textile division.
- The Group entered into a formal agreement on 19 April 2007 to dispose of its 100% equity interest in Petroleum and Related Products Distribution business. For details, please refer to the announcement dated 19 April 2007. Completion of the transaction is expected to take place at the end of June 2007 subject to the fulfilment of the conditions of the agreement.
- There were no major disposal of non-core assets and investments in the period under review and the corresponding period.