

**For Immediate Release**

**Press Release**

- **Continuing operations reported turnover and earnings of HK\$31.8 billion and HK\$1,488 million respectively, representing an increase of 30% and 28% over the same period of last year**
- **Underlying net profit from continuing operations was up 17% to HK\$1,022 million driven by the 19% growth of profit contributed by core businesses**
- **Interim dividend of HK\$0.15 per share**

**China Resources Enterprise Announces Interim Results for 2008  
“Braving the Tide with Operational Excellence”**

[Hong Kong, 3 September 2008] China Resources Enterprise, Limited (HKEx: 00291) (‘The Company’ or together with its subsidiaries, ‘The Group’) today announced its interim results for the six months ended 30 June 2008. Consolidated turnover and profit attributable to the Company’s shareholders from the continuing operations (that is, excluding the petroleum and related products distribution business which was completely divested at the end of June 2007) amounted to approximately HK\$31.8 billion and HK\$1,488 million respectively, representing an increase of 30% and 28% over the same period of 2007. Earnings per share from the continuing operations were HK\$0.62, up 27%. Excluding the after-tax effect of revaluation of investment properties and major disposals, which led to aggregate gains of HK\$466 million and HK\$287 million in the first half of 2008 and 2007 respectively, underlying net profit from the continuing operations would have increased by 17% to HK\$1,022 million. Core consumer-related businesses reported a 19% rise in underlying net profit. The Board of Directors declared an interim dividend of HK\$0.15 per share, same as last year.

Growth of retail business was encouraging with profit increases in all retail operations. Total earnings rose by 40% to HK\$382 million on a 39% rise in turnover. Supermarket operation registered a 29% profit growth to HK\$260 million, accounting for 68% of total retail earnings. Its overall same store growth of 16% was remarkable, driven by a 17% increase of the mainland supermarkets. EBITDA amounted to HK\$784 million, up 49%. Other retail operations, including brand-fashion distribution and other retail stores, also performed well with profit soaring by 71% and 67% respectively.

Beverage business delivered a 30% rise in turnover and a 24% growth in earnings. Against a challenging backdrop of adverse weather and the Sichuan earthquake, sales volume of beer still rose by 5% to 3.49 million kiloliters, whilst earnings grew by 1%, dragged by an asset impairment provision of about HK\$40 million caused by the earthquake. Sales volume of our national brand, SNOW, expanded further to 2.89 million kiloliters, an increase of 22%, consolidating its position as the single largest beer brand on the mainland and one of the leading brands in the world. Purified water operation recorded a 193% increase in earnings to HK\$41 million attributable to its sales volume growth of 22% and the increase in share of profit



contribution after raising our shareholding from 51% to 100% in May last year. Using C'estbon as its sole brand, it has achieved a leading position in Guangdong with a sales volume of 609,000 kiloliters during the period under review.

Earnings contribution from food business increased by 7% to HK\$240 million boosted by the gain from the disposal of some shares in two mainland listed minority interests. Livestock distribution business continued to be affected by rising competition in the Hong Kong live pig market. The mainland meat processing projects, however, recorded a surge in profit, indicating the rising demand for quality food products as well as the higher efficiency of our distribution network. The “Ng Fung” brand image of high quality food, including fresh meat and general food items, has further established a strong presence in a competitive marketplace.

Amidst the difficult operating environment imposed by Renminbi appreciation, higher operational costs and weakened overseas demand, textile business recorded a slight decline of 4% in earnings to HK\$66 million. Technology upgrade and product mix rationalization boosted the export sales of high-end yarn and nylon products, which partially offset the rising operational costs.

Excluding the effect from property revaluation and change in local tax rate, underlying net profit of our investment property portfolio, which consists of mainly retail properties, increased by 24%.

Managing Director of the Company, Mr. Mark Chen, said, “The satisfactory results in the first half reflected our concerted efforts in a challenging market environment through operational improvements, including cost control, product mix optimization, integration and brand development.”

Chairman, Mr. Song Lin, also said, “The mainland economy has sustained a relatively fast pace of growth, with robust domestic demand cushioning external downturn. CRE is well poised to capitalize on these opportunities and we will continue to muster up our strengths in building district market shares and responding to the consumer changes.”

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#### **About China Resources Enterprise, Limited**

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and 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 2008 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

<b>For the six months ended 30 June</b>	<b>2008 (Unaudited) HK\$ million</b>	<b>2007 (Unaudited) HK\$ million</b>
Turnover		
– continuing operations	31,806	24,543
– discontinued operation <sup>1</sup>	-	10,610
	<b>31,806</b>	<b>35,153</b>
Profit attributable to shareholders of the Company		
– continuing operations	1,488	1,161
– discontinued operation <sup>1</sup>	-	2,576
	<b>1,488</b>	<b>3,737</b>
Basic earnings per share <sup>2</sup>		
– continuing operations	HK\$0.62	HK\$0.49
– discontinued operation <sup>1</sup>	-	HK\$1.09
	<b>HK\$0.62</b>	<b>HK\$1.58</b>
Interim dividend per share	<b>HK\$0.15</b>	<b>HK\$0.15</b>
	<b>At 30 June 2008 (Unaudited) HK\$ million</b>	<b>At 31 December 2007 (Audited) HK\$ million</b>
Equity attributable to shareholders of the Company	24,708	22,871
Minority interests	9,123	7,293
Total equity	<b>33,831</b>	<b>30,164</b>
Consolidated net borrowings	4,782	4,004
Gearing ratio <sup>3</sup>	14.1%	13.3%
Net assets per share (book value):	<b>HK\$10.35</b>	<b>HK\$9.59</b>

### Notes:

1. The Company completed the disposal of its petroleum and related products distribution operation at the end of June 2007. This operation is presented as discontinued operation according to the Hong Kong Financial Reporting Standard 5. A special dividend of HK\$0.60 per share was paid in August 2007 as a result of the disposal.
2. Diluted earnings per share for the six months ended 30 June 2008 and 2007 are HK\$0.62 and HK\$1.56 respectively. The 2007 amount includes diluted earnings per share for the discontinued operation of HK\$1.08.
3. 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	
	2008	2007	2008	2007	2008	2007
	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million
<b>Core Businesses</b>						
- Retail	17,330	12,437	382	273	378	263
- Beverage	8,174	6,283	146	118	146	118
- Food Processing and Distribution	3,821	3,441	240	224	156	224
- Textile	2,461	2,318	66	69	63	66
- Investment Property	205	183	566	386	191	112
<b>Subtotal</b>	<b>31,991</b>	<b>24,662</b>	<b>1,400</b>	<b>1,070</b>	<b>934</b>	<b>783</b>
<b>Other Businesses</b>						
- Investments and Others	–	–	190	198	190	198
	31,991	24,662	1,590	1,268	1,124	981
Elimination of inter-segment transactions	(185)	(119)	–	–	–	–
Net corporate interest and expenses	–	–	(102)	(107)	(102)	(107)
<b>Total for continuing operations</b>	<b>31,806</b>	<b>24,543</b>	<b>1,488</b>	<b>1,161</b>	<b>1,022</b>	<b>874</b>
<b>Discontinued operation<sup>2</sup></b>						
- Petroleum and Related Products Distribution	–	10,610	–	2,576	–	183
<b>Total</b>	<b>31,806</b>	<b>35,153</b>	<b>1,488</b>	<b>3,737</b>	<b>1,022</b>	<b>1,057</b>

### Notes:

- 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 PAS of the respective division:
  - Net valuation surplus of approximately HK\$4 million (2007: HK\$10 million) arising mainly from industrial building held by the Retail division has been excluded from its results.
  - Net gain on disposal of associates amounting to approximately HK\$84 million (2007: Nil) has been excluded from the results of the Food Processing and Distribution division.
  - Net valuation surplus of approximately HK\$3 million (2007: HK\$3 million) arising mainly from industrial building held by the Textile division has been excluded from its results.
  - Net valuation surplus of approximately HK\$375 million (2007: HK\$274 million) has been excluded from the results of the Investment Property division.
- The disposal of the Group's 100% equity interest in Petroleum and Related Products Distribution business was completed at the end of June 2007.