

For Immediate Release

Press Release

China Resources Enterprise Announces Unaudited Quarterly Review for Q1 2008

[Hong Kong, 22 May 2008] China Resources Enterprise, Limited (HKEx: 00291) ('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 2008. Profit attributable to the Company's shareholders amounted to HK\$639 million. Excluding the after-tax effect of revaluation of investment properties and major disposals, underlying net profit for the current quarter would have increased by 4% driven by the 45% growth of the core consumer-related businesses. The strong performance of the core consumer-related businesses had compensated for the loss in profit contribution from the divested petroleum operation. Turnover amounted to HK\$15,870 million, representing an increase of 32% among the continuing businesses.

Retail business reported sturdy performance with earnings increased by 60% to HK\$268 million on a 37% rise in turnover. Profit growth among all retail operations was encouraging with net margin expansion. In particular, supermarket operation registered a 44% profit growth to HK\$187 million, accounting for 70% of total retail earnings. Its same store growth of 17% was the highest in recent years, boosted by the 18% increase of the mainland supermarkets. EBITDA amounted to HK\$449 million, up 41%. Other retail operations, including brand-fashion distribution and retail stores in Hong Kong, also performed well with profit growth of 130% and 87% respectively.

Beverage business delivered a 37% rise in turnover. Sales volume of beer increased by 11% to 1.30 million kiloliters. Our national brand, SNOW, expanded its sales volume further to 1.07 million kiloliters, up 30%, consolidating its position as the single largest beer brand on the mainland and one of the leading brands in the world. The first quarter of a year is typically a low season for the brewery business and there were initial losses incurred by the new breweries. The overall slightly higher gross margin and steady sales volume growth helped reduce net loss to HK\$32 million from HK\$35 million, paving solid platform for the imminent peak beer sale seasons. Earnings contribution of purified water operation surged by 333% to HK\$13 million driven by a substantial sales volume growth of 35% and the increase in share of profit contribution after raising our shareholding from 51% to 100% in May last year.

There was a 44% increase in earnings contribution from food business to HK\$156 million bolstered by the profit from the disposal of some shares in two mainland listed minority interests. Livestock distribution business was affected by the rising competition in the Hong Kong live pig market. Mainland meat processing projects in Shenzhen, Shanghai and Hangzhou, however, achieved significant profitability improvement. Through securing supply and marketing of new products, promotion of "Ng Fung" brand recognition as well as expansion in the mainland market, there was also higher profit contribution from the frozen food, aquatic products and other assorted foodstuff distribution operation.

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The operating environment of textile business was challenging, resulting in a 13% decline in earnings contribution to HK\$28 million. Turnover increased by 11% but rising labor cost, increasing borrowing cost and the negative impact from the snowstorm earlier this year have altogether affected the profitability. To sharpen its competitive edge, technology upgrade and product mix enhancement will continue to be emphasized.

Turnover of the investment property portfolio, which consists of mainly retail properties, increased by 14% reflecting higher rental income during the period amidst a robust economy.

Managing Director of the Company, Mr. Mark Chen, said, "We have a solid start this year with a strong overall growth in core consumer-related businesses in the first quarter. The results have also demonstrated the effectiveness of our efforts so far in curbing the increase in costs."

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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 Q1 2008 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

Three months ended 31 March	2008 (Unaudited) HK\$ million	2007 (Unaudited) HK\$ million
Turnover		
– continuing operations	15,870	12,037
– discontinued operation ¹	-	5,416
	15,870	17,453
Profit attributable to shareholders of the Company		
– continuing operations	639	621
– discontinued operation ¹	-	119
	639	740
Basic earning per share ²		
– continuing operations	HK\$0.27	HK\$0.26
– discontinued operation ¹	-	HK\$0.05
	HK\$0.27	HK\$0.31
	At 31 March 2008 (Unaudited) HK\$ million	At 31 December 2007 (Audited) HK\$ million
Equity attributable to shareholders of the Company	24,133	22,871
Minority interests	8,738	7,293
Total equity	32,871	30,164
Consolidated net borrowings	3,874	4,004
Gearing ratio ³	11.8%	13.3%
Net assets per share (book value):	HK\$10.1	HK\$9.59

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.
2. Diluted earnings per share for the three months ended 31 March 2008 and 2007 are HK\$0.27 and HK\$0.31 respectively. The 2007 amount includes diluted earnings per share for the discontinued operation of HK\$0.05.
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)	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2008	2007	2008	2007	2008	2007
	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million
Core Businesses						
- Retail	9,577	6,995	268	168	265	168
- Beverage	3,160	2,300	(19)	(32)	(19)	(32)
- Food Processing and Distribution	1,929	1,641	156	108	83	108
- Textile	1,191	1,070	28	32	28	30
- Investment Property	103	90	168	296	121	55
Subtotal	15,960	12,096	601	572	478	329
Other Businesses						
- Petroleum and Related Products Distribution (discontinued operation) ²	-	5,416	-	119	-	119
- Investments and Others	-	-	90	88	90	88
Subtotal	-	5,416	90	207	90	207
	15,960	17,512	691	779	568	536
Elimination of inter-segment transactions	(90)	(59)	-	-	-	-
Net corporate interest and expenses	-	-	(52)	(39)	(52)	(39)
Total	15,870	17,453	639	740	516	497

Notes:

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 PAS of the respective division:
 - a. Net valuation surplus of approximately HK\$3 million (2007: Nil) arising mainly from industrial building held by the Retail division has been excluded from its results.
 - b. Net gain on disposal of associates amounting to approximately HK\$73 million (2007: Nil) has been excluded from the results of the Food Processing and Distribution division.
 - c. Net valuation surplus of approximately HK\$2 million arising mainly from industrial building held by the Textile division has been excluded from its 2007 results.
 - d. Net valuation surplus of approximately HK\$47 million (2007: HK\$241 million) has been excluded from the results of the Investment Property division.
2. The disposal of the Group's 100% equity interest in Petroleum and Related Products Distribution business was completed at the end of June 2007.