

For Immediate Release

Press Release

- **Earnings grew by 79% to HK\$4,961 million and earnings per share rose by 76% to HK\$2.09, both are new highs**
- **Underlying net profit was up 11% to HK\$2,051 million driven by the 41% profit growth of the continuing businesses, with profitability improvement shown in each of them**
- **Final dividend of HK\$0.30 proposed, bringing the full year basic dividend to HK\$0.45, a 13% increase from last year**

China Resources Enterprise Announces Final Results for 2007

Forge Ahead on Consumer-led Growth

[Hong Kong, 31 March 2008] China Resources Enterprise, Limited (HKEx: 00291) ('The Company' or together with its subsidiaries, 'The Group') today announced its final results for the twelve months ended 31 December 2007. Profit attributable to the Company's shareholders rose to a record HK\$4,961 million, an increase of 79%. Earning per share grew 76% to HK\$2.09, also a new high. Excluding the turnover contribution of the discontinued petroleum business, consolidated turnover was up 28% to HK\$51.5 billion. Excluding the after-tax effect of revaluation of investment properties and major disposals, underlying net profit was up 11% to HK\$2,051 million driven by the 41% profit growth of the continuing businesses. The Board of Directors proposed a final dividend of HK\$0.30 per share. Together with the interim dividend of HK\$0.15 per share, the full year basic dividend will be HK\$0.45 per share, an increase of 13%. The basic dividend payout ratio edged up to 41.9% from 41.1% in 2006. This has excluded the special dividend of HK\$0.60 per share paid in August 2007 following the disposal of the petroleum distribution operation in Hong Kong.

Growth of the retail business was exhilarating with all retail operations experiencing net margin expansion. Total retail earnings soared 140% to HK\$521 million on a 27% rise in turnover. Supermarket operation, in particular, delivered encouraging performance. Profit climbed 139% to HK\$363 million with strong same store growth of 9.5%, boosted by the 10.2% increase of the mainland business. EBITDA amounted to HK\$1,051 million, up 36%. As at the end of 31 December 2007, we operated approximately 2,400 stores in mainland China and Hong Kong, of which about 51% were self operated and the rest franchised. Other retail operations, including brand-fashion distribution and retail stores in Hong Kong, also performed well with profit growth of 277% and 54% respectively.

Beverage business achieved impressive growth in both profitability and sales volume. Earnings rose by 74% to HK\$303 million, including HK\$239 million from beer operation and the balance HK\$64 million from purified water operation. Their earnings contributions rose by 57% and 191% respectively. Sales volume of



beer increased by 31% to 6.9 million kiloliters, of which organic growth was 19%, raising our share in the mainland beer market by 2.2 percentage points to 17.6%. In particular, our national brand, SNOW, delivered superior growth of 69% to 5.1 million kiloliters, ranking among the largest beer brands in the world by sales volume. The acquisition of the 49% minority interest in the purified water operation was completed in May 2007, which coupled with strong organic growth, contributed to its outstanding profit increment.

There was a 22% increase in earnings contribution from food business to HK\$531 million. Excluding the profit from the disposal of shares in two mainland listed minority interests, underlying net profit would have increased by 8%. There was significant profitability growth in frozen food and other assorted foodstuff distribution operation as well as the marine fishing operation. Our unwavering commitment in providing high quality fresh meat helped the livestock distribution business in Hong Kong remain competitive despite the cost pressure and tight supply situation.

Textile business showed considerable improvement with earnings totalled HK\$144 million, up 136%, driven predominantly by the increase in sales of high-end MAKO yarns, rise in contribution from nylon products and the absence of one-off charges like in 2006.

Turnover of the investment property portfolio, which consists of mainly retail properties, increased by 7% reflecting higher rental income during the period.

Managing Director of the Company, Mr. Mark Chen, said, “2007 is another record year, and I am particularly pleased to see the underlying profit growth across every business. The robust performance of our core consumer businesses had compensated for the temporary profit shortfall after the divestment of the petroleum business.”

Chairman, Mr. Song Lin, also said, “We are now in a new era of growth with turnover generated entirely from our core consumer businesses. As we forge ahead to realize our vision to be the largest consumer company in China, we have clearly defined strategic priorities which will further strengthen our market leader position in the core business domains.”

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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.



For further information, please contact:

Mr. Francis Kwong, Deputy Managing Director

China Resources Enterprise, Limited

Tel: +852 2829 9816

Fax: +852 2598 8453

Email: francis.kwong@cre.com.hk

Full details of our Final 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

	2007 <i>HK\$ million</i>	2006 <i>HK\$ million</i>
Turnover ¹	62,123	65,437
Profit attributable to shareholders of the Company ¹	4,961	2,776
Basic earnings per share ²	HK\$2.09	HK\$1.19
Dividend per share		
– interim	HK\$0.15	HK\$0.14
– final	HK\$0.30	HK\$0.26
	HK\$0.45	HK\$0.40
– special interim ³	HK\$0.60	HK\$1.00
	At 31 December 2007	At 31 December 2006
	<i>HK\$ million</i>	<i>HK\$ million</i>
Equity attributable to shareholders of the Company	22,871	19,141
Minority interests	7,293	5,824
Total equity	30,164	24,965
Consolidated net borrowings	4,004	1,781
Gearing ratio ⁴	13.3%	7.1%
Current ratio	1.05	1.08
Net assets per share:		
Book value	HK\$9.59	HK\$8.12

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. Basic earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year. The amount includes basic earnings per share of the discontinued operation of HK\$1.09 (2006: HK\$0.43).
3. Special dividend of HK\$0.60 and HK\$1 per share were paid in August 2007 and December 2006 in respect of the respective disposals of the Group's petroleum and related products distribution operations and the piped gas and chemical distribution business.
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)	
	2007	2006	2007	2006	2007	2006
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Core Businesses						
- Retail	26,008	20,418	521	217	500	203
- Beverage	13,304	9,455	303	174	303	174
- Food Processing and Distribution	7,381	6,092	531	435	471	435
- Textile	4,713	4,453	144	61	122	59
- Investment Property	375	349	648	647	240	215
Subtotal	51,781	40,767	2,147	1,534	1,636	1,086
Other Businesses						
- Petroleum and Related Products Distribution (discontinued operation)	10,610	25,100	2,582	1,002	183	519
- Investment and Others	-	-	429	421	429	421
Subtotal	10,610	25,100	3,011	1,423	612	940
	62,391	65,867	5,158	2,957	2,248	2,026
Elimination of inter-segment transactions	(268)	(430)	-	-	-	-
Net corporate interest and expenses	-	-	(197)	(181)	(197)	(181)
Total	62,123	65,437	4,961	2,776	2,051	1,845

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 the PAS of the respective division:

- Net valuation surplus of approximately HK\$21 million arising mainly from industrial building held by the Retail division (2006: HK\$14 million) has been excluded from its results.
- Net gain on disposal of associates amounting to approximately HK\$60 million (2006: Nil) has been excluded from the results of Food Processing and Distribution division.
- Net valuation surplus amounting to approximately HK\$12 million arising mainly from industrial building held by the Textile division (2006: HK\$2 million) and a gain on disposal of an associate amounting to approximately HK\$10 million (2006: Nil) have been excluded from its results.
- Net valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of approximately HK\$408 million (2006: HK\$432 million) have 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 with a total gain of approximately HK\$2.4 billion. The gain was excluded from the result of the division. Net gain on disposal of an investment and net valuation surplus with an aggregate amount of HK\$483 million had been excluded from 2006 results.