

For Immediate Release

Press Release

China Resources Enterprise Announces Unaudited Quarterly Review for Q3 2009

- **Results showed sustained recovery with profit attributable to shareholders increasing by 55.4% year-on-year to HK\$1,043 million for the third quarter of 2009**
- **Beverage business delivered strong performance with earnings growth of 53.5% and 79.6% year-on-year for the third quarter and the first nine months of 2009 respectively**
- **The Group has entered into an asset swap agreement with China Resources (Holdings) to acquire a hypermarket chain of 75 stores to expand considerably its retail operation**

[Hong Kong, 19 November 2009] China Resources Enterprise, Limited (HKEx: 00291) ('The Company' or together with its subsidiaries, 'The Group') today announced its unaudited financial and operational review for the third quarter and the nine months ended 30 September 2009. Profit attributable to the Company's shareholders for the third quarter and the first nine months of 2009 amounted to HK\$1,043 million and HK\$2,201 million respectively, representing increases of 55.4% and 1.9% over the same periods of last year. Excluding the after-tax effect of revaluation of investment properties and major disposals, underlying net profit would have increased by 11.0% and 0.7% for the third quarter and the first nine months of 2009 respectively. Turnover for the third quarter and the first nine months of 2009 amounted to HK\$19,764 million and HK\$54,811 million respectively, representing increases of 7.8% and 9.3% over the same periods of 2008.

Mr. Chen Lang, Managing Director of the Company, said, "Alongside gradual stabilization in the global economy, the Group achieved sustained recovery in both profit and turnover for the periods under review. To embrace quality growth, we will continue to focus on enhancing the profitability and the portfolio of our core businesses. Building on the solid foundation of our consumer businesses across the Chinese Mainland, we will keep moving forward to extend our leadership in the consumer market and seize any opportunity that lies ahead for future growth."

Retail business recorded turnover of HK\$9,391 million and HK\$28,377 million for the third quarter and the first nine months of 2009 respectively, up 5.8% and 8.3% year-on-year. Earnings for the third quarter and the first nine months of 2009 decreased by 49.2% and 33.0% year-on-year to HK\$63 million and HK\$339 million respectively. Although profitability of the retail business for the third quarter of 2009 remained under pressure, the increase in turnover has positioned the Group well for riding on a gradual recovery in the retail market. Supermarket and logistics operation reported earnings of HK\$247 million for the first nine months of 2009, representing a year-on-year decrease of 23.8%.



Leveraging its multi-format strategy to achieve market leadership, the Group entered into an asset swap agreement (the “Asset Swap Agreement”) with its parent company, China Resources (Holdings) Company Limited, to, inter alia, acquire a hypermarket chain of 75 stores of the Home World Group. The acquisition, subject to independent shareholders’ approval at an extraordinary general meeting on 27 November 2009, will expand considerably the Group’s retail operation and complement its geographical coverage in northern areas of the Chinese Mainland.

Beverage business delivered an encouraging performance with earnings of HK\$462 million and HK\$803 million for the third quarter and the first nine months of 2009 respectively, representing increases of 53.5% and 79.6% over the same periods of last year. Sales volume of beer rose 16.4% to approximately 7,115,000 kiloliters for the first nine months of 2009. Sales volume of “SNOW” grew 20.3% to 6,134,000 kiloliters for the first nine months of 2009, further consolidating its position as the single largest beer brand in the Chinese Mainland and one of the leading brands in the world. Earnings contribution of purified water operation, which used “C’estbon” as its sole brand, surged 65.1% to HK\$142 million for the first nine months of 2009, driven by 24.1% growth in sales volume to approximately 1,301,000 kiloliters on the back of expanded sales networks in new markets and a drop in plastic packaging materials costs.

Earnings contribution from food business rose 252.0% to HK\$88 million for the third quarter, bringing total earnings for the first nine months of 2009 to HK\$299 million, representing year-on-year growth of 12.8%. Excluding the gains from a reduction in certain equity interests in strategic investments, earnings would have increased 56.0% for the third quarter and 1.7% for the first nine months of 2009. The Group’s meat processing, branded food processing and distribution businesses in the Chinese Mainland sustained their momentum and achieved satisfactory growth in both turnover and operating results. Operating results of the Group’s livestock distribution business in Hong Kong improved modestly year-on-year in the third quarter.

Excluding the effect from property revaluation and change in local profits tax rate in the first nine months of 2008, attributable profit of the Group’s investment property portfolio, which predominantly consists of retail properties, was up 34.4% for the first nine months of 2009 as a result of a considerable increase in rental income contributed by new tenancy agreements of Silvercord in Tsimshatsui and slight increases in rental and occupancy rates of other retail properties.

Textile business recorded attributable losses of HK\$18 million and HK\$85 million for the third quarter and the first nine months of 2009. The latter was mainly caused by a provision made for the closing down of a dyeing factory and other assets impairment. It is expected that the operating environment of the division will continue to be challenging. In order to focus on the core consumer businesses, the Group agreed to, inter alia, transfer the entire textile division to its parent company under the Asset Swap Agreement.

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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 and property investment.

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Full details of our Quarterly Review for Q3 2009 have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the corporate website at www.cre.com.hk.



FINANCIAL HIGHLIGHTS

	Three months ended 30 September		Nine months ended 30 September	
	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million
Turnover	19,764	18,335	54,811	50,141
Profit attributable to shareholders of the Company	1,043	671	2,201	2,159
Basic earnings per share ¹	<u>N/A</u>	<u>N/A</u>	<u>HK\$0.92</u>	<u>HK\$0.90</u>
			At 30 September 2009 (Unaudited) HK\$ million	At 31 December 2008 (Audited) HK\$ million
Equity attributable to shareholders of the Company			26,772	25,159
Minority interests			<u>9,960</u>	<u>9,339</u>
Total equity			<u>36,732</u>	<u>34,498</u>
Consolidated net borrowings			2,198	6,463
Gearing ratio ²			6.0%	18.7%
Net assets per share (book value):			<u>HK\$11.20</u>	<u>HK\$10.53</u>

Notes:

1. Diluted earnings per share for the nine months ended 30 September 2009 and 2008 are HK\$0.92 and HK\$0.90 respectively.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.



ANALYSIS OF TURNOVER AND PROFIT

	Three months ended 30 September			Nine months ended 30 September		
	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %
Turnover by segment						
Core Businesses						
- Retail	9,391	8,876	5.8%	28,377	26,206	8.3%
- Beverage	7,049	6,230	13.1%	17,265	14,404	19.9%
- Food Processing and Distribution	1,957	1,981	(1.2%)	5,462	5,802	(5.9%)
- Investment Property	141	120	17.5%	407	325	25.2%
Subtotal	18,538	17,207	7.7%	51,511	46,737	10.2%
Other Businesses						
- Textile	1,298	1,226	5.9%	3,509	3,687	(4.8%)
- Investments and Others	—	—	—	—	—	—
Subtotal	1,298	1,226	5.9%	3,509	3,687	(4.8%)
	19,836	18,433	7.6%	55,020	50,424	9.1%
Elimination of inter-segment transactions	(72)	(98)	(26.5%)	(209)	(283)	(26.1%)
Total	19,764	18,335	7.8%	54,811	50,141	9.3%



ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September			Nine months ended 30 September		
	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %
Profit attributable to shareholders ("PAS") by segment						
Core Businesses						
- Retail	63	124	(49.2%)	339	506	(33.0%)
- Beverage	462	301	53.5%	803	447	79.6%
- Food Processing and Distribution	88	25	252.0%	299	265	12.8%
- Investment Property	389	134	190.3%	710	700	1.4%
Subtotal	1,002	584	71.6%	2,151	1,918	12.1%
Other Businesses						
- Textile	(18)	24	(175.0%)	(85)	90	(194.4%)
- Investments and Others	88	115	(23.5%)	239	305	(21.6%)
Subtotal	70	139	(49.6%)	154	395	(61.0%)
	1,072	723	48.3%	2,305	2,313	(0.3%)
Net corporate interest and expenses	(29)	(52)	(44.2%)	(104)	(154)	(32.5%)
Total	1,043	671	55.4%	2,201	2,159	1.9%



ANALYSIS OF TURNOVER AND PROFIT (CONTINUED)

	Three months ended 30 September			Nine months ended 30 September		
	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million	Increased/ (Decreased) %
PAS excluding the effect of investment property revaluation and major disposal of non-core assets/investments by segment						
Core Businesses						
- Retail ^a	49	125	(60.8%)	325	503	(35.4%)
- Beverage	462	301	53.5%	803	447	79.6%
- Food Processing and Distribution ^b	39	25	56.0%	184	181	1.7%
- Investment Property ^c	89	73	21.9%	285	264	8.0%
Subtotal	639	524	21.9%	1,597	1,395	14.5%
Other Businesses						
- Textile ^d	(20)	24	(183.3%)	(88)	87	(201.1%)
- Investments and Others	88	115	(23.5%)	239	305	(21.6%)
Subtotal	68	139	(51.1%)	151	392	(61.5%)
	707	663	6.6%	1,748	1,787	(2.2%)
Net corporate interest and expenses	(29)	(52)	(44.2%)	(104)	(154)	(32.5%)
Total	678	611	11.0%	1,644	1,633	0.7%

Notes:

For the nine months ended 30 September 2009,

- Net valuation surplus of approximately HK\$14 million (2008: HK\$3 million) arising mainly from industrial building held by Retail division has been excluded from its results.
- Net gain on disposal of non-core investments and valuation surplus with an aggregate amount of approximately HK\$115 million (2008: HK\$84 million) have been excluded from the results of the Food Processing and Distribution division.
- Net valuation surplus of approximately HK\$425 million (2008: HK\$436 million) has been excluded from the results of the Investment Property division.
- Net valuation surplus amounting to approximately HK\$3 million (2008: HK\$3 million) arising mainly from industrial building held by Textiles division has been excluded from its results.