

For Immediate Release

Press Release

China Resources Enterprise Announces Unaudited Quarterly Review for Q1 2009

[Hong Kong, 22 May 2009] 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 2009. Profit attributable to the Company's shareholders amounted to HK\$417 million. Excluding the after-tax effect of revaluation of investment properties and major disposals of non-core assets and investments, underlying net profit for the current quarter would have decreased by 29%. Turnover amounted to HK\$17,173 million, representing an increase of 8% over the same period of last year.

Slowdown of economic growth and deflationary expectations prompted consumers to scale back on spending which inevitably led to a negative impact on the profitability of retail business. Earnings decreased by 13% to HK\$232 million on a 9% rise in turnover. Supermarket and logistics operation reported earnings of HK\$185 million, representing a marginal decrease of 1%. Despite a notable drop in operating profit of the logistics business, there was a modest improvement in profit contribution from the supermarket business. Same store sales fell 4% amid cautious consumer sentiment but EBITDA rose 16% to HK\$520 million. Brand-fashion distribution posted an 8% drop in earnings while other retail stores in Hong Kong reported a loss of HK\$2 million during the quarter under review.

Beverage business registered a 24% rise in turnover and contributed earnings of HK\$17 million. Sales volume of beer increased by 21% to approximately 1.57 million kiloliters. Our national brand, SNOW, expanded its sales volume by 25% to about 1.34 million kiloliters, further consolidating its position as the single largest beer brand on the mainland and one of the leading brands in the world. Although the first quarter of a year is typically a low season for our beer operation, improvement in gross profit margin and sales volume growth helped reduce net loss considerably from HK\$32 million to HK\$4 million, paving solid platform for the imminent peak beer sale seasons. Earnings contribution of purified water operation surged 62% to HK\$21 million on the back of a 7% sales volume growth and a fall in plastic packing materials costs. Using "C'estbon" as sole brand, it sustains a leading position in Guangdong.

Earnings contribution of food business fell 26% to HK\$116 million. Excluding the disposal gains of certain equity interests in non-core investments, underlying net profit would have decreased only by 8%. Performance of the Hong Kong livestock distribution business was under pressure amid intensified competition but a turnaround in the marine fishing operation and satisfactory profit contribution from the mainland meat processing projects mitigated the impact.

China Resources Enterprise, Limited

39/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Tel: (852) 2827 1028 Fax: (852) 2598 8453 Website: www.cre.com.hk



Textile business is operating in a tough environment marked by shrinking overseas demand; gross profit margin was squeezed and coupled with a provision for the planned closure of a dyeing factory, a loss of HK\$74 million was posted for the quarter under review. To weather the unfavorable market conditions, further measures including tightening cost controls and product mix enrichment will continue to be emphasized.

Excluding the effect from property revaluation and change in local profits tax rate in 2008, attributable profit of the investment property portfolio, which predominantly consists of retail properties, increased by 26% alongside the surge in rental income from Silvercord, a remodeled shopping mall at Tsimshatsui.

Managing Director of the Company, Mr. Chen Lang, said, "The global financial crisis has impacted our businesses in different regions to various extent, leading to mixed performance among different divisions in the first quarter. In terms of underlying net profit, the results were stronger for beverage and supermarket businesses, though the export-related businesses were hit hard. Also, the economy was at the peak in the first quarter of last year before yielding to the downturn, creating a high base for comparison. There is still a high degree of uncertainty in the global economic conditions at present but some positive signs of stabilization have emerged in the mainland economy. We will prepare ourselves for the opportunities coming along with any upturn in the future."

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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.

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 Quarterly Review for Q1 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 31 March	2009 (Unaudited) HK\$ million	2008 (Unaudited) HK\$ million
Turnover	17,173	15,870
Profit attributable to shareholders of the Company	417	639
Basic earning per share ¹	HK\$0.17	HK\$0.27
	At 31 March 2009 (Unaudited) HK\$ million	At 31 December 2008 (Audited) HK\$ million
Equity attributable to shareholders of the Company	25,513	25,159
Minority interests	9,466	9,339
Total equity	34,979	34,498
Consolidated net borrowings	5,704	6,463
Gearing ratio ²	16.3%	18.7%
Net assets per share (book value):	HK\$10.68	HK\$10.53

Notes:

1. Diluted earnings per share for the three months ended 31 March 2009 and 2008 are HK\$0.17 and HK\$0.27 respectively.
2. 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	
	2009	2008	2009	2008	2009	2008
	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million
Core Businesses						
- Retail	10,447	9,577	232	268	232	265
- Beverage	3,930	3,160	17	(19)	17	(19)
- Food Processing and Distribution	1,742	1,929	116	156	76	83
- Textile	992	1,191	(74)	28	(74)	28
- Investment Property	129	103	98	168	87	121
Subtotal	17,240	15,960	389	601	338	478
Other Businesses						
- Investments and Others	-	-	62	90	62	90
	17,240	15,960	451	691	400	568
Elimination of inter-segment transactions	(67)	(90)	-	-	-	-
Net corporate interest and expenses	-	-	(34)	(52)	(34)	(52)
Total	17,173	15,870	417	639	366	516

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 arising mainly from industrial building held by the Retail division has been excluded from its 2008 results.
 - b. Net gain on disposal of non-core investments amounting to approximately HK\$40 million (2008: HK\$73 million) has been excluded from the results of the Food Processing and Distribution division.
 - c. Net valuation surplus of approximately HK\$11 million (2008: HK\$47 million) has been excluded from the results of the Investment Property division.