

**For Immediate Release**

**Press Release**

- **Continuing operations reported turnover and earnings of HK\$64.6 billion of HK\$2,322 million respectively**
- **Underlying net profit from continuing operations amounted to HK\$1,793 million**
- **Final dividend of HK\$0.25 per share proposed, bringing the full year dividend to HK\$0.40 per share**

**China Resources Enterprise Announces Final Results for 2008**  
**“Forward and Focused”**

[Hong Kong, 31 March 2009] China Resources Enterprise, Limited (HKEx: 00291) (‘The Company’ or together with its subsidiaries, ‘The Group’) today announced its final results for the year ended 31 December 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 to HK\$64.6 billion and HK\$2,322 million respectively, representing a corresponding increase of 25% and a decrease of 2% over the year before. Basic earnings per share from the continuing operations were HK\$0.97 compared to HK\$1.00 in 2007. Excluding the after-tax effect of revaluation of investment properties and major disposals of non-core assets and investments, underlying net profit from the continuing operations would have decreased by 4% to HK\$1,793 million. The Board of Directors proposed a final dividend of HK\$0.25 per share. Together with the interim dividend of HK\$0.15 per share, the full year dividend will be HK\$0.40 per share.

Retail business achieved respectable performance with earnings contribution growing by 13% to HK\$590 million on a 33% rise in turnover despite increasing consumers’ cautiousness on spending since the economic downturn deepened in the second half of 2008. Supermarket operation reported earnings of HK\$351 million, representing a slight decrease of 3%. Overall same store growth was 11%. EBITDA amounted to HK\$1,374 million, up 31% but attributable profit was abated by the additional income tax provision for the undistributed earnings of the mainland business as required under a new tax regime introduced in 2008. Other retail operations, including brand-fashion distribution and other retail stores in Hong Kong, posted a 102% surge and a 32% drop in earnings respectively.

Earnings contribution of beverage business climbed 35% to HK\$409 million. Sales volume of beer rose by 5% in parallel with the general market trend to approximately 7.3 million kiloliters, whilst earnings soared by 25% to HK\$298 million, boosted by a gain on disposal of certain pieces of land upon factory relocation. Sales volume of our national brand, SNOW, expanded further to about 6.1 million kiloliters, an increase of 19%, consolidating its position as one of the leading beer brands in the world. Purified water operation

**China Resources Enterprise, Limited**

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registered a 73% increase in earnings to HK\$111 million, driven by its 27% sales volume growth to about 1.4 million kiloliters and the increase in share of profit contribution after raising our shareholding from 51% to 100% in May 2007. Using “C'estbon” as its sole brand, it has a leading position in Guangdong.

Earnings contribution of food business fell 41% to HK\$312 million, mainly affected by the weak performance of the Hong Kong livestock distribution business amidst intensified competition in the Hong Kong live pig market. However, there was a surge in pre-tax profit contribution from the mainland which exceeded that of Hong Kong for the first time, reflecting the huge potential in the mainland market.

The shrinking overseas demand for textile products has put considerable pressure on the performance of our textile business. Coupled with a provision for impairment loss of certain dyeing assets, its earnings contribution was down 49% to HK\$74 million. As the tough operating environment will continue in the short term, further cost control measures have been implemented.

Excluding the effect from property revaluation and change in local tax rate, underlying net profit of our investment property portfolio, which predominantly consists of retail properties, increased by 20%.

Managing Director of the Company, Mr. Chen Lang, said, “We achieved solid results in 2008 amidst the deepening global financial turmoil. To brace for the challenges, we have stepped up our efforts to capitalize on economies of scale and put more emphasis on cost efficiency. With a strong financial position, CRE is well placed to ride out the economic gloom.”

Chairman, Mr. Song Lin, also said, “Despite the broad economic challenges, there was further reinforcement of our major market positions last year. The present economic downturn is an opportunity for us to examine and enhance our core competence. Our long-term success is embedded in our current market segments, growing and focused.”

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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 Final 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

	2008 <i>HK\$ million</i>	2007 <i>HK\$ million</i>
Turnover		
– continuing operations	64,628	51,513
– discontinued operation <sup>1</sup>	-	10,610
	<u>64,628</u>	<u>62,123</u>
Profit attributable to shareholders of the Company		
– continuing operations	2,322	2,379
– discontinued operation <sup>1</sup>	-	2,582
	<u>2,322</u>	<u>4,961</u>
Basic earnings per share <sup>2</sup>		
– continuing operations	HK\$0.97	HK\$1.00
– discontinued operation <sup>1</sup>	-	HK\$1.09
	<u>HK\$0.97</u>	<u>HK\$2.09</u>
Dividend per share		
– interim	HK\$0.15	HK\$0.15
– final	HK\$0.25	HK\$0.30
	<u>HK\$0.40</u>	<u>HK\$0.45</u>
	<b>At 31 December 2008</b>	<b>At 31 December 2007</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Equity attributable to shareholders of the Company	25,159	22,871
Minority interests	<u>9,339</u>	<u>7,293</u>
Total equity	<u>34,498</u>	<u>30,164</u>
Consolidated net borrowings	6,463	4,004
Gearing ratio <sup>3</sup>	18.7%	13.3%
Current ratio	0.98	1.05
Net assets per share (book value):	<u>HK\$10.53</u>	<u>HK\$9.59</u>

### 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 year ended 31 December 2008 and 2007 are HK\$0.97 and HK\$2.07 respectively. The 2007 amount includes diluted earnings per share for 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)	
	2008	2007	2008	2007	2008	2007
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Core Businesses</b>						
- Retail	34,651	26,008	590	521	595	500
- Beverage	17,405	13,304	409	303	409	303
- Food Processing and Distribution	7,645	7,381	312	531	227	471
- Textile	4,829	4,713	74	144	40	122
- Investment Property	434	375	754	648	339	240
<b>Subtotal</b>	<b>64,964</b>	<b>51,781</b>	<b>2,139</b>	<b>2,147</b>	<b>1,610</b>	<b>1,636</b>
<b>Other Businesses</b>						
- Investment and Others	-	-	396	429	396	429
	64,964	51,781	2,535	2,576	2,006	2,065
Elimination of inter-segment transactions	(336)	(268)	-	-	-	-
Net corporate interest and expenses	-	-	(213)	(197)	(213)	(197)
<b>Total from continuing operations</b>	<b>64,628</b>	<b>51,513</b>	<b>2,322</b>	<b>2,379</b>	<b>1,793</b>	<b>1,868</b>
<b>Discontinued operation</b>						
- Petroleum and Related Products Distribution	-	10,610	-	2,582	-	183
<b>Total</b>	<b>64,628</b>	<b>62,123</b>	<b>2,322</b>	<b>4,961</b>	<b>1,793</b>	<b>2,051</b>

Note:

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:
  - a. Net valuation deficit of approximately HK\$5 million arising mainly from industrial building held by the Retail division (2007: Net valuation surplus of HK\$21 million) has been excluded from its results.
  - b. Net gain on disposal of associates amounting to approximately HK\$85 million (2007: HK\$60 million) has been excluded from the results of Food Processing and Distribution division.
  - c. Net valuation deficit of approximately HK\$1 million arising mainly from industrial building held by the Textile division (2007: Net valuation surplus of HK\$12 million) and a gain on disposal of non-core investments amounting to approximately HK\$35 million (2007: HK\$10 million) have been excluded from its results.
  - d. Net valuation surplus of approximately HK\$415 million (2007: HK\$408 million) has been excluded from the results of the Investment Property division.