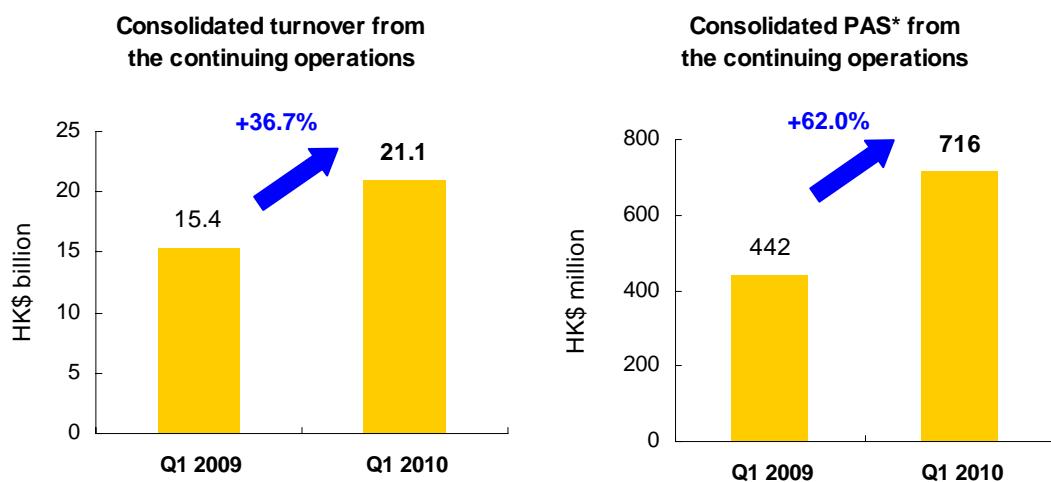


For Immediate Release

Press Release

**China Resources Enterprise Announces Unaudited Quarterly Review for Q1 2010**

- Unaudited consolidated turnover and profit attributable to the Company's shareholders from the continuing operations rose by 36.7% and 62.0% respectively to about HK\$21,104 million and HK\$716 million
- Retail division recorded strong growth in turnover and earnings of 51.6% and 112.5% year-on-year respectively to HK\$14,891 million and HK\$597 million, contributed by the considerably expanded operations and enhanced profitability



\* Profit attributable to the Company's shareholders

[Hong Kong, 24 May 2010] China Resources Enterprise, Limited (HKEx: 00291) ('the Company' and together with its subsidiaries, 'the Group') today announced its unaudited quarterly financial and operational review for the three months ended 31 March 2010. Consolidated profit attributable to the Company's shareholders increased by about 8 times year-on-year to approximately HK\$3,727 million while that generated by the continuing operations amounted to approximately HK\$716 million, up 62.0% year-on-year. Excluding the after-tax effect of revaluation of investment properties and major disposal of non-core assets and investments, the Group's underlying consolidated net profit from the continuing operations would have increased by 25.6% year-on-year. Consolidated turnover from the continuing operations amounted to approximately HK\$21,104 million, up 36.7% year-on-year.

Mr. Chen Lang, Managing Director of the Company, said, "The strong performance in the first quarter demonstrated a success of our strategic transformation into a pure consumer company. With a considerably expanded retail network after the recent hypermarket chain acquisition, our retail division will continue to pursue a national expansion strategy that features regional leadership and multi-format business synergy. For the beverage operation, we aim at boosting our market share tactically to reinforce our leading position



in the beer market, and exploring expansion opportunities in new markets for the non-alcoholic beverage products. We will also further strengthen the food division through acquisitions in the Chinese Mainland which is a key market for its future growth. By leveraging our stronger and more focused consumer business platform, the Group will further tap the enormous growth potential of China's consumer market amid the gradual economic recovery.”

The Group's retail division recorded a turnover of HK\$14,891 million and earnings of HK\$597 million, representing increases of 51.6% and 112.5% respectively year-on-year. Excluding a revaluation surplus of about HK\$241 million, EBITDA of the retail division increased by 37.1% to HK\$869 million. This was mainly contributed by the operation of a hypermarket chain acquired from the parent company as well as the operating profit growth resulting from satisfactory same store sales growth and an increase in gross margin.

The retail division is geographically divided into two segments, one in the Chinese Mainland and the other in Hong Kong. The turnover and earnings of the Group's retail business in the Chinese Mainland amounted to about HK\$13,908 million and HK\$235 million respectively, up 55.6% and 50.6% year-on-year. The retail business in Hong Kong recorded a turnover of about HK\$983 million and earnings of about HK\$362 million, representing increases of 11.7% and 189.6% respectively year-on-year. Excluding an after-tax revaluation surplus of approximately HK\$200 million, underlying net profit of this business would have increased by 42.1% year-on-year. The same store sales of the Group's mainland supermarkets increased by 8.1% year-on-year while that of Hong Kong retail business increased by 9.1% year-on-year.

The turnover and earnings of the beverage division rose by 13.5% and 52.9% respectively to HK\$4,460 million and HK\$26 million. Sales volume of beer increased by 10.4% to approximately 1,730,000 kiloliters. Sales volume of our national brand, “雪花 Snow”, expanded further by 16.1% to about 1,550,000 kiloliters, consolidating its position as one of the leading beer brands in the world. As the largest brewer by volume in the Chinese Mainland, the Group had a market share of about 19% as at the end of 2009. The non-alcoholic beverage operation, with “怡寶 C'estbon” purified water as its major business, reported a turnover of HK\$380 million and earnings of HK\$7 million, representing an increase of 31.0% and a decrease of 66.7% respectively year-on-year. The profit contribution dropped since the launch of our new fruit-flavored nutritional drink product, “零帕 0 PA”, led to an increase in advertising and promotional expenses. The rollout of this new product, however, is expected to increase the Group's sources of revenue and profit. Total sales volume of the non-alcoholic beverage operation rose by 24% year-on-year to over 370,000 kiloliters.

The turnover of the food processing and distribution division rose by 4.6% to HK\$1,823 million year-on-year. Excluding the gains from reducing certain equity interests in strategic investments, underlying net profit of the division would have increased by 18.4% year-on-year. The Hong Kong livestock distribution operation achieved sales, turnover and profit growth while the meat processing, branded food processing, cold storage and trading as well as distribution businesses in the Chinese Mainland delivered satisfactory



operating results. We took steps to enhance our frozen food and ice-cream business, resulting in satisfactory growth in both sales and profitability.

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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 comprising retail, beverage, and food processing and distribution.

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Full details of our Unaudited Quarterly Review for Q1 2010 have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the corporate website at [www.cre.com.hk](http://www.cre.com.hk).



## FINANCIAL HIGHLIGHTS

<b>Three months ended 31 March</b>	<b>2010 (Unaudited) HK\$ million</b>	<b>2009 (Unaudited) HK\$ million</b>
Turnover		
– continuing operations	21,104	15,433
– discontinued operations <sup>1</sup>	410	1,740
	<b>21,514</b>	<b>17,173</b>
Profit attributable to shareholders of the Company		
– continuing operations	716	442
– discontinued operations <sup>1</sup>	3,011	(25)
	<b>3,727</b>	<b>417</b>
Basic earning per share <sup>2</sup>		
– continuing operations	HK\$0.30	HK\$0.18
– discontinued operations <sup>1</sup>	HK\$1.26	HK\$(0.01)
	<b>HK\$1.56</b>	<b>HK\$0.17</b>
	<b>At 31 March 2010 (Unaudited) HK\$ million</b>	<b>At 31 December 2009 (Audited) HK\$ million</b>
Equity attributable to shareholders of the Company	29,473	25,847
Non-controlling interests	9,443	9,597
Total equity	<b>38,916</b>	<b>35,444</b>
Consolidated net borrowings	-	3,340
Gearing ratio <sup>3</sup>	<b>Net Cash</b>	9.4%
Net assets per share (book value):	<b>HK\$12.30</b>	<b>HK\$10.79</b>

### Notes:

1. Pursuant to the Group reorganisation in 2009, textile and brand-fashion distribution businesses are presented as discontinued operation according to the Hong Kong Financial Reporting Standard 5. The Group terminated the license rights of the brand and completed the disposal of its brand-fashion distribution business in February 2010 with an after-tax gain of approximately HK\$3 billion.
2. Diluted earnings per share for the three months ended 31 March 2010 and 2009 are HK\$1.55 and HK\$0.17 respectively. Diluted earnings/(loss) per share of the discontinued operations for the three months ended 31 March 2010 and 2009 are HK\$1.25 and HK\$(0.01) respectively.
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	
	2010	2009	2010	2009	2010	2009
	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million	(Unaudited) HK\$ million
<b>Core Businesses</b>						
- Retail	14,891	9,820	597	281	398	270
- Beverage	4,460	3,930	26	17	26	17
- Food Processing and Distribution	1,823	1,742	116	116	90	76
<b>Subtotal</b>	<b>21,174</b>	<b>15,492</b>	<b>739</b>	<b>414</b>	<b>514</b>	<b>363</b>
<b>Other Businesses</b>						
- Investments and Others	-	-	-	62	-	62
	<b>21,174</b>	<b>15,492</b>	<b>739</b>	<b>476</b>	<b>514</b>	<b>425</b>
Elimination of inter-segment transactions	(70)	(59)	-	-	-	-
Net corporate interest and expenses	-	-	(23)	(34)	(23)	(34)
<b>Total from continuing operations</b>	<b>21,104</b>	<b>15,433</b>	<b>716</b>	<b>442</b>	<b>491</b>	<b>391</b>
<b>Discontinued operations</b>						
- Brand-fashion Distribution	410	748	3,011	49	26	49
- Textile	-	992	-	(74)	-	(74)
<b>Total from discontinued operations</b>	<b>410</b>	<b>1,740</b>	<b>3,011</b>	<b>(25)</b>	<b>26</b>	<b>(25)</b>
<b>Total</b>	<b>21,514</b>	<b>17,173</b>	<b>3,727</b>	<b>417</b>	<b>517</b>	<b>366</b>

### 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\$199 million (2009: HK\$11 million) has been excluded from the results of the Retail division.
  - b. Net gain on disposal of non-core investments and valuation surplus with an aggregate amount of approximately HK\$26 million (2009: HK\$40 million) have been excluded from the results of Food Processing and Distribution division.
  - c. The Group terminated the license rights of the brand and completed the disposal of its brand-fashion distribution business in February 2010 with an after-tax gain of approximately HK\$3 billion.