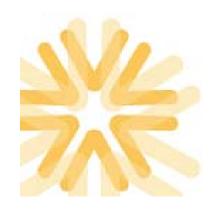


China Resources Enterprise, Limited Interim Results 2003

Roll-out of Strategies as Planned



10 September, 2003



Agenda

Opening Note	/ Results Highlights	pp.3 – pp.4

Interim Results 2003

Opening Note / Results Highlights

Frank Ning

Chairman



Results Highlights

- Turnover increased by 25% to HK\$16.2bn and for the first time mainland's turnover exceeded Hong Kong
- Earnings grew 3% to HK\$750m
- Interim dividend of HK10¢ proposed, an 11% increase
- Strategies to bolster our retail-led distribution model have been rolled out as planned
- We have successfully reorganized our building materials business and acquired our parent company's logistics business
- Earnings from textile and petroleum & chemical businesses increased by 74% and 57% respectively
- Food processing and distribution business was stable and its mainland expansion plan is on schedule
- Retail and brewery businesses bore the brunt of the SARS outbreak "Roll-out of Strategies as Planned"

Interim Results 2003

Financial Summary

Francis Kwong

Executive Director



Results Summary

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	% change
Turnover	16,190	12,933	+25
Earnings	750	725	+3
EPS (HK¢)	36	35	+3
DPS (HK¢)	10	9	+11
Interim dividend payout ratio (%)	28	26	+8



<u>Turnover Breakdown – by Divisions</u>

Year end 31 Dec	H1 2003 HK\$m	Prop (%)	H1 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	5,978	37	4,558	35	+31
Retail	4,304	26	2,726	21	+58
Food processing and distribution	2,357	14	2,389	18	-1
Beverage	1,909	12	1,846	14	+3
Textile	1,411	9	1,000	8	+41
Property	143	1	215	2	-34
Investment & others	168	1	273	2	-38
	16,269	100	13,005	100	+25
Less: inter-co transactions	(79)		(72)		+10
Turnover	16,190	_	12,933		+25

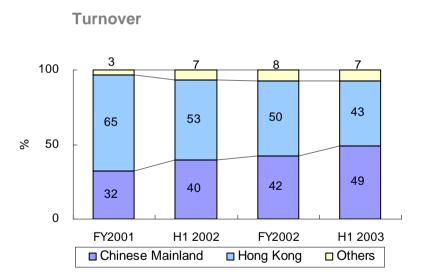


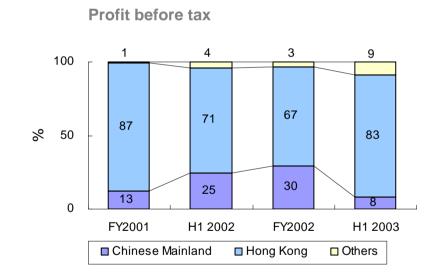
Earnings Breakdown – by Divisions

Year end 31 Dec	H1 2003 HK\$m	Prop (%)	H1 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	286	35	182	23	+57
Retail	(89)	(11)	61	8	-244
Food processing and distribution	175	22	172	22	+2
Beverage	25	3	38	5	-34
Textile	82	10	47	6	+74
Property	166	20	97	12	+71
Investment & others	168	21	191	24	-12
	813	100	789	100	+3
Net corporate interest & expenses	(63)	,	(64)		-1
Earnings	750		725		+3

Geographical Breakdown of Turnover and Profit

■ The proportion of turnover from mainland China increased to 49% from 40% in H1 2002 though that of profit before tax decreased to 8% from 25%, dragged by the retail and brewery businesses







Key Financial Data

 Strong balance sheet with a gearing of 9% and a net debt to equity ratio of 11%

Year end 31 Dec	H1 2003	H1 2002	% change	FY2002
P&L				
Finance costs (HK\$m)	129	171	-25	314
Interest income (HK\$m)	34	78	-57	140
Capitalised interest (HK\$m)	0	0	na	2
Balance Sheet				
Current ratio (%)	138	173	-20	129
Net cash/(debt) (HK\$m)	(1,480)	(386)	+283	(1,483)
Shareholders' equity (HK\$m)	13,425	12,769	+5	12,946
Minority interests (HK\$m)	3,432	3,158	+9	3,290
Book NAV per share (HK\$)	6.45	6.15	+5	6.22

Interim Results 2003

Business Review

Francis Kwong

Executive Director

Petroleum and Chemicals Distribution

- Earnings grew 57% boosted by the sharing of a gain of HK\$143m from the disposal of our interest, held through a jointly controlled entity, in the aviation fuel facility at the airport
- Oil price hit a high of US\$38/barrel in mid-March but fell drastically to US\$26/barrel in end-April
- Overall sales volume of petroleum wholesaling increased by 6% and margin was relatively stable despite the oil price volatility
- Earnings contribution from petrol stations fell HK\$24m mainly due to the high LPG cost and a mismatch in the price-fixing mechanism
- Petrochemicals distribution division reported a 33% increase in turnover but profitability suffered from the rapid price decreases triggered by the Iraq war and earnings contribution dropped HK\$4m
- SARS had affected the demand for jet fuel and diesel but a gradual recovery is expected



Petroleum and Chemicals Distribution

Turnover breakdown of petroleum and chemicals distribution

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	% change
Petroleum			
- Diesel	1,403	1,447	-3
 Fuel oil & ocean vessels 	2,572	1,816	+42
- Jet fuel	712	472	+51
LPG	351	257	+36
Petrochemicals	584	438	+33
Petrol stations			
- HK	330	318	+4
- Mainland China	144	86	+67
Inter-co transactions and others	(117)	(276)	-58
Total	5,978	4,558	+31



Retail business turnover and earnings breakdown

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	% change
Turnover			
- Supermarket	3,391	1,753	+93
- Department stores in HK	466	573	-19
- Brand-fashion in China	447	399	+12
	4,304	2,726	+58
Earnings			
- Supermarket	(66)	48	-239
 Department stores in HK 	(6)	7	-184
- Brand-fashion in China	(17)	6	-355
	(89)	61	-244



1. Supermarket

- Owing to the adverse impact of SARS on hypermarkets, high cost structure following the rapid expansion in last year as well as a reduction in supplier rebate, a loss of HK\$66m was incurred
- The SARS outbreak was a blow to the hypermarkets in Guangdong as reflected by their 8% same store decline during the Q2 2003
- We have already embarked on a cost savings exercise to reduce salaries and rentals with satisfactory results
- There was a reduction in supplier rebate but a new system has been introduced to categorize suppliers according to their sales and encourage volume discount; resulting in a much improved supplier relationship
- Our objective this year is to strengthen the management team and improve the fundamentals of merchandising, operational and logistics, and we are confident and remain committed to this operation "Roll-out of Strategies as Planned"



Supermarket turnover, EBITDA and earnings breakdown

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	% change			
Turnover						
- HK	955	881	+8			
- China	2,436	872	+179			
	3,391	1,753	+93			
EBITDA						
- HK	55	61	-10			
- China	(65)	23	-384			
	(10)	84	-112			
Earnings						
- HK	14	47	-71			
- China	(71)	1	-9,698			
- goodwill	(9)	0	na			
	(66)	48	-239			
EBITDA margin (%)						
- overall	(0.3)	4.8	-106			
- HK	5.8	6.9	-17			
- China	(2.7)	2.6	-202			
	"Roll-out o	"Roll-out of Strategies as Planned"				



Supermarket network

No of self-operated stores	30-Jun-03		31-Mar-03		31-Dec-02		30-Sep-02	
No of franchised stores								
I) Traditional supermarkets								
- Hong Kong	79		78		77		74	
- Beijing	24		24		24		23	2
- Tianjin	60		59		59		59	2
- Suzhou	91		93	4	95	4	96	4
- Zhongshan	23	12	23	12	23	12	23	12
- Shenzhen	87	44	87	45	88	45	90	47
	364	56	364	61	366	61	365	67
II) Superstores								
- Beijing	3		3		3		2	
- Tianjin	2		2		1		0	
- Suzhou	4		3		3		3	
- Hangzhou	4		1		0		0	
- Shenzhen	4		3		1		1	
- Zhongshan	6		4		2		1	
	23	0	16	0	10	0	7	0
II) Hypermarkets								
- Shenzhen	9		8		8		6	
- Guangzhou	6		6		6		2	
- Huizhou	1		1		1		1	
- Zhongshan	1		1		1		1	
- Zhuhai	1		1		1		1	
	18	0	17	0	17	0	11	0
Overall								
- Hong Kong	79	0	78	0	77	0	74	0
- China	326	56	319	61	316	61	309	67
	4	61	45	8	454	DI	450	

[&]quot;Roll-out of Strategies as Planned"



2. Department stores and brand-fashion

- An inevitable SARS victim
- Hong Kong department store business reported a loss of HK\$6m and a 19% turnover decline
- Turnover of CR Care increased by 33% while that of Chinese Arts & Craft and CRC Department Store declined by 40% and 23% respectively, resulting in earnings growth at CR Care but losses at the other two
- At end of H1 2003, we operated 2 CRC stores, 5 CAC stores, 2 supersized and 20 smaller-sized CR Care stores
- Brand-fashion in China reported a loss of HK\$17m despite a 12% turnover growth due to big discount for stock clearance of certain brands as well as the virus outbreak
- 18 international brands were distributed at 715 stores at the end of June
- Shanghai Tang contract was terminated in July and we will continue to focus on individual brand profitability "Roll-out of Strategies as Planned"



Brand-fashion business in the Chinese Mainland

	30-Jur	า-03	31-M	ar-03	31-D	ec-02	30-S	ep-02
No of self-operated stores								
No of franchised stores		_				_		
Alfred Dunhill	27	13	28	7	29	5	29	6
Blue Navy	8	0	14	4	13	5	15	12
Bruno Magli	5	0	5	0	7	0	7	0
CK Jeans	18	15	19	13	21	11	15	5
Christian Lacroix	1	0	1	0	1	0	1	0
Emanuel Ungaro	2	0	2	0	2	0	2	0
Esprit/Red Earth	133	461	120	517	119	489	110	489
Givenchy / Monsieur by Givenchy	8	0	9	0	9	0	10	0
Guess	3	0	3	0	2	0	2	0
lceberg	0	0	0	0	0	0	1	0
Kenzo	10	2	10	2	10	2	9	1
Lanvin	2	0	2	0	4	0	4	0
Pal Zileri	4	0	3	0	3	0	1	0
Piaget	1	0	1	0	1	25	1	25
Polo	1	0	1	0	1	0	1	0
Shanghai Tang	1	0	1	0	1	0	1	0
Verri	0	0	1	0	1	0	1	0
	224	491	220	543	224	537	210	538
Total	715		76	3	76	51	74	8

Food Processing and Distribution

- Earnings contribution increased by 2% despite a 1% decrease in turnover resulted from the disposal of a stake in a seafood trading business in Hong Kong
- Active promotion of "Ng Fung" fresh meat and more dining at home during the SARS period led to a 3% growth in turnover of livestock distribution compensating for the decline in sales of frozen meat following the uplift of export quota
- Full recovery at marine fishing with a 89% surge in operating profit due to the exploration of more fishing grounds, enhancement in catching capability and better quality of catches
- Continued profit growth at the abattoir operation which benefited from higher sales volume of livestock
- A joint venture was set up with Shanghai New Asia Group in March to construct a modern meat processing centre in Shanghai, laying the cornerstone for entering the mainland meat market



Food Processing and Distribution

Turnover breakdown of Ng Fung Hong

Year end 31 Dec	H1 2003	H1 2002	% change
	HK\$m	HK\$m	
Foodstuff distribution	1,525	1,531	-0
Food processing and stock raising	728	749	-3
Abattoir operation, transportation and others	144	152	<i>-</i> 5
Inter-co transactions	(40)	(44)	-8
	2,357	2,389	-1

Operating profit breakdown of Ng Fung Hong

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	•
Foodstuff distribution	141	146	-4
Food processing and stock raising	30	20	+52
Abattoir operation, transportation and others	52	42	+22
	223	209	+7



Beverage

- Turnover growth of 3% with sales volume increasing 9% to 1.23m k litres, consolidating our market position as the second largest brewer in the mainland
- Average selling price decreased by 6% due to the lower selling prices of the newly acquired breweries and promotional activities but gross margin was in line with last year
- Earnings contribution declined 34% due to the SARS incidence, reduced profitability in Jilin and Dalian as well as the initial loss of the brewery in Beijing
- Operating environment is improving and earnings contribution for June 2003 was similar to that of June last year
- Annual production capacity amounted 4.1m k litres after acquiring Panjin in Liaoning in December 2002 and Lidu in Beijing in January this year



Beverage

- Organic sales volume growth was 5% with strong earnings performance at Sichuan, Anhui and Shenyang and the loss at Harbin was substantially reduced
- Sales volume of our national brand, Snow, increased by 45% from H1 2002 to 302,000 k litres, representing 25% of the total volume sold, reflecting its growing penetration following implementation of our brand development strategies for the whole country
- To facilitate national brand development and brewery management,
 CRB has been acquiring the minority stakes from the jv partners



Beverage

Sales volume by brewery

Year end 31 Dec	Province	Area	No of breweries	H1 2003 '000 k litre		% change
I) Breweries acquired prior to FY2002						
Shenyang	Liaoning	North East	3	205	205	-0
Dalian	Liaoning	North East	2	80	98	-18
Jilin	Jilin	North East	1	110	106	+3
Tianjin		Central	1	54	48	+13
Anshan	Liaoning	North East	1	43	39	+12
Anhui	Anhui	Central	3	130	106	+23
New Three Star	Heilongjiang	North East	1	82	71	+15
Liaoyang Meiyue	Liaoning	North East	1	12	13	-9
Blue Sword (incl Mianyang and Leshan)	Sichuan	South West	12	339	315	+8
Changchun Snow Leopard	Jilin	North East	1	39	37	+7
II) Breweries acquired in FY2002						
Wuhan Dongxihu	Hubei	Central	1	109	92	+18
Panjin	Liaoning	North East	1	17		na
III) Breweries acquired in FY2003						
Beijing		Central	1	10		na
			29	1,229	1,129	+9
Existing breweries				1,093	1,037	+5



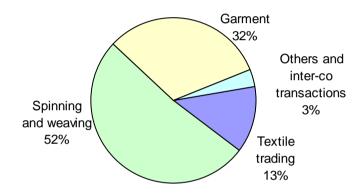
Textile

- Earnings grew 74% to HK\$82m with improvements registered in all its major divisions, confirming its role as one of our earnings drivers
- Overall net margin about 5.8%, compared with 4.7% for H1 2002,
 and both yarns and fabrics reported increases in volume and price
- The acquisition of a 51% stake in CR Jinhua was completed in July and we also acquired three other textile plants since the beginning of this year, including one in Jiangsu and two in Shaanxi
- Our 12 textile plants, equipped with 960,000 spindles, 14,600 looms and 13 printing & dyeing lines, are capable of an annual of 100,000 tonnes of yarns, 260m metres of grey fabrics and 130m metres of finished fabrics
- Since the commencement of the HK\$700m technology upgrade programme in late 2002, over HK\$300m has been invested and the benefits are gradually realized

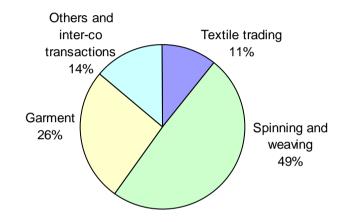


Textile

Breakdown of H1 2003 turnover



Breakdown of H1 2003 earnings





Property

- There was a residual property development profit mainly due to the write-back of over-provided construction cost for our last project
- Rental income was relatively stable as most of our properties are for retail use at prime locations
- Due to Argyle Centre's change from own use into property investment, there is a decrease in deferred tax liability of HK\$60m

Property business turnover and earnings breakdown

Year end 31 Dec	H1 2003 HK\$m	H1 2002 HK\$m	% change
Turnover			
- Property development	5	66	-92
- Rental properties	138	149	-7
	143	215	-34
Earnings			
 Property development 	22	10	+124
- Rental properties	144	87	+65
	166	97	+71



Property

- Despite the weak economy, occupancy rates of our office premises improved slightly while that of retail premises remained high
- Rental concessions had been made to some SARS-affected tenants and there was a rental shortfall due to the renovation work at Argyle Centre
- Logistics services have been integrated with our retailing division

Occupancy rates of the major rental properties (av for the year)

Year end 31 Dec	Туре	Occupa H1 2003	Occupancy rates % H1 2003			
CRE Building	Off	85	79			
Argyle Centre	Ret	80	100			
Hennessy Road	Ret	100	100			
Lok Sing	Ret	100	100			
Nan Fung	Ret	93	89			
Silvercord	Ret	100	100			
Star House	Ret	73	100			



Investments and Others

- HIT's local port operation reported throughput comparable with last year and EBIT declined 5% whilst its Yantian port operation reported throughput growth of 30% and EBIT growth of 38%
- Slide in earnings of Redland Concrete but it is well-positioned for growth after restructuring

Interim Results 2003

Prospects

Charley Song

Deputy Chairman & Managing Director



Prospects

- CRE has a unique retail-led distribution model and our businesses are increasingly geared towards the consumer markets of mainland China and Hong Kong
- This year is a year to implement our strategies to bolster our model and they have been rolled out as planned
- We have started to restructure our non-core business as represented by the distribution in specie and separate listing of CR Cement, a way which has ensured shareholders rights and benefits
- The acquisition of our parent company's logistics business in July will enhance the efficiency of the retailing business and meet our own long term logistics demand
- In addition to food products, our brewery division has also begun to sell their products in our supermarkets, an extension of their distribution network



Prospects

- We have set a precedent for a foreign company to take a controlling stake in a mainland listed company via the acquisition of a 51% stake in China Resources Jinhua, a crucial step for our textile business to achieve a leading position
- Our food processing and distribution business has entered the mainland meat market unveiling its blueprint for China
- These accelerated investments in the mainland have resulted in a higher proportion of turnover contribution from China than Hong Kong during the period under review, the first time since our listing
- In the first half of this year, textile and petroleum & chemical divisions have performed particularly well
- We are gradually recovering from the unfortunate disruption of SARS and are very confident about our future prospects



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