CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong under Companies Ordinance)

2000 INTERIM RESULTS

The Directors of China Resources Enterprise, Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2000 as follows:

	Note	Six months ended 30th June 2000 HK$'000	Six months ended 30th June 1999 HK$'000
Turnover		6,320,794	7,122,649
Profit from ordinary activities		901,049	1,614,269
Share of results of associates		320,903	247,721
Profit before taxation		1,221,952	1,861,990
Taxation	1	(120,615)	(199,288)
Profit after taxation		1,101,337	1,662,702
Minority interests		(335,887)	(699,596)
Profit attributable to shareholders		765,450	963,106
Earnings per share	2		
Basic		HK$0.39	HK$0.56
Diluted		HK$0.38	HK$0.55
Interim dividend per share		HK$0.06	HK$0.06

Notes:

1. Taxation

	Six months ended 30th June 2000 HK$'000	1999 HK$'000
Hong Kong		
Company and subsidiaries	69,310	165,818
Associates	24,384	19,247
Chinese Mainland		
Subsidiaries	15,095	10,493
Associates	11,826	3,730
	120,615	199,288

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits during the period. Chinese Mainland income tax during the period has been provided for, based on the estimated assessable profits in accordance with the relevant income tax laws applicable to the Group in the Chinese Mainland.

2. Earnings per share

	Six months ended 30th June 2000 HK$'000	1999 HK$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
Net profit attributable to shareholders for the purpose of basic earnings per share	765,450	963,106
Effect due to dilutive potential ordinary shares of a subsidiary	(559)	(1,677)
Net profit attributable to shareholders for the purpose of diluted earnings per share	764,891	961,429

	Six months ended 30th June 2000	1999
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,984,328,623	1,733,290,205
Effect of dilutive potential ordinary shares:		
- Share options	8,490,147	8,317,995
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	1,992,818,770	1,741,608,200

INTERIM DIVIDEND

The Directors have declared an interim dividend for the year ending 31st December 2000 of HK6 cents per share (1999: HK6 cents) totalling HK$119,186,000 (1999: HK$104,009,000) to shareholders whose names appear on the register of members of the Company on 16th October 2000. The interim dividend will be payable on or about 1st November 2000.

CLOSURE OF REGISTER

The register of members will be closed from 16th October 2000 to 20th October 2000, both days inclusive. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged into the share registrars of the Company, Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 13th October 2000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months period ended 30th June 2000.

REVIEW OF OPERATIONS

The Group's unaudited consolidated turnover and profit attributable to shareholders for the six months ended 30th June 2000 amounted to approximately HK$6,320.8 million and HK$765.5 million respectively, representing a decrease of 11.3% and 20.5% over the same period last year. Earnings per share of the Group, on a weighted average basis, amounted to HK$0.39 compared with HK$0.56 in the first half of 1999. The main reason for the decline in turnover and profit attributable to shareholders was due to the booking of profit arising from the sales of Villa Esplanada phase III.

Property - Hong Kong

The Hong Kong property development and investment business reported net profit before corporate interest and expenses of HK$175.5 million, represented a 70.7% decrease over the same period last year. The decline in earnings was attributable to the timing difference in the booking of profit arising from the sales of Villa Esplanada; phase III being sold in the second half of this year, compared to Phase II, which was sold in the first half of last year.

Property Development

The Group is currently involved in one development project in Hong Kong, namely, Villa Esplanada. This is a residential project which the Group has a 55% attributable interest. The project comprises a 10-block residential complex with a total gross floor area of approximately 2.25 million square feet.

The project is divided into three phases. Phase I and II had already been sold. Sale of Phase III, which comprises floor area of approximately 850,000 square feet, or approximately 1,200 units, commenced in mid-year 2000. The Group has secured majority of the profit from phase III, with approximately 90% of this phase already been sold to-date. The construction work of phase III has already commenced and is expected to complete on or before 31st July, 2001.

Property Investment

The Group's investment properties in Hong Kong currently is dominated by its sizeable retail spaces of an estimated aggregate floor area of approximately 500,000 square feet, which are located in high-density commercial districts including Causeway Bay, Mongkok, Tsimshatsui and Tsuen Wan where sizeable retail spaces are limited. The scarcity of sizable retail floor spaces in prime commercial districts offers the Group with great potential in redevelopment or renovation of these premises into new shopping arcades, generating a higher rental income to the Company. The Group also owns a portfolio of approximately 700,000 square feet of floor area designated for industrial, office or residential use. These properties achieve a good occupancy rate during the period under review, generating a stable stream of recurrent income for the Company. The Group's rental income for the period under review amounted to approximately HK$108.3 million.

Property - Chinese Mainland

The Chinese Mainland business reported net profit before corporate interest and expenses of HK$18.1 million, compared to HK$37.2 million of the same period last year. As announced by the Directors of China Resources Beijing Land Limited ("Beijing Land") on 8th September 2000, due to an improvement in the Beijing economic conditions and general market conditions of the Beijing property market, the consolidated turnover of Beijing Land for the six months ended 30th June 2000 recorded an increase of 330% over the same period last year to HK$571.7 million. However, in the absence of a substantial profit resulting from the repurchase by the Company of its convertible bond, net profit attributable to shareholders of Beijing Land for the six months ended 30th June 2000 was HK$40.9 million, represent a decrease of 51.4% over the same period last year. With a strong financial position and innovative business practices, the Directors believes that Beijing Land is well position to seize greater market share from the recovering Beijing property market.

Food and Beverage

The Group's food and beverage business reported net profit before corporate interest and expenses of HK$274.5 million, an increase of 33.1% over the same period last year.

Beverage division

The Group's beverage division continued to report better performance than many of its peers, recording strong growth in both turnover and net profit. The beer and purified water sales volume for the first six months of this year was approximately 500,000 tonnes and 81,000 tonnes respectively, representing an increase of approximately 38.9% and 24.6% compared with the same period last year. Sales revenue of the division for the first six months of this year increased by approximately 27.4% while net profit of the division grew by 34.5%. The remarkable growth in earnings was due to strong volume growth and effective cost saving programmes. As part of its strategy of expanding production capacity and market share through internal expansion and acquisition of new plants, early this year the division had acquired two additional breweries both located in the North East of China, bringing the division's current production capacity to 1,200,000 tonnes per annum.

Godown and Cold storage

Keen market competition and a sluggish recovery in the Hong Kong economy, in the first six months of this year, were the main contributing factors for the continued poor performance of this division. Turnover of this division fell by 6.8%, while operating profit decreased by 17.3% when compared to the same period last year. Overall the average occupancy rate of the Group's cold storage and godown operations fell in the first half of this year to 69% and 74% respectively compared to 70% and 75% for the same period last year.

Food Distribution

Ng Fung Hong Limited ("NFH") continued to report satisfactory growth in earnings for the first six months of this year. As announced by the Directors of NFH on 20th September 2000, the consolidated turnover and profit attributable to shareholders of NFH for the first six months ended 30th June 2000 amounted to HK$3,531.9 million and HK$378.7 million respectively, representing an increase of 14.1% and 42.3% over the same period last year.

Infrastructure and Other Investments

The infrastructure and other investments division reported net profit before corporate interest and expenses of HK$356.4 million, an increase of 59.7% over the same period last year. All major operations within this division reported growth in earnings.

Container Terminal

HIT Investments Limited, in which the Group has a 10% stake, reported good results. The Hong Kong Terminals and COSCO-HIT experienced combined throughput and earnings before interest and tax growth of 16% and 14% respectively, reflecting a recovery of import and export trade in the region. Throughput at the Yantian facility grew by 34% to 0.9 million TEUs, while earnings before interest and tax increased by 65% compared to the same period last year.

Banking

As announced by the Directors of The HKCB Bank Holding Company Limited ("HKCB Holding") on 27th July 2000, the consolidated profit attributable to shareholders of HKCB Holding for the first half of 2000 amounted to approximately HK$268.2 million, which was approximately 17 times of the profit of HK$15.4 million for the corresponding period in 1999. The surge in profit was partly attributable to a gain of approximately HK$161 million arising from the disposal of HKCB Holding's interest in CRC Protective Life Insurance Company Limited, and an unrealised profit of HK$54 million resulting from the revaluation of shares in The Stock Exchange of Hong Kong Limited received during the privatisation. Excluding these non-recurring items, HKCB Holding's remaining profit of HK$53.2 million for the six-month period under review still represented a 240% year on year growth.

Ready-mixed Concrete

Redland Concrete Limited ("Redland") is principally engaged in the production, distribution and sale of ready-mixed concrete in Hong Kong. The Directors believe Redland is one of the major ready-mixed concrete producers in Hong Kong with a market share of approximately 14%. In view of the government's continued effort to increase the supply of public housing and the commencement of some major infrastructure projects such as the Tsueng Kwan O railway project, the demand for ready mixed concrete this year remained steady. Redland continued to record satisfactory earnings growth in the first six month of this year on the back of continued cost reduction and improved productivity.

Retail and Distribution

Following the acquisition of China Resources Retail (Group) Company Limited during 1999, the Group has become one of the largest retail distributors in Hong Kong, owning a chain of 9 department stores operating under the name of "CRC Department Store" and "Chinese Arts & Crafts Stores", all located in the prime business/shopping districts of Hong Kong. In Mainland China, the Group is also fast becoming a dominant retail distributor with an extensive distribution network of over 250 boutiques; specialize in the distribution of garment, apparel, fashion accessories and cosmetics. Both the Hong Kong and Chinese Mainland retail distribution business reported strong performance in the first six months of this year, recorded a net profit growth of 117% and 60% respectively when compared to the same period last year.

PROSPECTS

The interim results of the Group have been encouraging with most of its business divisions recording growth in both turnover and net profit. On the back of a gradual recovery in the Hong Kong economy and a robust Chinese Mainland economy, the outlook for the Group's existing businesses is positive.

China's expected accession into the World Trade Organization is expected to generate a substantial rise in China's trading volume with the world and related services sectors. In view of this golden opportunity, the Group's major shareholder, China Resources (Holdings) Company Limited, proposed to reorganize the Group's business structure by transforming the Group into a leading distribution company in Asia through transferring its distribution and logistic related businesses into the Group. (Details of the proposed reorganization was made by China Resources (Holdings) Company Limited in an announcement dated 19th June 2000). The Directors are currently conducting preliminary studies on various proposals to assimilate and enhance the value of distribution and logistics related business. The Group will also examine the opportunities of leveraging on its parent company's large trading volume, extensive business network and resources.

During the period under review, the Group has devoted resources into developing its e-commerce operation. The Group has recruited a team of high calibre personnel with experience in the Internet technology field to be in charge of its e-commerce operation. In order to speed up the development of its business-to-business trading platform, the Group has engaged a leading consultancy firm to assist in the customisation and implementation of the platform. The Group's business-to-business trading platform is expected to be launched in the fourth quarter of this year.

The Directors are considering efficacious means to position itself as Asia's leading distribution company to capture the business opportunities presented by China's accession to the World Trade Organization and the tremendous potential business-to-business e-commerce, particularly in the Chinese Mainland. The Group will also continue to seek investment opportunities from either parent company or third parties, which are in line with the intended future expansion strategy of its parent company and which will continue to improve its earnings quality and provide recurring profit growth to its existing core businesses.

The Group has the financial strength and cash to carry out any restructuring plan, which is in the best interest of its long-term development. The Directors shall ensure that the restructuring plan will be carried out in a controlled manner, that is, without effecting the

Group's overall earnings and financial stability. The Directors are confident that the proposed restructuring plan shall propel the Group into a new era of development.

APPRECIATION

On behalf of the Board of Directors, I would also like to take this opportunity to express my sincere thanks to all the Group's employees for their continuous support and dedicated services.

By Order of the Board

Ning Gaoning

Chairman

Hong Kong, 20th September 2000