

**For Immediate Release  
Press Release**

**China Resources Enterprise, Limited Announced Its  
First Unaudited Quarterly Review For Q3 2002**

(Hong Kong, 18<sup>th</sup> November, 2002) China Resources Enterprise, Limited (Stock Code: 0291) and its subsidiaries (collectively, 'The Group') today announced its first unaudited quarterly financial and operational review for the three months ended 30<sup>th</sup> September, 2002 (or 'the third quarter') and the nine months ended 30<sup>th</sup> September, 2002. The announcement was made on a voluntary basis in pursuit of a higher standard of corporate governance and in promoting the Group's transparency and investor relations. During the third quarter and the nine months ended 30<sup>th</sup> September, 2002, the Group reported an unaudited consolidated turnover attributable to shareholders of HK\$7.789 billion and HK\$20.722 billion respectively, representing an increase of 16.0% and 10.4% as compared to the same period of 2001. The unaudited consolidated profit attributable to shareholders during the third quarter and the nine months ended 30<sup>th</sup> September, 2002 was HK\$370 million and HK\$1.09 billion respectively, equivalent to a 16.3% and 11.3% decline over last year.

Excluding the gain of HK\$59 million from the disposal of a 25.5% stake in China Resources (Shenyang) Sanyo Compressor Co., Ltd. in January 2001, net profit for the nine months ended 30<sup>th</sup> September, 2002 showed a 6.9% decrease as compared to the same period of 2001. The reduction in the property development profit was considerably compensated by profit contribution from the newly acquired textile business and some operational improvements.

The Group's retailing business continued to show encouraging growth with an increase in turnover for the third quarter and nine months ended 30<sup>th</sup> September, 2002 by 64.8% and 48.2% respectively as compared to the same period of last year. The growth was primarily led by the 110.7% and 74.9% climb in turnover recorded by the supermarket operation during the third quarter and nine months ended 30<sup>th</sup> September, 2002 respectively. Further growth will be driven by China Resources Vanguard Supermarket Company Limited (previously China Vanguard Super Department Co., Ltd.) acquired by the Group in July 2002. The supermarket operation also reported an increase in earnings before interest, tax, depreciation and amortisation ("EBITDA") from HK\$15 million in the third quarter 2001 to HK\$31 million in the third quarter of 2002.

Apart from the retail business, the Group's beverage business has recorded significant growth with sales volume for beer amounted to 1,975,826 kilolitres for the first nine months of 2002, an increase of 75.5% over the same period last year. This was largely attributable to the Group's acquisition of Sichuan Blue Sword last year and a brewery in Wuhan early this year. Organic growth in sales volume of beer over the nine months period ended 30<sup>th</sup> September, 2002 was respectable at about 7.5%.

The Group's textile business reported net profit before corporate interest and expenses of HK\$55 million and HK\$98 million for the third quarter and eight months ended 30<sup>th</sup> September, 2002 respectively representing major improvement over the first half due to the rise in demand for festive orders placed for Christmas and Thanksgiving Day and the addition of new customers.

**China Resources Enterprise, Limited**

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Net profit before corporate interest and expenses from the Group's petroleum and chemical distribution decreased by 28.2% for the third quarter over the same period of 2001 but increased by 40.0% for the nine months ended 30<sup>th</sup> September 2002 over the same period of 2001. The decline in profit for the third quarter was largely attributable to lower demand for diesel oil and decline in contribution from the LPG stations caused by volatility in oil prices, offset partially by increase in demand for liquefied chemical.

The Group's food processing and distribution business remained relatively stable despite the uplift of exclusive frozen meat export quota to Hong Kong in January 2002. The HK\$1.3 billion dividend payout in 2001 has led to substantial drop in interest income in 2002. Excluding the net interest expenses/income, net profit was in effect down slightly by 1.3% and 2.6% for the third quarter and the nine months ended 30<sup>th</sup> September, 2002 respectively.

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### **About China Resources Enterprise, Limited**

China Resources Enterprise, Limited is listed on both the Hong Kong Stock Exchange and the London Stock Exchange and is one of the Hang Seng Index constituent stocks in Hong Kong. The Group has a well-diversified portfolio of businesses in both Hong Kong and the Chinese Mainland, including retail, beverage, food processing and distribution, textile, petroleum and chemical distribution, property and other investments.

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*Details of the announcement will be posted on the Hong Kong Economic Journal and South China Morning Post on 19<sup>th</sup> November, 2002. It can also be accessed via the Company's web site at <http://www.cre.com.hk> or irasia's web site at <http://www.irasia.com>*

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## FINANCIAL HIGHLIGHTS

	Three months ended 30 <sup>th</sup> September		Nine months ended 30 <sup>th</sup> September	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Turnover	<b>7,788,794</b>	6,715,608	<b>20,722,017</b>	18,775,072
Profit from operations	<b>531,089</b>	612,306	<b>1,456,255</b>	1,663,175
Share of results of associates	<b>130,815</b>	97,861	<b>339,416</b>	345,028
Profit attributable to shareholders	<b>369,718</b>	441,463	<b>1,089,787</b>	1,229,298
Earnings per share (HK\$) <sup>1</sup>	<b>N/A</b>	N/A	<b>0.53</b>	0.61

	At 30 <sup>th</sup> September 2002 (Unaudited) HK\$'000	At 31 <sup>st</sup> December 2001 (Audited) HK\$'000
Shareholders' funds	<b>12,977,672</b>	11,987,385
Minority interests	<b>3,439,006</b>	2,867,842
Consolidated net borrowings	<b>351,904</b>	1,684,944
Net gearing <sup>2</sup>	<b>2.14%</b>	11.34%
Current ratio	<b>154%</b>	160%
Net assets per share: book value (HK\$)	<b>6.24</b>	5.95

### Notes:

- 1) Earnings per share have been calculated by dividing the profit attributable to shareholders by weighted average number of shares in issue during the period.
- 2) Net gearing represents the ratio of net borrowings to shareholders' funds and minority interests.

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## Analysis of Turnover and Profit

	Three months ended 30 <sup>th</sup> September 2002 (Unaudited) HK\$'000		Nine months ended 30 <sup>th</sup> September 2002 (Unaudited) HK\$'000	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
<b>Turnover by segment</b>				
Petroleum and Chemical Distribution	2,637,196	2,711,750	7,195,192	7,861,267
Retail	1,675,332	1,016,713	4,313,130	2,910,489
Food Processing and Distribution	1,179,691	1,494,832	3,568,318	4,348,886
Beverage	1,302,075	747,913	3,147,677	1,878,869
Textile	786,202	-	1,785,719	-
Property	126,966	580,192	429,709	1,307,413
Investments and Others	123,067	190,784	395,713	571,036
Subtotal	7,830,529	6,742,184	20,835,458	18,877,960
Elimination of inter-segment transactions	(41,735)	(26,576)	(113,441)	(102,888)
Total	7,788,794	6,715,608	20,722,017	18,775,072

## Profit attributable to shareholders by segment

Petroleum and Chemical Distribution	56,865	79,203	238,037	169,969
Retail	4,216	831	21,005	(5,255)
Food Processing and Distribution*	85,585	90,278	257,198	310,940
Beverage	67,536	32,965	109,142	81,059
Textile	54,846	-	98,077	-
Property	26,336	161,813	167,221	410,921
Investments and Others	106,637	122,098	295,232	418,774
Subtotal	402,021	487,188	1,185,912	1,386,408
Net corporate interest and expenses	(32,303)	(45,725)	(96,125)	(157,110)
Total	369,718	441,463	1,089,787	1,229,298

\* Following the privatisation, surplus cash of Ng Fung Hong Limited ("NFH") in the amount of HK\$1,300 million was paid out to the holding company by way of dividend in 2001. The payout in question has led to substantial reduction of interest income accrued to NFH with an impact to its net profit. Excluding the net interest expenses/income, net profit was in effect down by 1.3% and 2.6% for the third quarter and nine months ended 30<sup>th</sup> September 2002 respectively.

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