

For Immediate Release

Press Release

China Resources Enterprise Announced Unaudited Quarterly Review For Q3 2003

(Hong Kong, 21 November, 2003) China Resources Enterprise, Limited (HKEx: 0291), together with its subsidiaries (collectively 'The Group') today announced its unaudited quarterly financial and operational review for the third quarter and the nine months ended 30 September, 2003. For the third quarter and nine months ended 30 September, 2003, the Group's unaudited consolidated turnover was HK\$8,857.8 million and HK\$25,047.9 million respectively, showing an increase of 13.7% and 20.9% over last year whereas the Group's unaudited consolidated profit attributable to shareholders was HK\$372.0 million and HK\$1,121.7 million respectively, equivalent to an increase of 3.1% and 3.3% over last year.

On the back of a pick up in the local economy and a growing mainland market, the Group has gradually weathered through the disruption caused by the outbreak of SARS and the US/Iraq war in the first half of 2003. This was also the result of its efforts to enhance operational efficiency by strengthening its revenue sources and exercising stringent control over operational and raw material costs. Most of the Group's operations, particularly the retail business, reported encouraging improvement in performance in the third quarter of 2003.

The retailing business began to show substantial progress in resuming profitability in the post-SARS period in the third quarter of 2003. The supermarket division, in particular, reported a positive EBITDA of HK\$27.7 million for the third quarter of 2003, as compared to a loss of HK\$40.5 million for the second quarter of 2003, demonstrating that the cost saving program initiated by the new management team to reduce salaries and rentals has translated into favourable results. There was also a considerable increase in promotion income and volume discount following the introduction of new supplier rebate system.

The food processing and distribution business reported earnings growth of 15.3% and 6.3% for the third quarter and nine months ended 30 September, 2003, driven by the successful promotion of high quality fresh meat under "Ng Fung" brand name and a full recovery of the marine fishing operation.

Owing to both acquisitive and organic growth, coupled with a steady gross profit margin from stringent control over the raw material costs for beer, the beverage business reported a 13.3% earnings growth in the third quarter as compared to last year. A total of approximately 2.1 million kilolitres were sold in the first nine months of this year, an increase of 7.4% over last year. Sales volume of the national brand, "SNOW 雪花" for the first nine months of this year was up 49% to about 539,000 kilolitres, reflecting the rise of its popularity.

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Despite the sharp rise in cotton price and cost for garment quota in the nine months ended 30 September 2003, the textile business still registered earnings growth of 25.5% during the period primarily attributable to effective cost control measures as well as the initial contribution from the newly acquired textile plants.

Lastly, earnings of the petroleum & chemical distribution business for the third quarter and nine months ended 30 September, 2003 increased by 7.5% and 45.1%, led by the sharing of a gain from the disposal of our interest held through a jointly controlled entity in the aviation fuel facility at the Hong Kong International Airport as well as a growing demand for aviation kerosene boosted by new airline contracts. There was also a stable growth at the petrochemical distribution division.

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About China Resources Enterprise, Limited

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and is also traded on SEAQ International of the London Stock Exchange. It is also one of the constituent stocks of the Hang Seng Index in Hong Kong and Hang Seng London Reference Index. The Group has a well-diversified portfolio of businesses in both Hong Kong and the Chinese Mainland, with principal activities being retail, beverage, food processing and distribution, textile and petroleum distribution.

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Full details of the Operational and Financial Review for Q3 2003 will be posted on the South China Morning Post and Hong Kong Economic Times on 24 November, 2003 and the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com.



FINANCIAL HIGHLIGHTS

	Three months ended 30 September		Nine months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (unaudited and restated) HK\$'000	2003 (Unaudited) HK\$'000	2002 (unaudited and restated) HK\$'000
Turnover	8,857,780	7,788,794	25,047,943	20,722,017
Profit before taxation	599,745	589,302	1,494,249	1,557,185
Net profit attributable to shareholders	372,017	360,949	1,121,750	1,086,411
Earnings per share (HK\$)	N/A	N/A	0.54	0.53

	At 30 September 2003 (Unaudited) HK\$'000	At 31 December 2002 (Restated) ¹ HK\$'000
	Shareholders' funds	13,067,626
Minority interests	3,478,888	3,290,057
Consolidated net borrowings	1,692,682	1,482,909
Gearing	10.23%	9.13%
Current ratio	1.29	1.29
Net assets per share: Book value	HK\$ 6.27	HK\$6.22

Notes:

- 1) The comparatives have been restated to conform with the current period presentation in light of the change in accounting policy for deferred taxation.



ANALYSIS OF TURNOVER AND PROFIT

	Three months ended 30 September		Nine months ended 30 September	
	2003 (Unaudited)	2002 (Unaudited and restated) ¹	2003 (Unaudited)	2002 (Unaudited and restated) ¹
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover by segment				
Petroleum and Chemical Distribution	2,962,119	2,637,196	8,940,547	7,195,192
Retail	2,276,434	1,724,519	6,580,028	4,450,370
Food Processing and Distribution	1,235,281	1,179,691	3,592,670	3,568,318
Beverage	1,375,906	1,302,075	3,284,538	3,147,677
Textiles	960,243	786,202	2,370,764	1,785,719
Property ²	62,535	77,779	205,162	292,469
Investments and Others	12,193	123,067	180,070	395,713
Subtotal	8,884,711	7,830,529	25,153,779	20,835,458
Elimination of inter-segment transactions	(26,931)	(41,735)	(105,836)	(113,441)
Total	8,857,780	7,788,794	25,047,943	20,722,017
Net profit/(loss) attributable to shareholders by segment				
Petroleum and Chemical Distribution	61,146	56,891	346,653	238,909
Retail	(22,677)	13,568	(111,495)	75,062
Food Processing and Distribution	98,879	85,772	274,340	258,046
Beverage	69,635	61,483	94,888	99,967
Textiles	45,616	54,751	127,890	101,918
Property ²	29,787	13,843	195,718	110,914
Investments and Others	115,124	106,944	282,705	297,720
Subtotal	397,510	393,252	1,210,699	1,182,536
Net corporate interest and expenses	(25,493)	(32,303)	(88,949)	(96,125)
Total	372,017	360,949	1,121,750	1,086,411

Notes:

- 2) The change in use of certain properties from fixed assets to investment properties resulted in a decrease in deferred tax liabilities.