

For Immediate Release

Press Release

- **Robust turnover growth of 40% to HK\$22.6 billion in the first half of this year**
- **Profit attributable to shareholders rose 7% to HK\$802 million**
- **Excluding a gain from the disposal of aviation fuel facilities in 2003, recurring profit jumped 32%, with most businesses showing encouraging operational improvements**
- **Interim dividend of HK11¢ per share declared, a 10% increase**

China Resources Enterprise Announced Interim Results 2004

Soar with Organic Strengths

[Hong Kong, 2 September, 2004] China Resources Enterprise, Limited (HKEx: 0291) ('The Company' or together with its subsidiaries, 'The Group') announced interim results for the six months ended 30 June, 2004 today. Unaudited consolidated turnover reached HK\$22.6 billion and profit attributable to shareholders was HK\$802 million, representing an increase of 40% and 7% respectively from last year. Excluding the sharing of a gain from the disposal of our interest in the aviation fuel facility at the Hong Kong International Airport in the half year ended 30 June, 2003, recurring profit surged 32% growth with most businesses showing encouraging operational improvements. Earnings per share went up 6% to HK38¢ from HK36¢. The Board of Directors declared an interim dividend of HK11¢ per share, a 10% increase from the same period in 2003.

The retail business successfully turned around in H1 2004 and contributed HK\$79 million earnings compared with a loss of HK\$89 million in H1 2003. All the three operations, including supermarket, retail stores in Hong Kong and brand fashion distribution, recovered and were profitable. In particular, the supermarket division reported net earnings of HK\$40 million in the first half, in sharp contrast to the HK\$66 million loss of last year. There has been continuous improvement since the second half of last year following measures to boost supplier rebate and reduce operational expenses, which coupled with the higher profit contribution from Suguo, led to the revival.

Beverage business had the strongest earnings growth of 126% over the same period of last year, which was mainly boosted by the 17% rise in sales volume, higher sales of premium beer, lower interest expenses and initial profit contributions from newly acquired Qianjiang and Longjin plants. Strong earnings performance was registered by the breweries in Sichuan, Dalian, Wuhan and Harbin. Upon successful promotion, sales volume of our national brand, 'Snow', rose by 38% to about 416,000 kilolitres, representing 29% of total sales volume of beer.



The food processing and distribution business continued to make steady growth in earnings contribution. There was an increase in demand for branded and quality food fuelled by the decrease in imported poultry due to the outbreak of avian flu within Asia as well as the rising public awareness of health and hygiene. On-going efforts in exploring more high quality fishing grounds, enhancing catching capability of fishing fleets and expanding sales network have effectively improved profitability of the marine fishing division.

During the period, the Group's textile business recorded a turnover increase of 21% but a decline in profitability. Although the surge in cotton prices and the increase in finance cost for purchase of cotton have posed challenges for the business, the Group believes that the technology upgrade program is in place to improve profitability gradually. We will also continue to take proactive measures to mitigate the effect of the fluctuation in cotton price.

Excluding the asset disposal profit in the first half of 2003, earnings of the Group's petroleum and chemical distribution business would have increased by 4%. Overall sales volume of petroleum wholesaling rose by more than 40%, due to increase in secured supply contracts of fuel oil and jet fuel, leading to a steady growth in profit contribution.

Mr. Ning Gaoning, Chairman of the Company said, "Following the introduction of various measures to rationalise business operations and boost profitability, there was strong core profit growth led by our retail business in the first half of 2004. The implementation of our retail-led strategy is making good progress and the majority of our turnover and earnings are now related to the consumer market of the mainland and Hong Kong. We will continue to improve the performance of the existing businesses via market consolidation, district dominance and brand building. With the progress in the first half of the year and the strategies currently in place to enhance our competitiveness, we are positive that we will be able to achieve satisfactory results in 2004."

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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 our Interim Results 2004 will be posted on The Standard, Hong Kong Economic Journal as well as Wen Wei Po on 3 September, 2004 and the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com.



FINANCIAL ANALYSIS

	For the six months ended 30 June	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	22,640,634	16,190,163
Profit from operations	1,023,670	651,381
Share of results of associates	230,822	228,498
Profit attributable to shareholders	801,975	749,733
Earnings per share ¹	HK\$0.38	HK\$0.36
Interim dividend per share	HK\$0.11	HK\$0.10

	At 30 June 2004 (Unaudited) HK\$'000	At 31 December 2003 HK\$'000
	Shareholders' funds	14,054,540
Minority interests	4,425,069	3,858,801
Consolidated net borrowings	3,147,484	2,856,490
Gearing ratio ²	17.03%	16.51%
Current ratio	1.33	1.29
Net assets per share: Book value	HK\$6.68	HK\$6.43

Notes:

1. Earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the period.
2. Gearing ratio represents the ratio of consolidated net borrowings to shareholders' funds and minority interests.
3. Excluding the sharing of disposal gain of HK\$143 million in 2003, net profit of petroleum and chemical distribution increased by 4.2% over the same period in 2003.



ANALYSIS OF TURNOVER AND PROFIT

	For the six months ended 30 June 2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover by segment		
Petroleum and Chemical Distribution	8,996,290	5,978,428
Retail	6,873,481	4,303,594
Food Processing and Distribution	2,692,170	2,357,389
Beverage	2,299,034	1,908,632
Textile	1,700,749	1,410,521
Property	156,881	142,627
Investments and Others	-	167,877
Subtotal	22,718,605	16,269,068
Elimination of inter-segment transactions	(77,971)	(78,905)
Total	22,640,634	16,190,163
Profit attributable to shareholders by segment		
Petroleum and Chemical Distribution	148,319	285,507
Retail	78,746	(88,818)
Food Processing and Distribution	203,435	175,461
Beverage	57,029	25,253
Textile	45,795	82,274
Property	166,891	165,931
Investments and Others	178,395	167,581
Subtotal	878,610	813,189
Net corporate interest and expenses	(76,635)	(63,456)
Total	801,975	749,733