

For Immediate Release

Press Release

China Resources Enterprise Announced Unaudited Quarterly Review For Q1 2004

[Hong Kong, 24 May, 2004] China Resources Enterprise, Limited (HKEx Stock Code: 0291) together with its subsidiaries (collectively 'The Group') today announced its unaudited quarterly financial and operational review for the three months ended 31 March, 2004 (or 'The first quarter'). For the period under review, the Group's unaudited consolidated turnover and profit attributable to shareholders amounted to HK\$10,920.2 million and HK\$349.0 million respectively, representing an increase of 34.8% and 16.9% over the same quarter of 2003.

As a result of the rebound of the local economy and the rapid development in the Chinese Mainland, most of the Group's operations, particularly the retail business, reported encouraging improvement in performance.

The Group's retail business turned around and contributed earnings of HK\$58.1 million in the first quarter, comparing to a net loss of HK\$8.1 million last year. Turnover soared 58.8% to HK\$3,722.6 million, spearheading the Group's overall turnover growth. All the three divisions, including supermarket, brand-fashion distribution and Hong Kong retail, were profitable during the period under review. The supermarket division, in particular, recorded earnings of HK\$35.7 million versus a loss of HK\$10.8 million last year. The substantial improvement was driven by the improved performance of existing supermarket operation, led by the increase in supplier rebate income, implementation of effective cost control and enhanced operational efficiency. The newly consolidated Suguo operation also achieved satisfactory performance.

The food processing and distribution business reported earnings growth of 8.9%, mainly driven by a strong recovery of marine fishing division and the success of the "Ng Fung" brand for high quality fresh meat. To capitalize the opportunities of the rising demand for higher hygienic standard in slaughtering facilities and maximize the synergies with the supermarket division, the Group is gradually expanding into the mainland meat market, with a focus on the major cities. Since last year, two meat processing related projects in Shanghai and Shenzhen have been signed.

The first quarter is typically a low season for our beverage business. However, the Group managed a reduction in net loss for its beverage business in the quarter. The reduction of loss was mainly attributable to the strong growth in earnings from the Sichuan and Dalian breweries as well as the better performance of the purified water operation. A total of approximately 516,000 kilolitres of beer



were sold in the first quarter, an increase of 11.3% over last year. Successful promotion for our national brand, “Snow”, increased the brand’s sales volume significantly by 41.9% over last year to about 150,000 kilolitres. The sales of Snow represented 29.2% of our total sales volume of beer.

Turnover of the textile operation increased by 23.1% over last year to HK\$793.4 million. However, net profit for the quarter decreased by 33.2% to HK\$23.9 million. High cotton price and increase in financing cost for the cotton purchase led to the decline in earnings. The Group will continue to take proactive measures to mitigate the effect of price fluctuation of cotton. In addition, the Group envisages that the technology upgrade program, currently undertaken by the textile operation, will improve the profitability in the near future.

The petroleum & chemical distribution business reported stable net profit of HK\$88.8 million in the first quarter, with increased earnings contribution from the petrol and LPG station operation. Overall sales volume of refined oil distribution increased by 46.8%.

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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. It is a conglomerate with emphasis on the distribution business in Hong Kong and the Chinese Mainland. The principal activities of the Group are retail, beverage, food processing and distribution, textile as well as petroleum and chemical distribution.

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For details of our Quarterly Review, please refer to the Hong Kong Economic Times and South China Morning Post on 25 May, 2004 or the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com/listco/hk/chinaresources.



FINANCIAL HIGHLIGHTS

	Three months ended 31 March	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	10,920,244	8,101,615
Profit before taxation	497,475	371,101
Net profit attributable to shareholders	348,995	298,475
Basic earnings per share (HK\$)	HK\$0.17	HK\$0.14

	At 31 March 2004 (Unaudited) HK\$'000	At 31 December 2003 (Audited) HK\$'000
Shareholders' funds	13,882,207	13,442,534
Minority interests	4,082,250	3,858,801
Consolidated net borrowings	3,239,540	2,856,490
Gearing ratio	18.03%	16.51%
Current ratio	1.36	1.29
Net assets per share:		
Book value	HK\$ 6.61	HK\$6.43



ANALYSIS OF TURNOVER AND PROFIT

	Three months ended	
	2004 (Unaudited) HK\$'000	31 March 2003 (Unaudited) HK\$'000
Turnover by segment		
Petroleum and Chemical Distribution	4,250,659	3,087,785
Retail	3,722,612	2,343,980
Food Processing and Distribution	1,277,115	1,175,980
Beverage	837,358	727,562
Textile	793,429	644,666
Property	78,180	77,998
Investments and Others	-	85,783
Subtotal	10,959,353	8,143,754
Elimination of inter-segment transactions	(39,109)	(42,139)
Total	10,920,244	8,101,615
Net profit/ (loss) attributable to shareholders by segment		
Petroleum and Chemical Distribution	88,754	89,210
Retail	58,099	(8,102)
Food Processing and Distribution	94,125	86,451
Beverage	(13,276)	(15,806)
Textile	23,912	35,800
Property	55,948	59,153
Investments and Others	78,182	81,282
Subtotal	385,744	327,988
Net corporate interest and expenses	(36,749)	(29,513)
Total	348,995	298,475