

For Immediate Release

Press Release

- **Record turnover of HK\$34.7 billion, 20% higher from 2002**
- **Profit attributable to shareholders grew 4% to HK\$1.455 billion**
- **Final dividend of HK14¢ per share recommended, bringing the full year cash dividend to HK24¢ per share, a 9% increase from last year**

China Resources Enterprise Announced Annual Results 2003

Growing Presence in a Booming Market

[Hong Kong, 7 April, 2004] China Resources Enterprise, Limited (HKEx: 0291) ('The Company' or together with its subsidiaries, 'The Group') announced its annual results for the year ended 31 December, 2003 today. Consolidated turnover reached a record HK\$34.7 billion and profit attributable to shareholders was HK\$1.455 billion, representing an increase of 20% and 4% respectively from last year. Earnings per share went up 3% to HK70¢. The Board of Directors recommended a final dividend of HK14¢ per share. Together with the interim dividend of HK10¢ per share, the full year cash dividend will be HK24¢ per share, a 9% increase from 2002. The basic payout ratio was 34%, excluding the special interim dividend in specie of shares in China Resources Cement Holdings Limited distributed in July 2003 to the Company's shareholders on a 1 for 10 basis.

Despite the SARS outbreak in the first half, the Group achieved satisfactory results in 2003, reflecting the strength of our management team and the resilience of our businesses. Most of the Group's operations reported earnings growth last year. For the retail business, though there was a full year loss, it resumed profitability in Q4 2003 and contributed earnings of HK\$13 million. In particular, following the implementation of measures to revive the business by the new management team, the supermarket division reported continuous improvement with losses reduced consecutively for the past two quarters. Its quarterly EBITDA of HK\$81m in Q4 2003 was the highest in the past two years, leading to a positive EBITDA for the full year.

With a 9% earnings growth in 2003, the Group's brewery business staged a major recovery in the second half. Sales volume increased 8% to 2.53 million kilolitres, consolidating our market position as the second largest brewer in the mainland. Our national brand, Snow, continues to see rapid market penetration with sales volume up 48%, accounting for 26% of our total beer volume sold.

The food processing and distribution business, and the textile business were stable with slight earnings increases. Active promotion of "Ng Fung" fresh meat and increased home-cooking during the SARS period



led to a 4% turnover growth of foodstuff distribution. There was also a strong performance at the marine fishing operation. With effective cost control measures and contribution from the newly acquired textile plants, the textile business managed to mitigate the effect of a sharp rise in cotton price and fluctuation of the price for garment quota.

Last, earnings from the petroleum and chemical distribution business grew 48%, underpinned by the sharing of a gain from the disposal of our interest in the aviation fuel facility at the airport. In addition, there were higher contributions from chemical distribution and sale of jet fuel.

Mr. Ning Gaoning, Chairman of the Company said, "With a retail-led distribution model, we have increasing exposure to the mainland and Hong Kong consumer market. Our supermarket, brewery and textile businesses are now among the leading players in their respective industries. Our food business also expanded into the mainland meat market last year to capture the opportunities in abattoir and meat processing. In addition, the Chinese Mainland is at the heart of our growth. For the first time, our revenue from the mainland exceeded that of Hong Kong, accounting for 48% of the total turnover last year. Coupled with our strong financial position and prudent strategy execution, we are well positioned to capitalize on these booming markets."

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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 Annual Results 2003 will be posted on The Standard, Hong Kong Economic Times as well as Wen Wei Po on 8 April, 2004 and the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com.



FINANCIAL HIGHLIGHTS

For the year ended 31 December 2003

	2003 HK\$'000	2002 (Restated) ⁴ HK\$'000
Turnover	34,655,172	28,822,019
Profit from operations	1,536,904	1,806,598
Share of results of associates	484,686	449,930
Profit attributable to shareholders	1,455,177	1,404,933
Earnings per share ¹ (HK\$)	0.70	0.68
Cash dividend per share ² (HK\$)	0.24	0.47

	At 31 December 2003 HK\$'000	At 31 December 2002 (Restated) ⁴ HK\$'000
Shareholders' funds	13,442,534	12,938,776
Minority interests	3,858,801	3,290,057
Consolidated net borrowings	2,856,490	1,482,909
Gearing ³	16.51%	9.13%
Current ratio	1.29	1.29
Net assets per share: book value (HK\$)	\$6.43	\$6.22

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 year.
2. In addition, a special distribution in specie of 1 share in China Resources Cement Holdings Limited for every 10 shares of the Company was distributed in 2003.
3. Gearing represents the ratio of net borrowings to shareholders' funds and minority interests.
4. The comparatives have been restated to conform with current year presentation in light of the change in accounting policy for deferred taxation.



ANALYSIS OF TURNOVER AND PROFIT

For the year ended 31 December 2003

	2003 HK\$'000	2002 (Restated) ¹ HK\$'000
Turnover by segment		
Petroleum and Chemical Distribution	12,565,348	10,500,763
Retail	9,827,128	6,527,747
Food Processing and Distribution	4,801,464	4,803,374
Beverage	3,950,167	3,738,119
Textile	3,201,798	2,521,527
Property	279,876	357,290
Investments and Others	180,069	518,442
Subtotal	34,805,850	28,967,262
Elimination of inter-segment transactions	(150,678)	(145,243)
Total	34,655,172	28,822,019
Profit attributable to shareholders by segment		
Petroleum and Chemical Distribution	424,068	287,280
Retail	(98,763)	99,988
Food Processing and Distribution	339,906	337,643
Beverage	98,162	89,723
Textile	165,891	162,759
Property	278,686	152,173
Investments and Others	367,587	410,662
Subtotal	1,575,537	1,540,228
Net corporate interest and expenses	(120,360)	(135,295)
Total	1,455,177	1,404,933

Notes:

1. The comparatives have been restated to conform with the current year presentation in light of the change in accounting policy for deferred taxation.
2. The logistics business has been reclassified under Retail segment from Property segment.
3. The change in use of certain properties from fixed assets to investment properties resulted in a decrease in deferred tax liabilities.