

For Immediate Release

Press Release

- **Record turnover of HK\$47.1 billion, 36% higher from 2003**
- **Profit attributable to shareholders grew by 10% to HK\$1.603 billion**
- **Final dividend of HK16¢ per share recommended, bringing the full year cash dividend to HK27¢ per share, a 13% increase from last year**

China Resources Enterprise Announced Annual Results 2004

Prospering with Concerted Efforts

[Hong Kong, 8 April, 2005] 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, 2004 today. Consolidated turnover reached a record HK\$47.1 billion and profit attributable to shareholders was HK\$1.603 billion, representing an increase of 36% and 10% respectively from last year. Earnings per share rose by 9% to HK76.2¢. The Board of Directors recommended a final dividend of HK16¢ per share. Together with the interim dividend of HK11¢ per share, the full year cash dividend will be HK27¢ per share, a 13% increase from 2003 with payout ratio reaching 36%.

Most of the Group's businesses showed encouraging operational improvements. In particular, the retail business turned around and contributed HK\$83 million earnings, compared with a loss of HK\$99 million last year. All the three retail operations, including supermarket, retail stores in Hong Kong and brand fashion distribution, improved and were profitable. The supermarket operation contributed HK\$24 million earnings, in sharp contrast to the HK\$107 million loss of last year, and EBITDA amounted to HK\$402 million, up 3.1 times. Enhanced supplier rebate, lower operational expenses, higher profit contributions from Suguo and Hong Kong operations all accounted for the successful turnaround of the supermarket operation.

The Group's beverage business saw a respectable profit growth of 15% to HK\$113 million, which was attributable to strong sales volume growth, especially from the premium beer segment, and the initial contributions from the newly acquired Qianjiang and Longjin breweries. Beer sales volume increased by 24% to 3.13 million kilolitres, of which organic growth was 11%. Average selling price increased by 3.4% and gross margin was relatively stable despite the increase in raw material costs.

The food processing and distribution business reported a 17% increase in earnings. Enhanced awareness in food hygiene and active promotion of 'Ng Fung' fresh meat led to a 17% turnover growth of food stuff distribution and a 3% increase in operating profit. The abattoir operation continued to register profit growth



with higher sales volume of livestock.

Petroleum and chemical distribution business reported a 19% recurring profit growth, aside from the profit generated from the disposal of a 30% stake in Qingdao Qirun. Overall sales volume of petroleum wholesaling rose by 29% and the chemical distribution operation reported a profit increase of 65%.

Textile business was impacted by cotton price fluctuations but the operating loss was offset by a gain arising from factory relocation, retaining its full-year profitability. The technology upgrade program has led to a change in product sales mix towards the higher margin yarns.

Mr. Song Lin, Chairman of the Company said, "The solid performance in 2004 was the result of our concerted efforts, and most businesses have shown an improvement in profitability. The rise in profit contribution from our mainland investments was also encouraging. As we move into 2005, we see many promising opportunities. We will continue to step up our investments in the core businesses, especially in the China market, while ensuring that every step we make aligns with investors' best interest."

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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 2004 will be posted on The Standard, Hong Kong Economic Journal as well as Wen Wei Po on 11 April, 2005 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 2004

	2004	2003
	HK\$'000	HK\$'000
Turnover	47,078,103	34,655,172
Profit from operations	2,112,172	1,536,904
Share of results of associates	495,290	484,686
Profit attributable to shareholders	1,603,249	1,455,177
Earnings per share	HK\$0.76	HK\$0.70
Dividend per share		
- interim	HK\$0.11	HK\$0.10
- final	HK\$0.16	HK\$0.14
	HK\$0.27	HK\$0.24

	At 31 December 2004	At 31 December 2003
	HK\$'000	HK\$'000
Shareholders' funds	15,781,568	13,442,534
Minority interests	4,811,653	3,858,801
Consolidated net borrowings	4,980,613	2,856,490
Gearing ratio	24.19%	16.51%
Current ratio	1.26	1.29
Net assets per share:		
Book value	HK\$7.43	HK\$6.43



ANALYSIS OF TURNOVER AND PROFIT

For the year ended 31 December 2004

	Turnover		Profit Attributable to Shareholders	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Petroleum and Chemical Distribution ¹	18,680,861	12,565,348	524,520	424,068
Retail	13,898,114	9,827,128	82,980	(98,763)
Food Processing and Distribution	5,433,955	4,801,464	396,162	339,906
Beverage	5,079,388	3,950,167	112,956	98,162
Textile	3,851,037	3,201,798	6,530	165,891
Property	306,997	279,876	311,474	278,686
Investments and Others	-	180,069	319,806	367,587
Subtotal	47,250,352	34,805,850	1,754,428	1,575,537
Elimination of inter-segment transactions	(172,249)	(150,678)	-	-
Net corporate interest and expenses	-	-	(151,179)	(120,360)
Total	47,078,103	34,655,172	1,603,249	1,455,177

Note:

Profit attributable to shareholders of Petroleum and chemical distribution segment for the years ended 31 December 2004 and 2003 included gains on disposal of HK\$240.5 million and HK\$184 million respectively.