

For Immediate Release

Press Release

China Resources Enterprise Announced Quarterly Review For Q1 2003

[Hong Kong, 26 May, 2003] China Resources Enterprise, Limited (HKEx Stock Code: 0291) together with its subsidiaries ('The Group') today announced its unaudited quarterly financial and operational review for the three months ended 31 March, 2003 (or 'the first quarter'). It was the second quarterly review voluntarily released by the Group to take on higher disclosure standards. For the first quarter of this year, the Group's unaudited consolidated turnover amounted to HK\$8,101.6 million, a 36.7% increase as compared to the same period of 2002, while unaudited consolidated profit attributable to shareholders was HK\$298.5 million, equivalent to an increase of 1.2% over last year.

There were marked profit improvements at the Group's textile operation, food processing and distribution operation as well as the petroleum and chemical distribution operation.

Despite a sharp increase in cotton price, the textile operation performed very well with 89.6% and 347.9% respective increases in turnover and net profit before corporate interest and expenses in the first quarter as compared to the same period of 2002. Growth was registered in all its core segments which include textile manufacturing, garment exports and textile trading. Boosted by an expanding sales network, stringent cost control and a strong demand for livestock distribution, the food processing and distribution operation recorded 4.5% and 16.1% increases in turnover and net profit before corporate interest and expenses respectively. Petroleum and chemical distribution operation reported a 48.1% and 32.6% jump in turnover and net profit before corporate interest and expenses respectively. The significant growth was due to the surge in international crude oil prices at the beginning of the year and strong performance of its chemical operation.

On the whole, the retailing operation recorded a remarkable turnover growth of 58.7%, partly led by a 98% increase in supermarket sales and a 21.1% increase in sales by brand-fashion distribution. In addition, the beverage operation reported a 9.6% rise in turnover over the first quarter driven by the newly acquired breweries, strong sales recorded by Sichuan Blue Sword and steady growth by Snow (the Group's national beer brand). As of 31 March, 2003, the operation's annual production capacity was 4.1 million kilolitres.

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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 the South China Morning Post on 27 May, 2003 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	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Turnover	8,101,615	5,926,815
Profit from operations	324,828	339,875
Share of results of associates	111,805	101,490
Profit attributable to shareholders	298,475	294,978
Earnings per share (HK\$) ¹	0.14	0.14

	At 31 March 2003 (Unaudited) HK\$'000	At 31 December 2002 (Restated) ³ HK\$'000
Shareholders' funds	13,303,030	12,986,786
Minority interests	3,240,144	3,267,050
Consolidated net borrowings	1,720,668	1,482,909
Gearing ²	10.40%	9.12%
Current ratio	1.34	1.29
Net assets per share: book value (HK\$)	6.39	6.24

Notes:

1. Earnings per share have been calculated by dividing the profit attributable to shareholders by weighted average number of shares in issue during the period.
2. Gearing represents the ratio of net borrowings to shareholders' funds and minority interests.
3. The comparatives have been restated to conform with the current period presentation in light of the change in accounting policy in deferred taxation.

Analysis of Turnover and Profit

	Three months ended 31 March	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Turnover by segment		
Petroleum and Chemical Distribution	3,087,785	2,084,321
Retail	2,297,597	1,447,704
Food Processing and Distribution	1,175,980	1,125,191
Beverage	727,562	663,530
Textiles	644,666	339,927
Property	124,381	155,680
Investments and Others	85,783	142,410
Subtotal	8,143,754	5,958,763
Elimination of inter-segment transactions	(42,139)	(31,948)
Total	8,101,615	5,926,815
Profit attributable to shareholders by segment		
Petroleum and Chemical Distribution	89,210	67,368
Retail	(15,826)	23,216
Food Processing and Distribution	86,451	74,448
Beverage	(15,806)	(102)
Textiles	35,800	7,993
Property	66,877	72,306
Investments and Others	81,282	81,747
Subtotal	327,988	326,976
Net corporate interest and expenses	(29,513)	(31,998)
Total	298,475	294,978