



CHINA RESOURCES ENTERPRISE, LTD.
華潤創業有限公司

FOR PRESS RELEASE

(Hong Kong – April 11, 2001)

CRE Announce 2000 Final Result

The Directors of China Resources Enterprise, Limited (“the Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (“the Group”) for the year ended 31st December, 2000 are as follows:

	2000 HK\$'000	1999 HK\$'000
Turnover	16,810,248	12,902,299
Cost of sales	<u>(12,616,959)</u>	<u>(9,197,995)</u>
Gross profit	4,193,289	3,704,304
Other revenue	726,774	487,473
Selling and distribution expenses	(1,337,533)	(966,234)
General and administrative expenses	<u>(1,085,521)</u>	<u>(734,439)</u>
Profit from operations	2,497,009	2,491,104
Finance costs	(391,550)	(389,785)
Share of results of associates	611,698	490,493
Profit before taxation	<u>2,717,157</u>	<u>2,591,812</u>
Taxation	(262,811)	(275,706)
Profit after taxation	2,454,346	2,316,106
Minority interests	<u>(797,613)</u>	<u>(873,267)</u>
Profit attributable to shareholders	1,656,733	1,442,839
Dividends	(417,572)	(290,863)
Profit for the year retained	<u>1,239,161</u>	<u>1,151,976</u>
Earnings per share		
Basic	<u>HK\$0.83</u>	<u>HK\$0.79</u>
Diluted	<u>HK\$0.83</u>	<u>HK\$0.79</u>

FINAL RESULTS

The Group's consolidated turnover and profit attributable to shareholders for the year ended 31st December 2000 amounted to HK\$16,810.2 million and HK\$1,656.7 million respectively, representing an increase of 30.3% and 14.8% over that of the previous year. Earnings per share were HK\$0.83 compared with HK\$0.79 in 1999.

DIVIDENDS

The Directors have resolved to recommend a final dividend of HK\$0.15 per share for 2000 (1999: HK\$0.09) payable on or about 4th July 2001 to shareholders whose names appear on the Register of Members of the Company on 19th June 2001. Together with the interim dividend of HK\$0.06 per share, the total distribution for 2000 will amount to HK\$0.21 per share (1999:HK\$0.15).

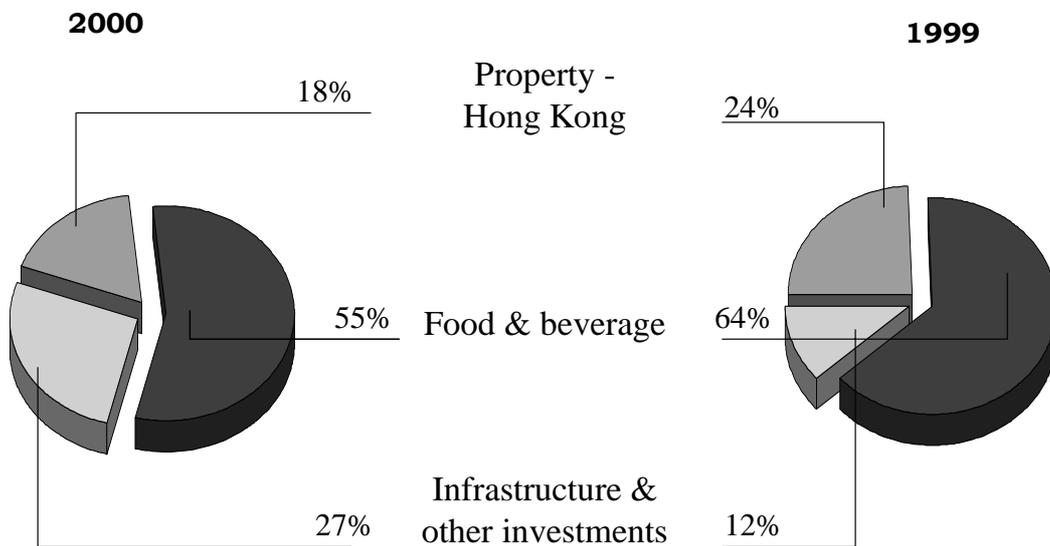
FINANCIAL SUMMARY

	2000 HK\$'000	1999 HK\$'000	Change
Turnover	16,810,248	12,902,299	30.3%
Profit attributable to shareholders	1,656,733	1,442,839	14.8%
Dividends	417,572	290,863	43.6%
Earnings per share	HK\$0.83	HK\$0.79	5.1%
Dividends per share	HK\$0.21	HK\$0.15	40.0%
Shareholders' funds	10,461,129	10,792,827	-3.1%
Minority interests	2,889,160	3,905,492	-26.0%
Shareholders' funds and minority interests	13,350,289	14,698,319	-9.2%
Gearing	Net Cash	Net Cash	N/A
Net assets per share: book value	HK\$5.26	HK\$5.44	-3.3%

FINANCIAL SUMMARY (CONT.)

	2000 HK\$'000	1999 HK\$'000	Change (%)
Turnover by activity			
Property - Hong Kong	2,990,510	3,154,069	-5.2%
Food & Beverage	9,332,365	8,252,910	13.1%
Infrastructure & Others	4,487,373	1,495,320	200.1%
Total	16,810,248	12,902,299	30.3%

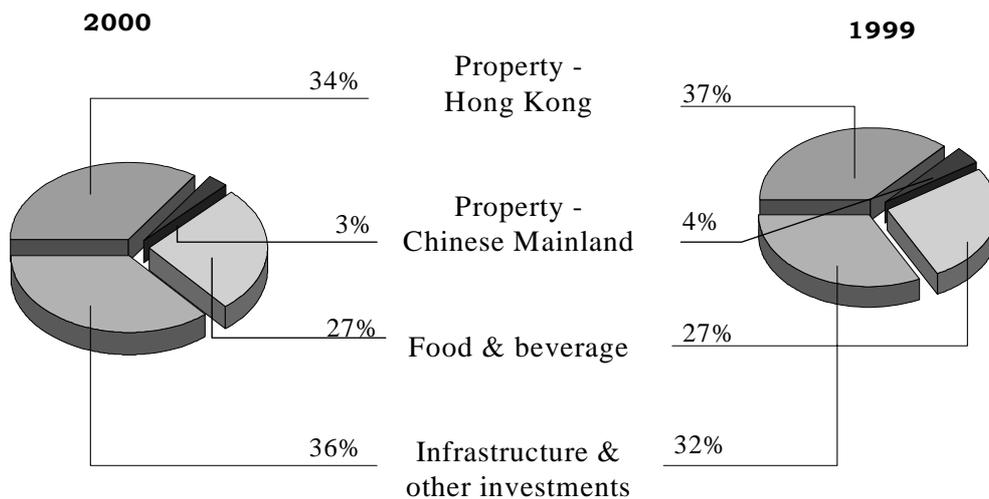
Total Turnover



FINANCIAL SUMMARY (CONT.)

	2000 HK\$'000	1999 HK\$'000	Change (%)
Profit attributable to shareholders by activity			
Property - Hong Kong	614,830	589,005	4.4%
Property - Chinese Mainland	45,832	63,342	-27.6%
Food & Beverage	475,909	433,317	9.8%
Infrastructure & Others	642,473	520,511	23.4%
Subtotal	1,779,044	1,606,175	10.8%
Net Corporate Interest & Expenses	(122,311)	(163,336)	-25.1%
Total	1,656,733	1,442,839	14.8%

Profit Attributable to Shareholders



REVIEW OF THE GROUP'S RESTRUCTURING PROPOSAL

China's expected accession into the World Trade Organization is expected to generate a substantial rise in China's trading volume with the world and related services sectors. In view of this opportunity, the Group's immediate holding company, China Resources (Holdings) Company Limited ("China Resources Holdings"), proposed to reorganize the Group's business structure by transforming the Group into a leading distribution company in Asia through transferring its distribution and logistic related businesses into the Group. Details of the proposed reorganization were made by China Resources Holdings in an announcement dated 19th June 2000. Since the announcement, the Group's restructuring plan has been progressing smoothly with two successful transactions being completed or implemented by the end of last year.

On 12th October 2000, the Company entered into a conditional acquisition agreement with China Resources Holdings to acquire its oil distribution operation in part exchange for the Company's interests in China Resources Beijing Land Limited ("Beijing Land") and China Resources Logic Limited ("Logic") (formerly known as Logic International Holdings Limited). This acquisition, completed in November 2000, represented a major step in the Company's restructuring plan. The Company acquired a leading oil and chemicals distribution operation in Hong Kong and the Chinese Mainland and divested itself of businesses, which fall outside the future intended business focus. Through this acquisition, the Company's distribution capability was substantially strengthened.

As part of the Group's restructuring plan, on 20th November 2000, the Company through its wholly owned subsidiary, made a voluntary offer ("Offer") to acquire all the issued shares, other than those owned by the Company and its subsidiaries and certain members of China Resources Holdings in Ng Fung Hong Limited ("Ng Fung Hong"). At the same time, the Company proposed a voluntary withdrawal of the listing of the shares in Ng Fung Hong on the Stock Exchange of Hong Kong Limited. The voluntary withdrawal of listing was approved overwhelmingly by the independent shareholders of Ng Fung Hong at the extraordinary general meeting held on 27th December 2000. As at the close of the Offer on 19th January 2001, the Company owned approximately 98.7% of the total issued share capital of Ng Fung Hong. The Company, through its wholly owned subsidiary, has availed itself of the compulsory acquisition provision under section 168 and the Ninth Schedule of the Companies Ordinance (Chapter 32) of the laws of Hong Kong to acquire the outstanding shares not owned by it. The compulsory acquisition process is expected to be completed by end of April 2001. The privatization of Ng Fung Hong represents a further step in the Group's restructuring, which is expected to lead to operational efficiencies in a number of operations of the Group, in particular, its warehouse and supermarket retailing operations. It will also enable the Group to better utilize its resources more effectively as the cash flows and profits generated by Ng Fung Hong will be available for use by the Group.

In order to further strengthen its distribution capability, the Company continues to conduct studies into the viability of acquiring other distribution and logistics related businesses from China Resources Holdings.

REVIEW OF OPERATIONS

Property – Hong Kong

The Hong Kong property development and investment business reported net profit before corporate interest and expenses of HK\$614.8 million, 4.4% above that of the previous year.

Property Development

The Group is currently involved in one development project in Hong Kong, namely, Villa Esplanada. This is a residential project which the Group has a 55% attributable interest. The project comprises a 10-block residential complex with a total gross floor area of approximately 2.25 million square feet.

The project is divided into three phases. Phase I and II had already been sold. Sale of Phase III, which comprises a gross floor area of approximately 850,000 square feet, or approximately 1,200 units, commenced in mid-year 2000. The Group has secured majority of the profit from Phase III, with approximately 97% of this phase already been sold to-date. The construction work of Phase III is expected to be completed during the third quarter of 2001. Upon the completion of Villa Esplanada, the Group shall cease to engage in residential property development business in Hong Kong.

Property Investment

The Group's investment properties in Hong Kong currently is dominated by its sizeable retail spaces of an estimated aggregate floor area of approximately 500,000 sq.ft. which are located in high-density commercial districts including Causeway Bay, Mongkok, Tsimshatsui and Tsuen Wan where sizeable retail spaces are limited. The Group also owns a portfolio of approximately 700,000 sq.ft., of floor area designated for industrial, office or residential use. These properties achieve a good occupancy rate during the period under review, generating a stable stream of recurrent income for the company.

Property – Chinese Mainland

The Group's Chinese Mainland property development business reported net profit before corporate interest and expenses of HK\$45.8 million. This division's income is derived solely from the Group's investment in Beijing Land. As announced by the Directors of Beijing Land on 10th April 2001, the consolidated turnover and profit attributable to shareholders of Beijing Land for the financial year ended 31st December 2000 amounted to HK\$1,632.1 million and HK\$97.3 million, representing an increase of 267.7% and a decrease of 36.7 % over the same period of the previous year. As part of its restructuring plan, the Group had divested from businesses, which fall outside the future intended business focus, by disposing of its interest in Beijing Land.

Food and Beverage

The Group's food and beverage business reported net profit before corporate interest and expenses of HK\$475.9 million, an increase of 9.8% over the same period of the previous year.

Beverage division

The Group's beverage division continued to report a strong performance, recording strong growth in both turnover and net profit. The beer and purified water sales volume for the year was approximately 1,000,000 tonnes and 190,000 tonnes respectively, representing an increase of approximately 25.0% and 35.7% compared with the same period of the previous year. Sales revenue of the division for the year increased by approximately 26.1% while net profit of the division grew by 19.5%. The growth in earnings was due to volume growth and effective cost saving programmes. As part of its strategy of expanding production capacity and market share through internal expansion and acquisition of new plants, the division acquired two additional breweries located in Anhui province in the People's Republic of China. This increases the division's total number of breweries to 10, with a combined total production capacity of approximately 1,700,000 tonnes per annum.

Godown and Cold storage

Despite continued keen market competition, this division's performance had improved in the second half of the year with the successful tendering of several new clients. Turnover of this division fell by only 1.7%, while operating profit increased by 4.4% when compared with the same period last year. Overall the average occupancy rate of the Group's cold storage and godown operations had improved in the second half of this year to 70% and 85% respectively compared to 69% and 74% for the first half of the year. Recovery in the Hong Kong economy is expected to generate greater demand for storage facilities; however, earnings growth will only be moderate.

Food Distribution Business

Ng Fung Hong's audited consolidated turnover and profit attributable to shareholders for the year ended 31 December 2000 amounted to HK\$7,374.2 million and HK\$606.1 million respectively, representing an increase of 10.7% and 10.3% over that reported in the previous year.

During the period under review, turnover of the foodstuffs distribution and stock raising business totaling HK\$3,885.5 million, registered 4.5% increase as compared to last year, mainly due to the recovery of sales volume of livestock as smuggling activities have been brought under control. Accomplishments have also been made in boosting the sales of frozen food, resulted in 23.8% increase in sales revenue for the year. However, the foodstuffs distribution business recorded a slight decline in profit before interest and taxation due to lower profit margins resulting from price reduction.

The supermarket operation recorded satisfactory performance for the year. Turnover increased by 14.7% to HK\$1,850.4 million mainly due to business growth in the Chinese Mainland where the CRC supermarket chain performed well with 29.2% increase in turnover. The Hong Kong operation posted a decline in earnings because of keen price competition. However the Chinese Mainland operation continued to perform well posting strong profit growth in the year.

Ng Fung Hong continues to expand its supermarket chain, particularly, in the Chinese Mainland. The Group currently has 65 in Hong Kong, 44 in Tianjin, 76 in Suzhou, 17 in Beijing, 102 in Shenzhen and 1 in Xuzhou, bringing the total number of supermarket outlets to 305.

Turnover of Ng Fung Hong's food production and processing business amounted to HK\$1,261.6 million for the year, 21.5% above last year and profit before interest and taxation increased by 29.8%. During the year, Xuzhou VV Food & Beverage Limited, a company 36% interested by Ng Fung Hong, succeeded in listing on the Shanghai Stock Exchange by issuing 100 million A shares. As a result of the dilution in its interest, Ng Fung Hong recorded a deemed disposal profit of HK\$172.2 million. However a provision of approximately HK\$60.0 million was made for the winery operation. Turnover of the marine fishing operation recorded a 23.0% increase as compared to last year, mainly due to the first-time contribution from the aquatic processing and distribution company which was acquired at the beginning of this year. However, its operation in West Africa was adversely affected by weakening of Euro and record high fuel prices with profit contribution being lower than last year.

The slaughterhouses operated by the Group recorded an increase in slaughtering volume for the year, both turnover and profit before interest and taxation increased significantly. Furthermore, the Sheung Shui Slaughterhouse became fully operational at the beginning of this year and has been awarded ISO 14001 certification during the year in respect of its Environmental Management System. The award not only confirmed the dedicated efforts made by the Group in implementing a comprehensive environmental protection system, but also demonstrated that the operation comply fully with international standards.

Infrastructure and Others

The infrastructure and others division reported net profit before corporate interest and expenses of HK\$642.4 million, an increase of 23.4% over the same period of the previous year.

Container Terminal

HIT, in which the Group has a 10% stake, reported good results. In Hong Kong, HIT's operation in Kwai Chung experienced combined throughput growth of 10%, reflecting an increase in trade volumes in the Asian region and globally. Throughput at the Yantian facility grew by over 35%, following the completion of this port's second phase expansion at the end of 1999.

Construction Materials

Redland is principally engaged in the production, distribution and sale of ready-mixed concrete in Hong Kong. The directors believe Redland is one of the major ready-mixed concrete producers in Hong Kong with a market share of approximately 14%. Redland recorded satisfactory earnings growth in 2000 on the back of continued cost reduction and improved productivity. In view of the government's continued effort to increase the supply of public housing and infrastructure spending, the directors expect that the overall demand for ready-mixed concrete in Hong Kong will remain steady in the coming year.

Banking

As announced by the directors of The HKCB Bank Holding Company Limited ("HKCB Holding") on 22nd February 2001, the consolidated profit attributable to shareholders of HKCB Holding for the

financial year ended 31st December 2000 amounted to approximately HK\$361.8 million, which was approximately 794.6% over the profit of HK\$40.4 million for the corresponding period in 1999. The surge in profit was partly attributable to a gain of approximately HK\$260.6 million arising from the disposal of investments which were inconsistent with HKCB Holding's strategies. HKCB Holding's core profit, excluding the exceptional gains arising from disposals, still reflect a year on year growth of approximately 150.4%. The improvement of HKCB Holding's core business is quite evident as reflected by a 33.9% rise in net interest income compared with 1999. There was also a spectacular drop in the level of HKCB Holding's non-performing loans to about 9.1%, significantly below the double-digit level recorded in previous years.

HKCB Holding's financial position remains extremely strong, with its capital adequacy ratio currently stands at 31.7% and liquidity ratio maintains at 61.6%. HKCB Holding is transforming itself to become a responsive and technologically innovative provider of quality financial services to our chosen customers and market segments.

Retail and Distribution

Following the acquisition of China Resources Retail (Group) Company Limited during 1999, the Group has become one of the largest retail distributors in Hong Kong, owing a chain of 9 department stores operating under the name of Chinese Arts & Crafts (Hong Kong) Limited and CRC Department Store Limited, all located in the prime business/shopping districts of Hong Kong. In Chinese Mainland, the Group is also fast becoming a dominant retail distributor with an extensive distribution network of over 350 boutiques distributing "Esprit", "Red Earth" and high-end fashion boutiques and specializing in the distribution of luxury goods, apparel, fashion accessories and cosmetics. The retail and distribution business reported satisfactory performance in the year.

CAPITAL AND FUNDING

The Group's was at a net cash position as at 31st December 2000. To further strengthen its financial capability during the year under review, the Group through its wholly-owned subsidiary, CRE Finance (Hong Kong) Limited, entered into a 5-year HKD and USD dual currency HK\$2,900 million syndicated facility (the "Facility") with 22 local and international financial institutions in June 2000. The proceeds of the Facility were principally for the use of general corporate funding requirements of the Group.

The Group's borrowings, which are mainly in the form of syndicated loans and floating rate notes, are principally unsecured loans at floating rates. The Group's foreign exchange risk is negligible since majority of its borrowings are denominated in Hong Kong and US dollars. In view of the current attractive debt market conditions, the Company's current preference is to consider raising funds from the debt market.

PROSPECTS

The Group's performance for the financial year under review has been encouraging with most of its business divisions recording growth in both turnover and net profit. On the back of a gradual recovery in the Hong Kong economy and the Chinese Mainland economy expected to grow at an annual rate of 7%, the outlook for the Group's businesses is positive.

The Group is considering efficacious means to position itself as Asia's leading distribution company to capture the business opportunities presented by China's accession to the World Trade Organization, particularly in the Chinese Mainland. The Directors are assessing various proposals to assimilate and enhance the value of the Group's distribution and logistics related business. The Group will also continue to seek investment opportunities from either parent company or third parties, which are in line with the intended future expansion strategy and which will continue to improve its earnings quality and provide recurring profit growth.

The Group has the financial strength necessary to carry out any restructuring plan, which is in the best interest of its long-term development. The Directors shall ensure that the restructuring plan will be carried out in a controlled manner, that is, without effecting the Group's overall earnings and financial stability. The Directors are confident that the proposed restructuring plan shall propel the Group into a new era of development.

- End -

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For official wording please refer to announcement posted on, <http://www.cre.com.hk> or www.irasia.com/listco/hk/chinaresources/annual