

FAIR WIND SECRETARIAL SERVICES LIMITED

富榮秘書服務有限公司

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Our Ref.: S/7911/94 LTO/kk

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Securities and Exchange Commission
Office of International Corporation Finance
450 Fifth Street N.W.
Washington, D.C. 20549
U.S.A.

27 MAY 2003

Re : China Resources Enterprise, Limited
Rule 12g3-2(b) Materials, File No.82-4177

SUPPL

Dear Sirs,

We are instructed to enclose herewith a copy of the announcement dated 26th May, 2003 pursuant to Rule 12g3-2(b)(1)(iii) under the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the exemption from reporting under the Rule of China Resources Enterprise, Limited (the "Company").

The above document has been marked in the upper right hand corner to indicate the Commission file number for the Company's 12g3-2(b) exemption.

Pursuant to Rule 12g3-2(b)(4) and (5), the enclosed material shall not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act, and the furnishing of such material shall not constitute an admission for any purpose that the Company is subject to the Exchange Act.

Kindly acknowledge receipt of this letter and the enclosure by stamping the enclosed copy of this letter and returning it in the enclosed self-addressed envelope.

Yours faithfully,
For and on behalf of
FAIR WIND SECRETARIAL SERVICES LIMITED


LO Tai On
Director
Encl.

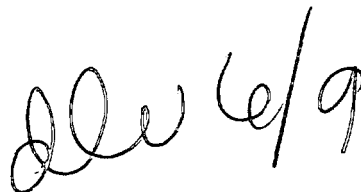
c.c. Mr. Jonathan H. Lemberg,
Morrison & Foerster, 23/F Entertainment Building
30 Queen's Road Central, Hong Kong (30318/1)
(w/o enclosure)
Mr. Bryan Ho
The Bank of New York, ADR Division, 101 Barclay Street, 22 West New York,
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The Stock Exchange of Hong Kong Limited ("the Stock Exchange") takes no responsibility for the contents of this announcement, makes no representation as to its accuracy, the whole or any part of the contents of this announcement.



華潤創業有限公司

China Resources Enterprise

(Incorporated in Hong Kong with Limited Liability)

Financial and Operational Review 2003 First Quarter

This announcement is made by China Resources Enterprise, Limited ("the Company") on a voluntary basis in pursuit of a higher standard of disclosure requirement under paragraph 2(2) of the Listing Agreement entered into between the Company and the Stock Exchange. It is intended to provide information to investors in the future.

The financial and operational review for the first quarter of 2003 was based on the unaudited consolidated management accounts.

The directors are pleased to present the following unaudited financial and operational information for the first quarter ended 31 March 2003.

FINANCIAL HIGHLIGHTS

	Three months ended 31 March		ANALYSIS OF Turnover by Sector
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	
Turnover	8,101,615	5,926,815	Petroleum and Retail Food Processing Beverage Textiles Property Investments and Subtotal Elimination of Total Profit attributable Petroleum and Retail Food Processing Beverage Textiles Property Investments and Subtotal Net corporate Total Beverage For the first quarter corporate interest and acquisitions, which The sales volume of addition of the new the Group's national gross profit margin combined annual pro kilolitres, an increa To enhance competi share. Further, the Textile
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 ¹	HK\$0.14	HK\$0.14	
		At 31	
		December	
	At 31 March	2002	
	(Unaudited)	(Restated) ³	
	HK\$'000	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	HK\$6.24	

Notes:

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

REVIEW OF OPERATIONS

The Group's unaudited consolidated turnover and profit attributable to shareholders for the first quarter ended 31 March 2003 amounted to approximately HK\$8,101.6 million and HK\$298.5 million respectively, representing an increase of 36.7% and an increase of 1.2% compared to the same period of 2002. While the recent outbreak of atypical pneumonia or SARS (Severe Acute Respiratory Syndrome) posted no material impact to the Group's performance for the quarter under review, the Group will stay vigilant on the development and take every measure to weather the crisis.

Petroleum and Chemical Distribution

For the first quarter ended 31 March 2003, the operation reported a turnover of HK\$3,087.8 million, an increase of 48.1% compared to the same quarter last year and a net profit before corporate interest and expenses of HK\$89.2 million, an increase of 32.4% over that of last year.

The marked increase in turnover was primarily due to soaring international crude oil prices, which rose to a decade-high of about US\$38 in March this year and sustainable demand for petroleum products. Operating profit was higher than last year, owing to overall increase in sales volume and effective cost control.

The distribution operation of petroleum products reported an increase in turnover of more than 50% for the first quarter of 2003 over last year. Aviation kerosene and

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The distribution operation of petroleum products reported an increase in turnover of more than 50% for the first quarter of 2003 over last year. Aviation kerosene and fuel oil registered strong growth in sales volume and profit margin for the quarter under review, while diesel oil experienced decline in sales volume, due to fluctuating oil prices and competition. Performance for the gas operation in Hong Kong was stable for the period under review.

For the first quarter of 2003, Petrol and LPG stations in Hong Kong reported an increase of about 4.6% in sales volume over last year. Sales volume of LPG sold at own stations rose by about 10.5%. Profit contribution did not increase with the sales because of the time lag to adjust the price of LPG to reflect cost change, due to the ceiling price pre-set by government every six months.

Performance for the chemical operation was encouraging, due to strong demand in the Chinese Mainland and enhanced sales and distribution network. For the first quarter of 2003, the operation reported a turnover of HK\$278.7 million, up 50.1% against the same period of last year and an operating profit of HK\$13.0 million, as compared to HK\$9.0 million last year.

The impacts of Iraq war and the recent outbreak of SARS are as yet fully reflected. In the near term, the Group anticipates demand to ease for aviation kerosene, LPG and diesel oil, due to falling local and overseas travel as well as marine transportation. In a bid to contain the risks, the Group is currently refining its marketing strategies, formulating plans to enhance stock control as well as expanding its customer base.

Retail

Turnover for the first quarter ended 31 March 2003 was HK\$2,297.6 million, an increase of 58.7% compared with the same period of last year. The retail segment reported a net loss before corporate interest and expenses of HK\$15.8 million for the first quarter of 2003 as compared to a net profit of HK\$23.2 million last year.

Supermarket

For the first quarter ended 31 March 2003, the operation reported a turnover HK\$1,763.0 million, an increase of 98.0% over the same period last year. The operation reported a net loss before corporate interest and expenses of HK\$18.5 million for the first quarter of 2003 against a net profit of HK\$5.5 million for the same period last year. Earnings before interest, tax, depreciation and amortization ("EBITDA") attributable to the Group amounted to approximately HK\$4 million and overall EBITDA margin was about 0.2% for the quarter under review.

The strong growth in turnover was due to continuing store expansion and the acquisition of a 65% equity interest in CR Vanguard in July last year. Considerable upfront store opening expenses of one-off nature were incurred for opening seven superstores in the mainland. In addition, with rising competition from modern hypermarkets, turnover continued to decline at some of our traditional smaller supermarkets. To keep with the changing market scenes, the Group has started a re-branding program to revamp its store formats for the Chinese Mainland operations with an intention to create a national brand in the second half of this year. In addition, the Group has embarked on a program to save cost through streamlining the existing operations. The SARS crisis in Hong Kong generated higher sales, as people purchased more food from supermarkets for dining at home rather than dining out. Further, the 18 stores that were refurbished in 2002 reported improved performance.

As at the end of March 2003, the Group operated a total of 460 stores in Hong Kong and the Chinese Mainland as compared to 456 at the end of last year. The number includes self-operated stores and some franchised stores in the mainland. During the quarter under review, 7 stores were opened and 3 stores closed.

Share of associate's profit from Suguo Supermarket Co., Ltd. 蘇果超市有限公司, in which the Group has acquired a 39.25% equity interest in September 2002, totaled HK\$4.5 million for the quarter under review.

The Group will strive to achieve the critical mass needed for the supermarket operation through shop expansion with the right store format, location and timing.

Brand-fashion distribution

Turnover for the first quarter ended 31 March 2003 was HK\$252.5 million, an increase of 21.7% compared with the same period of last year. The operation reported a net loss before corporate interest and expenses of HK\$3.3 million for the first quarter of 2003 as compared to a net profit of HK\$2.0 million of last year. The profit performance was affected by large discounts offered for the stock clearance of certain brands that will soon be terminated. Earnings before interest, tax, depreciation and amortization (EBITDA) for the quarter under review amounted to HK\$26.5 million as compared to HK\$29.2 million last year. For the quarter under review, most of the established brands reported decent same store growth.

The strong growth in the turnover for the period under review was due to the continuing store expansion and effective advertising. As of March 2003, the Group has acquired a total of 18 brands, marketed through 763 self-operated and franchised boutiques at designated cities in the Chinese Mainland, compared with 761 boutiques at the end of last year.

In a bid to enhance profit performance, the Group will continue to expand through shop opening and expedite the process of closing down the non-profitable brands and focus on the profit-making brands.

Hong Kong Retail

For the first quarter ended 31 March 2003, turnover and net profit before corporate interest and expenses amounted to HK\$282.1 million and HK\$6.0 million respectively, representing a decrease of 19.4% and 61.9% over the same period last year. The lower-than-expected performance was largely due to the closure of two CRC Department Stores 華潤百貨 in 2002 and to some extent the SARS outbreak in March this year. CR Care stores 華潤堂 reported stable sales growth for its store-within-store and specialty stores for the quarter under review. While the SARS panic stimulated good sales for medicines and drugs, it unfortunately hit the performance of other operations, in particular Chinese Arts & Craft Stores 中藝, due to severe drop in tourists and customer visits. At the end of March 2003, the Group operated 3 CRC Department Stores 華潤百貨, 5 Chinese Arts & Craft Stores 中藝, 1 super-sized and 19 standard CR Care Stores 華潤堂.

It is difficult to predict the full impact of SARS to the Group's retail operations in Hong Kong and the Chinese Mainland for the remaining quarters of this year. The Group has taken steps to minimize the impact, including negotiation for rental reductions or even closure, cutting marketing expenses and staffing.

Food Processing and Distribution

For the first quarter ended 31 March 2003, turnover and net profit before corporate interest and expenses for this segment amounted to HK\$1,176.0 million and HK\$86.5 million respectively, representing an increase of 4.5% and 16.1% compared with the same period of last year.

Despite the tough environment in Hong Kong, the turnover of livestock distributions grew steadily by 2.7% for the first quarter of 2003 compared with last year. Active promotion on high quality fresh meat under the 五豐 brand name has resulted in higher demand for livestock. Moreover, the outbreak of SARS in mid-March this year encouraged the public to cook at home, which stimulated the demand for fresh meat.

For the quarter under review, turnover of marine fishing and aquatic product processing operation was 18.1% over that of last year. The good performance was due to efforts in exploring more fishing grounds and enhancing catching capability of fishing fleet, which resulted in a 30.8% growth of total catches, and a 38.5% increase in high value catches. Sales network expansion and operation costs cutback, have also contributed to the increase in operating profit for the operation.

The ice cream business under the food production and processing operation experienced satisfactory performance, due to dedicated efforts made in improving consumption appeal by launching promotional campaigns and developing new products, which led to increase in turnover and operating profit by 54.8% and 6.1% respectively, when compared to last year.

Abattoir and other operations reported stable performance for the quarter under review. Slaughtering volume rose by 5.0% due to increase in sale volume of livestock under the food distribution operation.

To cope with the challenges ahead, the Group will accelerate its business growth, through prudent marketing strategy, diversified promotional campaigns and launch of new products and uphold its long-term strategy of exploring investment opportunities in mainland meat market. In March 2003, the Group took the first step by setting up a joint venture to construct a modern meat processing centre in Shanghai.

The sales volume of addition of the new the Group's national gross profit margin combined annual production of 100 kilolitres, an increase of 10%.

To enhance competition, the Group will share. Further, the Group will

Textile

For the first quarter net profit before corporate interest and expenses covers only two months.

The textile operation managed to perform well in turnover and profit. Growth in turnover was fetched during the first quarter.

In February 2003, the Group completed the operation in Sichuan.

Looking ahead, the Group will continue to bring the SARS under control. With a view to enhancing competition, the Group will advance ones.

Property

For the first quarter net profit before corporate interest and expenses, both turnover and profit were

Property development

The Group's Hong Kong property sales of HK\$3.8 million (2003) credit to profit of HK\$0.5 million, which was substantially sold in the first quarter of 2003.

Rental Properties

Rental properties income decreased by 4.5% over the same period. Results included a net loss of HK\$0.1 million in Hong Kong.

As anticipated, Hong Kong Average occupancy weakened triggered previously occupied properties to be vacant.

Warehouse

Due to the weak economy, occupancy rate, logistics service provided and a net profit of HK\$0.1 million arising from the operation.

Investments and Other

For the first quarter net profit before corporate interest and expenses was

Container Terminal

HIT Investments Limited

Building Materials

For the first quarter net profit before corporate interest and expenses was

The performance for concrete was low due to competition. In an effort to cutback and restructure the market.

On 26 March 2003, the Group announced the business to shareholders.

CAPITAL AND FINANCING

The Group's borrowings at the end of March 2003 were HK\$3,811.6 million, an increase of approximately 10% over the end of last year.

As of 31 March 2003, the Group had a net cash and cash equivalents of HK\$1,176.0 million.

CAUTION STATEMENTS

The Board wishes to advise shareholders of the first quarter of 2003, the Group had a net loss of HK\$15.8 million, which was due to the dealing in shares of the Group's

no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon

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Sources Enterprise, Limited

(Incorporated in Hong Kong with Limited Liability)

Annual Operational Review

2003 First Quarter

is in pursuit of a higher standard of corporate governance and in promoting the Company's transparency and pursuant to the requirements of the Securities and Futures Ordinance and the Stock Exchange. The Company currently intends to continue to publish the quarterly financial and operational review

and management accounts which were prepared in accordance with accounting principles generally accepted in Hong Kong.

for the first quarter ended 31 March 2003.

ANALYSIS OF TURNOVER AND PROFIT

2002 (Audited) HK\$'000		Three months ended 31 March	
		2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
26,815	Turnover by segment		
39,875	Petroleum and Chemical Distribution	3,087,785	2,084,321
1,014,990	Retail	2,297,597	1,447,704
294,978	Food Processing and Distribution	1,175,980	1,125,191
K\$0.14	Beverage	727,562	663,530
	Textiles	644,666	339,927
	Property	124,381	155,680
At 31	Investments and Others	85,783	142,410
December			
2002	Subtotal	8,143,754	5,958,763
(stated) ³	Elimination of inter-segment transactions	(42,139)	(31,948)
K\$'000			
	Total	8,101,615	5,926,815
86,786			
267,050	Profit attributable to shareholders by segment		
482,909	Petroleum and Chemical Distribution	89,210	67,368
9.12%	Retail	(15,826)	23,216
1.29	Food Processing and Distribution	86,451	74,448
	Beverage	(15,806)	(102)
K\$6.24	Textiles	35,800	7,993
	Property	66,877	72,306
shares in	Investments and Others	81,282	81,747
	Subtotal	327,988	326,976
policy in	Net corporate interest and expenses	(29,513)	(31,998)
	Total	298,475	294,978

Beverage

Approximately 1.29 million shares in the Company were under the share repurchase policy in the first quarter ended 31 March 2003. For the first quarter ended 31 March 2003, the beverage operation reported a turnover of HK\$727.6 million, an increase of 9.7% over last year and a net loss before corporate interest and expenses of HK\$15.8 million compared to a net loss of HK\$0.1 million last year. The bottom-line performance was largely affected by the new acquisitions, which are in process of being integrated into the existing operation, to maximize the synergy from rationalization of resources.

The sales volume of beer for the first quarter of 2003 totaled 463,420 kilolitres, an increase of 15.4% compared to the same quarter last year. The increase was due to addition of the new breweries at Wuhan and Panjin acquired in 2002 and at Beijing acquired in 2003, strong sales for Sichuan Blue Sword as well as stable growth for the Group's national brand "Snow 雪花" of which more than 50% was sold outside Shenyang. Despite stronger price competition during the period under review, gross profit margin only declined marginally, particularly helped by stringent production cost control. As of March 2003, total number of breweries was 29 with a combined annual production capacity of approximately 4.1 million kilolitres. The sales volume of purified water for the first quarter of 2003 amounted to 64,054 kilolitres, an increase of 41.9% over the same quarter of last year.

To enhance competitiveness, the Group will continue to roll out new beer products of taste appeal, suitably priced, to specific market segments to enhance its market share. Further, the Group will continue to augment its marketing channels, backed by publicity programs, to enhance its product image.

The sales volume of beer for the first quarter of 2003 totaled 463,420 kilolitres, an increase of 15.4% compared to the same quarter last year. The increase was due to the launch of the new breweries at Wuhan and Panjin acquired in 2002 and at Beijing acquired in 2003, strong sales for Sichuan Blue Sword as well as stable growth for the Group's national brand "Snow 雪花" of which more than 50% was sold outside Shenyang. Despite stronger price competition during the period under review, gross profit margin only declined marginally, particularly helped by stringent production cost control. As of March 2003, total number of breweries was 29 with a combined annual production capacity of approximately 4.1 million kilolitres. The sales volume of purified water for the first quarter of 2003 amounted to 64,054 kilolitres, an increase of 41.9% over the same quarter of last year.

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Textile

For the first quarter ended 31 March 2003, the textile operation reported a turnover of HK\$644.7 million as compared to HK\$339.9 for the same period last year and a net profit before corporate interest and expenses of HK\$35.8 million as compared to HK\$8.0 million of last year. The performance for the first quarter last year covers only two months from February to March.

The textile operation reported good performance for the quarter under review. Despite steep rise in cotton price during the first quarter of 2003, textile manufacture managed to perform well as a result of adequate reserve of raw materials to meet its production demand prior to cotton price hike. Garment exports posted strong growth in turnover and profit contribution in the first quarter of 2003. The war in the Middle East did not affect the garment exports business, as most orders were fetched during the final quarter of last year, prior to the invasion.

In February 2003, the Group announced to acquire a 51% equity interest in China Resources Jinhua Co. Ltd., a Shenzhen-listed company, for a textile production operation in Sichuan. For the quarter under review, the Group also concluded a deal to acquire a textile plant in Jiangsu.

Looking ahead, the performance of textile operation for the ensuing quarters will hinge on the pace of recovery for the economy of United States and the time it takes to bring the SARS under control. In a bid to strengthen cost control, the Group will continue to monitor the price movements closely for the cotton and garment quota. With a view to enhance product quality and profitability over time, the Group will push ahead with its technology upgrade program to replace the old machines with advanced ones.

Property

For the first quarter ended 31 March 2003, the Group's property segment reported a turnover of HK\$124.4 million, a decrease of 20.1% over last year and a net profit before corporate interest and expenses of HK\$66.8 million, down by 7.5% compared to last year. Discounting the sale of Villa Esplanada and the effect of deferred taxation, both turnover and net profit for the quarter under review only fell slightly, reflecting the prevailing status of the Hong Kong property rental market.

Property development

The Group's Hong Kong property development, which comprises its 55% interest in the Villa Esplanada project, recorded a turnover for the quarter under review of HK\$3.8 million (2002: HK\$37.4 million) and a net profit before corporate interest and expenses of HK\$21.1 million (2002: HK\$4.8 million). The results included a credit to profit of HK\$20.0 million, representing an overprovision of construction cost written back. The developments have been completed with all residential units substantially sold in prior years. At the end of March 2003, only 2 residential units remained unsold. Of the 500 car parks, 211 have been sold and 263 leased as at the end of March 2003.

Rental Properties

Rental properties include office, retail and industrial premises. For the first quarter ended 31 March 2003, the operation reported turnover of HK\$74.2 million, a decrease of 4.5% over last year and a net profit before corporate interest and expenses of HK\$38.0 million, down by 28.1% compared to last year. The current period results included a charge to profit for the deferred taxation liability of about HK\$15.4 million arising from change in profits tax rate from 16% to 17.5% in Hong Kong.

As anticipated, Hong Kong's economic environment remains weak. Despite this, the Group's investment properties have been providing steady rental income. Average occupancy rates for office and industrial premises have improved slightly while that of retail premises have remained high. Rentals, however, have weakened triggered by the outbreak of SARS. With a view to enhance profitability, the Group is considering options to convert some of its retail properties, previously occupied as department stores, into trendy entertainment/shopping/dining mall.

Warehouse

Due to the weak economy, occupancy rates for cold storage operation for the first quarter of 2003 dropped to 74.0% as compared to 83.0% last year. On the other hand, occupancy rate for the godown operation rose from last year's 85.4% to this year's 94.6%, due to increase in demand for warehouse storage spaces for the logistics service provided to intra-group users. For the quarter under review, the storage operation reported a turnover of HK\$46.4 million (2002: HK\$40.6 million) and a net profit of HK\$7.7 million (2002: HK\$14.6 million). The current period results included a charge to profit for deferred taxation liability of about HK\$6.2 million arising from change in profit tax rate from 16% to 17.5%.

Investments and Others

For the first quarter ended 31 March 2003, the Group's other investments reported a turnover of HK\$85.7 million (2002: HK\$142.4 million) and a net profit before corporate interest and expenses of HK\$81.3 million (2002: HK\$81.7 million).

Container Terminal

HIT Investments Limited, in which the Group has 10% interest, reported stable profit performance for the quarter under review.

Building Materials

For the first quarter ended 31 March 2003, the operation reported a turnover of HK\$85.7 million, a decrease of 28.4% over the same period last year and a net profit before corporate interest and expenses of HK\$6.1 million as compared to HK\$5.5 million for the final quarter of 2002.

The performance for the quarter under review was affected by the economic downturn and sluggish property market that still trouble Hong Kong. Demand for concrete was low due to drop in infrastructure and construction projects of large size. However, concrete prices have shown signs of stabilizing recently amidst competition. In an effort to ride out the difficult time, the operation has taken austerity measures to tighten cost control and enhance productivity. This includes cost cutback and restructuring of its internal functions. While maintaining its base in Hong Kong, the operation is considering plans to expand its operation into the China market.

On 26 March 2003, the Group announced its proposal to restructure the ready-mixed concrete business by way of distribution in specie of its equity interests in such business to shareholders with a view to streamline and focus on its core operations.

CAPITAL AND FUNDING

The Group's borrowings as at 31 March 2003 was HK\$5,532.3 million with HK\$2,214.6 million payable within 1 year. The Group's consolidated cash amounted to HK\$3,811.6 million. Calculated on the basis of the Group's net borrowings over shareholders' funds and minority interests, the Group's net gearing ratio remained low at approximately 10.4%.

As of 31 March 2003, the Group has 20.6% of its borrowings denominated in Hong Kong dollars, 40.9% in U.S. dollars and 38.5% in Renminbi. As of 31 March 2003, the Group had no material exposure to foreign exchange contracts, interest or currency swap or other financial derivatives.

CAUTION STATEMENT

The Board wishes to remind investors that the above financial data is based on the Company's internal records and management accounts. The above financial data for the first quarter of 2003 have not been reviewed or audited by the auditors. Shareholders and potential investors of the Company should exercise caution when dealing in shares of the Company.

By Order of the Board
Lee Yip Wah, Peter
Company Secretary