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華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

CONNECTED TRANSACTION

The directors of China Resources Enterprise, Limited announced that on 24th November, 2005, China Resources Petrochems (Group) Company Limited, an indirect wholly owned subsidiary of China Resources Enterprise, Limited, entered into an agreement with Sinopec for the disposal of all of its 51% equity interest in Dongguan China Resources Petroleum & Chemicals Co., Ltd. for a consideration of RMB98,000,000 (equivalent to approximately HK\$94.1 million). Under the Agreement, Sinopec also undertakes that an interest free shareholder loan provided by CRPG to Dongguan China Resources of RMB12,495,000 (equivalent to approximately HK\$12.0 million) will be repaid by Dongguan China Resources within 20 working days after the date of the Agreement.

As Sinopec is an Associate of Guangdong Dongguan Petroleum Co., the 49% shareholder of Dongguan China Resources (a 51% owned subsidiary of the Group), the Agreement constitutes a connected transaction under the Listing Rules. As each of the relevant percentage ratio as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the disposal is therefore only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE AGREEMENT DATED 24TH NOVEMBER, 2005

- Vendor:** CRPG, a wholly-owned subsidiary of the Company and the holding company of the petroleum and chemical distribution business of the Group.
- Purchaser:** Sinopec, a company incorporated in the PRC and its business includes the petroleum and chemical distribution and related businesses in the PRC.
- Assets to be disposed:** All of the Company's 51% equity interest in Dongguan China Resources currently held through CRPG.
- The Group currently owns 51% equity interest in Dongguan China Resources. Following the completion of the Disposal, the Group does not hold any equity interest in Dongguan China Resources and will cease to be a subsidiary.
- Consideration:** RMB98,000,000 (equivalent to approximately HK\$94.1 million)
- The consideration has been arrived at after arm's length negotiations between the vendor and the purchaser who has also taken into account, among others, the audited net asset value of Dongguan China Resources as at 31st December, 2004 and the future prospects of Dongguan China Resources.

Based on the audited net asset value of Dongguan China Resources (prepared in accordance with the PRC accounting standards) as at 31st December, 2004 of approximately RMB42.3 million (equivalent to approximately HK\$40.7 million), the consideration represents a premium of approximately 354% to such attributable net asset value of Dongguan China Resources as at 31st December, 2004. An estimated after-tax profit of approximately RMB67 million (equivalent to approximately HK\$64.2 million) being the difference between the consideration and the estimated attributable net asset value of Dongguan China Resources as at the date of the Agreement less the estimated income tax payable will be recorded in the books of the Group post completion.

Based on the business prospects of Dongguan China Resources, the track record of Dongguan China Resources since its inception in 1996 and the net asset of Dongguan China Resources as at 31st December, 2004, the directors of the Company (including the independent non-executive directors who attended the relevant board meeting, namely Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh and Dr. Li Ka Cheung, Eric) consider that the Agreement is entered into in its ordinary and usual course of business, on normal commercial terms, is fair and reasonable and in the interest of the shareholders of the Company as a whole.

Payment
arrangement:

The consideration for the Disposal shall be satisfied in cash with 80% of the consideration being RMB78,400,000 (equivalent to approximately HK\$75.3 million) payable within 15 working days after the date of the Agreement and the balance of RMB19,600,000 (equivalent to approximately HK\$18.8 million) payable within 20 working days after the date of the Agreement.

Others: Sinopec undertakes that the Shareholder's Loan will be repaid by Dongguan China Resources within 20 working days after the date of the Agreement.

INFORMATION ON DONGGUAN CHINA REOURCES

Established in 1996, Dongguan China Resources was established by CRPG and 廣東省東莞市石油有限公司 (Guangdong Dongguan Petroleum Co.) and is principally engaged in the petroleum and chemical storage and distribution businesses in the city of Dongguan of the PRC.

Based on the audited accounts prepared in accordance with the PRC accounting standards, the audited net asset value of Dongguan China Resources as at 31st December, 2004 were approximately RMB42.3 million (equivalent to approximately HK\$40.6 million). The audited consolidated net profit before and after taxation and extraordinary items (prepared in accordance with the PRC accounting standards) for the two years ended 31st December, 2004 of Dongguan China Resources are as follows:

	Year ended 31st December <i>(RMB'000)</i>	
	2004 <i>(audited)</i>	2003 <i>(audited)</i>
Net profit before taxation, extraordinary items and minority interests	3.2 million (equivalent to approximately HK\$3.1 million)	3.1 million (equivalent to approximately HK\$3.0 million)
Net profit after taxation, extraordinary items and minority interests	3.2 million (equivalent to approximately HK\$3.1 million)	3.1 million (equivalent to approximately HK\$3.0 million)

REASONS FOR THE DISPOSAL

With an objective of becoming the largest consumer company in China, the Group has been restructuring its non-core businesses so as to shift its focus to the core consumer business and to divest the non-core business. As part of such restructuring, the Group has been assessing the feasibility of various alternatives for its remaining petroleum and chemical distribution business in Hong Kong and mainland PRC after the Disposal. The Group has appointed a financial advisor to advise the feasibility of various proposals but no definite decision has been reached. The Group will comply with the applicable requirements of the Listing Rules once any agreement is reached regarding such restructuring.

The proceeds from the Disposal and the repayment of the Shareholders' Loan will be used by the Group as general working capital.

INFORMATION ABOUT THE COMPANY

The Company is a company listed on the Hong Kong Stock Exchange, with business emphasis on the distribution business in Hong Kong and the Chinese Mainland. The Group has a well-diversified portfolio of businesses in both Hong Kong and the Chinese Mainland, including retail, beverage, food processing and distribution, textile, petroleum and chemical distribution, property and other investments.

GENERAL

As Sinopec is an Associate of Guangdong Dongguan Petroleum Co., the 49% shareholder of Dongguan China Resources (a 51% owned subsidiary of the Group), the Agreement constitutes a connected transaction under the Listing Rules. As each of the relevant percentage ratio as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the disposal is therefore only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Agreement”	A sale and purchase agreement dated 24th November, 2005 relating to the Disposal
“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	China Resources Enterprise, Limited, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited
“CRPG”	China Resources Petrochems (Group) Company Limited, a company incorporated in Hong Kong and wholly owned by the Group
“Disposal”	Disposal of 51% equity interest in Dongguan China Resources pursuant to the Agreement
“Dongguan China Resources”	東莞華潤石油化工有限公司 (Dongguan China Resources Petroleum & Chemicals Co., Ltd.), a company incorporated in the PRC and a 51% owned subsidiary of the Group held through CRPG with the remaining 49% held by 廣東省東莞市石油有限公司 (Guangdong Dongguan Petroleum Co.)
“Group”	Company and its subsidiaries
“PRC”	People’s Republic of China
“Shareholders’ Loan”	The entire proportional interest free shareholders’ loan provided by CRPG to Dongguan China Resources of RMB12,495,000 (equivalent to approximately HK\$12.0 million)

“Sinopec”	中國石油化工有限公司 (China Petroleum & Chemical Corporation) , a company incorporated in the PRC and listed on the Stock Exchange of Hong Kong Limited, which is an Associate of 廣東省東莞市石油有限公司 (Guangdong Dongguan Petroleum Co.)
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board
China Resources Enterprise, Limited
Lee Yip Wah, Peter
Company Secretary

Hong Kong, 25th November, 2005

As at the date of this announcement, the executive directors of the Company are Mr. Song Lin (Chairman), Mr. Chen Shulin (Managing Director), Mr. Qiao Shibo (Deputy Managing Director), Mr. Yan Biao (Deputy Managing Director), Mr. Keung Chi Wang, Ralph (Deputy Managing Director), Mr. Lau Pak Shing, Mr. Wang Qun and Mr. Kwong Man Him. The non-executive directors are Mr. Jiang Wei and Mr. Xie Shengxi. The independent non-executive directors are Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric and Mr. Cheng Mo Chi, Moses.

“Please also refer to the published version of this announcement in The Standard.”