



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

PRESS RELEASE

CRE proposed a voluntary conditional offer to acquire all issued shares in Ng Fung Hong and a proposed voluntary withdrawal of listing of the shares in Ng Fung Hong from the Stock Exchange

(HONG KONG - 20th November, 2000) China Resources Enterprise announces that Anglo Chinese Corporate Finance, Limited, on behalf of a wholly owned subsidiary of China Resources Enterprise will make a voluntary conditional offer to acquire all the issued shares in Ng Fung Hong. Under the Offer, shareholders of Ng Fung Hong will be offered:

for every 6 shares of Ng Fung Hong HK\$29.40 in cash, being HK\$4.90 in cash for each share held; or

at the election of the assenting shareholder, HK\$19.44 in cash and 1 new share in China Resources Enterprise, and in the same proportion for any greater or lesser number of shares in Ng Fung Hong, except that no fraction of a share in China Resources Enterprise will be issued

Based on the closing price of the shares in China Resources Enterprise of HK\$9.05 per share as quoted on the Stock Exchange on 17th November, 2000, being the last trading day before the date of this announcement, the cash and share consideration alternative under the Offer values each share in Ng Fung Hong at approximately HK\$4.75. If a shareholder of Ng Fung Hong accepts the cash alternative under the Offer, China Resources Enterprise shall pay approximately HK\$4.90 for every share in Ng Fung Hong.

Presently China Resources Enterprise holds 558,914,000 shares in Ng Fung Hong, representing approximately 53.4% of its issued shares capital and this subsidiary has undertaken irrevocably to China Resources Enterprise that it will not sell any shares, will assent its shares to the Offer and will elect the cash only consideration.

Anglo Chinese Corporate Finance, Limited is satisfied that sufficient resources are available to CRE for full acceptance of the Offer. China Resources Enterprise intends to finance the cash portion of the consideration payable under the Offer from its own internal resources.

Condition of Offer

The Offer is conditional upon:

- = acceptances being received for not less than 90% of the shares in Ng Fung Hong (including shares of Ng Fung Hong acquired during the period of the Offer or such lesser number as CRE may decide, provided the level of acceptances and shares acquired during the period of the Offer exceeds 55%;
- = the passing by the shareholders of Ng Fung Hong, other than China Resources Enterprise and its Associates, the Directors and chief executive of Ng Fung Hong or any their respective Associates, of a resolution approving the withdrawal of listing of the shares in Ng Fung Hong from the Stock Exchange by a majority in number representing three-fourths in value of the shareholders present and voting on such resolution. If the shareholders approval is not obtained, the Offeror will decide whether to proceed with the Offer;
- = in respect of the cash and share alternative only, the grant by the Listing Committee of the Stock Exchange of a listing of, and permission to deal in, the shares in China Resources Enterprise to be issued under the cash and share alternative;
- = the confirmation of the Stock Exchange, if required, of the withdrawal of listing; and
- = all other authorisations, confirmations, consents, waivers and approvals as China Resources Enterprise may consider necessary or desirable for itself and its shareholders in connection with or arising from the implementation of the Offer being obtained in terms and in form satisfactory to China Resources Enterprise.

REASON FOR ACQUISITION

Subsequent to the announcement of China Resources Holdings in June, 2000 on its proposed business restructure, the CRE group is currently undergoing a restructuring with the objective of it becoming a premier distribution company in Asia of consumer and industrial products by combining the long established expertise in international trade and distribution of the China Resources group with advanced technology and modern management methods. The recent acquisition of the China Resources group's oil distribution operation by China Resources Enterprise and its disposals of interests in furniture and property development and investment in the PRC and compressor manufacturing as announced on 13th October and 8th November respectively, represented major initial steps in the restructuring of China Resources Enterprise .

The Offer for the shares in Ng Fung Hong represents a further step in the restructuring. The objective of the Offer is to acquire all the outstanding shares in Ng Fung Hong. This will facilitate the integration of Ng Fung Hong into the CRE group and is expected to lead to operational efficiencies in a number of operations of the CRE group and, in particular, its warehouse and supermarket retailing operations. It will also enable the CRE group to utilise its resources more effectively as the cashflows and profits generated by Ng Fung Hong will be available for the CRE group which is not the case with Ng Fung Hong remaining a separately listed, non-wholly owned subsidiary. Through the Offer, the CRE group's distribution capability in China will be substantially strengthened, which will assist the CRE group in achieving its objective of establishing a national retailing and distribution network in China.

For the shareholders of Ng Fung Hong, the Offer enables them to realise their investment for cash at an attractive premium to the prevailing market price and, if they elect to receive the cash and share alternative, to remain invested indirectly in Ng Fung Hong through a shareholding in China Resources Enterprise and to benefit from the expected improvement in the performance China Resources

Enterprise through the improvements in the operational efficiencies of the CRE group, which is expected to follow from the acquisition of the entire issued share capital of Ng Fung Hong.

On the basis that all shareholders of Ng Fung Hong accepts the cash and share alternative, the maximum number of new shares in China Resources Enterprise to be issued, under the general mandate granted to the directors of China Resources Enterprise at the general meeting held on 19th June, 2000, shall amount to approximately 81,220,667 shares, representing approximately 3.9% of the enlarged share capital. On the basis the maximum number of shares in China Resources Enterprise are issued under the Offer, the shareholding of China Resources (Holdings) in the issued share capital of China Resources Enterprise will decline from approximately 55% to 53%.

Comparisons of value

The cash Offer price per Ng Fung Hong share under the cash alternative and cash and share alternative respectively represent:

- a premium of approximately 34% or 30% as the case may be over the last traded price of HK\$3.65 as quoted on the Stock Exchange on 17th November, 2000, being the last day on which the shares in Ng Fung Hong were traded prior to this announcement when the shares in Ng Fung Hong were suspended at Ng Fung Hong's request with effect from 10:00 a.m. on Monday, 20th November, 2000;
- a premium of approximately 42 % or 38% as the case may be over the weighted average price of HK\$3.44 per Ng Fung Hong share, being the weighted average price of the shares in Ng Fung Hong as quoted on the Stock Exchange for the thirty trading days immediately prior to and including 17th November, 2000;
- a premium of approximately 169% or 155% as the case may be over the net asset value per share in Ng Fung Hong of HK\$1.86 based on information contained in its latest audited consolidated financial statements for the year ended 31st December, 1999;
- an earnings multiple of approximately 9.3 times or 9.0 times as the case may be, based on the audited consolidated after tax earnings of Ng Fung Hong of HK\$0.52 for the year ended 31st December, 1999.

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Press Enquiry : Mr. An Lu (2829 9816)