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CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

China Resources (Holdings) Company Limited (the "Vendor") is the controlling shareholder of China Resources Enterprise, Limited (the "Company"). The Vendor will sell 95,126,000 existing ordinary shares of HK\$1.00 each (each a "Placing Share") of the Company at a price of HK\$13.85 per Placing Share (the "Placing"), and will subscribe for the same number of new shares (each a "Subscription Share") at the same price per Subscription Share (the "Subscription").

CLSA (as defined below) as the placing agent has an option (the "Over-placement Option") to place up to an additional 41,968,000 Placing Shares at HK\$13.85 per Placing Share (each an "Additional Placing Share") on behalf of the Vendor. In the event that the placing agent has exercised this option to place any Additional Placing Shares, the Vendor will subscribe for additional Subscription Shares at the same price from the Company equal to the number of Additional Placing Shares.

The Placing Shares and the Additional Placing Shares will be sold to independent professional and institutional investors.

If the Subscription is completed, the net proceeds to the Company of the Placing and Subscription will be approximately HK\$1,317 million (before any exercise of the Over-placement Option or approximately HK\$1,898 assuming the Over-placement Option is fully exercised), which may be used by the Company to finance the possible purchase of the retail business and its related properties from China Resources (Holdings) Company Limited, the expansion of the brewery operation of the Company through possible new acquisitions and internal expansion and for additional working capital of the Company.

Further to the Company's announcements dated 28 June and 30 June 1999, the Company and the Vendor entered into a letter of intent on 6 July 1999 for the possible purchase of the retail

business and its related properties from the China Resources (Holdings) Company Limited, further details of which are set out below.

The Vendor is currently directly and indirectly interested in approximately 56.96% of the Company's existing issued share capital. The Placing will reduce the aggregate shareholding of the Vendor to approximately 51.47% (before any exercise of the Over-placement Option or approximately 49.05% assuming the Over-placement Option is fully exercised) of the Company's existing issued share capital. The Subscription will then increase the aggregate shareholding of the Vendor to approximately 54.00% (before any subscription of additional Subscription Shares as a result of any exercise of the Over-placement Option or approximately 52.79% assuming the Over-placement Option is fully exercised) of the Company's enlarged issued share capital.

Investors should note the conditions of the Placing including a force majeure clause set out below.

Placing Agreement dated 6 July 1999

Vendor:

China Resources (Holdings) Company Limited (the "Vendor"), is a private limited company incorporated in Hong Kong and is the controlling shareholder of China Resources Enterprise, Limited (the "Company").

Number of Shares to be placed:

95,126,000 existing ordinary shares of HK\$1.00 each (each a "Placing Share"). In addition, CLSA (as defined below) as the placing agent has an option (the "Over-placement Option") to place up to an additional 41,968,000 Placing Shares (each an "Additional Placing Share") on behalf of the Vendor on or before completion of the Placing.

The Placing represents approximately 5.49% (before any exercise of the Over-placement Option or approximately 7.91% assuming the Over-placement Option is fully exercised) of the Company's existing issued share capital of 1,733,480,293 shares.

Placees:

Independent professional and institutional investors.

Placing price:

HK\$13.85 per Placing Share.

This represents a discount of approximately 10.36% to the closing price of HK\$15.45 per share quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 July 1999 and a premium of approximately 0.21% to average closing price of the shares for the last ten trading days of HK\$13.82 per share.

Rights:

The Placing Shares and the Additional Placing Shares will be sold free of any third party rights.

Buyers will receive all dividends and distributions declared, made or paid after 6 July 1999.

Placing Agent:

Credit Lyonnais Securities (Asia) Limited ("CLSA"). CLSA has fully underwritten the placing of the Placing Shares.

Independence of Placees and Placing Agent:

The Placees and CLSA as the placing agent are independent of and not connected with the Vendor or the Company. They are also independent of and not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as such terms are defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")).

Conditions of the Placing:

The Placing is subject to force majeure (including a change in national or international financial, political or economic conditions as would likely to prejudice materially the consummation of the Placing), and may be terminated on a material breach of any of the representation and warranties set out in the Placing Agreement or any material adverse change in the financial position of the Company on or prior to the closing date of the Placing, but otherwise unconditional.

Completion of the Placing:

Is expected to take place on or before 8 July 1999.

Subscription Agreement dated 6 July 1999

Subscriber:

China Resources (Holdings) Company Limited

Number of new Shares subscribed for:

95,126,000 new ordinary shares of HK\$1.00 each (each a "Subscription Share"). If any of the Additional Placing Shares are placed out by CLSA as placing agent on behalf of the Vendor pursuant to the Over-placement Option, the Vendor shall subscribe up to an additional 41,968,000 Subscription Shares from the Company equal to the number of Additional Placing Shares.

The Subscription represents approximately 5.49% (before any subscription of additional Subscription Shares as a result of any exercise of the Over-placement Option or approximately 7.91% assuming the Over-placement Option is fully exercised) of the Company's existing issued share capital, and approximately 5.20% (before any subscription of additional Subscription Shares as a result of any exercise of the Over-placement Option or approximately 7.33% assuming the Over-placement Option is fully exercised) of its issued share capital as enlarged by the Subscription.

Subscription price:

HK\$13.85 per Subscription Share. The Company will pay the costs and expenses of the Subscription.

Reasons For the Placing and Subscription and Use of Proceeds:

The Placing and the Subscription will broaden the shareholder base and the capital base of the Company. The net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$1,317 million (before any exercise of the Over-placement Option or approximately HK\$1,898 assuming the Over-placement Option is fully exercised). It is presently intended that the net proceeds may be used to finance the possible purchase of the retail business and its related properties from China Resources (Holdings) Company Limited, the expansion of the brewery operation of the Company through possible new acquisitions and internal expansion and for additional working capital of the Company.

Further to the Company's announcements dated 28 June and 30 June 1999, the Company and the Vendor entered into a letter of intent on 6 July 1999 in which the Company had expressed an interest in the acquisition of China Resources Retail (Group) Limited ("CR Retail") or its related properties (the "Proposed Acquisition"). CR Retail is a wholly owned subsidiary of the Vendor. The principal business of CR Retail includes the ownership and operation of the CRC department stores and the Chinese Arts & Crafts stores in Hong Kong. The Vendor agreed that the Company may conduct a financial and legal due diligence within the next 60 days (up to 4 August 1999) before the Company makes an offer to the Vendor for the Proposed Acquisition. It is estimated that the total net asset value of the Proposed Acquisition would range between HK\$3 billion and HK\$4 billion, and that the offer price would be at a discount of 20% to 25% to the adjusted net asset value. The proposed offer, which is expected to be made within 14 days after the conclusion of the due diligence, would be financed partly by cash and partly by shares of the Company.

Mandate to issue Subscription Shares:

The Subscription Shares will be issued under the general mandate granted to the directors of the Company at the annual general meeting held on 17 June 1999.

Ranking:

The Subscription Shares, when fully paid, will rank equally with the existing issued shares of the Company.

Conditions of the Subscription:

The Subscription is conditional upon, inter alia,

1. the completion of the Placing; and
2. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares.

The conditions must be satisfied within 14 days from the date of the Placing Agreement unless a later date is agreed by the Vendor and the Company and the Company fulfils the connected transaction requirements under the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Subscription Shares. The Subscription is expected to be completed on the date on which the conditions of the Subscription have been satisfied, but in any event within 14 days from the date of the Placing Agreement.

Suspension of Trading:

Trading in the shares of the Company was suspended at 10:00 a.m. on 6 July 1999 at the request of the Company. Application will be made for the resumption of trading of the shares and it is expected that trading will resume at 10:00 a.m. on 7 July 1999.

By Order of the Board

China Resources Enterprise, Limited

Lee Yip Wah, Peter

Company Secretary

Hong Kong, 6 July 1999