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CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong under the Companies Ordinance)

Ongoing connected transactions

The directors of China Resources Enterprise, Limited ("China Resources Enterprise", and together with its subsidiaries, the "China Resources Enterprise Group") announce that China Resources Enterprise intends to enter into certain transactions through its subsidiary, Redland Concrete Limited ("Redland", and together with its subsidiaries, the "Redland Group"), which constitute connected transactions under chapter 14 of the Listing Rules. As the transactions are expected to occur on regular and continual basis in the ordinary and usual course of business of China Resources Enterprise, China Resources Enterprise has made an application to the Stock Exchange for a waiver from the relevant disclosure requirement under the Listing Rules.

Introduction

The directors of China Resources Enterprise announce that one of its subsidiaries, Redland, proposes to enter into transactions with China Resources Machinery and Minmetals (Holdings) Co. Ltd. ("CR Machinery and Minmetals") which constitute connected transactions for China Resources Enterprise under the Listing Rules. Redland is a 80% indirectly owned subsidiary of China Resources Enterprise. CR Machinery and Minmetals is incorporated in Hong Kong in September, 1997 and is a wholly owned subsidiary of China Resources (Holdings) Company Limited ("China Resources Holdings"), which is the controlling shareholders of China Resources Enterprise interested in about 57% of its issued share capital.

The Redland Group

Redland is a company incorporated in Hong Kong with limited liability. The Redland Group is principally engaged in the production, distribution and sale of ready-mixed concrete and other building material products in Hong Kong. In August, 1997, China Resources Enterprise, following approval by its independent shareholders in a shareholders' meeting, acquired an 80%

attributable shareholding interest in Redland from China Resources Holdings, the controlling shareholder of China Resources Enterprise.

The connected transactions

In its ordinary course of business, the Redland Group has purchased cement on an order by order basis from various trading suppliers located in Hong Kong and China as raw material for concrete production.

One of the wholly owned subsidiaries of China Resources Holdings, CR Machinery and Minmetals (and thus a connected person to China Resources Enterprise within the meaning of the Listing Rules) is also a supplier of cement with quality and specification suitable for Redland's concrete batching operation. It is proposed that Redland, subject to the fulfilment of Listing Rules' requirement on connected transactions, will purchase cement from CR Machinery and Minmetals on normal commercial terms by comparing to those prevailing in the market and those updated quotations available from independent third party suppliers of cement.

The waiver requested

Having considered the opinion of the management of Redland and the circumstances in which these connected transactions will arise, the directors of China Resources Enterprise, including its independent non-executive directors, consider that these proposed connected transactions will arise on regular and continual basis in the ordinary and usual course of business of the China Resources Enterprise Group and will be conducted on normal commercial terms and are fair and reasonable so far as shareholders of China Resources Enterprise are concerned. As the aggregate value of these connected transactions in any financial year is not expected to exceed 3% of the net tangible assets of, and 5% of the total turnover of, the China Resources Enterprise Group, China Resources Enterprise has made an application to the Stock Exchange for a waiver from making disclosure about these transactions on each occasion when they arise. The Stock Exchange has agreed to grant the waiver, subject to the following conditions:

- (1) the aggregate value of the purchases from CR Machinery and Minmetals in any financial year shall remain less than 3% of the net tangible assets of, and 5% of the total turnover of, the China Resources Enterprise Group in that financial year;
- (2) the transactions to be entered into are on normal commercial terms, fair and reasonable as far as shareholders of China Resources Enterprise are concerned, and in the usual and ordinary course of business of the China Resources Enterprise Group;
- (3) summary details of these transactions as set out in Rule 14.25(1)(A) to (D) of the Listing Rules including the parties and connected relationship, brief description and aggregate consideration will

be disclosed in each financial year in the annual report of China Resources Enterprise for that year;

(4) the independent non-executive directors of China Resources Enterprise shall review such transactions annually and confirm in the annual report of China Resources Enterprise of the relevant year that:

-- the transactions have been entered into by the China Resources Enterprise Group in the ordinary and usual course of its business;

-- the transactions have been entered into on normal commercial terms, and on terms that are fair and reasonable so far as shareholders of China Resources Enterprise are concerned;

-- the transactions have been carried out in accordance with the terms of the contracts governing such transactions or, where there is no such agreement, on terms not less favourable than terms available to, or from, as appropriate, independent third parties; and,

-- the limit set out in (1) above has not been exceeded;

and,

(5) the auditors of China Resources Enterprise shall review annually the transactions and confirm to the directors of China Resources Enterprise in writing, copies of which shall be provided to the Stock Exchange, that:

-- the transactions have been approved by the board of China Resources Enterprise;

-- the transactions have been entered into in accordance with the pricing policies of the China Resources Enterprise Group and have been entered into in accordance with the terms of the contracts governing such transactions or if there is no contract in writing, such transactions would have been entered into on terms not less favourable than terms available to, or from, as appropriate, independent third parties; and,

-- the limit set out in (1) above has not been exceeded.

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

Hong Kong, 18th March, 1999