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CHINA RESOURCES ENTERPRISE, LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

Announcement

The directors of China Resources Enterprise, Limited confirm that the company has been formally informed on 19th June, 2000 by its major shareholder, China Resources (Holdings) Company Limited, of its proposed restructuring plan which affects China Resources Enterprise, Limited and its subsidiaries including transforming China Resources Enterprise, Limited into a leading distribution company in Asia. Details of the proposed transformation have been made by China Resources (Holdings) Company Limited in a separate announcement dated 19th June, 2000.

The directors also confirm that the company is currently considering the proposal, however no final decisions have been made and no timetable has been set. When decisions have been made by the board of directors, the directors shall consider making appropriate disclosure as required under the Listing Rules.

The directors (the "Directors") of China Resources Enterprise, Limited (the "Company") confirm that the Company has been formally informed on 19th June, 2000 by its major shareholder, China Resources (Holdings) Company Limited ("CRH") of its proposed restructuring plan, which affects the Company and its subsidiaries. CRH informed the Company that it intends to transform the Company into a leading distribution company in Asia by transferring all its distribution and logistic related business to the Company. Details of the proposed restructuring plan have been made by CRH in a separate announcement dated 19th June, 2000 (the "Announcement").

The Directors also confirm that the Company is currently considering the impact to the Company of CRH's proposal as detailed in the Announcement. The Company's current principal business can be broadly grouped into four major divisions, namely, property development in Hong Kong and China, food and beverage, infrastructure and other investments. Under the CRH proposed restructuring plan, the Company shall upon completion of its Tsing Yi property development project, Villa Esplanada, cease to engage in Hong Kong property development business. The final phase of Villa Esplanada is

expected to be completed by the year 2001. Therefore, Villa Esplanada is expected to continue to contribute to the Company's earnings in the next two years.

No final decisions have been made and no timetable has been set for the proposed restructuring plan. Shareholders and Investors are advised that with the information available as at the date of this announcement, the Company believes that CRH is determined to proceed with the proposed restructuring plan.

However, any potential acquisitions of assets by the Company from CRH, the controlling shareholder of the Company holding approximately 55.4% interest, as a result of the proposed restructuring plan will constitute connected transactions to the Company under the Listing Rules and therefore may require disclosure and/or approval from the independent shareholders of the Company in general meeting.

When the Directors reach any decisions on the sections of the proposed restructuring plan which affects the Company, the Directors will make appropriate disclosure as required under the Listing Rules.

Shareholders and Investors are advised to exercise extreme caution when dealing in the securities of the Company.

By order of the Board of

China Resources Enterprise, Limited

Lee Yip Wah, Peter

Company Secretary

Hong Kong, 19th June, 2000