

China Resources Enterprise, Limited

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA RESOURCES ENTERPRISE, LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

Connected Transaction

On 24th July, 2001, Ng Fung Hong Limited, a subsidiary of the Company, entered into an agreement with the Purchasers in relation to the disposal by the Vendor of its 55% equity interests in East World International. Upon completion of the Agreement, the Company will have effectively disposed of its entire equity interests in East World International to the Purchasers for an aggregate consideration of HK\$10 million.

The Purchasers are existing substantial shareholders and directors of East World International and are considered as connected parties under the Listing Rules. Therefore, the Agreement constitutes a connected transaction for the Company under the Listing Rules. However, as consideration and value of the disposal fall within Rule 14.25(1) of the Listing Rules, shareholder approval of the Company is not required for the disposal. Details of the disposal required under the Listing Rules will be included in the next published annual report and accounts of the Company.

THE AGREEMENT

Date : 24th July, 2001

Vendor : Ng Fung Hong Limited ("NFH"), a subsidiary of the Company

Purchasers : Messrs. Chan Kim Man (for 27%) and Chan Kwok Wai (for 28%)

Asset to be disposed of

55% equity interest in East World International held by NFH prior to the disposal. Upon

China Resources Enterprise, Limited

Completion, the Company shall cease to have any direct or indirect equity interest in East World International. East World International's only asset is a 100% equity interest in Zhongshan Changrong Packaging Industrial Co., Ltd., which is engaged in the production and sale of packaging material. The audited financial performance of East World International for the two years ended 31st December, 2000 is as follow:

	2000 <i>HK\$m</i>	1999 <i>HK\$m</i>
Turnover	26.3	53.1
Profit/(Loss) before tax	(1.9)	5.4
Profit/(Loss) after tax	(2.0)	5.1

Consideration and Payment Terms

The consideration of HK\$10 million shall be payable in the following manner:

- (a) HK\$4 million on or before 30th July, 2001; and
- (b) HK\$6 million on or before 20th December, 2001.

The consideration was agreed after arm's length negotiations between the Vendor and the Purchasers on normal commercial terms with reference to East World International's business performance in recent year. The directors of the Company (including the independent non-executive directors) consider the term of the disposal to be fair and reasonable and of commercial benefit to the Company.

Completion

Completion of the Agreement is expected to take place within 7 days after the date of the Agreement.

REASON FOR DISPOSAL

NFH has adopted a strategy of expanding its food distribution operation in the Chinese Mainland. The Directors consider that the disposal represents a good opportunity for NFH to realize its investment in East World International and re-deploy the proceeds from the disposal for the development and future expansion of its food distribution operation.

China Resources Enterprise, Limited

GENERAL

As the purchasers are existing substantial shareholders and directors of East World International, the Agreement constitutes a connected transaction for the Company under the Listing Rule. As the consideration and value of the disposal falls within Rule 14.25(1) of the Listing Rules, no shareholder approval is required for the disposal. Details of the disposal required under the Listing Rules will be included in the next published annual reports and accounts of the Company.

DEFINITION

``Agreement" the sale and purchase agreement dated 24th July, 2001 entered into by Ng Fung Hong Limited and the Purchasers in relation to the disposal by Ng Fung Hong Limited of its 55% equity interest in East World International.

``Company" China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed in the Stock Exchange.

``East World International" East World International (Industrial Trading) Limited, a Company incorporated in Hong Kong.

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

27th July, 2001, Hong Kong

Please also refer to the published version of this announcement in the South China Morning Post