

China Resources Enterprise, Limited

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CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong under the Companies Ordinance)

Issue of US\$200,000,000 Convertible Guaranteed Bonds due 2006

by

Hebe Haven Inc.

(incorporated with limited liability under the laws of the Cayman Islands)

Pursuant to the Subscription Agreement dated 10th May 2001 and signed by China Resources Enterprise, Limited and Morgan Stanley & Co. International Limited, Morgan Stanley & Co. International Limited exercised its option to further subscribe for an additional US\$30,000,000 principal amount Convertible Guaranteed Bonds due 2006.

We refer to our announcement dated 10th May 2001. The directors of China Resources Enterprise, Limited (the "Company") are pleased to announce that pursuant to the terms and conditions of the Subscription Agreement dated 10th May 2001 between its wholly-owned subsidiary Hebe Haven Inc. (the "Issuer"), the Company and Morgan Stanley & Co. International Limited ("MSIL"), MSIL has exercised in full its option to subscribe a further US\$30,000,000 principal amount of Convertible Guaranteed Bonds due 2006 (the "Optional Bonds").

China Resources Enterprise, Limited

The Optional Bonds will upon issue, carry a right to convert into shares of HK\$1.00 each in the capital of the Company at the initial conversion price of HK\$15.00 per share (subject to adjustment). The Optional Bonds will be issued at the same time and on the same terms as the US\$200,000,000 principal amount of Convertible Guaranteed Bonds due 2006 expected to be issued upon completion of the Subscription Agreement which is expected to take place on or about 31st May 2001.

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

Hong Kong, 17th May 2001

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