



# CHINA RESOURCES ENTERPRISE, LIMITED

(Incorporated in Hong Kong with limited liability)

## CONNECTED TRANSACTIONS

The directors of China Resources Enterprise, Limited announced that Vanguard, a 65% subsidiary of the Company, has entered into two contracts (the “Contracts”) with China Resources Construction on 25th September, 2002 respectively for (i) the construction of its logistics center in Shenzhen, at the consideration of RMB54.11 million, equivalent to approximately HK\$50.86 million; and (ii) the construction and decoration of Vanguard’s Hua Biao shop located in Guangzhou, Tian He District, at the total consideration of RMB19.46 million (equivalent to approximately HK\$18.3 million).

China Resources Construction is an indirect wholly-owned subsidiary of CRNC. As CRNC is the ultimate holding company of CRH, the controlling shareholder of the Company, interested in approximately 55.47% of the Company’s issued share capital, each of the Contracts constitutes a connected transaction of the Company under the Listing Rules.

### THE CONTRACTS DATED 25TH SEPTEMBER, 2002

#### Parties:

- (1) Vanguard
- (2) China Resources Construction

#### Subject Matter

##### Construction Contract for logistics centre in Shenzhen

The main construction works to be performed under the Construction Contract include, amongst other things, site formation and foundation work of the surrounding areas, construction of superstructure and installation of prescribed ventilation, security and drainage systems for a three-storey logistics centre located in Shenzhen with a gross floor area of approximately 44,083 square metres. The construction works are expected to be completed in February 2003.

##### Construction and Decoration Contract for Hua Biao Shop in Guangzhou

The works to be performed under the Construction and Decoration Contract include: (i) all the interior installation and decoration works; and (ii) all the air-conditioning purchase and installation and wiring engineering works, for Vanguard’s Hua Biao shop located in the Tian He District in Guangzhou. Hua Biao shop in Guangzhou comprises a total floor area of over 17,000 square metres. Such works are expected to be fully completed in November 2002.

The Contracts were entered into pursuant to invitations for tender issued by Vanguard in which four to five construction companies have participated in each case. China Resources Construction was chosen as the contractor for these various projects after careful consideration of the respective tenders submitted (including mainly the bid prices and the size and reputation of the respective tenderers).

#### Consideration

##### Construction Contract for logistics centre in Shenzhen

Under the Construction Contract, Vanguard shall pay to China Resources Construction in stages a total amount of RMB54.11 million (equivalent to approximately HK\$50.86 million). The amount was arrived at on the basis of the estimates of total construction costs by reference to the proposed design and specifications of the Construction. Accordingly, such amount will be adjusted in the event of any change in design or other factors which result in any increase or decrease in construction costs, as certified by the engineer on-site designated by Vanguard. Of the full amount, a sum of RMB8.12 million (equivalent to approximately HK\$7.63 million), representing fifteen percent (15%) thereof, would be payable within fourteen (14) days of signing of the Construction Contract. The amount of RMB43.97 million (equivalent to approximately HK\$41.33 million) shall be paid by way of unequal monthly instalments with reference to the progress of the Construction. A final payment of RMB2.02 million (equivalent to approximately HK\$1.90 million), being approximately 3.74 percent of the total amount payable, will only be payable within fourteen (14) days after the expiration of a two-year warranty period commencing from completion of works. A cash performance bond of RMB3 million (equivalent to approximately HK\$2.82 million) will also be provided to Vanguard by China Resources Construction. Such performance bond shall be refunded to China Resources Construction within a period of fourteen (14) business days after completion of construction. It is expected that, the logistics center, once completed, would be in a position to provide logistics and distribution services to all the major hypermarket stores in the Guangdong province.

##### Construction and Decoration Contract for Hua Biao Shop in Guangzhou

Under the Construction and Decoration Contract, Vanguard shall pay to China Resources Construction: (i) RMB15 million (equivalent to approximately HK\$14.1 million) for the decoration works in unequal instalments with reference to progress of the decoration works, and (ii) RMB4.46 million (equivalent to approximately HK\$4.2 million) in stages with reference to the completion of the different installation and wiring works. The Construction and Decoration Contract further provides that of the RMB15 million (equivalent to approximately HK\$14.1 million) payable for the decoration works, RMB5.55 million (equivalent to approximately HK\$5.22 million) representing 37 percent thereof, shall only be payable within three days after completion of works to the satisfaction of Vanguard and the last instalment of RMB0.45 million (equivalent to approximately HK\$0.42 million), representing 3 percent of the total consideration, shall be payable only after expiration of a one-year warranty period commencing from completion of works; and where there is no change to the scheduled decoration works to be performed under the Construction and Decoration Contract, RMB1 million (equivalent to approximately

HK\$0.94 million) shall be retained by Vanguard. Of the RMB4.46 million (equivalent to approximately HK\$4.2 million) payable for the air-conditioning and ventilation engineering works, the last instalment of RMB446,000 (equivalent to approximately HK\$419,240) shall be payable only within fifteen (15) days after the expiration of a two-year warranty period commencing from completion of works. The respective consideration was arrived at on the basis of the total estimated costs of works involved. Hua Biao shop is the first Vanguard shop to be set up in the Tian He District of Guangzhou and it is expected that the opening of Hua Biao shop will facilitate the further expansion of Vanguard’s distribution and retailing network in the Guangdong province.

The directors of the Company (including the independent non-executive directors) consider that the terms of the Contracts are fair and reasonable as far as the independent shareholders of the Company are concerned.

### INFORMATION ABOUT THE COMPANY

The Company is a listed company on the Hong Kong Stock Exchange, with business emphasis on the distribution business in Hong Kong and the Chinese Mainland. The Group has a well-diversified portfolio of businesses in both Hong Kong and the Chinese Mainland, including retail, beverage, food processing and distribution, textile, petroleum and chemical distribution, property and other investments.

### GENERAL

As China Resources Construction is indirectly wholly-owned by CRNC, the ultimate holding company of CRH, which is in turn the controlling shareholder of the Company interested in approximately 55.47% of the Company’s issued share capital, China Resources Construction is a connected person (as defined in the Listing Rules) of the Company. The total consideration payable under the Contracts is less than the higher of HK\$10 million or 3% of the book value of the net tangible assets of the Company as shown in the audited consolidated accounts of the Company as at 31st December, 2001. Pursuant to Rule 14.25(1) of the Listing Rules, details of the Contracts will be disclosed in the next published annual report and the accounts of the Company.

### DEFINITIONS

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| “China Resources Construction”         | 華潤建築有限公司 (China Resources Construction Corp.), an indirect wholly owned subsidiary of CRNC incorporated in People’s Republic of China   |
| “Company”                              | China Resources Enterprise, Limited   |
| “Contracts”                            | the Construction Contract and the Construction and Decoration Contract  |
| “Construction”                         | the construction of a three-storey logistics center in Pinghu, Shenzhen pursuant to the Construction Contract   |
| “Construction and Decoration Contract” | a construction and decoration contract dated 25th September, 2002 between Vanguard and China Resources Construction in relation to the performance of (i) certain construction and decoration works; and (ii) air conditioning and ventilation engineering works, by China Resources Construction for Vanguard’s Hua Biao shop in Guangzhou |
| “Construction Contract”                | a construction contract dated 25th September, 2002 between Vanguard and China Resources Construction in relation to the Construction  |
| “CRH”                                  | China Resources (Holdings) Company Limited, the controlling shareholder of the Company  |
| “CRNC”                                 | 中國華潤總公司 (China Resources National Corporation), a state-owned enterprise established in the People’s Republic of China  |
| “Group”                                | the Company and its subsidiaries  |
| “Vanguard”                             | 華潤萬佳超級市場有限公司 (China Resources Vanguard Supermarket Co., Ltd.), a 65% owned subsidiary of the Company  |

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

Hong Kong, 25th September, 2002