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華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

CONNECTED TRANSACTION

The directors of China Resources Enterprise, Limited announced that Xin Jiang Cheng, a wholly-owned subsidiary of the Group, has engaged China Resources Construction as the main contractor for the construction, renovation, addition and alteration works on the Property for a consideration of RMB199.8 million (equivalent to approximately HK\$191.4 million) pursuant to the Construction Contract entered into on 24th November, 2005.

China Resources Construction is an approximately 100% owned subsidiary of CRNC. As CRNC is the ultimate holding company of CRH, the controlling shareholder of the Company interested in approximately 54.8% of the Company's issued share capital, China Resources Construction is a connected person of the Company and the Construction Contract constitutes a connected transaction of the Company under the Listing Rules. As each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to total consideration payable under the Construction Contract is less than 2.5%, the Construction Contract is a connected transaction only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

THE CONSTRUCTION CONTRACT

Date: 24th November, 2005

Parties:

- (i) Xin Jiang Cheng, a wholly-owned subsidiary of the Company and the owner of the Property.
- (ii) China Resources Construction, a company established in the PRC and is primarily engaged in the provision of construction services in the PRC.

Main Terms: Under the Construction Contract, China Resources Construction is engaged to perform, among other things, the construction, renovation, addition and alteration works on the basement and the first to the fourth floors of a six-storey multi-function commercial building with a gross floor area of approximately 62,915 square metres situated at No. 196, Jian She Lu, Jiangmen City, Guangdong Province, the PRC. The Property and the land of approximately 9,366 square metres on which the Property is situated are owned

by the Group. Upon completion, which is expected to be on or before 31st March, 2006, part of the Property is intended to be used as a superstore of the Group and the remaining portion will be leased out.

Consideration: RMB199.8 million (equivalent to approximately HK\$191.4 million) which will be satisfied through internal resources of the Group.

The consideration payable by Xin Jiang Cheng under the Construction Contract is adjustable should there be any change in the specifications of the work requested by Xin Jiang Cheng. As the contract amount under the Construction Contract may be adjusted pursuant to any change in the designs and specifications of the works to be performed thereunder, the Company will re-comply with the Listing Rules if any of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the final aggregate consideration payable under the Construction Contract exceeds 2.5%.

Payment Terms: The contract amount will be payable monthly according to the amount of works performed and certified by the quantity surveyor. 90% of the monthly certified amount will be paid to China Resources Construction, 5% of it will be retained as deposits for the guarantee on various matters such as completion time and safety, while the remaining 5% will be retained as defects liability deposit. The former 5% deposits will be released upon completion of the project while the latter will be released after the end of the 12 month defect liability period and after all defects are rectified.

The Tender Process: The Construction Contract was entered into pursuant to invitations for tender in which two other independent construction companies in the PRC, not being connected persons of the Company nor otherwise connected with the directors, chief executive or substantial shareholders of the Group or their respective associates, were also invited to participate. Guangzhou City Prime Development Consultants Co., Ltd. (廣州市百業建設顧問有限公司), not being a connected person of the Company nor otherwise connected with the directors, chief executive or substantial shareholders of the Group or their respective associates, was appointed by Xin Jiang Cheng as the tender agent to conduct the tendering process.

A committee of five members, comprising the project architect from Xin Jiang Cheng, the assistant civil engineer from the tender agent, and representatives from the quantity surveying consultant, the architectural consultant and the building services consultant involved in the project, was established to select the contractor from the tenders. China Resources Construction was selected by the committee as its contract amount was the lowest, its proposed delivery schedule was the shortest, and also due to its technical expertise, size and reputation.

The board of directors (including the independent non-executive directors who attended the relevant board meeting, namely, Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh and Dr. Li Ka Cheung, Eric) of the Company considers that the Construction Contract is on normal commercial terms and the terms of the Construction Contract are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a company listed on The Stock Exchange of Hong Kong Limited, 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

China Resources Construction is an approximately 100% owned subsidiary of CRNC. As CRNC is the ultimate holding company of CRH, the controlling shareholder of the Company interested in approximately 54.8% of the Company's issued share capital, China Resources Construction is a connected person of the Company and the Construction Contract constitutes a connected transaction of the Company under the Listing Rules. As each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the total consideration payable under the Construction Contract is less than 2.5%, the Construction Contract is a connected transaction only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

Apart from the Construction Contract, the Group entered into other construction contracts of an aggregate amount of approximately HK\$18.8 million with China Resources Construction within the past twelve months. Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the aggregate consideration payable under the Construction Contract and these other construction contracts remains less than 2.5%.

DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules
“China Resources Construction”	華潤建築有限公司 (China Resources Construction Corp.), an approximately 100% owned subsidiary of CRNC and is incorporated in the PRC

“Company”	China Resources Enterprise, Limited
“Construction Contract”	the construction contract dated 24th November, 2005 between Xin Jiang Cheng and China Resources Construction for the construction, renovation, addition and alternation works on the basement and the first to the fourth floors of the Property
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and 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 PRC and the ultimate holding company of CRH
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Property”	the six-storey multi-function commercial building with a gross floor area of approximately 62,915 square metres, with a basement, situated at No. 196, Jian She Lu, Jiangmen City, Guangdong Province, the PRC

“Xin Jiang Cheng”

新江城實業（深圳）有限公司
(Xin Jiang Cheng Enterprise
(Shenzhen) Co., Ltd.), a wholly-owned
subsidiary of the Group established in
the PRC as an investment holding
company for the Property

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

Hong Kong, 24th November, 2005

As at the date of this announcement, the executive directors of the Company are Mr Song Lin (Chairman), Mr Chen Shulin (Managing Director), Mr Qiao Shibo (Deputy Managing Director), Mr Yan Biao (Deputy Managing Director), Mr Keung Chi Wang, Ralph (Deputy Managing Director), Mr Lau Pak Shing, Mr Wang Qun and Mr Kwong Man Him. The non-executive directors are Mr Jiang Wei and Mr Xie Shengxi. The independent non-executive directors are Dr Chan Po Fun, Peter, Mr Houang Tai Ninh, Dr Li Ka Cheung, Eric and Mr Cheng Mo Chi, Moses.

“Please also refer to the published version of this announcement in The Standard.”