



**Press Release
For Immediate Release**

**China Resources Enterprise, Limited Plans To Acquire
A 65% Stake In Vanguard**

(June 3, 2002, Hong Kong) China Resources Enterprise, Limited (Stock Code: 0291) ('The Company' or 'China Resources') announced that the Company has entered into an agreement with its ultimate parent company, China Resources National Corporation ('CRNC'), and Zhong Run, a CRNC's wholly-owned subsidiary, for the acquisition of their 65% interests in China Vanguard Super Department Co., Ltd, ('Vanguard'). Vanguard is currently the largest hypermarket chain operator in Guangdong, China. The consideration (all payable in cash by internal resources) of the acquisition is RMB372 million which represents 65% of the total cost of investments made by CRNC Group in their acquisition of Vanguard, and a 12.36 times PE based on 2001 earnings. Half of the consideration, i.e. RMB186 million will be settled within a period of 10 business days from fulfillment of all conditions specified, whilst the balance will be settled within ten business days of the issue of the new business license of Vanguard. Vanguard is proposed to be renamed as China Resources Vanguard Co., Ltd. upon completion of the acquisition.

The acquisition is conditional, amongst other things, the passing of a resolution by independent shareholders approving the acquisition agreement at an EGM; and approvals issued by all relevant PRC approval authorities.

The Company and CRNC also entered into an option agreement whereby the Company is granted an option to acquire from CRNC at historical cost any of CRNC's remaining 35% ownership interests in Vanguard, as and when PRC regulatory environment permits or approval from relevant authorities is obtained. The option is exercisable in stages before December 31, 2003. After December 31, 2003, the Company is given a first right of refusal should CRNC decide to sell all or any part of its remaining 35% ownership interests in Vanguard to any third parties.

Vanguard was set up in 1991 and is currently running nine hypermarket stores in Shenzhen, Zhongshan, Zhuhai and Guangzhou. Each of these hypermarket stores carries an average of 60,000 items to suit local tastes as well as spacious shopping area of between 8,000 and 23,000 square meters.

Vanguard has consolidated audited net profits after tax and extraordinary items of RMB46.3 million as at December 31, 2001, a 44.6% up from RMB32 million the same period in 2000. Its consolidated audited net tangible assets as at December 31, 2001 amounted to approximately RMB333.3 million.

“The acquisition of Vanguard will complement the Company’s retail-led distribution plan and further establish our market leadership in the retail business in China. Vanguard has been well managed by a team of competent executives with impressive performance. We are planning to open ten more stores by end of this year” said Mr. Ning Gaoning, Chairman of China Resources. “And we see substantial benefits in various ways from the acquisition. In particular, combining the sales of Vanguard and our supermarket operations will enable us to centralize sourcing and logistics arrangements that are key to initiate better supply chain and logistics management. Coupled with a larger operation scale, we will also be able to enjoy lower operating costs and enhance overall efficiency and ultimately better margin,” Mr. Ning added.

He also mentioned that the Company is currently working with an international consultant on the Company’s overall retailing strategy and its implementation plan.

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About China Resources National Corporation

China Resources National Corporation is the holding company of China Resources (Holdings) Company Limited, the controlling shareholder of the Company, holding an effective shareholding interest of about 55.6%.

About China Resources Enterprise, Limited

Established in 1992, China Resources Enterprise, Limited is a listed company on the Hong Kong Stock Exchange with a well-diversified range of businesses in both Hong Kong and China, including one of the largest retail chain operations, food processing and distribution, breweries, textile, petrochemical distribution and property investment.

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The announcement of the connected transaction will be posted to the South China Morning Post and Hong Kong Economic Times on June 4, 2002 and the corporate web site at www.cre.com.hk. Information can also be accessed via www.irasia.com.