

**For Immediate Release**

**Press Release**

**China Resources Enterprise Acquired Logistics Business**

[Hong Kong, 24<sup>th</sup> July, 2003] China Resources Enterprise, Limited (HKEx:0291) (or 'The Company') entered into a Sale and Purchase Agreement today with its holding company, China Resources (Holdings) Company Limited, for the acquisition of the entire issued share capital of China Resources Logistics (BVI) Limited (or 'CRL(BVI)') and the benefits of the related shareholders' loan. The aggregate consideration of HK\$128,950,561, comprising HK\$81,950,561 for the sale shares and HK\$47,000,000 for the shareholders' loan, will be payable in cash funded by the Company's internal resources. The consideration was based on the unaudited proforma combined net asset value of CRL(BVI) at the end of last year and the value of the shareholders' loan. CRL(BVI) is principally engaged in the logistics business in Hong Kong and in the Chinese Mainland. In Hong Kong, its business operations include managing a godown and a multi-purpose port and providing freight forwarding, cargo consolidation and lighterage services; whereas in the Chinese Mainland, its principal business operation is to provide freight forwarding, distribution and logistics management services of fast moving consumer goods (FMCG) and industrial products, with operations covering various provinces and cities. The unaudited proforma combined net profits of CRL(BVI) for the two years ended 31<sup>st</sup> December, 2002 were HK\$6,975,363 and HK\$18,249,591 respectively.

The transaction is part of the Company's plan to become a leading retail-led distributor that is facilitated by an established logistics and supply chain management system and network. As the Company's presence in the FMCG distribution businesses is growing, there is a rising demand for logistics resources and management expertise. By bringing in more logistics expertise and support, the Company anticipates that the competence of its retail-led distribution businesses will be strengthened considerably and the overall cost efficiency of the businesses will be improved. The integration of the management and customer base of CRL(BVI) with the Company's existing logistics operation will also immediately broaden their revenue source and enable better sharing of resources.

Mr. Ning Gao Ning, Chairman of China Resources Enterprise, Limited said, "The acquisition will reshape the logistics operation of the Company. In the short term, operational efficiency will be enhanced and in future, the operation will be integrated with our retailing business' logistics operation with a focus on FMCG. It will grow hand-in-hand with the development of our retailing business consolidating with the latter's procurement and distribution center functions."

**China Resources Enterprise, Limited**

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The acquisition is subject to obtaining all relevant Chinese Mainland approvals for acquiring the Chinese Mainland operations of CRL (BVI).

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### **About China Resources Enterprise, Limited**

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and is also traded on SEAQ International of the London Stock Exchange. It is also one of the constituent stocks of the Hang Seng Index in Hong Kong and Hang Seng London Reference Index. The Group has a well-diversified portfolio of businesses in both Hong Kong and the Chinese Mainland, with principal activities being retail, beverage, food processing and distribution, textile and petroleum distribution.

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