

For Immediate Release

Press Release

**Ng Fung Hong Signed Joint Venture Agreement with Shanghai New Asia Group
Building the Cornerstone for Entering the Mainland Meat Market**

[Hong Kong, 31st March, 2003] China Resources Enterprise, Limited (or 'The Company') (Stock Code: 0291) today announced that its wholly-owned subsidiary, Ng Fung Hong Limited (or 'Ng Fung Hong'), has entered into a joint venture agreement with 上海新亞 (集團) 有限公司 (Shanghai New Asia (Group) Company) (or 'Shanghai New Asia Group') for the development of "Shanghai Meat Processing Center" project. The signing ceremony took place at InterContinental Pudong Shanghai Hotel. Mr. Tang Deng Jie, Vice Mayor of Shanghai Municipal Government, Mr. Chen Xin Hua, Chairman of China Resources (Holdings) Company Limited, Ms. Guo Li, Assistant Minister of the Ministry of Commerce as well as other senior officials were present at the signing ceremony. Mr. Ning Gaoning, Chairman of the Company, Mr. Song Lin, Managing Director of the Company and Mr. Chen Shu Lin, Deputy Managing Director of the Company; Mr. Chen Shi Jia, Chairman of Shanghai New Asia Group and Mr. Yu Min Liang, Managing Director of Shanghai New Asia Group also participated in the ceremony.

According to the joint venture agreement, Ng Fung Hong will hold 51% stake in the joint venture. Ng Fung Hong and Shanghai New Asia Group intend to invest in aggregate RMB 360 million to build a modern meat processing center at Shanghai Jiading Ding District with an annual slaughtering capacity of 3 million heads that can efficiently handle pig slaughtering, pork slicing and cooked meat processing. The processing center is expected to be completed and start operation by the end of 2004. Upon completion, the processing center will form a vertically integrated meat products supply chain that involves pig rearing, slaughtering, slicing, meat products processing, by-products processing, distribution as well as retailing at specialty stores. Both parties share the goal to offer high quality meat products via capital investment, technology and efficient management.

Mr. Ning Gaoning, Chairman of China Resources Enterprise, Limited stated, "Our partnership with Shanghai New Asia Group marks our first foray into the mainland meat market. It also goes hand in hand with our retail-led distribution strategy and sets an important cornerstone. The partnership will integrate the extensive international and local experience of both parties as well as their strength in distribution and brand. It is a win-win cooperation."

To ensure food products offered to consumers are of high safety standard and to enhance the public living standard, the Shanghai Municipal Government has been vigorously promulgating a "safe meat" campaign. To achieve the objectives, the government has regulated the construction of large-scale meat processing



centers in rural areas and at the same time commanded the closure of a number of mid- to small-sized slaughtering houses to implement strict and centralized quarantine procedures as well as promoting systematic production. The construction of the planned meat processing center will further alleviate the consumer concerns about meat safety, minimize environmental pollution, regulate competition and enhance the overall consumption standard.

Ng Fung Hong Limited, a wholly-owned subsidiary of China Resources Enterprise, Limited, is a food conglomerate engaged in production, processing, transportation, livestock rearing and slaughtering, wholesaling, retailing and international trading. It is also the largest importer and wholesaler of Chinese food products into Hong Kong. Approximately two million live pigs, 60,000 live cattles and over 80,000 tonnes of frozen meat are imported from more than 400 pig farms and 200 cattle farms in the Chinese Mainland via the well-known “San Tang Kuai Che” (meaning three express trains everyday from the mainland to ensure timely delivery of fresh livestock into Hong Kong). Ng Fung Hong also manages one of Asia’s most advanced slaughterhouses in Hong Kong – the Sheung Shui Slaughterhouse. At present, it has a market share of over 80% and distributes its fresh food products via over 1,000 Ng Fung-branded distributors in Hong Kong.

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 Company 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.

About Shanghai New Asia (Group) Company

Shanghai New Asia (Group) Company is a pre-eminent mainland conglomerate engaged in a diversified portfolio of businesses including hotels, food and beverages, food processing and transportation, tourism and social services. Its food subsidiary is the first to implement “safe meat” project in Shanghai and expand the concept further. It also owns the country’s largest cold storage facilities, three large scale meat wholesaling centers and about 250 “Shangshi” retail butcher outlets, representing an early integrated network for pig rearing, slaughtering and processing, distribution and retailing.

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