

**For Immediate Release**

**Press Release**

**China Resources Enterprise Adds Stake in Suguo to Strengthen its Leading Position in Jiangsu**

[Hong Kong, 1 June, 2004] China Resources Enterprise, Limited ('The Company' or 'CRE') (HKEx Stock Code: 0291) announced that it, via a wholly owned subsidiary, has entered into an acquisition agreement with Jiangsu Foodstuff Co., Ltd. ('Jiangsu Foodstuff') for the acquisition of a 24.25% equity interest in Suguo Supermarket Co., Ltd. ('Suguo'), a subsidiary of the Company, for a cash consideration of RMB310 million. Suguo is currently being 49.25% owned by CRE. Upon completion of the acquisition, Suguo will be 73.5% owned by the Company, with the remaining 15% being owned by Jiangsu Foodstuff and 11.5% being owned by Beijing Zheng Xin Gang Technology Development Co., Ltd. The latter is a subsidiary of the Company's ultimate holding company.

Suguo is currently the largest supermarket chain in Jiangsu province with 65 superstores, 58 supermarkets and 191 convenience stores as at the end of last year. For the year ended 31 December, 2003, the audited consolidated turnover and net profit for Suguo was RMB3,263.6 million and RMB46.8 million respectively, representing an increase of 25.1% and 14.5% from that of previous year. Based on the audited consolidated net profit of Suguo for the year ended 31 December, 2003 and after adjusting for an increase in registered capital of Suguo in December 2003, the consideration represents a historic price earnings multiple of about 23.0 times. The performance of Suguo further improved with a 36.5% increase in turnover in the first quarter of 2004.

CRE's supermarket business in the Chinese Mainland is managed principally via two subsidiary companies, CR Vanguard and Suguo, which are market leaders in Guangdong province and Jiangsu province respectively. Following the acquisition, the Company strongly believes that its existing supermarket operations in eastern China, particularly those in Suzhou, will be the first to benefit from a strengthened position with its suppliers, a more efficient supply chain and a more extensive distribution network. On the other hand, Suguo will also be in a better financial position to expand into neighboring provinces with the support of CRE.

Following completion of the acquisition, CRE's aggregate investment cost for its 73.5% interest in Suguo was approximately RMB681.4 million. Excluding the effect of the increase in registered capital of Suguo in December 2003, the adjusted aggregate investment cost of the Company represents a historic price multiple

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of about 15.5 times the attributable net profit for the year ended 31 December, 2003.

CRE Chairman, Mr. Frank Ning, said, “The further consolidation of our stake in Suguo is instrumental in driving synergies of our entire supermarket operations in Jiangsu. The expanded supply chain and the associated cost benefits will further improve our profitability and strengthen our market leadership in the nation’s most affluent cities. It also helps accelerate the growth momentum and further strengthens CRE’s capacity as one of the top retailers in the Chinese Mainland.”

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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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For details of the transactions, please refer to the Hong Kong Economic Times and South China Morning Post on 2 June, 2004 or the corporate web site at [www.cre.com.hk](http://www.cre.com.hk). Information can also be accessed via [www.irasia.com/listco/hk/chinaresources](http://www.irasia.com/listco/hk/chinaresources).

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