

For Immediate Release
Press Release

Ng Fung Hong Disposed Of Its Entire Interest in Xuzhou VV Food & Beverage

[Hong Kong, 14 April, 2005] China Resources Enterprise, Limited (or 'The Company') (HKEx Stock Code: 0291) today announced that its wholly-owned subsidiary, Ng Fung Hong, has signed an agreement to dispose of the entire issued share capital of its wholly-owned enterprise, Giant Harvest Limited, which holds 25.09% stake in the A-share listed associated company, Xuzhou VV Food & Beverage Limited ("VV Food & Beverage"), to an independent third party, Otsuka Pharmaceutical Co., Ltd, for a cash consideration of about RMB432.2 million. At present, Giant Harvest Limited holds 82.80 million non-floating legal shares in VV Food & Beverage and is its second largest shareholder. Under the agreement, the sale price would represent that these non-floating legal shares in VV Food & Beverage will be sold at RMB5.22 per share, representing a price/earnings multiple of about 19.0 times based on VV Food & Beverage's earnings for the fiscal year ended 31 December, 2004 of approximately RMB90.5 million. The net assets of VV Food & Beverage amounted to approximately RMB\$1,419.6 million as at 31 December, 2004.

VV Food & Beverage was listed on Shanghai Stock Exchange in 2000. It produces and markets fresh milk, soybean milk, milk powders, flour, oatmeal, and other food and beverage products. As a result of the listing, Ng Fung Hong already recorded a deemed disposal profit of HK\$172.2 million in the fiscal year ended 31 December, 2000 and its shareholding in VV Food & Beverage was diluted from the original 36% to the present 25.09%.

"Our investment in VV Food & Beverage has generated a very satisfactory return over the past five years. The disposal is part of the Group's efforts to restructure the non-core assets, with a concurrent aim of realizing their value, so as to focus on our retail-led distribution strategy. Coupled with the sale of our 40.5% stake in Qingdao Qirun, which operates some oil facilities in Qingdao city, for RMB480 million in two tranches, the Group has already realised more than HK\$850 million from the disposal of these non-core investments within the past six months," said Mr. Song Lin, Chairman of the Company.

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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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