CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong with limited liability)

Press Release

CRE ACQUIRED 100% OF THE RETAIL OPERATION AND ITS PROPERTIES FROM PARENT COMPANY

(Hong Kong - 9th September 1999) The Directors are pleased to announce that on 8th September 1999, the Company entered into an agreement with China Resources (Holdings) Co., Ltd. ("CRH") in relation to the acquisition by the Company of CRH's entire interest in FCI, a wholly owned subsidiary of CRH, and the Debt owed by the FCI Group to CRH for an aggregate consideration of approximately HK$2,720 million. The sole asset of FCI is its entire interest in CRR whose principal businesses are engaged in the operation of department stores and property investments in Hong Kong.

Consideration

The aggregate Consideration of approximately HK$2,720 million has been arrived at after arm's length negotiations between the parties thereto based on the valuation as estimated by the Directors on properties belonging to the FCI Group with reference to the indicative market valuation of such properties as prepared by an independent professional valuer.

The Consideration represents a discount of approximately 26.9% to the unaudited pro forma net tangible asset value of the FCI Group ("Adjusted NAV") as at 30th June 1999 of approximately HK$3,722 million after adjustment for the current market value of the properties and the Debt.

The Consideration will be payable in the following manner:

- as to HK$680,610,000 in cash and HK$1,359,390 million by the issue of 113 million Shares at an issue price of HK$12.03 per Share upon Completion; and

- as to HK$680,000,000 in cash on or before 31st March 2000.

The cash portion for the Consideration will be funded by proceeds raised on 6th July 1999 through the placement of the Company's Shares to professional and institutional investors.

The issue price of HK$12.03 per Consideration Share represents a discount of approximately 1.8% to the closing price of Share of HK$12.25 per Share as quoted on the Stock Exchange at the date of signing the Agreements; and a discount of approximately 2.6% to the average of the closing prices of Share for the last five trading days preceding and up to the date of the Agreements.

Completion

Completion of the Agreements shall take place within 14 business days after the date when the conditions set out in the respective agreements have been fulfilled and, in any event, not later than 30th November 1999.

INFORMATION ON THE FCI GROUP

The FCI Group has two principal operating subsidiaries namely, China Resources Department Store ("CRCDS") and Chinese Arts and Crafts ("CAC"). CRCDS is engaged in the operation of department stores under the name of "華潤百貨" whilst CAC is engaged in the operation of specialty retail stores under the name of "中藝" in Hong Kong.

At present, CRCDS and CAC together operate 11 department stores in Hong Kong, of which the premises of six stores are owned by the FCI Group, and the remaining stores being leased from CRH and other independent third parties.

Based on the estimated value of the properties owned by the FCI Group, the Adjusted NAV of the FCI Group as at 30 June 1999 would have amounted to approximately HK$3,722 million.

REASONS FOR THE ACQUISITION

The Company is the principal listed subsidiary of CRH. The principal activities of the Company currently include property development and investment, food and beverage, infrastructure and other investments. The Company's long-term strategy has always been to expand its existing core business areas and develop a retail and distribution operation in Hong Kong and the PRC. The Directors consider that the Acquisition is in line with the Company's business strategy. **The Directors believe that the Acquisition will increase its recurrent income base and strengthen the Company's balance sheet. In addition, the Acquisition marks a significant advancement for the Company towards developing a retail and distribution business covering Hong Kong and China.**

Investment property

The Directors notice that the FCI Group, apart from its retail businesses, **owns sizeable commercial spaces of an aggregate gross floor area of approximately 500,000 square feet.** All of these premises are located in high-density commercial districts including Causeway Bay, Mongkok, Tsimshatsui and Tsuen Wan where sizeable retail spaces are limited. The Directors consider that the prevailing annual rental yield on similar commercial premises ranges from 7% to 10%.

The Directors consider that apart from the upside potential in the retail business of the FCI Group, the Acquisition also provides the Group with sizable commercial space reserves which offer the flexibility of leasing out these premises for higher recurring rental income or, if circumstances are favourable, to redevelop these premises into new commercial properties and/or shopping arcades. This would serve to maximize the redevelopment potential of the existing premises for a higher recurrent income to the Group in the long run when opportunities arise.

Retail and distribution business

The Directors also consider that the Acquisition provides an opportunity for the Company to diversify its business into the retail sector at an inexpensive cost. Furthermore, to better equip for the recovery of the economy and the retail industry, the

Company has set up a retail management team to manage the Company's retail business. The Company has recruited professional management, as well as engaging external consultants, to revamp the FCI Group including the corporate image, brand name rejuvenation, market segmentation and business focus so as to reposition itself in the competitive local retail industry.

With the set up of a professional retail management team and the growing signs for the recovery of the local economy and the retail industry, the Directors believe that the business environment and conditions of the FCI Group should continue to improve in future. Together with the potential recurrent rental income and the property redevelopment opportunities, the Directors consider that the Acquisition is in the best interests of the Company.

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For announcement, please refer to
"http://www.irasia.com/listco/hk/chinaresources/press/index.htm"