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華潤創業有限公司
China Resources Enterprise, Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

CONNECTED TRANSACTION
ACQUISITION OF 55% EQUITY INTEREST IN A FOOD COMPANY
IN SICHUAN PROVINCE

The directors of China Resources Enterprise, Limited announced that on 23 December 2009, Ng Fung Hong, a wholly-owned subsidiary of the Group, entered into two agreements with each of Sanjiu Pharmaceutical and Yaan Sanjiu for the acquisition of an aggregate of 55% equity interest in the Target Company. The total consideration for the foregoing acquisition is RMB58 million (approximately HK\$66.1 million) which will be satisfied in cash.

Sanjiu Pharmaceutical and Yaan Sanjiu are both subsidiaries of Sanjiu Medical & Pharmaceutical Co., Ltd, which is listed on the Shenzhen Stock Exchange and is in turn a subsidiary of CRH. As such, Sanjiu Pharmaceutical and Yaan Sanjiu are connected persons of the Company and the Sanjiu Pharmaceutical Acquisition and the Yaan Sanjiu Acquisition constitute connected transactions of the Company under the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 2.5%, the Sanjiu Pharmaceutical Acquisition and the Yaan Sanjiu Acquisition are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

THE SANJIU PHARMACEUTICAL AGREEMENT

Date:	23 December 2009
Vendor:	Sanjiu Pharmaceutical
Purchaser:	Ng Fung Hong
Assets to be acquired:	44% equity interest in the Target Company
Consideration:	RMB46.4 million (approximately HK\$52.9 million). Such consideration will be satisfied in cash, of which RMB23.2 million (approximately HK\$26.5 million) will be payable within 3 business

days after the signing date of the Sanjiu Pharmaceutical Agreement, RMB13.2 million (approximately HK\$15.0 million) will be payable within 20 business days after the business registration of the Target Company has been changed as a result of the Sanjiu Pharmaceutical Acquisition, and the balance of RMB10.0 million (approximately HK\$11.4 million) will be payable after Sanjiu Pharmaceutical has paid all the taxes in respect of the proceeds from the equity transfer in accordance with the PRC regulations. The consideration shall be paid in Hong Kong dollars at the middle exchange rate between RMB and HK\$ as quoted by the People's Bank of China on the payment date, or in such other currency as may be agreed in writing by both parties.

Conditions: Completion is subject to the satisfaction and/or waiver (either in whole or in part) of a number of conditions precedent including but not limited to the following:

- (i) the representations and warranties given by the parties being true and accurate as at the date of the Sanjiu Pharmaceutical Agreement and up to the completion date of the Sanjiu Pharmaceutical Agreement; and
- (ii) all authorizations, orders, approvals and consents of the government authorities and other third parties which are necessary for effecting the agreement and the transactions contemplated thereunder have been obtained.

Long-stop date: Either party can terminate the Sanjiu Pharmaceutical Agreement if completion does not take place within 90 days after its signing date.

THE YAAN SANJIU AGREEMENT

Date: 23 December 2009

Vendor: Yaan Sanjiu

Purchaser: Ng Fung Hong

Assets to be acquired: 11% equity interest in the Target Company

Consideration: RMB11.6 million (approximately HK\$13.2 million), of which RMB5.8 million (approximately HK\$6.6 million) will be payable within 3 business days after the signing date of the Yaan Sanjiu Agreement and the balance of RMB5.8 million (approximately HK\$6.6 million) will be payable within 20 business days after the business registration of the Target Company has been changed as a result of the Yaan Sanjiu Acquisition. The consideration shall be paid in Hong Kong dollars at the middle exchange rate between RMB and HK\$ as quoted by the People's Bank of China on the

payment date, or in such other currency as may be agreed in writing by both parties.

Conditions: Completion is subject to the satisfaction and/or waiver (either in whole or in part) of a number of conditions precedent which are substantially the same as those under the Sanjiu Pharmaceutical Agreement.

Long-stop date: Either party can terminate the Yaan Sanjiu Agreement if completion does not take place within 90 days after its signing date.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in Sichuan Province in the PRC in 2000 by Sanjiu Pharmaceutical (44% equity interest), Yaan Sanjiu (11% equity interest) and an independent third party (45% equity interest) with a registered capital of RMB6,897,600. It is principally engaged in the production and sale of Sichuan pepper oil and other types of chili oil and its products are sold throughout the PRC under the brand name “黎紅 (Lihong)”.

Based on the audited financial statements of the Target Company prepared under generally accepted accounting principles in the PRC:

- (1) the net asset value attributable to the 55% equity interest in the Target Company as at 31 December 2008 amounted to approximately RMB26.8 million (equivalent to approximately HK\$30.6 million);
- (2) the net profit attributable to the 55% equity interest in the Target Company before and after taxation and extraordinary items for the year ended 31 December 2007 amounted to approximately RMB12.4 million (equivalent to approximately HK\$14.1 million) and approximately RMB10.1 million (equivalent to approximately HK\$11.5 million) respectively; and
- (3) the net profit attributable to the 55% equity interest in the Target Company before and after taxation and extraordinary items for the year ended 31 December 2008 amounted to approximately RMB11.3 million (equivalent to approximately HK\$12.9 million) and approximately RMB9.6 million (equivalent to approximately HK\$10.9 million) respectively.

REASONS FOR THE ACQUISITIONS

Ng Fung Hong, together with its subsidiaries and invested companies, is engaged in the food processing and distribution business. It has a development strategy to focus on meat, assorted foodstuff and seafood distribution and such strategy includes acquiring distribution businesses that have regional specialty food products of high quality and well-known brands in certain districts. The Sanjiu Pharmaceutical Acquisition and the Yaan

Sanjiu Acquisition are therefore in the ordinary and usual course of business of the Group and will provide Ng Fung Hong with a good opportunity to expand its assorted food business in the PRC.

BASIS OF CONSIDERATION

The sale and purchase of the 11% equity interest in the Target Company have undergone a public auction process in which Ng Fung Hong succeeded to be the purchaser, and the consideration of RMB11.6 million (approximately HK\$13.2 million) for such acquisition has been arrived at after the public auction process. The aggregate consideration of RMB58 million (approximately HK\$66.1 million) for the Sanjiu Pharmaceutical Acquisition and the Yaan Sanjiu Acquisition has been arrived at after taking into account of the operating performance and assets of Target Company, the prevailing business environment in which the Target Company operates and its future prospects.

The directors (including the independent non-executive directors) of the Company consider the terms of the Sanjiu Pharmaceutical Agreement and the Yaan Sanjiu Agreement, which were reached based on arm's length negotiations, to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a company listed on the Main Board of the Stock Exchange, with business emphasis on consumer businesses in the Chinese Mainland and Hong Kong. The Group's core activities are retail, beverage, food processing and distribution and property investments.

GENERAL

Sanjiu Pharmaceutical and Yaan Sanjiu are both subsidiaries of Sanjiu Medical & Pharmaceutical Co., Ltd, which is listed on the Shenzhen Stock Exchange and is in turn a subsidiary of CRH. As such, Sanjiu Pharmaceutical and Yaan Sanjiu are connected persons of the Company and the Sanjiu Pharmaceutical Acquisition and the Yaan Sanjiu Acquisition constitute connected transactions of the Company under the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 2.5%, the Sanjiu Pharmaceutical Acquisition and the Yaan Sanjiu Acquisition are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

DEFINITIONS

“Company” China Resources Enterprise, Limited (Stock Code: 291), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“CRH” China Resources (Holdings) Company Limited, a company

	incorporated in Hong Kong with limited liability and is the immediate holding company of the Company interested in about 51.5% of the Company's issued share capital
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Ng Fung Hong”	Ng Fung Hong Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC” or “Chinese Mainland”	People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sanjiu Pharmaceutical”	San Jiu Pharmaceutical (HK) Limited, a company established in Hong Kong and its nature of business is pharmaceutical/investment
“Sanjiu Pharmaceutical Acquisition”	the acquisition of a 44% equity interest in the Target Company by Ng Fung Hong from Sanjiu Pharmaceutical
“Sanjiu Pharmaceutical Agreement”	a sale and purchase agreement dated 23 December 2009 entered into between Ng Fung Hong and Sanjiu Pharmaceutical relating to the Sanjiu Pharmaceutical Acquisition, details of which are set out in the section headed “The Sanjiu Pharmaceutical Agreement” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	漢源三九黎紅食品有限公司(Hanyuan Sanjiu Lihong Food Co., Limited)*, a company established in the PRC
“Yaan Sanjiu”	Yaan Sanjiu Pharmaceutical Co., Limited, a company established in the PRC and is engaged in the production and sale of proprietary Chinese medicine and Western medicine
“Yaan Sanjiu Acquisition”	the acquisition of a 11% equity interest in the Target Company by Ng Fung Hong from Yaan Sanjiu
“Yaan Sanjiu Agreement”	a sale and purchase agreement dated 23 December 2009 entered into between Ng Fung Hong and Yaan Sanjiu relating to the Yaan Sanjiu Acquisition, details of which are set out in the section headed “The Yaan Sanjiu Agreement” of this announcement

Note: The figures in RMB are converted into HK\$ at the rate of RMB1:HK\$1.14 throughout this announcement for illustration purposes only.

** Name translated for reference purpose only in this announcement.*

By Order of the Board
China Resources Enterprise, Limited
Lai Ni Hium
Executive Director
and Company Secretary

Perth, Australia
Hong Kong, 23 December 2009

As at the date of this announcement, the executive directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Lai Ni Hium (Deputy Managing Director). The Non-Executive Directors are Mr. Jiang Wei, Mr. Yan Biao, Mr. Li Fuzuo and Mr. Du Wenmin. The Independent Non-Executive Directors are Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.