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## **CHINA RESOURCES ENTERPRISE, LIMITED**

*(incorporated in Hong Kong with limited liability)*

### **Connected Transaction**

#### **Summary**

A subsidiary of China Resources Enterprise, Limited ("China Resources Enterprise") has entered into a Share Sale and Purchase Agreement on 12th August, 1999 to acquire 20% remaining interest in Redland Holdings Limited from its co-shareholder, China Resources Metals & Minerals Co., Ltd ("CRMM") at a cash consideration of HK\$168 million. CRMM is a wholly owned subsidiary of China Resources (Holdings) Company Limited which in turn is a substantial shareholder of China Resources Enterprise. The acquisition is a connected transaction for China Resources Enterprise under Rule 14.25(1)(ii) of The Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("The Exchange").

#### **Date:**

12th August, 1999

#### **Parties:**

Vendor : China Resources Metals & Minerals Co., Ltd, a wholly owned subsidiary of China Resources (Holdings) Company Limited ("China Resources Holdings")

Purchaser : Innovative Market Limited, a wholly owned subsidiary of China Resources Enterprise

#### **Assets to be acquired:**

Redland Holdings Limited ("Redland Holdings") holds 100% effective interest in Redland Concrete Limited ("Redland Concrete"). Redland Concrete group is principally engaged in the production, distribution and sale of ready-mixed concrete in Hong Kong. The Purchaser and the Vendor currently holds 80% interest and 20% interest in Redland Holdings respectively. Upon completion, Redland Concrete will have become an indirect wholly owned subsidiary of China Resources Enterprise. The acquisition will result in China Resources Enterprise obtaining full statutory control of Redland Concrete, the Vendor's representation in the board of Redland Concrete has resigned since July 1999. China Resources Enterprise will also assume full operational control of Redland Concrete and this will provide the Company greater flexibility in the future development and expansion of Redland Concrete.

**Consideration:**

HK\$168 million will be paid in cash on completion. The consideration was arrived at after arm's length negotiation and will be financed by internal resources.

The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable, and is on normal commercial terms, after taking into account the financial performance of Redland Concrete and the current price earnings ratio of a comparable Company.

**Connected Transaction:**

The acquisition of 20% interest in Redland Holdings by the Purchaser constitutes an acquisition by a wholly owned subsidiary of China Resources Enterprise from a connected person, being a wholly owned subsidiary of its controlling shareholder, China Resources Holdings. This announcement is made pursuant to Rule 14.25(1)(ii) of the Listing Rules.

The acquisition will not have any implications on the connected party transactions, which have been previously the subject of a waiver granted by the Exchange.

**Completion:**

Completion will take place within 14 business days of the date of execution of the Share Sale and Purchase Agreement or such later date as the parties may agree.

By order of the board of  
**China Resources Enterprise, Limited**  
**Lee Yip Wah, Peter**  
*Company Secretary*

Hong Kong, 12th August 1999