



# CHINA RESOURCES ENTERPRISE, LIMITED

(incorporated in Hong Kong with limited liability)

## ANNOUNCEMENT DISCLOSEABLE TRANSACTION

Further to the announcement dated 21st September 2001, the Directors of China Resources Enterprise, Limited are pleased to announce that on 31st October, 2001 a conditional agreement was entered into between the Company as vendor and Lippo China Resources Limited as purchaser, whereby the Company has agreed to dispose to the Purchaser, its effective interest of approximately 35.23% in The HKCB Bank Holding Company Limited, at an aggregate consideration of approximately HK\$1,809.19 million. Upon completion of the agreement, the consideration shall be payable in cash by the Purchaser and the Company will have effectively disposed of all its equity interest in The HKCB Bank Holding Company Limited.

A circular containing, inter alia, further details of the transaction will be dispatched to the shareholders of the Company as soon as possible.

At the request of the Company, trading in the Company's shares was suspended on 31st October 2001 at 10:00 a.m. Application has been made to the Stock Exchange for the resumption of trading of the Company's shares on 2nd November 2001 effective from 10:00 a.m.

### 1. DATE OF AGREEMENT

31st October 2001.

### 2. PARTIES TO AGREEMENT

**Purchaser:** Lippo China Resources Limited, who is currently interested in 50% of Lippo CRE, and is not a connected person of the Company as defined under the Listing Rules for the purpose of this transaction.

**Vendor :** the Company

### 3. THE TRANSACTION

Pursuant to the terms and conditions of the agreement, the Company has agreed to dispose of its 50% equity interest in Lippo CRE and approximately 5.84% in HKCB Holding for the aggregate sum of approximately HK\$1,809.19 million payable by the Purchaser.

### 4. ASSETS TO BE DISPOSED OF

The Company owns 50% equity interest, representing 25,000 shares in the capital of Lippo CRE, an associated company of the Company, and approximately 5.84% equity interest, representing 78,890,000 shares of HK\$1.00 each in the capital of HKCB Holding. Lippo CRE is a company incorporated in Cayman Islands with limited liability, the sole asset of which is 794,428,440 shares in HKCB Holding, representing approximately 58.78% of the issued capital of HKCB Holding. The principal business activities of HKCB Holding are commercial banking, consumer finance, securities brokerage and other financial services.

Upon completion of the agreement, the Company shall have, in substance, disposed of its effective interest of approximately 35.23% in HKCB Holding; the Company shall cease to have any equity interest in either Lippo CRE or HKCB Holding.

### 5. CONDITIONS PRECEDENT

The agreement is subject to and conditional upon the followings:

- The HKCB Sale and Purchase Agreement becoming unconditional in all respects;
- The declaration by HKCB Holding to its shareholders the Special Cash Dividend; and
- A simple majority of the shareholders of each of the Purchaser and Lippo Limited (excluding those shareholders prohibited by Rules 14.26 of the Listing Rules or the Stock Exchange from voting on the relevant resolution) having approved the transaction contemplated by the Agreement pursuant to Rules 14.09 to 14.11 and 14.23 to 14.32 of the Listing Rules. Lippo Cayman Limited and Lippo Limited, being controlling shareholders of Lippo Limited and Lippo China Resources Limited respectively, have irrevocably undertaken to vote in favour of the Acquisition at the general meetings of Lippo Limited and Lippo China Resources Limited.

### 6. COMPLETION

Subject to all of the conditions precedent as mentioned in paragraph 5 above having been fulfilled in all aspects, the completion of the agreement shall take place on the same day and as soon as reasonably practicable after completion of the HKCB Sale and Purchase Agreement.

If the conditions precedent are not fulfilled (or waived) by the Long Stop Date, the agreement, save as otherwise provided in the agreement, shall become null and void, and none of the parties shall have any rights against the other party.

### 7. CONSIDERATION

The aggregate sum of approximately HK\$1,809.19 million payable, in cash on completion of the agreement, by the Purchaser for the acquisition of the Company's effective interest of approximately 35.23% in HKCB Holding was arrived at after arm's length negotiations between the Company and the Purchaser. The aggregate consideration represents, disposal at a premium of, approximately 1.2 times the consolidated net tangible asset value of HKCB Holding as at 30th June 2001 of approximately HK\$4,283.76 million. Upon reaching an agreement on the purchase price, the Company has taken the following factors into consideration:

- The unaudited consolidated net tangible assets of HKCB Holding of approximately HK\$4,283.76 million as at 30th June 2001;
- The historical and future potential earnings of HKCB Holding; and
- The financial impact to the Company's current year profit and loss statement, after accounting for the reversal of the premium arising on acquisition, which was previously written off against reserve. As a result of the reversal of the premium from reserve and assuming that the transaction was completed on 30th June 2001, the Company would have recorded an estimated loss on disposal of approximately HK\$320 million.

### 8. USE OF PROCEEDS

The proceeds shall be used partly for the purpose of expanding the Company's operations in the Chinese Mainland. The remaining shall be applied to satisfy the Company's general working capital requirements.

### 9. INFORMATION ON LIPPO CRE AND HKCB HOLDING

Lippo CRE is a company incorporated in Cayman Islands with limited liability, the sole asset of which is 794,428,440 shares in HKCB Holding, representing approximately 58.78% of the

issued capital of HKCB Holding. The unaudited consolidated net tangible assets of Lippo CRE as at 30th June 2001 amounted to approximately HK\$2,606.34 million. The following table summarizes the results of Lippo CRE for the respective periods as stated.

	<b>Year ended 31 December 1999</b> <i>HK\$000 Unaudited</i>	<b>Year ended 31 December 2000</b> <i>HK\$000 Audited</i>	<b>Six months to 30 June 2001</b> <i>HK\$000 Unaudited</i>
Profit before taxation	62,701	401,041	128,376
Profit attributable to shareholders	22,237	221,730	71,618

HKCB Holding is a company listed on the Stock Exchange. The principal business activities of HKCB Holding are commercial banking, consumer finance, securities brokerage and other financial services. The following table summarizes the results of HKCB Holding for the respective periods as stated.

	<b>Year ended 31 December 1999</b> <i>HK\$000 Audited</i>	<b>Year ended 31 December 2000</b> <i>HK\$000 Audited</i>	<b>Six months to 30 June 2001</b> <i>HK\$000 Unaudited</i>
Profit before taxation	65,396	380,166	129,700
Profit attributable to shareholders	40,446	361,827	123,180

### 10. REASONS FOR THE DISPOSAL

Following the announcement by China Resources (Holdings) Company Limited in June 2000, which states clearly its intention to transform the Company into a leading distribution company, the Company has been considering divesting from its non-distribution related businesses. This disposal would further streamline the Company's operations and enable it to devote more resources and management time towards the development of its distribution related businesses. The directors consider that the disposal is in line with its overall long-term strategy, and in the best interest of the Company.

### 11. INFORMATION ABOUT THE COMPANY

The Company is a listed company on the Stock Exchange, with business emphasis on the distribution business in Hong Kong and the Chinese Mainland. The Company and its subsidiaries are principally engaged in, property investment, distribution of food and beverages, petroleum and chemicals, as well as operating one of the largest retail chains in both Hong Kong and the Chinese Mainland.

### 12. SUSPENSION AND RESUMPTION OF TRADE

At the request of the Company, trading in the Company's shares was suspended on 31st October 2001 at 10:00 a.m. Application has been made to the Stock Exchange for the resumption of trading of the Company's shares on 2nd November 2001 effective from 10:00 a.m.

### 13. DEFINITION

“Company”	China Resources Enterprise, Limited, a company incorporated in Hong Kong, the shares of which are listed in the Stock Exchange;
“Lippo CRE”	Lippo CRE (Financial Services) Limited, a corporation established under the laws of Cayman Islands and having its registered office at P.O. Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands, British West Indies;
“Listing Rules”	The rules governing the listing of securities on the Stock Exchange;
“Long Stop Date”	The same date as the “Long Stop Date” as defined under the terms of the HKCB Sale and Purchase Agreement, that is, 31st March 2002, or such other date as agreed between the parties to this agreement;
“HKCB Sale and Purchase Agreement”	The conditional sale and purchase agreement dated 31st October, 2001 between HKCB Holding and CITIC Ka Wah Bank Limited in relation to the sale and purchase of the entire issued share capital of The Hongkong Chinese Bank, Limited and its subsidiaries;
“HKCB Holding”	The HKCB Bank Holding Company Limited, a corporation established under the laws of Bermuda and the shares of which are listed on the Stock Exchange;
“Purchaser”	Lippo China Resources Limited, a corporation established under the laws of Hong Kong and the shares of which are listed on the Stock Exchange;
“Special Cash Dividend”	A special dividend of not less than HK\$1.00 per share in the issued capital of HKCB Holding; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**China Resources Enterprise, Limited**  
**Lee Yip Wah, Peter**  
*Company Secretary*

1st November 2001, Hong Kong.