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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 19% EQUITY INTEREST IN
HANGZHOU UNITED MEAT

The directors of China Resources Enterprise, Limited announced that on 14 September, 2007, Ng Fung Hong, a wholly owned subsidiary of the Company, entered into an agreement with Hangzhou Commercial Assets for the acquisition of 19% equity interest in Hangzhou United Meat. The sale and purchase have undergone an auction process in which Ng Fung Hong succeeded to be the purchaser. The consideration is RMB76,520,000 which will be satisfied by cash from internal resources. Upon completion of the Acquisition, Hangzhou United Meat will become a subsidiary of the Company in which it has 65% interest. The principal activities of Hangzhou United Meat and its subsidiaries are pigs slaughtering, meat distribution, meat and food processing and the provision of cold storage and refrigerated food trading services.

As Hangzhou Commercial Assets is a connected person of the Company by virtue of its being a substantial shareholder of a subsidiary of the Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules.

THE AGREEMENT DATED 14 SEPTEMBER, 2007

Vendor:	Hangzhou Commercial Assets
Purchaser:	Ng Fung Hong
Assets to be acquired:	19% equity interest in Hangzhou United Meat
Consideration:	RMB76,520,000 (approximately HK\$78.5 million)
Payment arrangement:	The consideration will be satisfied in cash from internal resources. RMB25,000,000 has already been paid as security deposit. The

balance of the consideration will be payable within 5 working days upon approval of the Acquisition by the relevant governmental authority.

Conditions: Completion is subject to the approval(s) of the Acquisition by the relevant governmental authority.

Completion: Completion will take place upon filing of the change in the business registration of Hangzhou United Meat resulting from the Acquisition.

REASONS FOR THE ACQUISITION

The principal activities of Hangzhou United Meat and its subsidiaries are pigs slaughtering, meat distribution, meat and food processing and the provision of cold storage and refrigerated food trading services. Ng Fung Hong, through its subsidiaries and invested companies, is engaged in the food processing and distribution businesses. It has experience and expertise in slaughtering and fresh meat production, livestock and poultry breeding, and frozen meat and food distribution in Hong Kong and the PRC. Therefore, the businesses acquired pursuant to the Acquisition are in the ordinary and usual course of businesses of the Group and the Acquisition will provide Ng Fung Hong an opportunity to gain further control on Hangzhou United Meat, expand its businesses in Hangzhou and seek strategic synergy with nearby operations such as Shanghai, amidst the growing economy of the PRC. It also strengthen Ng Fung Hong's competitiveness against other operators, both local and overseas, in the PRC food industry.

BASIS OF CONSIDERATION

The sale and purchase have undergone an auction process in which Ng Fung Hong succeeded to be the purchaser. The agreement was signed after trading hours on 14 September, 2007. The consideration of RMB76,520,000 has been arrived at after the auction process and has taken into account the operating performance and assets of Hangzhou United Meat, its strategic and geographical importance in the expansion of Ng Fung Hong's businesses, and the prevailing business environment and future prospects in which Hangzhou United Meat operates.

The directors of the Company (including the independent non-executive directors) consider the terms of the Acquisition to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON HANGZHOU UNITED MEAT

Ng Fung Hong has previously acquired 46% interest in Hangzhou United Meat from independent third parties which are not connected persons as defined under the Listing Rules. Before completion of the Acquisition, this 46% interest would have been accounted for in the books of the Company by equity accounting. Upon completion of the Acquisition, Hangzhou United Meat will become a subsidiary of the Company in which it has 65% interest while Hangzhou Commercial Assets will be interested in the remaining 35% interest. The results of Hangzhou United Meat will be consolidated in the accounts of the Company after completion of the Acquisition.

At present, there is no board representation of the Company in Hangzhou United Meat. After the Acquisition, the board of Hangzhou United Meat will consist of seven members, of which four, including the chairman, will be nominated by Ng Fung Hong while the remaining three will be nominated by Hangzhou Commercial Assets.

Based on the audited consolidated financial statements of Hangzhou United Meat prepared under generally accepted accounting principles in the PRC,

- (i) the net book value as at 31 December, 2006 amounted to approximately RMB327.5 million (equivalent to approximately HK\$336.1 million);
- (ii) the net profit before and after taxation for the year ended 31 December, 2005 amounted to approximately RMB44.0 million (equivalent to approximately HK\$45.2 million) and approximately RMB26.7 million (equivalent to approximately HK\$27.4 million) respectively; and
- (iii) the net profit before and after taxation for the year ended 31 December, 2006 amounted to approximately RMB292.6 million (equivalent to approximately HK\$300.3 million) and approximately RMB188.9 million (equivalent to approximately HK\$193.9 million) respectively, of which an amount representing governmental compensation on relocation of operational sites of approximately RMB240.9 million (equivalent to approximately HK\$247.2 million)(before tax) and that of approximately RMB161.4 million (equivalent to approximately HK\$165.6 million)(after tax) were included.

Based on the consolidated net book value of Hangzhou United Meat as at 31 December, 2006 of approximately RMB327.5 million (equivalent to approximately HK\$336.1 million), the amount attributable to the 19% equity interest was approximately RMB62.2 million (equivalent to approximately HK\$63.8 million).

INFORMATION ABOUT THE COMPANY

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

GENERAL

Hangzhou Commercial Assets is a PRC state-owned enterprise engaged in investment activities. As Hangzhou Commercial Assets is a connected person of the Company by virtue of its being a substantial shareholder of a subsidiary of the Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules. Apart from the Acquisition, there is no prior transaction or relationship with

Hangzhou Commercial Assets which would require aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 19% equity interest in Hangzhou United Meat from Hangzhou Commercial Assets by Ng Fung Hong
“Company”	China Resources Enterprise, Limited (stock code: 291), a company incorporated in Hong Kong and listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hangzhou Commercial Assets”	杭州商業資產經營(有限)公司 (Hangzhou Commercial Assets Operating Co., Ltd.), a state-owned enterprise in the PRC
“Hangzhou United Meat”	杭州聯合肉類集團有限公司 (Hangzhou United Meat Group Co., Ltd.), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on 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”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 17 September, 2007

As at the date of this announcement, the executive directors of the Company are Mr. Song Lin (Chairman), Mr. Chen Shulin (Managing Director), Mr. Keung Chi Wang, Ralph (Deputy Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Kwong Man Him (Deputy Managing Director). The non-executive directors are Mr. Qiao Shibo, Mr. Yan Biao, Mr. Jiang Wei, Mr. Wang Shuaiting and Mr. Du Wenmin. The independent non-executive directors are

Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Mr. Cheng Mo Chi, The Hon. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.