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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 A PROPERTY HOLDING COMPANY
FOR HYPERMARKET OPERATION IN HUNAN PROVINCE

The directors of China Resources Enterprise, Limited announced that on 19 October 2009, CR Vanguard, a wholly-owned subsidiary of the Group, entered into an agreement with the First Seller and the Second Seller for the acquisition of the entire equity interest in the Target Company for a total consideration of RMB46,477,000 (approximately HK\$52,984,000) which will be satisfied in cash. In addition, CR Vanguard has agreed to repay certain designated liabilities of the Target Company in the sum of RMB7,183,000 (approximately HK\$8,189,000). The principal asset of the Target Company is the Property which will be developed by CR Vanguard for the operation of a hypermarket.

The First Seller is an associate of CRC and as such is a connected person of the Company. When aggregated, the Acquisition together with the provision of funds by CR Vanguard to the Target Company for settlement of debts due to associates of CRC 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 foregoing transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

THE AGREEMENT

Date: 19 October 2009

Vendors: (i) The First Seller; and
(ii) The Second Seller, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an independent third party.

Purchaser: CR Vanguard

Asset to be acquired: An aggregate of 100% equity interest in the Target Company, out of which 35% will be acquired from the First Seller and 65% will be acquired from the Second Seller.

Consideration: RMB46,477,000 (approximately HK\$52,984,000), which will be satisfied in cash and payable to the First Seller and the Second Seller in proportion to their respective equity interests in the Target Company. In addition, CR Vanguard has agreed to repay certain designated liabilities of the Target Company in the sum of RMB7,183,000 (approximately HK\$8,189,000), which include an aggregate sum of about RMB6,698,000 (approximately HK\$7,636,000) owing to the First Seller and other associates of CRC.

30% of the consideration of RMB46,477,000 shall be payable within 20 business days after the signing of the Agreement or within 5 business days after the receipt of the local government's written approval for CR Vanguard to develop the Property in accordance with its building plan, whichever is later. At the same time of such payment, CR Vanguard shall also pay RMB7,183,000 to the Target Company for the sole purpose of repaying the designated liabilities.

70% of the consideration of RMB46,477,000 shall be payable within 10 business days after the following conditions have been met:

- (i) all the necessary approvals from the relevant governmental authorities which are necessary for effecting the Agreement and the transactions contemplated thereunder have been obtained;
- (ii) the business registration of the Target Company has been changed as a result of the equity transfer under the Agreement;
- (iii) the shareholders or the board of directors of the Target Company have unanimously approved the Agreement and the transactions contemplated thereunder; and
- (iv) the First Seller and the Second Seller have both agreed in writing not to exercise their respective pre-emptive rights to acquire the equity interest to be acquired by CR Vanguard under the Agreement.

Long-stop date: In the event the equity transfer cannot be completed and the necessary approvals cannot be obtained within 8 months from the date of the Agreement, CR Vanguard can terminate the Agreement. Within 5 business days of such termination, the Target Company shall return all amounts received from CR Vanguard for the purpose of repaying the debts of the Target Company together with interest accrued thereon to CR Vanguard. Within 10 business days of such termination, the First Seller and the Second Seller shall return all the consideration received together with interest accrued thereon to CR Vanguard.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in Hunan Province in the PRC in 2007 with an operation term of 30 years. Its scope of business includes the development, sale, management and rental of properties. The principal asset of the Target Company is the Property with a site area of about 23,330 square meters.

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

- (1) the net asset value of the Target Company as at 31 December 2008 amounted to approximately RMB38,882,000 (approximately HK\$44,325,000);
- (2) the net loss of the Target Company before and after taxation and extraordinary items for the period from 16 April 2007 (the issue date of its business license) to 31 December 2007 both amounted to approximately RMB562,000 (approximately HK\$641,000); and
- (3) the net loss of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2008 both amounted to approximately RMB556,000 (approximately HK\$634,000).

REASONS FOR THE ACQUISITION

One of the three core consumer businesses of the Group is the operation of supermarket business in the Chinese Mainland and Hong Kong. It is the Group's strategy to expand its supermarket operation into new markets where the management believes there is high growth potential. For its Southern China operation, the Group has been exploring the feasibility of developing new markets beyond the Guangdong Province and targeted areas under study include Hunan Province, Hainan Province, Guangxi Province and Sichuan Province. Zhuzhou is one of the cities in Hunan Province where CR Vanguard has prioritized for such development. After the Acquisition, CR Vanguard intends to construct a four-storey building on the Property which will be used for the operation of a hypermarket.

BASIS OF CONSIDERATION

The total consideration of RMB53,660,000 (approximately HK\$61,172,000), comprising RMB46,477,000 (approximately HK\$52,984,000) for the Acquisition and RMB7,183,000 (approximately HK\$8,189,000) for the repayment of certain designated liabilities of the Target Company, has been arrived at after taking into account of the unaudited net asset value of the Target Company of about RMB38,608,000 (approximately HK\$44,013,000) as at 31 August 2009 and the market value of the Property of RMB103,000,000 (approximately HK\$117,420,000) as at 28 September 2009 as appraised by an independent valuer. The Directors (including the independent non-executive Directors) consider the terms of the 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

The First Seller is an associate of CRC and as such is a connected person of the Company. When aggregated, the Acquisition together with the provision of funds by CR Vanguard to the Target Company for the settlement of debts due to associates of CRC 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 foregoing transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

DEFINITIONS

“associate”	has the meaning ascribed thereto under the Listing Rules
“Acquisition”	the acquisition of the entire equity interest in the Target Company by CR Vanguard
“Agreement”	an equity transfer agreement dated 19 October 2009 entered into among CR Vanguard, the First Seller and the Second Seller relating to the Acquisition, details of which are set out in the section headed “The Agreement” of this announcement
“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
“CRC”	China Resources Co., Limited, a company incorporated in the PRC and is the intermediate holding company of the Company interested in about 51.5% of the Company's issued share capital
“CR Vanguard”	華潤萬家有限公司(China Resources Vanguard Co., Ltd. *), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Director”	directors of the Company
“First Seller”	深圳市商置投資有限公司 (Shenzhen City Shang Zhi Investment Co., Ltd.*), a company established in the PRC and the business scope of which includes property development, investment advisory services and guarantee business
“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
“PRC” or “Chinese Mainland”	People’s Republic of China
“Property”	A parcel of commercial/residential land located at No. 83, Xinhua Road West, Hetang District, Zhuzhou City, Hunan Province in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Second Seller”	CapitaRetail China Developments D2 (HK) Limited, a company established in Hong Kong and its nature of business is investment holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	株洲深國投商用置業有限公司 (Zhuzhou Shen Guo Tou Commercial Property Co., Ltd.*), a company established in the PRC

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

** Names 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

Hong Kong, 19 October 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.