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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)

**CONTINUING CONNECTED TRANSACTIONS**

The New Facilities Management Agreement and the New Godown Management Agreement have been entered into by Yuen Fat (a wholly-owned subsidiary of the Company) with CRH and Dragon Rider respectively for a term of three years commencing on 1 July 2009 which are renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Facilities Management Agreement, Yuen Fat was engaged for the management of the port premises and facilities developed on a site owned by CRH in Kowloon. Pursuant to the New Godown Management Agreement, Yuen Fat was engaged for the management of the godown owned by Dragon Rider in Kowloon.

As CRH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As Dragon Rider is an associate of CRH, it is also a connected person of the Company under the Listing Rules. Accordingly, the above agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

The directors (including the independent non-executive directors) of the Company consider that the transactions to be carried out under the above agreements are in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the above agreements and the annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As the annual caps of the above-mentioned continuing connected transactions do not exceed the applicable percentage ratios of the Company of 2.5% as referred to in Chapter 14A of the Listing Rules, the continuing connected transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

**BACKGROUND**

Reference is made to the announcement of the Company dated 28 June 2006 whereby the Company announced that the Old Facilities Management Agreement and the Old Godown

Management Agreement were renewed for a term of three years, which commenced on 1 July 2006.

### **THE NEW FACILITIES MANAGEMENT AGREEMENT**

Date: 26 June 2009

Parties: Yuen Fat

CRH

The New Facilities Management Agreement has been entered into by Yuen Fat with CRH for a term of three years commencing on 1 July 2009 which is renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Facilities Management Agreement, Yuen Fat is engaged for the management of the port premises and facilities developed on a site owned by CRH in Kowloon. During the term of the New Facilities Management Agreement, Yuen Fat will pay CRH a monthly fee of HK\$700,000 in consideration for the right to keep, as the service fee payable by CRH to Yuen Fat for that relevant month, all cargo handling fees, services charges and other payments collected by Yuen Fat at its own expenses from customers using the port facilities.

The amount of monthly fees payable under the New Facilities Management Agreement has been arrived at after arm's length negotiations between Yuen Fat and CRH and with reference to the existing level of monthly fees payable by Yuen Fat. Yuen Fat shall pay CRH the monthly fees for each month in arrears on the last calendar day of that month during the term of the New Facilities Management Agreement.

### **THE NEW GODOWN MANAGEMENT AGREEMENT**

Date: 26 June 2009

Parties: Yuen Fat

Dragon Rider

The New Godown Management Agreement has been entered into by Yuen Fat with Dragon Rider for a term of three years commencing on 1 July 2009 which is renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Godown Management Agreement, Yuen Fat is engaged for the management of the godown owned by Dragon Rider in Kowloon. During the term of the New Godown Management Agreement, Yuen Fat will pay Dragon Rider a monthly fee of HK\$2,000,000 in consideration for the right to keep, as the service fee payable by Dragon Rider to Yuen Fat for that relevant month, all licence fees and other payments collected by Yuen Fat at its own expenses from licensees and customers using any units of the godown.

The amount of monthly fees payable under the New Godown Management Agreement has been arrived at after arm's length negotiations between Yuen Fat and Dragon Rider and with reference

to the existing level of monthly fees payable by Yuen Fat. Yuen Fat shall pay Dragon Rider the monthly fees for each month in arrears on the last calendar day of that month during the term of the New Godown Management Agreement.

## **RELATIONSHIP BETWEEN CRH, DRAGON RIDER AND THE COMPANY**

As CRH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As Dragon Rider is an associate of CRH, it is also a connected person of the Company under the Listing Rules. Accordingly, the New Facilities Management Agreement, the New Godown Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

## **REASONS FOR THE TRANSACTIONS**

Yuen Fat is principally engaged in the provision of wharf and godown services. Together with the Group, the CRH Group is principally engaged in the businesses of retail, power, beverage, real estate, food, medicine, textiles, chemical products, gas and compressor. Dragon Rider is principally engaged in the provision of godown services.

The aggregate service fees received by Yuen Fat from CRH and Dragon Rider represent a substantial portion of the total turnover of Yuen Fat. For the two years ended 31 December 2008, the audited turnover amounted to approximately HK\$264.3 million and HK\$270.2 million respectively. Therefore, the signing of the New Facilities Management Agreement and the New Godown Management Agreement is vital to the operation of Yuen Fat.

The directors (including the independent non-executive directors) of the Company consider that the transactions to be carried out under the above agreements are in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the above agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The total amount of monthly fees paid by Yuen Fat and the total amount of service fees received by Yuen Fat for the two years ended 31 December 2008 and for the four months ended 30 April 2009 were approximately as follows:

**(HK\$' million)**

	<b>For the year ended 31 December</b>		<b>For the four months ended</b>
	<b>2007</b>	<b>2008</b>	<b>30 April 2009</b>
<b>The Old Facilities Management Agreement:</b>			
- Total monthly fees paid by Yuen Fat to CRH	12.0	12.0	4.0
- Total service fees received by Yuen Fat from CRH	131.0	136.0	24.6

**The Old Godown Management****Agreement:**

- Total monthly fees paid by Yuen Fat to Dragon Rider	24.0	24.0	8.0
- Total service fees received by Yuen Fat from Dragon Rider	96.3	106.9	27.2

**PROPOSED ANNUAL CAPS**

The proposed annual caps for each type of the transactions under the New Facilities Management Agreement and the New Godown Management Agreement for the years ending 31 December 2010 and 2011 and the six months ending 31 December 2009 and 30 June 2012 are as follows:

(HK\$' million)

	For the six months ending 31 December 2009	For the year ending 31 December 2010	For the year ending 31 December 2011	For the six months ending 30 June 2012
<b>The New Facilities Management Agreement:</b>				
- Total monthly fees to be paid by Yuen Fat to CRH	4.2	8.4	8.4	4.2
- Total service fees to be received by Yuen Fat from CRH	69.0	180.0	192.0	96.0
<b>The New Godown Management Agreement:</b>				
- Total monthly fees to be paid by Yuen Fat to Dragon Rider	12.0	24.0	24.0	12.0
- Total service fees to be received by Yuen Fat from Dragon Rider	72.0	156.0	168.0	84.0

The annual caps for the monthly fees are determined by reference to the amount of monthly fees payable under the New Facilities Management Agreement and the New Godown Management Agreement while those for the service fees are determined by reference to the estimated level of usage of services provided at the port premises and the godown, the estimated rates charged for these services for the three years covered by the above agreements and the provision of buffer for possible further increases in business.

The directors (including the independent non-executive directors) of the Company consider that the annual caps are 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 Stock Exchange, with business emphasis on the consumer businesses in the Chinese Mainland and Hong Kong. The Group's core activities are retail, beverage, food processing and distribution, textile and property investments.

## **GENERAL**

As the annual caps of the above-mentioned continuing connected transactions do not exceed the applicable percentage ratios of the Company of 2.5% as referred to in Chapter 14A of the Listing Rules, the continuing connected transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

## **DEFINITIONS**

“associate”	has the meaning ascribed to it under the Listing Rules
“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 the controlling shareholder of the Company
"CRH Group"	CRH and its subsidiaries
"Dragon Rider"	Dragon Rider Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CRH
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
"New Facilities Management Agreement"	the agreement entered into between Yuen Fat and CRH on 26 June 2009 in relation to the provision of port management services by Yuen Fat to CRH
"New Godown Management Agreement"	the agreement entered into between Yuen Fat and Dragon Rider on 26 June 2009 in relation to the provision of godown management services by Yuen Fat to Dragon Rider

"Old Facilities Management Agreement"	the agreement entered into between Yuen Fat and CRH on 31 December 2002, as supplemented on 15 April 2003, in relation to the provision of port management services by Yuen Fat to CRH
"Old Godown Management Agreement"	the agreement entered into between Yuen Fat and Dragon Rider on 31 December 2002, as supplemented on 15 April 2003, in relation to the provision of godown management services by Yuen Fat to Dragon Rider
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yuen Fat"	China Resources Logistics (Yuen Fat Wharf & Godown) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

By Order of the Board  
**China Resources Enterprise, Limited**  
**Hui Leung Ching, Patricia**  
*Company Secretary*

Hong Kong, 26 June 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. Kwong Man Him (Deputy Managing Director). The Non-Executive Directors are Mr. Jiang Wei, Mr. Wang Shuaiting, 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.*