

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 granting of the construction, incidental design and construction management contracts by the CR Retail Group and its fellow subsidiaries of the Group to CR Construction Group and its associates are in the ordinary and usual course of business of the Group. As these construction transactions will continue, the Framework Agreement has been entered into to govern these transactions for a period commencing from the date of the Framework Agreement to 31 December 2012.

As CR Construction is a non-wholly owned subsidiary of CRNC which in turn is the ultimate holding company of the Company, CR Construction is an associate of a connected person of the Company under the Listing Rules. Accordingly, the Framework Agreement 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 Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Framework Agreement 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 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

The granting of the construction and the incidental design and construction management contracts of the property by the CR Retail Group and its fellow subsidiaries of the Group to CR Construction Group and its associates are in the ordinary and usual course of business of the Group. As these construction transactions will continue, the Framework Agreement has been entered into to govern these transactions for a period commencing from the date of the

Framework Agreement to 31 December 2012.

THE FRAMEWORK AGREEMENT

Date: 6 July 2010

Parties: CR Retail

CR Construction

Pursuant to the Framework Agreement entered into by CR Retail and CR Construction with a term commencing from the date of the Framework Agreement to 31 December 2012, it was agreed, inter alia, that any construction, incidental design and construction management services to be provided by CR Construction Group or its associates to a member of CR Retail Group, its fellow subsidiaries of the Group or the Company should be on normal commercial terms. Each transaction should be either conducted at market price or at such other prices (if market price is unascertainable, or if the parties agree that market price cannot or should not be used for any special reasons) as the parties may agree fairly and reasonably in the circumstances as if they were independent third party. In addition, each transaction to be entered into will be documented in a separate written agreement with a duration not exceeding three years.

RELATIONSHIP BETWEEN CR CONSTRUCTION AND THE COMPANY

As CR Construction is a non-wholly owned subsidiary of CRNC which in turn is the ultimate holding company of the Company, CR Construction is an associate of a connected person of the Company under the Listing Rules. Accordingly, the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

REASONS FOR THE TRANSACTIONS

CR Retail is principally engaged in retail businesses. CR Construction is principally engaged in the provision of various construction services and sales of construction materials. The transactions contemplated under the Framework Agreement will enable CR Retail Group or its fellow subsidiaries or the Company to have a sizeable construction service provider.

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

It is noted that none of the directors of the Company has any material interest in the transactions.

The charges of provision of construction, incidental design and construction management services by CR Construction and its associates to CR Retail Group, its fellow subsidiaries of the

Group and the Company for the two years ended 31 December 2009 and for the five months ended 31 May 2010 were approximately HK\$31.0 million, HK\$8.7 million and HK\$2.8 million respectively.

The payment terms and the credit terms of the transactions contemplated under the Framework Agreement will be set by the parties in accordance with market norms from time to time.

There are not any prior transactions between CR Retail Group, its fellow subsidiaries of the Group and the Company with CR Construction and its associates which require aggregation under Rule 14A.25 of the Listing Rules.

PROPOSED ANNUAL CAPS

The proposed annual caps for the charges of the provision of construction, incidental design and construction management services by CR Construction and its associates to CR Retail Group, its fellow subsidiaries of the Group and the Company for the three years ending 31 December 2012 are HK\$426.0 million, HK\$540.0 million and HK\$540.0 million respectively.

The annual caps are determined by reference to (i) the historical value of the relevant transactions; (ii) the estimated construction, incidental design and construction management services in connection with the estimated increase in the purchase of properties associated with the estimated business expansion of the CR Retail Group, its fellow subsidiaries of the Group and the Company from the date of the Framework Agreement to 31 December 2012; (iii) the fluctuation in prices of the construction, incidental design and construction management services; and (iv) the provision of buffer for possible further increases in businesses. 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 and food processing and distribution.

GENERAL

As the annual caps of the above-mentioned continuing connected transactions do not exceed the applicable percentage ratios of the Company of 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(s)”	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
"CR Construction"	華潤建築有限公司 (China Resources Construction Corp.), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CRNC
"CR Retail"	China Resources Retail (Group) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"CRNC"	中國華潤總公司 (China Resources National Corporation), a state-owned enterprise established in the PRC and the ultimate holding company of the Company
"Framework Agreement"	the framework agreement dated 6 July 2010 entered into between CR Retail and CR Construction relating to the construction, incidental design and construction management
"Group"	the Company and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"CR Construction Group"	CR Construction and its subsidiaries
"CR Retail Group"	CR Retail and its subsidiaries
"PRC"	The People's Republic of China; for the purpose of this announcement, the PRC refers to the Chinese Mainland excluding Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

**Name 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, 6 July 2010

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) 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.