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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 THE REMAINING EQUITY INTEREST IN
A NON WHOLLY-OWNED SUBSIDIARY IN JIANGSU PROVINCE

The directors of China Resources Enterprise, Limited announced that on 31 March 2010, Jiangsu Huilin, a 85% owned subsidiary of the Group, entered into an agreement with the Vendor for the acquisition of a 35% equity interest in the Target Company, a 65% owned subsidiary of Jiangsu Huilin. The consideration is RMB3.5 million (approximately HK\$4.0 million) which will be satisfied in cash.

The Vendor is a substantial shareholder of the Target Company and is therefore a connected person of the Company. As such, the Acquisition constitutes a connected transaction 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 Acquisition is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

THE AGREEMENT

Date:	31 March 2010
Vendor:	南京盛樂烟酒有限公司 (Nanjing Sheng Shuo Cigarette and Alcohol Co., Ltd.*)
Purchaser:	Jiangsu Huilin
Asset to be acquired:	35% equity interest in the Target Company
Consideration:	RMB3.5 million (approximately HK\$4.0 million), which will be satisfied in cash. Such consideration will be payable within five days after the change of share register and business registration certificate of the Target Company as a result of the Acquisition.
Condition:	Completion is subject to the relevant Industry and Commerce department processing the registration procedures for change of

shareholders.

INFORMATION ON THE TARGET COMPANY

The Target Company was established by Jiangsu Huilin and the Vendor in Jiangsu Province in the PRC in 2007. It has a registered capital of RMB10 million which has been fully paid-up by Jiangsu Huilin and the Vendor in accordance with their respective shareholdings in the Target Company. It is principally engaged in the sale of cigarettes, cigars and related tobacco products in the PRC.

Based on the audited financial statements of the Target Company for the year 2008 and the unaudited management accounts of the Target Company for the year 2009 prepared under generally accepted accounting principles in the PRC:

- (1) the audited net profit attributable to the 35% equity interest in the Target Company before and after taxation and extraordinary items for the year ended 31 December 2008 amounted to approximately RMB35.5 million (equivalent to approximately HK\$40.5 million) and approximately RMB26.6 million (equivalent to approximately HK\$30.3 million) respectively;
- (2) the unaudited net profit attributable to the 35% equity interest in the Target Company before and after taxation and extraordinary items for the year ended 31 December 2009 amounted to approximately RMB41.6 million (equivalent to approximately HK\$47.4 million) and approximately RMB31.2 million (equivalent to approximately HK\$35.6 million) respectively; and
- (3) the unaudited net asset value attributable to the 35% equity interest in the Target Company as at 31 December 2009 amounted to approximately RMB36.4 million (equivalent to approximately HK\$41.5 million).

REASONS FOR THE ACQUISITION

After the Acquisition, the Target Company will become a wholly-owned subsidiary of Jiangsu Huilin. The Acquisition can therefore enable the consolidation and enhancement of the Group's ownership and control in the management and operation of the Target Company. Given the operating performance of the Target Company and the importance of the tobacco business to the Group's supermarket operation, the directors of the Company consider that the Acquisition would be beneficial to the Group.

BASIS OF CONSIDERATION

The consideration of RMB3.5 million (approximately HK\$4.0 million) has been arrived at after arm's length negotiations between Jiangsu Huilin and the Vendor after taking into account of the net asset value of the Target Company as at 31 December 2009, the operating performance and future prospects of the Target Company and the prevailing business environment in which the Target Company operates.

The directors (including the independent non-executive directors) of the Company 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 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 Vendor is a substantial shareholder of the Target Company and is therefore a connected person of the Company. As such, the Acquisition constitutes a connected transaction 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 Acquisition is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of a 35% equity interest in the Target Company by Jiangsu Huilin
“Agreement”	a sale and purchase agreement dated 31 March 2010 entered into between Jiangsu Huilin and the Vendor 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
“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
“Jiangsu Huilin”	江蘇惠鄰商貿有限公司 (Jiangsu Huilin Commerce Co., Ltd.*), a company established in the PRC and a 85% owned subsidiary of the Company
“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

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇蘇盛商貿有限公司 (Jiangsu Su Sheng Commerce Co., Ltd.*), a company established in the PRC and a 65% owned subsidiary of Jiangsu Huilin
“Vendor”	南京盛燦烟酒有限公司 (Nanjing Sheng Shuo Cigarette and Alcohol Co., Ltd.*), a company established in the PRC and the business scope of which includes the sale of tobacco products and alcohol

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

** 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

Singapore, 31 March 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.