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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 SHANDONG BY
NG FUNG HONG LIMITED

The directors of China Resources Enterprise, Limited announced that on 24 March 2010, Ng Fung Hong, a wholly-owned subsidiary of the Group, entered into an agreement with the Vendor for the acquisition of a 30% equity interest in the Target Company, a 70% owned subsidiary of Ng Fung Hong. The consideration is RMB10 million (approximately HK\$11.4 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: 24 March 2010

Vendor: 日照福源食品有限公司 (Rizhao Fuyuan Food Co., Ltd.*)

Purchaser: Ng Fung Hong

Asset to be acquired: 30% equity interest in the Target Company

Consideration: RMB10 million (approximately HK\$11.4 million). Such consideration will be satisfied in cash and settled in HK\$ to be converted at the middle exchange rate between RMB and HK\$ as quoted by the People's Bank of China on the business day preceding the payment dates. It will be payable as follows:
(i) RMB3.0 million shall be paid within ten business days after

- completion of the Acquisition;
- (ii) RMB3.0 million shall be paid within ten business days after the Seller has settled 50% or more of certain accounts receivables of the Target Company which amount to about RMB5.8 million; and
- (iii) the balance of RMB4.0 million shall be paid within ten business days after the Seller has settled the above-mentioned accounts receivables of the Target Company in full.

Condition: Completion of the Acquisition is subject to the satisfaction and/or waiver by Ng Fung Hong of a number of conditions precedent including but not limited to the following:

- (i) the representations and warranties given by the Seller being true, accurate and complete during the period from the signing date of the Agreement and up to the completion date of the Acquisition; and
- (ii) all the necessary approvals and registration procedures from the approving authorities and the Industry and Commerce department required for the Agreement and the Acquisition have been obtained and completed.

INFORMATION ON THE TARGET COMPANY

The Target Company was established by Ng Fung Hong and the Vendor in Shandong Province in the PRC in December 2008 as a sino-foreign joint venture enterprise. It has a registered capital of RMB80 million which has been fully paid-up by Ng Fung Hong and the Vendor in accordance with their respective shareholdings in the Target Company. It is principally engaged in pig slaughtering and the processing, cold storage and sale of meat products.

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

- (1) the net asset value attributable to the 30% equity interest in the Target Company as at 31 December 2009 amounted to approximately RMB19.8 million (equivalent to approximately HK\$22.6 million);
- (2) the net loss attributable to the 30% equity interest in the Target Company before and after taxation and extraordinary items for the year ended 31 December 2009 both amounted to approximately RMB4.2 million (equivalent to approximately HK\$4.8 million); and
- (3) no loss or profit was recorded by the Target Company for the period from 9 December 2008 (the issue date of its business license) to 31 December 2008.

REASONS FOR THE ACQUISITION

Ng Fung Hong, together with its subsidiaries and invested companies, is engaged in food processing and distribution business. Its scope of business includes slaughtering and fresh meat production, livestock and poultry breeding, and frozen meat and food distribution in Hong Kong and the PRC. After the Acquisition, the Target Company will become a wholly-owned subsidiary of Ng Fung Hong. The Acquisition can therefore enable the consolidation and enhancement of the Group's ownership and control in the management and operations of the Target Company and also facilitate the obtaining of external financing by the Target Company, and the directors of the Company consider that the Acquisition would be beneficial to the long-term business development of the Target Company.

BASIS OF CONSIDERATION

The consideration of RMB10 million (approximately HK\$11.4 million) has been arrived at after arm's length negotiations between Ng Fung Hong and the Vendor after taking into account of the net asset value of the Target Company as at 31 December 2009, the prevailing business environment in which the Target Company operates and the future prospects of its operating performance after Ng Fung Hong has gained full control over its management and operations.

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 30% equity interest in the Target Company by Ng Fung Hong
“Agreement”	a sale and purchase agreement dated 24 March 2010 entered

	into between Ng Fung Hong 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
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of 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” 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”	山東五豐福源食品有限公司(Shandong Ng Fung Fuyuan Food Co., Ltd.), a company established in the PRC and a 70% owned subsidiary of Ng Fung Hong
“Vendor”	日照福源食品有限公司(Rizhao Fuyuan Food Co., Ltd.*), a company established in the PRC and the business scope of which includes the sale of meat and meat products and live pig sourcing and breeding

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

Hong Kong, 24 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.