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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 PROVINCE**

The directors of China Resources Enterprise, Limited announced that on 8 March 2010, CRSBI, an indirect 51% owned subsidiary of the Group, entered into an agreement with the Vendor for the acquisition of a 10% equity interest in CR Snow Binzhou, a 90% owned subsidiary of CRSBI. The consideration is RMB63,000,000 (approximately HK\$71,820,000) which will be satisfied in cash.

The Vendor is a substantial shareholder of CR Snow Binzhou 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:	8 March 2010
Vendor:	邹平众邦商贸有限责任公司 (Zouping Zhong Bang Commerce Co., Ltd.)*
Purchaser:	CRSBI
Asset to be acquired:	10% equity interest in CR Snow Binzhou
Consideration:	RMB63,000,000 (approximately HK\$71,820,000) which will be satisfied in cash and settled in US\$ to be converted at the middle exchange rate between RMB and US\$ as quoted by the People's Bank of China on the payment date. The consideration will be payable by CRSBI within 90 days after the equity transfer under the Agreement has been approved by the relevant government

authorities and the business registration of CR Snow Binzhou has been changed as a result.

Condition: Completion is subject to the approval of the Agreement by the relevant governmental authorities.

## **INFORMATION ON CR SNOW BINZHOU**

CR Snow Binzhou is a sino-foreign joint venture between CRSBI and the Seller and was established in March 2009 for the purpose of acquiring the assets related to the brewing operation of a brewery located in Binzhou City, Shandong Province. After such asset acquisition, CR Snow Binzhou has conducted technology upgrade on the production facilities acquired and is now principally engaged in the production and sale of CR Snow's "SNOW" brand beer in Binzhou City and neighboring regions. It currently has an annual production capacity of 200,000 kiloliters, and such capacity is expected to be increased to 300,000 kiloliters in June 2010 after further technology upgrade has been completed. Its sales volume for the year 2009 amounted to approximately 61,000 kiloliters. It has a registered capital of RMB180 million which has been fully paid-up by CRSBI and the Seller in accordance with their respective shareholdings in the Target Company.

Based on the unaudited management accounts of CR Snow Binzhou prepared under generally accepted accounting principles in the PRC:

- (1) the net asset value attributable to the 10% equity interest in CR Snow Binzhou as at 31 December 2009 amounted to approximately RMB13.3 million (equivalent to approximately HK\$15.2 million); and
- (2) the net loss attributable to the 10% equity interest in CR Snow Binzhou before and after taxation and extraordinary items for the period from 26 March 2009 (the issue date of its business license) to 31 December 2009 both amounted to approximately RMB4.7 million (equivalent to approximately HK\$5.4 million).

## **REASONS FOR THE ACQUISITION**

At the time when the joint venture agreement for CR Snow Binzhou was entered into between CRSBI and the Seller in March 2009, both parties also entered into an option agreement relating to the equity transfer of the 10% equity interest held by the Seller. Pursuant to this agreement, the Seller is entitled to request CRSBI to buy out its 10% equity interest in CR Snow Binzhou at any time after it has completed its share of capital injection of CR Snow Binzhou, while CRSBI has the right to acquire the Seller's 10% equity interest in CR Snow Binzhou at any time after 36 months of the establishment of CR Snow Binzhou. Under the terms of the agreement, the consideration for the aforesaid equity transfer has been fixed at RMB63,000,000. As the Seller has made its capital contribution to the registered capital of CR Snow Binzhou and has notified CRSBI that it intends to exercise the put option under the option agreement, CRSBI is bound to undertake the Acquisition.

As part of its national expansion plan, CR Snow has been developing its footprint in Shandong Province, where it has three breweries including CR Snow Binzhou and two other wholly-owned breweries. The Acquisition is believed to be instrumental to CR Snow's consolidation of the production facilities of, and the Group's consolidation and enhancement of ownership and control in, the Shandong brewery operation. Given the strategic value of the Shandong brewery operation to CR Snow, the Directors consider that the Acquisition would be beneficial for the Group.

## **BASIS OF CONSIDERATION**

As mentioned in the section headed "Reasons for the Acquisition" above, the consideration of RMB63,000,000 (approximately HK\$71,820,000) for the Acquisition has been determined in accordance with the terms of the option agreement entered into between CRSBI and the Seller. Such consideration was arrived at after arm's length negotiations between CRSBI and the Vendor after taking into account of the assets and the total investment cost per kiloliter production capacity of CR Snow Binzhou, the strategic importance of the brewery operation in Binzhou City which together with a new greenfield brewery in Yantai could support CR Snow's development plan in northern Shandong Province, the future prospects of CR Snow Binzhou and the then prevailing commercial and business conditions in which CR Snow operated.

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 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 CR Snow Binzhou 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 10% equity interest in CR Snow Binzhou by CRSBI
"Agreement"	a sale and purchase agreement dated 8 March 2010 entered into between CRSBI 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
“CR Snow”	China Resources Snow Breweries Limited, a company incorporated in the British Virgin Islands and a 51% owned subsidiary of the Company with the remaining 49% interest held by SABMiller Asia Limited
“CR Snow Binzhou”	華潤雪花啤酒（濱州）有限公司 (China Resources Snow Breweries (Binzhou) Co., Ltd. *), a company incorporated in the PRC and a 90% owned subsidiary of CRSBI
“CRSBI”	華潤雪花啤酒（中國）投資有限公司 (China Resources Snow Breweries (China) Investment Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of CR Snow
“Directors”	directors of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the lawful currency of the United States of America
“Vendor”	邹平众邦商貿有限責任公司 (Zouping Zhong Bang Commerce Co., Ltd. *), a company established in the PRC and the business scope of which includes the sale of metals and construction materials

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, 8 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.*