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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)

DISCLOSEABLE TRANSACTION - FORMATION OF A JOINT VENTURE

With reference to the press release made on 24 January 2011, the Board is pleased to announce that completion of the Share Subscription Agreement for the establishment of a joint venture company between the Company and Kirin to principally manufacture and distribute non-alcoholic beverage products in Greater China took place on 19 August 2011.

The Joint Venture is beneficially owned as to 60% by the Company and 40% by Kirin upon Share Subscription Completion. The Company and Kirin each has commenced the relevant procedures for injection of their respective existing non-alcoholic beverage operations in Mainland China into the Joint Venture, but some businesses injection by Kirin will be formally completed after obtaining the approvals from the relevant PRC governmental authorities.

At the time of entering into the Share Subscription Agreement, as the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture were less than 5%, the Share Subscription constituted a non-notifiable transaction of the Company under Chapter 14 of the Listing Rules. However, at the time of Share Subscription Completion, due to the adjustment of the exchange rate applied to the subscription price paid by Kirin under the terms of the Share Subscription Agreement, the relevant percentage ratio(s) exceed(s) 5% but not 25%, the Share Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

With reference to the press release on 24 January 2011, the Board is pleased to announce that the completion of the Share Subscription Agreement for the establishment of a joint venture company between the Company and Kirin to

principally manufacture and distribute non-alcoholic beverage products in Greater China, covering Mainland China, Hong Kong and Macau but excluding Taiwan, with Mainland China being the primary focus took place on 19 August 2011.

The Joint Venture is beneficially owned as to 60% by the Company and 40% by Kirin upon Share Subscription Completion. The Company and Kirin each has commenced the relevant procedures for injection of their respective existing non-alcoholic beverage operations in Mainland China into the Joint Venture, but some businesses injection by Kirin will be formally completed after obtaining approval by the relevant PRC governmental authorities.

KEY TERMS OF SHARE SUBSCRIPTION AGREEMENT

Date: 24 January 2011

Parties: 1) The Company
2) Kirin
3) Havensbrook
4) Hua Yao Investments

Share Subscription: Subject to satisfaction of the conditions precedent set out in the Share Subscription Agreement (which have all been satisfied and as appropriate, waived as of the date of this announcement), Kirin agreed to subscribe for 400 ordinary shares of US\$1.00 each in the share capital of Hua Yao Investments.

Consideration: The subscription price payable by Kirin is RMB3,152 million, payable in cash and in US\$. The consideration payable by Kirin under the Share Subscription Agreement was determined following arms' length negotiations by the Company and Kirin and based on the historic and anticipated future performance of C'estbon and Kirin's non-alcoholic business in Greater China.

It was agreed between the parties that adjustment shall be made to the subscription price payable by Kirin (being US\$474.70 million and equivalent to RMB3,152 million adopting an exchange rate of US\$1 to RMB6.64) if Share Subscription Completion does not take place within four months from the date of the Share Subscription Agreement (being 24 January 2011). Accordingly, the subscription price has been adjusted to US\$484,036,917 as converted by dividing RMB3,152 million by the average of the RMB/US\$ official fixing rate for the period from the date of the Share Subscription Agreement to the date falling on the third business day before Share Subscription Completion.

Conditions precedent: Share Subscription Completion is subject to satisfaction (and if applicable, waiver) of certain conditions precedent, including, among other things, executing the relevant equity transfer agreements for and completing the

registration with the relevant governmental authorities of the transfer of Kirin's then existing non-alcoholic beverage operations in Mainland China to the Joint Venture and obtaining certain approvals from governmental and regulatory authorities in Mainland China. All conditions precedents have been satisfied or waived.

Completion: Share Subscription Completion took place on 19 August 2011. Thereupon, the Company and Kirin has become holders of 60% and 40% interests in Hua Yao Investments respectively, which in turn will hold the non-alcoholic beverage operations of both the Company and Kirin in Greater China.

KEY TERMS OF SHAREHOLDERS AGREEMENT

On Share Subscription Completion, parties to the Share Subscription Agreement have entered into the Shareholders Agreement to govern their relationships in the Joint Venture. Principal terms of the Shareholders Agreement are summarized below.

Date: 19 August 2011

Parties: 1) The Company
2) Kirin
3) Havensbrook
4) Hua Yao Investments

Major terms: The board of Hua Yao Investments shall comprise 5 members, 3 of whom shall be appointed by the Company while the remaining 2 shall be appointed by Kirin. Also, there are certain reserved matters that have to be unanimously agreed by both parties.

OTHER TRANSACTION DOCUMENTS

On Share Subscription Completion, CRBH has also entered into agreements with KBC, a wholly-owned subsidiary of Kirin, under which (1) KBC grants to CRBH a license to use certain intellectual property rights and (2) the parties agree on certain staff secondment and training arrangements for the benefit of the Joint Venture.

On Share Subscription Completion, Kirin will become a substantial shareholder (as such term is defined in the Listing Rules) of Hua Yao Investments and therefore Kirin and KBC as an associate (as such term is defined under the Listing Rules) of Kirin are connected persons of the Company. The above intellectual property license arrangement and staff secondment and training arrangement constitute continuing connected transactions of the Company. These continuing connected transactions are exempted from the reporting,

announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.31(9) and Rule 14A.33(4) for the reasons that:

- (1) the arrangements are on normal commercial terms;
- (2) Kirin is connected to the Company only by virtue of its relationship with Hua Yao Investments, the Company's subsidiary; and
- (3) the total consolidated assets, profits and revenue of Hua Yao Investments and its subsidiaries is less than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for each of the latest three financial years.

GUARANTEE FROM THE COMPANY

The Company has given guarantees in favour of Kirin to secure certain obligations of Havensbrook, a wholly-owned subsidiary of the Company and the Company's investment vehicle in the Joint Venture, in connection with the Share Subscription.

REASONS FOR THE FORMATION OF THE JOINT VENTURE

The objective of the partnership is to capitalize on the complementary strengths of both companies to accelerate the growth of their combined non-alcoholic beverage business in the rapidly growing Greater China market. The Company brings to the partnership its extensive distribution capabilities and strong presence in Mainland China while Kirin offers an extensive product portfolio, operational and technical expertise as well as product development know-how.

C'estbon, the non-alcoholic beverage business of the Group, is the largest packaged water provider in Guangdong Province by market share and sales volume in 2010. Through C'estbon, the Joint Venture will be able to gain access to an extensive distribution network, strong management expertise and a wealth of knowledge in the Greater China market. In addition, the Joint Venture is expected to benefit from additional synergies with other business units of the Company, such as “華潤萬家 Vanguard”, which is the largest supermarket chain in Mainland China.

As a leading Japanese brand in the global food and beverage market, Kirin, through KBC, will provide the Joint Venture with its diversified product portfolio, strong operational and technical expertise and superior product research and development capabilities. Kirin's expertise will ensure the Joint Venture is well-positioned to rapidly expand its product offerings and tap into the lucrative and growing consumer market in Greater China.

The Directors are of the view that the terms of the Share Subscription Agreement (as well as the documents ancillary thereto including but not limited to the Shareholders Agreement, the agreement for intellectual property license arrangement and the agreement for the staff secondment and training arrangement) are fair and reasonable and are in the interest of the Company and the shareholders of the Company as a whole.

Following the Share Subscription Completion, the Company will continue to consolidate the results of Hua Yao Investments (which is a 60%-owned subsidiary of the Company). Moreover, the Group intends to apply the net proceeds from the Share Subscription (in the approximate amount of RMB2,652 million after deduction of (i) the one-off royalty payment for the license from KBC to CRBH regarding intellectual property rights; and (ii) the consideration for the transfer of Kirin's non-alcoholic beverage operations in Mainland China to the Joint Venture) largely to support future acquisitions and expansion of the Group's existing operations. Also, the Company's preliminary view, subject to discussion with and confirmation from its auditors, is that it will not have any gain or loss on the transaction in accordance with accounting principles generally accepted in Hong Kong.

INFORMATION ON C'ESTBON

C'estbon is the largest packaged water provider by market share and sales volume in Guangdong Province in 2010. C'estbon was awarded "Well-known Trademarks" by State Administration for Industry and Commerce of the PRC in 2009.

The aggregate book value of the total assets of C'estbon was HK\$1,068 million as at 31 December 2010, being the last financial year-end.

The net profit of C'estbon for the financial year ended 31 December 2009 before and after taxation was HK\$196 million and HK\$144 million, respectively.

The net profit of C'estbon for the financial year ended 31 December 2010 before and after taxation was HK\$209 million and HK\$155 million, respectively.

The above financial information of C'estbon for the two financial years ended 31 December 2009 and 31 December 2010 was prepared on a consolidated basis.

INFORMATION ON KIRIN AND ITS NON-ALCOHOLIC BEVERAGE BUSINESS IN MAINLAND CHINA

Kirin is a company whose securities are listed on the Tokyo Stock Exchange and some other stock exchanges in Japan. It is engaged in the manufacturing and sale of alcoholic beverages, non-alcoholic beverages, food and pharmaceuticals in Japan, the Asia-Oceania region and other parts of the world.

KBC, which is the non-alcoholic beverage business arm of Kirin in Mainland China, entered in Shanghai in 1996, and has operated four companies in Mainland China before transferring all of them into the Joint Venture. Major products in Mainland China include Kirin Afternoon Tea and FIRE Coffee, which have gained recognition over the last 15 years. The recent operations mainly focus on Eastern China.

The aggregate book value of the total assets of Kirin's non-alcoholic business was RMB483 million as at 31 December 2010, being the last financial year-end.

The net loss for the financial year ended 31 December 2009 before and after taxation was RMB115 million and RMB115 million, respectively.

The net loss for the financial year ended 31 December 2010 before and after taxation was RMB74 million and RMB74 million, respectively.

The above financial information of Kirin's non-alcoholic business for the two financial years ended 31 December 2009 and 31 December 2010 was prepared on a combined basis.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the time of entering into the Share Subscription Agreement, Kirin and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as such term is defined in the Listing Rules).

LISTING RULES IMPLICATIONS

At the time of entering into the Share Subscription Agreement, as the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture were less than 5%, the Share Subscription constituted a non-notifiable transaction of the Company under Chapter 14 of the Listing Rules.

However, at the time of Share Subscription Completion, due to the adjustment of the exchange rate applied to the subscription price paid by Kirin as aforementioned, the relevant percentage ratio(s) exceed(s) 5% but not 25%, the Share Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaged in the consumer businesses including retail, beer, food and beverage in both Mainland China and Hong Kong.

DEFINITIONS

"BVI": the British Virgin Islands

"C'estbon": the Group's non-alcoholic beverage business in Mainland China

"Company": China Resources Enterprise, Limited, a limited liability company incorporated in Hong Kong whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 291)

"CRBH": China Resources Beverage (Holdings) Limited (華潤飲料(控股)有限公司), a limited liability company incorporated in Hong Kong and a directly wholly owned subsidiary of the Hua Yao Investments, whose name will be changed to China Resources Kirin Beverages (Holdings) Company Limited (華潤麒麟飲料(控股)有限公司)

"Greater China": Mainland China, Hong Kong and Macau but excluding Taiwan

"Group": the Company and its subsidiaries

"Havensbrook": Havensbrook Investments Limited, a wholly-owned subsidiary of the Company incorporated in the BVI and through which the Company holds its 60% interest in the Joint Venture

"Hua Yao Investments": Hua Yao Investments Limited, a limited liability company incorporated in the BVI and a 60%-owned indirect subsidiary of the Company immediately after Share Subscription Completion, whose name will be changed to China Resources Kirin Beverages (Greater China) Company Limited (華潤麒麟飲料(大中華)有限公司)

"Joint Venture": the joint venture between the Company and Kirin through their shareholdings in Hua Yao Investments

"KBC": Kirin Beverage Company, Limited, a wholly-owned subsidiary of Kirin

"Kirin": Kirin Holdings Company, Limited

"Listing Rules": The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"RMB": Renminbi, the lawful currency of the People's Republic of China

"Share Subscription": the subscription by Kirin of 400 ordinary shares in Hua Yao Investments (representing 40% of its entire equity interest upon Share Subscription Completion) under the terms of the Share Subscription Agreement

“Share Subscription Agreement”: the share subscription agreement dated as of 24 January 2011 between the Company, Kirin, Havensbrook and Hua Yao Investments

“Share Subscription Completion”: completion of the subscription of 400 ordinary shares in Hua Yao Investments by Kirin pursuant to and in accordance with the terms of the Share Subscription Agreement

“Shareholders Agreement”: the Shareholders Agreement dated 19 August 2011 between the Company, Kirin, Havensbrook and Hua Yao Investments

“US\$”: the United States dollars, the lawful currency of the United States of America

For the purpose of this announcement, translations of RMB into HK\$ are made for illustration purposes only at the exchange rate of RMB1.00 to HK\$1.21.

By Order of the Board
China Resources Enterprise, Limited
Lai Ni Hium, Frank
*Chief Financial Officer, Executive Director
and Company Secretary*

Hong Kong, 19 August 2011

As at the date of this announcement, the Executive Directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Chief Executive Officer) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Yan Biao, Mr. Wei Bin, Mr. Du Wenmin, Mr. Shi Shanbo, and Dr. Zhang Haipeng. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.