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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)

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 6 July 2010 in relation to, among other things, the execution of the Framework Agreement between CR Retail (a wholly-owned subsidiary of the Company) and CR Construction (a wholly-owned subsidiary of CR Land) and the setting of the annual caps for the charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company under the Framework Agreement for the three years ending 31 December 2012.

Reference is also made to the announcement of the Company dated 25 March 2011 in relation to, among other things, the execution of the Cooperation Agreement between the Company and CR Land in connection with the Harbin Project. As mentioned in such announcement, if CR Construction is selected as the construction contractor for the Harbin Project, the construction services to be provided by CR Construction to CR Vanguard (Liaoning), an indirect wholly-owned subsidiary of the Company, will be governed by the Framework Agreement and the construction cost in the amount of approximately RMB804.8 million (equivalent to approximately HK\$954.7 million) to be paid by CR Vanguard (Liaoning) to CR Construction will be covered by the relevant annual caps.

As (a) CR Construction has been selected as the construction contractor for the Harbin Project and (b) the forecasted charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company under the Framework Agreement for the two years ending 31 December 2012 are adjusted upward, the Company proposes to revise the annual caps for such charges for the two years ending 31 December 2012.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the revised annual caps for such charges is, on an annual basis, more than 0.1% but less than 5%, the continuing connected transactions under the Framework Agreement are only subject to the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements set out in Rules 14A.37

to 14A.40 of the Listing Rules but are exempt from the independent shareholders' approval requirement set out in Rule 14A.48 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 6 July 2010. As mentioned in such announcement, CR Retail (a wholly-owned subsidiary of the Company) and CR Construction (a wholly-owned subsidiary of CR Land) entered into the Framework Agreement on 6 July 2010 in relation to the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company for the period commencing from the date of the Framework Agreement to 31 December 2012.

The Framework Agreement provides, among other things, that (a) the transactions contemplated by the Framework Agreement should be conducted at market price or, if market price is unascertainable or the parties agree that market price cannot or should not be used for any special reasons, at such other price as the parties may agree fairly and reasonably in the circumstances as if they were independent third parties and (b) the payment terms and the credit terms of such transactions will be set by the parties in accordance with market norms from time to time.

As mentioned in such announcement, the annual caps for the charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company under the Framework Agreement for the three years ending 31 December 2012 were set at HK\$426 million, HK\$540 million and HK\$540 million, respectively.

As CR Construction is a non-wholly-owned subsidiary of CRNC (the ultimate holding company of the Company and therefore a connected person of the Company under the Listing Rules), CR Construction is an associate of CRNC and therefore 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.

Reference is also made to the announcement of the Company dated 25 March 2011 in relation to, among other things, the execution of the Cooperation Agreement between the Company and CR Land in connection with the Harbin Project. As mentioned in such announcement, if CR Construction is selected as the construction contractor for the Harbin Project, the construction services to be provided by CR Construction to CR Vanguard (Liaoning), an indirect wholly-owned subsidiary of the Company, will be governed by the Framework Agreement and the construction cost in the amount of approximately RMB804.8 million (equivalent to approximately HK\$954.7 million) to be paid by CR Vanguard (Liaoning) to CR Construction will be covered by the relevant annual caps.

REASONS FOR THE TRANSACTIONS

CR Retail is principally engaged in retail businesses and 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 the CR Retail

Group, its fellow subsidiaries of the Group and 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.

REVISION OF ANNUAL CAPS

The aggregate charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company under the Framework Agreement for the two years ended 31 December 2010 and for the five months ended 31 May 2011 were approximately HK\$8,700,000, HK\$3,176,000 and HK\$312,202,000, respectively.

As (a) CR Construction has been selected as the construction contractor for the Harbin Project and (b) the forecasted charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company under the Framework Agreement for the two years ending 31 December 2012 are adjusted upward, the Company proposes to revise the annual caps for such charges for the two years ending 31 December 2012 from HK\$540 million and HK\$540 million, respectively, as set out in the announcement of the Company dated 6 July 2010, to HK\$1,200 million and HK\$1,700 million, respectively.

The revised annual caps are determined by reference to (a) the historical value of the relevant transactions; (b) 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 July 2011 to 31 December 2012; (c) the fluctuation in prices of the construction, incidental design and construction management services; and (d) the provision of buffer for possible further increases in businesses. The directors (including the independent non-executive directors) of the Company consider that the revised 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 Main Board of the Stock Exchange with business emphasis on consumer businesses in the PRC. The Group's core businesses are retail, beer, food and beverage.

GENERAL

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the revised annual caps for the charges for the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company

under the Framework Agreement is, on an annual basis, more than 0.1% but less than 5%, the continuing connected transactions under the Framework Agreement are only subject to the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules but are exempt from the independent shareholders' approval requirement set out in Rule 14A.48 of the Listing Rules.

None of the directors of the Company has a material interest in the transactions contemplated by the Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the board of directors of the Company in relation to the revision of the annual caps.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Company”	means China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 291);
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	means the cooperation agreement dated 25 March 2011 entered into between the Company and CR Land in relation to the development of the commercial space of the Harbin Project;
“CR Construction”	means 華潤建築有限公司 (China Resources Construction Corp.), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of CRNC;
“CR Land”	means China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“CR Land Group”	means CR Land and its subsidiaries;
“CR Retail”	means China Resources Retail (Group) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“CR Retail Group”	means CR Retail and its subsidiaries;
“CR Vanguard (Liaoning)”	means China Resources Vanguard (Liaoning) Superstore Co. Ltd.* (遼寧華潤萬家生活超市有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;

“CRNC”	means 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”	means the framework agreement dated 6 July 2010 entered into between CR Retail and CR Construction in relation to the provision of construction, incidental design and construction management services by CR Construction and its associates to the CR Retail Group, its fellow subsidiaries of the Group and the Company;
“Group”	means the Company and its subsidiaries;
“Harbin Project”	means a residential-commercial complex which is located at Songbei Region, Harbin City, Heilongjiang Province, the PRC to be developed by the CR Land Group;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	means the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“RMB”	means Renminbi, the lawful currency of the PRC; and
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.

**Name translated for reference purpose only in this announcement.*

For the purpose of this announcement, translations of RMB into HK\$ are made for illustration purposes only at the exchange rate of HK\$1.00 to RMB0.843.

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

Hong Kong, 1 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.