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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**

**ACQUISITION OF  
JIANGXI HONGKELONG DEPARTMENT STORE  
INVESTMENT COMPANY LIMITED**

**THE SHARE TRANSFER AGREEMENT**

The Board announced that on 29 July 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendors in respect of the Acquisition pursuant to which the Purchaser conditionally agreed to acquire the entire registered share capital in the Target Company from the Vendors at a total consideration of RMB3,690,000,000 (equivalent to approximately HK\$4,463,424,000). After the Completion, the Target Company and its subsidiaries will become indirect wholly-owned subsidiaries of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

**THE SHARE TRANSFER AGREEMENT**

The Board announced that on 29 July 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendors in respect of the Acquisition. Details of the Share Transfer Agreement are set out as follows:

**Date**

29 July 2011

## **Parties**

- (i) the Purchaser, an indirect wholly-owned subsidiary of the Company
- (ii) the Vendors, namely Hongkelong Investment Group and two Independent Third Parties

The Target Company is owned by Hongkelong Investment Group and two Independent Third Parties as to 1%, 40% and 59%, respectively. Hongkelong Investment Group is an investment holding company established in the PRC and beneficially owned as to 1%, 40% and 59% by three Independent Third Parties, respectively.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendors are Independent Third Parties.

## **The Acquisition**

The Company conditionally agreed to acquire the entire registered share capital in the Target Company from the Vendors at a total consideration of RMB3,690,000,000 (equivalent to approximately HK\$4,463,424,000).

After the Completion, the Target Company and its subsidiaries will become indirect wholly-owned subsidiaries of the Company.

## **Consideration**

The total consideration payable by the Purchaser to the Vendors for the Acquisition is RMB3,690,000,000 (equivalent to approximately HK\$4,463,424,000), which will be payable by way of cash in four instalments, subject to adjustments based on the net asset value of certain properties to be transferred from the Vendors' affiliated companies to the Target Company in accordance with the terms of the Share Transfer Agreement. A security deposit is payable within seven Business Days after the signing of the Share Transfer Agreement.

The total consideration for the Acquisition was determined after arm's length negotiation between the parties with reference to the audited profits of the Target Company for the financial year ended 31 December 2010 and the consolidated liabilities of the Target Company as at 31 December 2010 based on the financial statements provided by the Vendors. The total consideration for the Acquisition is intended to be funded by the Company's internal resources and bank borrowings.

## **Conditions precedent to the Acquisition**

Completion is subject to and conditional upon, among other things, the obtaining of all licence, registration, filing, approval, authorisation, permission, waiver, order or exemption which are necessary or required to be obtained under applicable laws and regulations or required by any relevant government or regulatory authorities in respect of the Acquisition.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC in December 2007 and is owned as to 1%, 40% and 59%, respectively, by Hongkelong Investment Group and two Independent Third Parties. The registered share capital of the Target Company is RMB90,000,000 (equivalent to approximately HK\$108,864,000).

The principal business of the Target Company together with its subsidiaries and branch companies is the operation of department stores and chain supermarkets under the brand "Hongkelong" in Jiangxi Province, the PRC.

Upon Completion, the Target Company and its subsidiaries will become indirect wholly-owned subsidiaries of the Company and the results, assets and liabilities of the Target Company will be consolidated to the financial statement of the Company.

In accordance with generally accepted accounting principles in the PRC and based on the financial statements provided by the Vendors, the consolidated audited net asset value of the Target Company as at 31 December 2010 was approximately RMB229,946,553 (equivalent to approximately HK\$278,143,350), and the consolidated audited profit of the Target Company (before and after taxation and extraordinary items) for the years ended 31 December 2009 and 31 December 2010 were as follows:-

	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2010</b>
<b>consolidated audited profit (before taxation and extraordinary items)</b>	RMB30,474,426 (equivalent to approximately HK\$36,861,866)	RMB125,434,353 (equivalent to approximately HK\$151,725,393)
<b>consolidated audited profit (after taxation and extraordinary items)</b>	RMB18,453,656 (equivalent to approximately HK\$22,321,542)	RMB93,176,547 (equivalent to approximately HK\$112,706,351)

## REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE TRANSFER AGREEMENT

The Company is a company with business emphasis on consumer businesses in China and Hong Kong. The core businesses of the Company are, namely retail, beer, beverage and food processing and distribution.

The acquisition of the Target Company will enable the Company to increase the Company's market share in retail business in Jiangxi Province, the PRC.

The Directors consider that (i) the Share Transfer Agreement was entered into on normal commercial terms; and (ii) the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Share Transfer Agreement and the transactions contemplated thereunder and no Director has abstained from voting on the board resolution approving the Share Transfer Agreement.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

## **DEFINITIONS**

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire registered share capital of the Target Company by the Purchaser under the Share Transfer Agreement
“Board”	the board of Directors
“Business Day”	a day on which licensed banks are generally open for business in the PRC throughout their normal business hours
“Company”	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
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hongkelong Investment Group”	Jiangxi Hongkelong Investment Group Company Limited* (江西洪客隆投資集團有限公司), a limited liability company established in the PRC
“Independent Third Part(ies)”	parties who, together with its ultimate beneficial owner(s), are not connected person(s) of the Company and are also independent of the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	The People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan Region
“Purchaser”	China Resources Vanguard (Hong Kong) Company Limited (華潤萬家(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the share transfer agreement dated 29 July 2011 entered into between the Purchaser and the Vendors in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jiangxi Hongkelong Department Store Investment Company Limited* (江西洪客隆百貨投資有限公司), a limited liability company established in the PRC and owned as to 1%, 40% and 59%, respectively, by Hongkelong Investment Group and two Independent Third Parties
“Vendors”	Hongkelong Investment Group and two Independent Third Parties
“%”	per cent.

*\*English names of companies incorporated in the PRC are included for identification purposes only. They are not official English names of the companies concerned.*

*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\$1.2096.*

By the order of the board of  
**China Resources Enterprise, Limited**  
**LAI Ni Hium, Frank**  
*Chief Financial Officer, Executive Director and  
Company Secretary*

Hong Kong, 29 July 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), 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.*