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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 A DRUG RETAIL CHAIN WITH 152 STORES IN THE PRC

Financial adviser

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

Summary

The Board is pleased to announce that on 5 July 2011, CR Beijing Medication, an indirect wholly-owned subsidiary of CRH, and Shenzhen CR Care, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement pursuant to which CR Beijing Medication agreed to sell, and Shenzhen CR Care agreed to acquire, the entire equity interest of the Target Company. In addition, Shenzhen CR Care shall repay the outstanding shareholders loan due to CR Beijing Medication and its associates within two months after Completion. The total consideration for such acquisition, inclusive of repayment of outstanding shareholders loan, amounts to approximately RMB72.96 million (equivalent to approximately HK\$87.55 million). The Target Group is principally engaged in the operation of a drug retail chain under the brand name “Sanjiu” in several provinces in the PRC.

CRH is the controlling shareholder of the Company holding indirectly approximately 51.38% of its entire issued share capital as at the date of this announcement. CR Beijing Medication is an associate of CRH and thus it is a connected person of the Company, and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) is more than 0.1% but

less than 5%, the Equity Transfer Agreement is only subject to reporting and announcement requirements and exempted from the requirement of independent shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

On 5 July 2011, CR Beijing Medication, an indirect wholly-owned subsidiary of CRH, entered into the Equity Transfer Agreement with Shenzhen CR Care, an indirect wholly-owned subsidiary of the Company, pursuant to which CR Beijing Medication agreed to sell, and Shenzhen CR Care agreed to acquire, the entire equity interest of the Target Company.

The Equity Transfer Agreement

Date: 5 July 2011

Vendor: CR Beijing Medication

Purchaser: Shenzhen CR Care

Subject:

The entire equity interest of the Target Company, being a wholly-owned subsidiary of CR Beijing Medication, and to repay the outstanding shareholders loan due to CR Beijing Medication and its associates by Shenzhen CR Care after Completion. The Target Group is engaged in the operation of a drug retail chain under the brand "Sanjiu" with 152 stores in 14 cities in Jiangsu, Guangdong, Shandong, Hubei and Zhejiang provinces in the PRC.

The Target Company is undergoing a reorganisation pursuant to which the Target Group will, immediately prior to Completion, comprise of the Target Company, four wholly-owned subsidiaries, namely Jiangsu Sanjiu, Guangzhou Sanjiu, Jinan Sanjiu and Shenzhen Sanjiu, a 85% owned subsidiary Wuhan Sanjiu and a 92.5% owned subsidiary Hangzhou Sanjiu.

Consideration:

The consideration for acquiring the equity interest of the Target Company is approximately RMB10.59 million (equivalent to approximately HK\$12.71 million). 30% of such consideration being approximately RMB3.18 million (equivalent to approximately HK\$3.81 million), shall be paid in cash within 15 business days upon signing of the Equity Transfer Agreement; 70% of such consideration being approximately RMB7.41 million (equivalent to approximately HK\$8.90 million) shall be paid in cash within 3 months after Completion and in any event not later than 12 months after the signing of the Equity Transfer Agreement.

The outstanding shareholders loan payable by the Target Group to CR Beijing Medication and its associates was approximately RMB62.37 million (equivalent to

approximately HK\$74.84 million) as at the date of signing of the Equity Transfer Agreement. Shenzhen CR Care is responsible for paying off such outstanding shareholders loan within two months after Completion.

The total consideration for such acquisition, inclusive of repayment of shareholders loan, amounts to approximately RMB72.96 million (equivalent to approximately HK\$87.55 million), which was determined after arm's length negotiation with reference to, among others, the financial statements of the Target Group as at 31 December 2010, the face value of the shareholders loan as at the date of signing of the Equity Transfer Agreement, the Target Group's historical financial performance and the synergy to the Group's existing retail operation. The consideration will be satisfied by the internal resources of the Group.

Reasons for and benefits of the acquisition

As mentioned in the Company's annual report 2010, the Group will continue to focus on expanding its core consumer businesses to capture market opportunities. The Group will further extend its market coverage and the reach of its retail chain to reinforce its market leadership. The Company considers the acquisition of the Target Group, which is principally engaged in the operation of a drug retail chain in the PRC, is in line with the Group's strategy to reinforce its market leadership in retailing sector and create synergy on a multi-format business platform to satisfy the diverse needs of consumers and different market segments. The acquisition will create synergy with the Group's health care retail chains "VivoPlus" and "CR Care" through bulk purchase and inventory management; consolidate and strengthen the Group's market position in Jiangsu, Guangdong, Shandong and Zhejiang provinces, extend its coverage to Hubei province and increase its competitiveness against other retail operators in these provinces; and enhance the product mix of the Group's health care retail chains by owning the pharmaceutical licenses to distribute regulated medical products. The 152 stores currently operated by the Target Group under the brand "Sanjiu" will be transformed and operated under the brand "VivoPlus" or "CR Care", as and when appropriate. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The directors of the Company, including the independent non-executive directors, believe that the acquisition contemplated under the Equity Transfer Agreement is on normal commercial terms and the terms of the acquisition, which were determined after arm's length negotiations between CR Beijing Medication and Shenzhen CR Care, are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Information about the Target Group

The Target Group was established by CR Beijing Medication and is principally engaged in the operation of a drug retail chain under the brand "Sanjiu" with 152 stores in 14 cities in Jiangsu, Guangdong, Shandong, Zhejiang and Hubei provinces in the PRC.

Set out below is the key financial information on the Target Group based on its unaudited

pro forma combined financial statements:

| (RMB '000) | Year Ended 31 December | |
|--|------------------------|-------------|
| | 2010 | 2009 |
| | (unaudited) | (unaudited) |
| Revenue | 319,446 | 269,376 |
| Net profit before taxation and extraordinary items | 6,632 | 5,628 |
| Net profit after taxation and extraordinary items | 5,133 | 5,736 |

According to the unaudited pro forma combined financial statements of the Target Group, the Target Group had a net liability net of minority interest of approximately RMB5.68 million as at 31 December 2010.

Information about the Company and CR Beijing Medication

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.

CR Beijing Medication is an investment holding company focused on medication sector. CR Beijing Medication, through its subsidiaries, operates drug retail stores in the PRC.

Implication of the Listing Rules

CRH is the controlling shareholder of the Company holding indirectly approximately 51.38% of the Company's entire issued share capital as at the date of this announcement. CR Beijing Medication is an associate of CRH and thus it is a connected person of the Company. The acquisition contemplated under the Equity Transfer Agreement between the CR Beijing Medication and Shenzhen CR Care constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) is more than 0.1% but less than 5%, the Equity Transfer Agreement is only subject to reporting and announcement requirements and exempted from the requirement of independent shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

No director of the Company had any material interest in the Equity Transfer Agreement and the transaction thereunder, and none of them was required to abstain from voting on

the board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder.

Definitions

In this announcement the following words have the following meanings, unless the context requires otherwise.

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of directors of the Company |
| “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 |
| “Completion” | the completion of the acquisition of the entire equity interest of the Target Company under the Equity Transfer Agreement |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “CR Beijing Medication” | 華潤北藥投資有限公司(China Resources Beijing Medication Investment Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of CRH |
| “CRH” | China Resources (Holdings) Company Limited, the holding company of the Company interested in about 51.38% of the Company’s entire issued share capital as at the date of this announcement |
| “Equity Transfer Agreement” | the equity transfer agreement dated 5 July 2011 entered into between CR Beijing Medication and Shenzhen CR Care in relation to the transfer of the entire equity interest in the Target Company |
| “Group” | the Company and its subsidiaries |
| “Guangzhou Sanjiu” | 廣州市三九健康醫藥連鎖有限公司(Guangzhou Sanjiu Health Care And Pharmaceutical Chain Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company immediately prior to Completion |

| | |
|--------------------|--|
| “Hangzhou Sanjiu” | 杭州三九醫藥連鎖有限公司(Hangzhou Sanjiu Pharmaceutical Chain Company Limited*), a company incorporated in the PRC and a 92.5% owned subsidiary of the Target Company immediately prior to Completion |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Jiangsu Sanjiu” | 江蘇三九醫藥連鎖有限公司(Jiangsu Sanjiu Pharmaceutical Chain Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company |
| “Jinan Sanjiu” | 濟南三九醫藥連鎖有限公司(Jinan Sanjiu Pharmaceutical Chain Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company immediately prior to Completion |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange |
| “PRC” | The People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shenzhen CR Care” | 深圳市華潤堂投資有限公司(Shenzhen CR Care Investment Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Shenzhen Sanjiu” | 深圳市三九藥品配送有限公司(Shenzhen Sanjiu Pharmaceutical Delivery Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company immediately prior to Completion |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | 深圳華益潤生醫藥投資有限公司(Shenzhen Hua Yi Run Sheng Medication Investment Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of CR Beijing Medication |
| “Target Group” | the Target Company and its six subsidiaries, namely Jiangsu |

Sanjiu, Hangzhou Sanjiu, Guangzhou Sanjiu, Jinan Sanjiu,
Wuhan Sanjiu and Shenzhen Sanjiu

“Wuhan Sanjiu” 武汉市三九物流有限公司(Wuhan Sanjiu Logistics Company Limited*), a company incorporated in the PRC and a 85% owned subsidiary of the Target Company immediately prior to Completion

** Name translated for reference purposes 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 RMB1.00 to HK\$1.20.

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

Hong Kong, 5 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) 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.