



**CHINA RESOURCES ENTERPRISE, LTD.**  
**華潤創業有限公司**

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**Press Release**

**CRE WILL BECOME THE CONTROLLING SHAREHOLDER  
OF HKCB WITH 60.6% STAKE**

(HONG KONG 2<sup>nd</sup> July 1998) China Resources Enterprise Limited ("CRE") is pleased to announce that the Company has conditionally agreed to acquire from Lippo China Resources Limited ("LCR") its 50% shareholding interest in Lippo CRE (Financial Services) Limited ("Lippo CRE"), which owns a 60.6% interest in The HKCB Holding Company Limited ("HKCB Holding"), for a total consideration of HK\$1,179 million.

**Purchase Consideration**

50% of the purchase consideration will be satisfied by a lump sum cash payment of HK\$589.8 million, while the remaining 50% will be financed by unsecured loan notes with a face value of HK\$589.8 million issued in registered and transferable form by the Company. The loan notes will be interest free and will mature on the date nine months after the completion of the sale and purchase agreement.

The purchase of the shares has been negotiated on arm's length terms. The acquisition of the balance of the shares in Lippo CRE will result in CRE obtaining statutory control of HKCB Holding, which is the holding company of The Hongkong Chinese Bank.

The purchase consideration will be financed by the issue of the loan notes, bank borrowings and internal resources of the Company.



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**General Offer**

If the sale and purchase agreement is completed, then CRE will have a beneficial interest in approximately 60.6% of the issued share capital of HKCB Holding. Under the Hong Kong Code on Takeovers and Mergers, CRE is required to make an offer for all the shares in HKCB Holding not already owned by the Company. The proposed terms of the offer will be as follow:

Price : HK\$2.97 per HKCB Holding Share.

Payment terms : HK\$1.485 per share will be paid in cash and the remaining portion in loan notes issued by CRE. The loan note will have the same terms as the loan notes to be issued to LCR.

Alternative payment: As required by the Takeovers Code, a cash alternative of terms HK\$2.82 per share will be offered to shareholders of HKCB Holding.

The cash offer price of HK\$2.82 per share represents an earnings multiple of approximately 13.1 times, based on the earnings per share of HK\$0.216 of HKCB Bank Holding for the year ended 31<sup>st</sup> December, 1997, or a discount of about 17.6% to the audited net asset value of HKCB Bank Holding of HK\$3.424 per share as at 31<sup>st</sup> December, 1997.

**Purpose of Acquisition**

CRE intends that HKCB Bank Holding will continue its existing business of providing banking and financial services and has no formal plans for any asset reployment.

CRE believes that this acquisition will expand and diversify its earnings base, and will enable a banking and financial services group to be developed under the control of the Company.

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