

**For Immediate Press Release**



## **China Resources (Holdings) Proposes to Acquire the Non-Beer Businesses of China Resources Enterprise**

***CRH proposes group restructuring of its consumer and retail businesses  
CRE to transform into a beer-focused company***

- CRH has made a proposal to CRE to purchase the non-beer businesses of CRE for HK\$28 billion
- CRE to focus on beer and further strengthen its position as the leading brewer in China
- Under the proposal, CRE would pay a special cash dividend of HK\$11.50 per share from substantially all of the proceeds from the Possible Disposal, representing approximately 75.7% of the value of the last closing price of HK\$15.20
- CRH has also proposed to make a pre-conditional partial offer to acquire up to approximately 10% of the outstanding shares of CRE at HK\$12.70 per share
- Total cash consideration of the Possible Disposal and Partial Offer (to the extent tendered and fully accepted) amounts to HK\$24.20 per share, representing approximately a 59.2% premium to the last closing price of HK\$15.20

Hong Kong, 21 April 2015 --- China Resources (Holdings) Company Limited (“CRH”) and China Resources Enterprise, Limited (“CRE”, HKEx: 00291) today jointly announced that CRH had made a proposal to purchase the non-beer businesses of CRE for HK\$28 billion (the “Possible Disposal”), which will result in the strategic transformation of CRE into a beer-focused company which is the leading brewer in China. The Possible Disposal is subject to independent shareholders approval and certain bank and third party consents.

Subject to completion of the Possible Disposal and a capital reduction by CRE, it is proposed that CRE will return most of the cash proceeds from the Possible Disposal to its shareholders via a special cash dividend of HK\$11.50 per share, which represents approximately 75.7% of CRE's last closing price of HK\$15.20 per share (prior to the trading halt announced on 8 April 2015).

Additionally, to demonstrate CRH's confidence in CRE's prospects, CRH proposed to make a pre-conditional offer to acquire up to 242,136,536 shares of CRE (representing approximately 10% of CRE's total issued share capital or approximately 20% of shares held by public shareholders) from qualifying shareholders at an offer price of HK\$12.70 per share (the "Partial Offer").

Together with the proposed special dividend, a total cash consideration of HK\$24.20 is proposed to be received by shareholders for every share that is tendered into and accepted under the Partial Offer, representing approximately a 59.2% premium to CRE's last closing price of HK\$15.20 per share (prior to the trading halt announced on 8 April 2015). For the remaining shares that are not tendered into or fully accepted under the Partial Offer, shareholders will under the proposal receive the proposed special dividend of HK\$11.50 per share.

Dr. Fu Yuning, Chairman of China Resources (Holdings) said, "Given the adjustments and consolidations in the retail industry, we are highly supportive of this strategic transformation of CRE into a beer-focused company, as the leading brewer in China. CRH is providing CRE's public shareholders with an upfront cash offer for the non-beer business realisable today. We will continue to offer our full support to CRE in order for it to further strengthen its market position in China."

Mr. Chen Lang, Chairman of China Resources Enterprise said, "This strategic transformation of the Company is in the best interests of all stakeholders. The market challenges and business integration risks faced by our non-beer businesses have negatively impacted our financial performance. The proposed transaction will unlock the value of our market-leading beer business from the previous conglomerate structure and remove the uncertainties around the complex restructuring required in the non-beer businesses from CRE's public shareholders. Furthermore, there will be greater transparency for the market to evaluate our beer business on a standalone basis. We are confident of our ability to leverage our leading position in the Chinese beer market to create profitable growth ahead."

CRE shareholders retain their shareholding in the attractive beer business. Its flagship "雪花 Snow" brand was the best-selling single beer brand by volume in China in 2014 for the ninth consecutive year, with a market share of approximately 24%. As at the end of 2014, CRE operated 98 breweries in China with an aggregate annual production capacity of over 200,000,000 hectoliters.

CRE's beer business has achieved significant growth, with CAGR of 26% and 23% for sales and net income respectively since its inception in 1994. This was achieved through organic growth, successful takeovers of domestic breweries and a long term strategic partnership with the world's second largest brewer. China is the largest beer market by volume and the second largest by value.

CRH currently holds an indirect stake of approximately 51.78% in CRE. Merrill Lynch (Asia Pacific) Limited and Morgan Stanley Asia Limited are the financial advisers to CRH for the transaction. UBS AG is advising CRE on the transaction.

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#### **About China Resources (Holdings) Company Limited**

CRH is one of leading diversified conglomerates in Hong Kong and the PRC with its core businesses in consumer products (beer, retail, food and beverage), electric power, real estate, cement, gas, pharmaceutical and financial services. CRH is equipped with about 2,000 business entities with a total employment of 450,000 people. The ultimate beneficial owner of CRH is China Resources National Corporation (中國華潤總公司) which is a company incorporated in the PRC.

#### **About China Resources Enterprise, Limited**

China Resources Enterprise, Limited is listed on the Hong Kong Stock Exchange and is one of the constituent stocks of the Hang Seng Index in Hong Kong. The Group focuses on the consumer goods businesses, including retail, beer, food and beverage in China.

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The directors of CRE jointly and severally accept full responsibility for the accuracy of the information contained in the Announcement (some of which are extracted in this document) other than that relating to CRH, CRH (Enterprise) or parties acting in concert with them for which its responsibility is restricted to the correctness and fairness of the reproduction or the presentation of such information as published by CRH, CRH (Enterprise) or parties acting in concert with them, and confirm, having made all

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## **NOTICE TO US HOLDERS OF CRE SHARES**

The Partial Offer is being made for the securities of a Hong Kong company and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Partial Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Partial Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law. The receipt of cash pursuant to the Partial Offer by a US holder of Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the Partial Offer.

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It may be difficult for US holders of Shares to enforce their rights and any claim arising out of the US federal securities laws, since CRH, the Offeror and the Company are located in a country outside the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with the Hong Kong Code on Takeovers and Mergers and Rule 14e-5(b) of the US Securities Exchange Act, affiliates of Merrill Lynch (Asia Pacific) Limited and Morgan Stanley Asia Limited may continue to act as exempt principal traders in the Shares on HKEx.

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