

For Immediate Release

Press Release

**China Resources Enterprise Dispatches Circular to Shareholders
to Seek Approval for Disposal of All Non-Beer Businesses and Capital Reduction**

- **CRH has made a proposal to CRE to purchase all the non-beer businesses of CRE for HK\$30 billion.**
- **After approval for the Revised Proposed Disposal has been obtained from independent shareholders, a special dividend of HK\$12.30 per share is expected to be distributed by the end of October 2015.**
- **CRE seeks for a special resolution from all shareholders to reduce capital account by a sum equal to HK\$10 billion for sufficient reserve to proposed distribution of the special dividend.**
- **CRH has also proposed to make a revised pre-conditional partial offer to acquire up a maximum of 484,273,072 shares (representing approximately 20% of the issued share capital of CRE) at HK\$12.70 per share.**
- **Total cash consideration of the Revised Proposed Disposal and Revised Partial Offer (to the extent tendered and fully accepted) amounts to HK\$25.00 per share, representing approximately a 64.5% premium to the last closing price of HK\$15.20 per share on 2 April 2015 prior to the trading halt.**
- **An EGM will be held on 3 August 2015 to seek approval from independent shareholders.**
- **The Board has recommended that all shareholders should vote in favour of the resolutions to be proposed in the EGM.**

Hong Kong, 9 July 2015 – **China Resources Enterprise, Limited** (“CRE”, “the Company”, HKEx: 00291) today dispatched a circular (“Circular”) on the revised proposed disposal of CRE’s all non-beer businesses to China Resources (Holdings) Company Limited (“CRH”) (“Revised Proposed Disposal”) and the capital reduction to a sum equal to HK\$10 billion (“Capital Reduction”). The Revised Proposed Disposal remains subject to approval by independent shareholders, for which an Extraordinary General Meeting (“EGM”) will be held on 3 August 2015, and consent by certain banks and third parties. The Board has recommended that all shareholders should vote in favour of the resolutions to approve the Revised Proposed Disposal and Capital Reduction.

As set out in the announcements on 20 April 2015, 4 May 2015 and 17 June 2015, CRE entered into agreements with CRH that the total consideration of the Revised Proposed Disposal was set at HK\$30 billion, and the special dividend to be paid after completion will be HK\$12.30 per share. Under the revised pre-conditional partial offer (“Revised Partial Offer”), CRH will make an offer to acquire a maximum of 484,273,072 shares (representing approximately 20% of the issued share capital of CRE). Together with the proposed special dividend, a total cash consideration of HK\$25.00 per share is proposed to be received by shareholders for every share that is tendered into and accepted under the Partial Offer, which represents a 64.5% premium over the closing

share price on the last trading date on 2 April 2015 prior to the halt of trading of CRE shares. In addition, upon CRE's request, CRH has agreed to provide a shareholder's loan(s) of up to HK\$10 billion for up to three years at the prevailing market interest rate.

The challenging environment in China's retail market and general market conditions have posed a significant challenge on the Company. Slowing economic growth has resulted in lower consumer spending growth and this has had a negative impact on the retail sector. This impact has been compounded by the shift to e-commerce and the entry of new industry players that is impacting large format stores, and has therefore resulted in declining same store sales for the retail segment over the last 18 months. At the same time, the Company is undertaking the integration with Tesco PLC's China business that will require a significant amount of time and capital investment. Although the integration remains generally on track, there is no certainty as to the timing or successful execution in view of the current operational environment and ongoing industry challenges. Further investment will also need to be made into the retail stores to adapt to the changing landscape and improve profitability.

For food division, both the rice business and pork business will require further investment to improve capacity utilization and profitability. While the beverage business is facing increasing competition and requires to make additional ongoing investment to maintain its leading position in purified water products and develop market leading brands in other categories.

CRH is of the view that, to ensure the long-term prospects and success of the Company, there is a need to continue investing significant amounts of capital and resources in the Company's non-beer businesses. Furthermore, there is no certainty as to the time required for the return of the non-beer businesses to profitability. After considering a number of potential alternatives to unlock value for the Company and its shareholders, it is CRH's belief that a strategic transformation into a beer-focused business is the best alternative.

CRE seeks for a special resolution from all shareholders on Capital Reduction for sufficient reserve to proposed distribution of the special dividend. After approval for the Revised Proposed Disposal has been obtained from independent shareholders, a special dividend of HK\$12.30 per share is expected to be paid by the end of October 2015. CRE will become specialized in beer business of which its subsidiary, China Resources Snow Breweries Limited, is the largest brewer by sales volume in China, the largest beer market by sales volume in the world. Moving forward, CRE will continue to seek profitable growth through premiumisation of its product mix to mid- and high-end products, increasing penetration into different tiers of cities and leveraging its close relationships with distributors and retailers as well as collaboration with experienced international joint venture partner, SABMiller PLC. Furthermore, CRE will continue with its ongoing quality and productivity improvement from lean manufacturing and other initiatives. On the expansion front, CRE will continue to pursue organic growth together with acquisitions, utilizing the strong execution and integration capability it has built through more than 20 acquisitions since 2006.

Mr. Chen Lang, Chairman of the Company said, “The Revised Proposed Disposal demonstrates CRH’s full support to CRE and creates an attractive opportunity for shareholders to realise part of the value in cash and retaining substantial relative value for the beer business. CRE will transform into a beer-focused listed entity, unburdened from the previous conglomerate structure and associated capital constraints. The transactions are thus expected to be in the best interest of the Company and the shareholders as a whole.”

CRH currently holds an indirect stake of approximately 51.78% in CRE. UBS AG is the financial advisor to CRE on the transaction. Rothschild (Hong Kong) Limited is the independent financial advisor to the Independent Board Committee and the Independent Shareholders.

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 beer, retail, food and beverage in China.

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Full details of the Circular have been posted on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the corporate website at www.cre.com.hk.

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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 their 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 reasonable enquiries, that to the best of their knowledge, opinions expressed in the Announcement (some of which are extracted in this document) other than those expressed by CRH, CRH Enterprise or parties acting in concert with them have been arrived at after due and careful consideration and there are no facts not contained in the Announcement the omission of which would make any statement in the Announcement misleading.

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NOTICE TO US HOLDERS OF CRE SHARES

The following is an extract from the Announcement:

The Revised 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 Revised 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 Revised 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 Revised 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/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Revised Partial Offer.

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 Code and Rule 14e-5(b) of the US Securities Exchange Act of 1934, BofAML, Morgan Stanley and their respective affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.
