For Immediate Release

Press Release

China Resources Enterprise Reorganises to Expand Core Consumer Businesses

"Look Beyond Today - A Leader in China's Consumer Market"

- **The asset swap agreement, which includes offering a discount on assets acquired by China Resources Enterprise, demonstrates the strong support from China Resources (Holdings)**
- **Acquisitions of a hypermarket chain in China and a brewery in Shandong Province enhance the Company's portfolio of core businesses**
- **Disposals of two non-core businesses including the loss-making textile division and minority investments in container terminal operations in Hong Kong and Yantian streamline the Company's existing operations**
- **The Company continues to advance its long-term strategy to become a major, nationwide retailer in China as it expands the number of its hypermarkets to 184 and enters seven provinces not previously served**
- **China Resources Enterprise will retain rights to share in future dividends and interest of the container terminal operations and capital appreciation from its future disposal by China Resources (Holdings) above the agreed thresholds**

[Hong Kong, 29 October 2009] China Resources Enterprise, Limited (HKEx: 00291) ("The Company" or together with its subsidiaries, "The Group") today announced that it entered into an asset swap agreement with its controlling shareholder, China Resources (Holdings) Company Limited ("CRH"). The agreement involves the Company's transferring certain of its non-core businesses, being the entire textile division and minority interests in the container terminal operations, to CRH, plus the payment of cash consideration of HK$30 million in exchange for a hypermarket chain in northern, north-western, north-eastern and central China, and a brewery in Shandong Province from CRH. This proposal, if implemented, will expand the Company's supermarket and brewery businesses while streamlining its existing operations through the disposals of two non-core businesses. This proposed group reorganisation reflects the Company's strategy to focus on market leadership in its core consumer businesses, namely retail, beverage, food processing and distribution.

Although the total valuation of the assets to be received by the Company exceeds that of the assets to be received by CRH under the asset swap agreement by approximately HK$153 million, a discount has been given by CRH and the Company will settle the difference by a cash payment of HK$30 million.

Mr. Qiao Shibo, Chairman of the Company, said, "The proposed transactions demonstrate our Parent's commitment to support our strategy. In 2007, our Parent acquired Home World on our behalf and waited

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until the financial performance of the hypermarkets improved before selling Home World to us at a proposed discount to its appraised value. Our Parent is also enabling the Group's restructuring to proceed more expeditiously than would have been the case if each of the proposed transactions was carried out independently, particularly given the current challenging market conditions. Meanwhile, the proposal allows us to share in any upside potential from the port interests, which could be an additional benefit to our shareholders. More importantly, we are able to acquire a sizeable hypermarket operation without having to increase debt so that we will still be in a good financial position to capture any investment and growth opportunities that lie ahead."

The acquisition of the hypermarket chain, operated by the Home World Group, marks a great step forward in the Company's long-term strategy to be a major, nationwide retailer in China. The Home World Group operates 75 stores under the "華潤萬家 vanguard" brand in northern, north-western, north-eastern and central China, where there are strong growth prospects. The acquisition will allow the Company's supermarket business to expand quickly to seven new provinces on a self-operated basis including Shaanxi, Gansu, Qinghai, Hebei, Henan, Jilin and Liaoning while further extending its retail and distribution networks in existing markets, namely Tianjin and Beijing. The acquisition will bring the number of the Company's hypermarkets to 184 from 109. Hypermarkets offer greater varieties of merchandise than supermarkets and appeal to a wider clientele. As part of the Company's multi-format strategy, hypermarkets are effective in breaking into new markets as well as establishing regional distribution and supplier networks in a cost-effective manner.

Mr. Chen Lang, Managing Director of the Company, said, "The restructuring on the whole represents an opportunity for the Company to exit non-core businesses and acquire those with higher growth rates, strengthen our presence as a leading consumer and retail enterprise in China, and sharpen our focus on the rapidly growing consumer market. It is our strategic priority to expand our hypermarket business to new markets with strong growth potential. With the turnaround of the Home World Group already underway, the Company will be the beneficiary of future growth in the business as well as financial and operating synergies from the integration."

The acquisition of the Liaocheng Brewery fits into the Company's national expansion plan for its CR Snow subsidiary to develop its distribution network and production capacity in Shandong Province. Liaocheng Brewery has an annual production capacity of approximately 90,000 kiloliters and is in the process of upgrading it to 200,000 kiloliters by the end of this year. Liaocheng Brewery has already established a significant market position in and around Liaocheng and will benefit from integration into CR Snow's distribution network in Shandong.

The disposal of the non-core textile division, which has seen its segmental contribution to the Company decline over the past few years, will allow the Company to better focus its resources on the core consumer businesses. The textile division is engaged in several businesses including MAKO yarns, other yarns and fabrics, garments, nylon and dyeing. It has been suffering from falling exports since the global financial crisis and is presently loss-making. Market conditions for the textile industry are expected to continue to be challenging.

The disposal of the minority investments in HIT Investments Limited and Hutchison Ports Yantian Investments Limited (collectively, the "Port Interests") is consistent with the Company's focus on its core businesses. As a minority investor holding 10% stakes in the two container terminal operations, the Company does not have effective control over the operation and dividend policy of the Port Interests. The proposed restructuring, however, enables the Company to retain a right in the future to share in the dividends and interest of these investments with CRH over an agreed threshold and in any subsequent disposal of all or part of such investments at a higher valuation than an agreed amount.

The proposed transactions constitute discloseable and connected transactions with completion subject to the satisfaction of certain conditions including the passing of a resolution at the extraordinary general meeting by the Company's independent shareholders to approve the proposal.

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About China Resources Enterprise, Limited and China Resources (Holdings) Company 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 businesses in both the Chinese Mainland and Hong Kong, with core activities being retail, beverage, food processing and distribution and property investment.

China Resources (Holdings) Company Limited is the substantial and controlling shareholder of the Company and its principal business is investment holding.

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