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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

**GROUP REORGANISATION INVOLVING THE
ACQUISITIONS OF A HYPERMARKET CHAIN IN CHINA
AND A BREWERY IN SHANDONG PROVINCE FROM,
AND
DISPOSALS OF NON-CORE BUSINESSES INCLUDING
THE ENTIRE INTEREST IN THE TEXTILE DIVISION AND
THE MINORITY INVESTMENTS IN CONTAINER TERMINAL OPERATIONS
IN HONG KONG AND YANTIAN TO,
CHINA RESOURCES (HOLDINGS) COMPANY LIMITED OR ITS
SUBSIDIARIES**

Financial adviser to
China Resources Enterprise, Limited



**STANDARD CHARTERED BANK (HONG
KONG) LIMITED**

Financial adviser to
China Resources (Holdings) Company Limited



Summary

The board of directors of the Company is pleased to announce that on 29 October, 2009, the Company and CRH entered into an asset swap agreement that involves a series of transactions to enable CRE Group to transfer certain of its non-core businesses, being its entire textile division and minority interests in two container terminal operations to CRH Group plus the payment of a cash consideration of HK\$30 million, in exchange for a hypermarket chain operating in northern, north-western, north-eastern and central China

and a brewery in Shandong Province from CRH Group. This proposal, if implemented, will expand CRE Group's supermarket and brewery businesses and simultaneously streamline its existing operations through the disposals of its non-core textile division and minority investments in container terminal operations. This proposed group reorganisation represents a further step in the Company's strategy to be a market leader in its core consumer businesses, namely retail, beverage, food processing and distribution and is intended to strengthen the Company's focus on the rapidly growing consumer market in China.

The proposal, which involves the acquisitions and disposals between CRE Group and CRH Group contemplated under the asset swap agreement, constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the relevant percentage ratios in respect of the acquisitions and the disposals exceeds 2.5%, the proposal is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. In addition, based on the applicable percentage ratios, the acquisitions of the hypermarket chain and brewery, as well as the disposals of the textile division and minority interests in container terminal operations also constitute discloseable transactions for the Company under Rule 14.08 of the Listing Rules.

A circular containing details of the proposal, a letter from the independent board committee and a letter of advice from the independent financial adviser to the independent board committee together with a notice convening the extraordinary general meeting will be despatched to the shareholders of the Company as soon as practicable.

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 29 October, 2009 pending the issue of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in its shares with effect from 9:30 a.m. on 30 October, 2009.

INTRODUCTION

The board of directors of the Company is pleased to announce a proposal which, if implemented, will expand CRE Group's supermarket and brewery businesses and simultaneously streamline its existing operations through the disposals of its non-core textile division and minority investments in two container terminal operations. The proposed group reorganisation represents a further step in the Company's strategy to be a market leader in its core consumer business, namely retail, beverage, food processing and distribution and is intended to strengthen the Company's focus on the rapidly growing consumer market in China.

Under the proposal:

- CRH Group will transfer to CRE Group a hypermarket chain with 75 stores operating under the name “華潤萬家 vanguard” in northern, north-western, north-eastern and

central China, which are regions expected to sustain a high rate of growth in the future. This acquisition will allow CRE Group to establish quickly its coverage in new markets such as Shaanxi, Gansu and Liaoning Provinces and expand further its retail and distribution networks in existing markets, namely Tianjin and Beijing;

- CRH Group will transfer to CR Snow, a non-wholly owned subsidiary of the Company, a brewery in Shandong Province that will complement CR Snow's expansion plan for its distribution network and production capacity in Shandong Province;

- CRE Group will transfer to CRH Group its entire textile division, which is classified as a non-core business of the Company. This division has suffered from the deterioration in the export market for manufactured goods in China following the global financial crisis and is presently loss-making; and

- CRE Group will transfer to CRH Group its minority interests in two container terminal operations in Hong Kong and Yantian, Shenzhen, being a 10% minority interest each in HIT Investments Limited and Hutchison Ports Yantian Investments Limited respectively, while retaining a right in the future to share in the profits of these investments over an agreed threshold and in any subsequent disposal of all or part of such investments as described below.

All of the above transactions are inter-conditional and will only be implemented if all the conditions to which they are subject are fulfilled or, if permitted, waived.

ASSET SWAP AGREEMENT

On 29 October, 2009, the Company entered into an asset swap agreement with CRH that involves a series of transactions to enable CRE Group to transfer certain of its non-core businesses, being the Textile Group and the Port Interests, to CRH Group, in exchange for a hypermarket chain operated by the Home World Group and a brewery in Shandong Province from CRH Group. The difference in the value of the assets under the asset swap agreement will be settled in cash. The arrangements contemplated under the asset swap agreement constitute discloseable and connected transactions for the Company under the Listing Rules.

The asset swap agreement

Date : 29 October, 2009

Parties : The Company and CRH

Assets to be transferred:

The Company and, or, its designated subsidiaries will transfer to CRH Group the entire issued shares in each of China Resources Textiles (BVI) Company Limited, Newlook Int'l Limited, Turnside Management Limited and Loftus Agents Limited, all being

wholly-owned subsidiaries of the Company that effectively hold the Textile Group and the Port Interests; and

CRH and, or, its designated subsidiaries will transfer to CRE Group the entire issued shares in Vigorous Sun Limited and Yolly Capital Limited, which are both wholly-owned subsidiaries of CRH, together with the rights and benefit of the loans advanced by CRH Group to the companies within the Home World Group and Yolly Capital Limited.

Basis of consideration:

The terms under the asset swap agreement were determined after arm's length negotiation with reference to value of the assets based on independent valuations or value attributable by the contracted parties, historical operating performance and future prospects of the subject companies, as discussed further below. The total value of the assets to be received by CRE Group, being approximately HK\$4,937 million, is more than that of the assets to be received by CRH Group, being approximately HK\$4,784 million, under the asset swap agreement by approximately HK\$153 million. It is agreed between both parties after arm's length negotiation that the Company will receive a discount from CRH and settle such difference by cash payment of HK\$30 million. The cash payment will be payable and satisfied in full on the completion date using the internal resources of CRE Group.

If any additional shareholder's loan is made by CRH Group or CRE Group to any member of the Home World Group, Yolly Capital Limited, the Textile Group or the Port Interests, as the case may be, between 31 August 2009 and the completion date of the asset swap agreement, the contracted parties will settle the amount of such shareholder's loan on a dollar for dollar basis by cash on the completion date. If the shareholder's loan advanced to any of the Home World Group, Yolly Capital Limited, Liaocheng Brewery, the Textile Group or the Port Interests, in aggregate, exceeds HK\$50 million, the contracted parties agreed to seek prior consent from the other party prior to further advance of any shareholder's loan.

Conditions for the asset swap agreement

Completion is conditional upon the following conditions being satisfied, or waived in the case of the condition referred to in (b) only:

(a) the passing of a resolution at an extraordinary general meeting of the Company by the independent shareholders of the Company, being its shareholders other than CRH and its associates, to approve the asset swap agreement and the transactions contemplated thereunder; and

(b) CRE Group and CRH Group having obtained any and all other consents, permits, approvals, authorisations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated under the asset swap agreement.

If these conditions are not fulfilled or waived in the case of the condition referred to in (b) only, on or before 30 June, 2010 or such later date as the parties may agree, the asset swap agreement shall lapse and neither the Company nor CRH shall have any claim against the other party except in respect of any antecedent claim or breach.

Acquisition of a hypermarket chain

Under the asset swap agreement, CRE Group will acquire from CRH Group its entire equity interest in Vigorous Sun Limited together with the rights and benefit of the non-interest bearing loans owed by the Home World Group to CRH Group. Vigorous Sun Limited is incorporated in the British Virgin Islands and is the holding company of the Home World Group, including the entire equity interests of Tianjin CR Vanguard and Shaanxi CR Vanguard. Tianjin CR Vanguard and Shaanxi CR Vanguard together operate 75 hypermarkets located in Shaanxi, Gansu, Qinghai, Hebei, Henan, Jilin and Liaoning Provinces, and Beijing and Tianjin. The distribution of stores under the Home World Group comprises 33 stores in north-western China, 26 stores in northern China, 9 stores in central China and 7 stores in north-eastern China.

Assets to be transferred to CRE Group:

One share of Vigorous Sun Limited, representing its entire issued share capital together with the rights and benefit of the non-interest bearing loans owed by the Home World Group to CRH Group. For information purposes only, based on the unaudited consolidated management accounts of the respective subsidiaries under the Home World Group, such loans amounted to approximately HK\$3,328 million as at 31 August, 2009.

Based on the valuation report as of 31 August, 2009 prepared by Vigers Appraisal & Consulting Limited, an independent valuer, the appraised value of the Home World Group, inclusive of shareholder's loans due to CRH Group, is approximately HK\$4,712 million using market approach as the valuation method.

Information about the hypermarket chain

CRH acquired Tianjin CR Vanguard, formerly known as 天津家世界連鎖超市有限公司 (Tianjin Home World Supermarket Chain Co., Ltd*), from independent third parties in May 2007 in order to facilitate the entry of CRE Group into the retail market in northern, north-western, north-eastern and central China. At that time, Shaanxi CR Vanguard was wholly-owned by Tianjin CR Vanguard. Shaanxi CR Vanguard subsequently acquired 西安愛家超市有限公司 (Xian Aijia Supermarket Co., Ltd*) from independent third parties in June 2008 to expand further the Home World Group's coverage in north-western China. The acquisition cost of the Home World Group, together with the funds subsequently provided by CRH to support its expansion and operation, amounted to approximately HK\$4,822 million, including funding costs of approximately HK\$571 million up to 31 August, 2009. Following the acquisitions of these two hypermarket chains, CRH had rebranded all of the stores with the name “華潤萬家 vanguard” and the operations are supervised by CRE Group. As at the date of this announcement, there are

75 hypermarkets operated by the Home World Group in 23 cities in China. Each of the stores under these two hypermarket chains has floor areas of more than 5,000 square metres and the Home World Group had over 20,000 employees at the end of September 2009.

Set out below is the key financial information on the Home World Group based on its unaudited consolidated management accounts:

	Year Ended 31 December,		Six Months Ended
	2007	2008	30 June,
	<i>(HK\$ million)</i>		2009
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	5,389.2	8,007.5	4,806.1
Net (loss) / profit before taxation	(566.8)	(25.2)	49.7
Net (loss) / profit after taxation	(563.1)	(62.8)	43.7

As at 30 June, 2009, the unaudited consolidated net asset value of the Home World Group was approximately HK\$42.8 million.

Reasons for acquiring the hypermarket chain

Despite the uncertainties in the global operating environment following the financial turmoil last year, China's economy has continued to sustain a comparatively high rate of growth, with rapid retail sales growth alongside robust domestic consumption in both urban and rural areas. CRE Group's long term strategy is to become a major, nationwide retailer in China. The acquisition of the Home World Group is a further step in achieving this objective as its 75 hypermarket stores will significantly expand the geographic coverage and scale of CRE Group's existing supermarket business.

The Home World Group's stores operate under the name “華潤萬家 vanguard” in northern, north-western, north-eastern and central China, which are areas expected to sustain a high rate of growth in the future. The acquisition of the Home World Group will expand considerably CRE Group's retail operation as the scale of the Home World Group measured by turnover represents approximately 25% of CRE Group's turnover in its retail division based on their respective unaudited financial statements for the six months ended 30 June, 2009. As disclosed in the Company's 2008 annual report, CRE Group did not record any revenue contribution from north-western and north-eastern China while northern China contributed only approximately 4.5% of the turnover in CRE Group's supermarket operation. The acquisition of the Home World Group will extend

the geographic reach of CRE Group enabling it to expand quickly its coverage to new markets including Shaanxi, Gansu, Qinghai, Hebei, Henan, Jilin and Liaoning Provinces. The acquisition of the Home World Group will also expand CRE Group's retail and distribution networks in existing markets, namely Tianjin and Beijing.

CRE Group's existing supermarket operations are concentrated in the eastern and southern regions of China and were comprised of 1,431 and 117 self-operated stores in China and Hong Kong, respectively as at 30 June, 2009, with the remaining 1,147 stores out of a total of 2,695 being operated as franchises. As at 30 June, 2009, CRE Group had 109 hypermarkets and the addition of 75 hypermarkets under the Home World Group will increase substantially the number of stores in this format. The hypermarket store format carries more diverse merchandise than the supermarket format thereby attracting a wider range of customers. While CRE Group has a multi-store format strategy, it believes that the hypermarket format is well-suited for entering new markets as a scalable way to build customer foot traffic and establish cost-effective regional distribution and supplier networks.

The initial acquisition of the Home World Group was made by CRH, at the behest of CRE Group. In common with its other listed subsidiaries, CRH has acquired assets and businesses which were not immediately ready to form part of a listed group but will be on-sold to the relevant listed subsidiary generally at a consideration not less than its original cost to CRH plus its carrying cost when conditions are appropriate. From the outset these acquisitions are managed or supervised by the subsidiaries in question. In this, the Home World Group is no exception as it has been supervised by the retail division of CRE Group since CRH's purchase with the objective of its eventual integration with CRE Group's supermarket operations. Despite the fact that CRE Group currently supervises the Home World Group, the hypermarkets are still independently operated and are not fully integrated into CRE Group's operations. As such, the Company is expected to benefit from operational synergies of the combined business after the amalgamation of the Home World Group.

While the Home World Group has historically operated at a loss, its financial performance has significantly improved since it was acquired by CRH and with substantial operational improvement underway, CRE Group believes that it is now the right time to consolidate the Home World Group. The Company believes it will be able to achieve further operating improvements by making the Home World Group a full member of CRE Group's retail business which can be fully integrated into CRE Group's operations. Following the acquisition of Vigorous Sun Limited from CRH Group, all of the “華潤萬家 vanguard” supermarket operations under the Home World Group will be owned by CRE Group. The amalgamation of the Home World Group with CRE Group's existing supermarket operations will facilitate the implementation of CRE Group's nationwide marketing, purchasing and development strategies for its supermarket operations throughout China.

Acquisition of a brewery

Under the asset swap agreement, the Company will procure CR Snow, a 51% owned subsidiary of the Company, to acquire the entire equity interest in Yolly Capital Limited together with the rights and benefit of the shareholder's loan from CRH. Yolly Capital Limited is an investment holding company incorporated in the British Virgin Islands and its principal asset is an 100% interest in Liaocheng Brewery.

Assets to be transferred to CRE Group:

100 ordinary shares of US\$1 each in the capital of Yolly Capital Limited, representing its entire issued share capital together with the rights and benefit of the non-interest bearing loan owed by Yolly Capital Limited to CRH Group. For information purposes only, based on the unaudited management accounts of Yolly Capital Limited, this loan amounted to approximately HK\$118 million as at 31 August, 2009.

Based on the valuation report as of 31 August, 2009 prepared by Vigers Appraisal & Consulting Limited, an independent valuer, the appraised value of Yolly Capital Limited, inclusive of shareholder's loan due to CRH Group, is approximately HK\$225 million using market approach as the valuation method.

Information about the brewery

Liaocheng Brewery was established by CRH Group through Yolly Capital Limited in January 2005 after the parent company of CRH Group had formed a conglomerate with an independent third party. CRH Group was requested to take over certain brewery assets from this conglomerate that formed the basis upon which Liaocheng Brewery was established. Liaocheng Brewery is principally engaged in the production and sale of beer in Liaocheng and its environs in Shandong Province. It had an annual production capacity of about 90,000 kilolitres with sales volume amounting to approximately 64,000 kilolitres for the year 2008. Liaocheng Brewery is currently upgrading its capacity to increase annual production capacity to 200,000 kilolitres and it is expected that this upgrade will be completed by the end of this year.

Set out below is the key financial information on Yolly Capital Limited based on its unaudited consolidated management accounts:

	Year Ended 31 December,		Six Months Ended
	2007	2008	30 June,
	<i>(HK\$ million)</i>		2009
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	50.8	120.5	78.6
Net (loss) / profit before taxation	(3.8)	10.3	11.5

Net (loss) / profit after taxation	(3.8)	10.2	11.5
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As at 30 June, 2009, the unaudited consolidated net asset value of Yolly Capital Limited was approximately HK\$15.5 million.

Reasons for acquiring the brewery

As part of its national expansion plan, CR Snow has been developing its footprint in Shandong Province. As discussed in the Company's interim report 2009, CRE Group, through CR Snow, completed the acquisition of certain brewing assets in Zouping, Shandong Province which have an annual production capacity of about 300,000 kilolitres after its capacity upgrade has been completed. CR Snow is also in the process of building a greenfield brewery in Yantai, Shandong Province with an annual production capacity of 200,000 kilolitres and the project is expected to be completed by the end of this year. Liaocheng Brewery has already established a significant market position in and around Liaocheng and by means of consolidating its capacity and market share with CR Snow, CRE Group will be able to strengthen its brewing capacity and distribution network in Shandong Province. After the acquisition, Yolly Capital Limited will become a wholly-owned subsidiary of CR Snow and it is the current intention of CR Snow to undertake a further technology upgrade on the production facilities of Liaocheng Brewery in order to align such facilities with the production requirements for its national brand "SNOW".

Disposal of the textile division

Under the asset swap agreement, CRH Group will acquire from CRE Group its entire equity interest in China Resources Textiles (BVI) Company Limited, a wholly-owned subsidiary of the Company and the holding company of CRE Group's entire textile operations. Upon completion of the asset swap agreement, China Resources Textiles (BVI) Company Limited will cease to be a subsidiary of the Company and the Company will no longer be engaged in textile operations.

Assets to be transferred to CRH Group:

Four shares of US\$1 each in the share capital of China Resources Textiles (BVI) Company Limited, representing its entire issued share capital.

Based on the valuation report as of 31 August, 2009 prepared by Vigers Appraisal & Consulting Limited, an independent valuer, the appraised value of the Textile Group is approximately HK\$1,465 million using market approach as the valuation method.

Information about the Textile Group

The Textile Group is primarily engaged in spinning and weaving, garment manufacturing and nylon production in China. It has five business segments, namely, MAKO yarns, other yarns and fabrics, garments, nylon and dyeing.

Set out below is the key financial information on the Textile Group based on its unaudited consolidated management accounts for the two years ended 31 December, 2008 and the six months ended 30 June, 2009:

	Year Ended 31 December,		Six Months Ended
	2007	2008	30 June,
	<i>(HK\$ million)</i>		2009
	<i>(unaudited)</i>		<i>(unaudited)</i>
Turnover	4,712.7	4,829.5	2,211.0
Net profit / (loss) before taxation	212.7	100.4	(57.7)
Net profit / (loss) after taxation	173.0	88.9	(64.3)
Net profit / (loss) attributable to shareholders of the Company	144.4	74.0	(66.6)

As at 30 June 2009, the unaudited consolidated net asset value of the Textile Group attributable to the shareholders of the Company was approximately HK\$3,342 million. No gain or loss will be recognised by CRE Group from the disposal of the Textile Group to CRH Group under restructuring accounting.

Reasons for the disposal of the textile division

CRE Group has been engaged in textile operations since 2002. The segmental contribution from the textile division to CRE Group's overall turnover has been declining over the past few years while CRE Group has been focusing its efforts on developing as a leading branded consumer product and retail group in China. The textile division has also suffered from the deterioration in the export market for manufactured goods from China following the global financial crisis and is presently loss making. In view of the challenging environment for textile products which is expected to persist, the Company

believes that the disposal of the textile division will allow the management to dedicate more time and resources to CRE Group's consumer businesses.

Disposal of the minority investments in container terminal operations

Under the asset swap agreement, CRH Group will acquire from CRE Group its entire equity interests in Newlook Int'l Limited, Turnside Management Limited and Loftus Agents Limited, together with the rights and benefit of the shareholder's loan advanced by CRE Group to a subsidiary of HIT Investments Limited. Newlook Int'l Limited, Turnside Management Limited and Loftus Agents Limited are wholly-owned subsidiaries of the Company and their combined principal assets are a 10% interest each in HIT Investments Limited and Hutchison Ports Yantian Investments Limited, the investment holding companies that are interested in the operations of Hongkong International Terminals and Yantian International Container Terminals respectively.

The asset swap agreement also provides that so long as CRH Group holds or controls directly or indirectly all or any of the Port Interests presently held by CRE Group, it will pay to the Company 50% of the aggregate dividends and interest received by CRH Group from the Port Interests or any of them, net of any withholding or other taxes, in any calendar year commencing 2010 in excess of HK\$220 million. In the event that net dividends and interest received in any year are below such threshold, there will be no sharing of the excess received in subsequent years until any cumulative shortfall, being aggregated amounts below such threshold in any prior year, is received by CRH Group. In addition, in the event that CRH Group subsequently disposes of the Port Interests or any part of them for an aggregate consideration exceeding HK\$3,300 million, it will pay to the Company 50% of the excess amount. Such arrangement allows the Company to share the potential benefit of the Port Interests, if any, after it has been sold to CRH Group.

Assets to be transferred to CRH Group:

The entire issued share capital of Newlook Int'l Limited, Turnside Management Limited and Loftus Agents Limited, together with the rights and benefit of the interest-bearing loans owed by a subsidiary of HIT Investments Limited to CRE Group.

Information on the minority investments in container terminal operations

The Company has been a minority investor of the container terminal operations in Hong Kong and Yantian, Shenzhen since December 1996. These interests are represented by a 10% indirect minority interest each in HIT Investments Limited and Hutchison Ports Yantian Investments Limited, the results of which are classified by CRE Group as the share of net results from associates.

Set out below is the key financial information on the Port Interests based on the unaudited management accounts of Newlook Int'l Limited, Turnside Management

Limited and Loftus Agents Limited for the two years ended 31 December, 2008 and the six months ended 30 June, 2009:

	Year Ended 31 December,		Six Months Ended
	2007	2008	30 June,
	<i>(HK\$ million)</i>		2009
	<i>(unaudited)</i>		<i>(unaudited)</i>
Share of net results	345	337	134
Profit attributable to CRE Group before taxation	345	337	134
Profit attributable to CRE Group after taxation	345	337	134

As at 30 June, 2009, the unaudited consolidated net book value of the Port Interests was approximately HK\$98 million, which did not include the loans advanced by the Company to a subsidiary of HIT Investments Limited in the principal amount of about HK\$1,547 million. No gain or loss will be recognised by CRE Group from the disposal of Port Interests to CRH Group under restructuring accounting.

HIT Investments Limited and Hutchison Ports Yantian Investments Limited will cease to be associates of the Company upon completion of the disposal of the entire issued shares in Newlook Int'l Limited, Turnside Management Limited and Loftus Agents Limited to CRH Group.

Reasons for the disposal of the minority interests in container terminal operations

Given CRE Group as a minority investor does not have effective control over the operation and dividend policy of the Port Interests and there are difficulties in disposing of these investments to third parties as they are private companies with restrictions on transfer and provision of information, the directors of the Company consider its interests are better served by directing greater resources to developing CRE Group's major consumer-oriented businesses under its control.

REASONS FOR THE PROPOSAL

As explained by the Chairman in the Company's 2006, 2007 and 2008 annual reports, CRE Group continues to concentrate its activities on the consumer market in China. The transactions contemplated under the asset swap agreement represent a further step to

attain this objective. The proposal, if implemented, will significantly expand CRE Group's supermarket business, grow the brewery business and simultaneously streamline its existing operations allowing it to concentrate further its efforts on its core consumer businesses, namely retail, beverage, and food processing and distribution in China.

The proposal demonstrates CRH Group's commitment to assist the Company in the implementation of its strategy by enabling a group restructuring to occur more quickly than would be the case were CRE Group to implement each of these transactions independently, particularly so given the challenging economic conditions currently prevailing. As stated above, the group restructuring will significantly expand CRE Group's core businesses and enable CRE Group to dispose of its non-core textile division while preserving a right for the Company to share in any upside potential from the Port Interests should CRH Group receive higher than average annual dividends or interest in the future or sell the Port Interests at a price higher than HK\$3,300 million.

Although the total value of the assets to be received by CRE Group exceeds that of the assets to be received by CRH Group under the asset swap agreement by approximately HK\$153 million, a discount has been given by CRH and the Company will settle such difference by the payment of a cash consideration of HK\$30 million. The directors of the Company, other than the independent non-executive directors who will form their opinion after considering the recommendation of an independent financial adviser engaged by the Company, consider the proposal is on normal commercial terms, fair and reasonable and is in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND CRH

The Company is a company listed on the Main Board of the Stock Exchange with business emphasis on consumer businesses in China and Hong Kong. CRE Group's core activities are retail, beverage, food processing and distribution, and property investments.

CRH is the substantial and controlling shareholder of the Company and its principal business is investment holding.

IMPLICATION OF THE LISTING RULES

The proposal, including the transactions contemplated under the asset swap agreement between CRE Group and CRH Group, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the relevant percentage ratios in respect of the acquisitions and the disposals exceeds 2.5%, the proposal is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules. In addition, based on applicable percentage ratios, the acquisitions of the hypermarket chain and brewery, as well as the disposals of the textile division and minority interests in two container terminal operations also constitute discloseable transactions for the Company under Rule 14.08 of the Listing Rules.

CRH is interested in approximately 51.5% of the shares in the Company as at the date of this announcement. Accordingly CRH, its associates and any shareholder who has a material interest in the proposal will abstain from voting at the extraordinary general meeting of the Company to be convened to approve the proposal.

GENERAL

An independent board committee of the Company has been established to advise the independent shareholders of the Company on the terms of the proposal. Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the independent shareholders of the Company on the terms of the proposal.

A circular containing details of the proposal, a letter from the independent board committee and a letter of advice from the independent financial adviser to the independent board committee together with a notice convening the extraordinary general meeting will be despatched to the shareholders of the Company as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 29 October, 2009 pending the issue of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in its shares with effect from 9:30 a.m. on 30 October, 2009.

DEFINITIONS

“associates”	has the meaning ascribed to it under the Listing Rules
“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
“CRE Group”	the Company and its subsidiaries
“CRH”	China Resources (Holdings) Company Limited, the holding company of the Company interested in about 51.5% of the Company’s issued share capital, a company incorporated in Hong Kong with limited liability and an investment holding company of its subsidiaries
“CRH Group”	CRH and its subsidiaries and for the purpose of this announcement, excluding CRE Group

“CR Snow”	China Resources Snow Breweries Limited, a company incorporated in the British Virgin Islands and a 51% owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Home Group”	World Vigorous Sun Limited, a wholly-owned subsidiary of CRH which together with its subsidiaries, operate a hypermarket chain in China
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Liaocheng Brewery”	華潤(聊城)啤酒有限公司(China Resources (Liaocheng) Brewery Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of Yolly Capital Limited, which in turn is a wholly-owned subsidiary of CRH
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Port Interests”	the minority investments in two container terminal operations in Hong Kong and Yantian held by Newlook Int’l Limited, Turnside Management Limited and Loftus Agents Limited, all are wholly-owned subsidiaries of the Company, and the loans advanced by CRE Group to a subsidiary of HIT Investments Limited
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi CR Vanguard”	陝西華潤萬家生活超市有限公司(Shaanxi China Resources Vanguard Supermarket Co. Ltd.*), an indirect wholly-owned subsidiary of Vigorous Sun Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Textile Group”	China Resources Textiles (BVI) Company Limited, a wholly-owned subsidiary of the Company, which together with its subsidiaries, hold the entire textile operations of CRE Group
“Tianjin CR	天津華潤萬家生活超市有限公司(Tianjin China Resources

Vanguard” Vanguard Supermarket Co., Ltd.*), an indirect wholly-owned subsidiary of Vigorous Sun Limited

“US\$” the lawful currency of the United States of America

Note: The figures in RMB are converted into HK\$ at the rate of RMB1:HK\$1.1346 throughout this announcement for illustration purposes only.

** Name translated for reference purposes only in this announcement.*

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

Hong Kong, 29 October, 2009

As at the date of this announcement, the executive directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Lai Ni Hium (Deputy Managing Director). The Non-Executive Directors are Mr. Jiang Wei, Mr. Yan Biao, Mr. Li Fuzuo and Mr. Du Wenmin. The Independent Non-Executive Directors are Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.