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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)

CONTINUING CONNECTED TRANSACTIONS

The New Facilities Management Agreement and the New Godown Management Agreement have been entered into by Yuen Fat (a wholly-owned subsidiary of the Company) with CRH and Dragon Rider respectively for a term of three years commencing on 1 July 2012 which are renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Facilities Management Agreement, Yuen Fat was engaged for the management of the port premises and facilities developed on a site owned by CRH in Kowloon. Pursuant to the New Godown Management Agreement, Yuen Fat was engaged for the management of the godown owned by Dragon Rider in Kowloon.

As CRH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As Dragon Rider is an associate of CRH, it is also a connected person of the Company under the Listing Rules. Accordingly, the above agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

The directors (including the independent non-executive directors) of the Company consider that the transactions to be carried out under the above agreements are in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the above agreements and the annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As each of the applicable percentage ratios as referred to in Rule 14.07 of the Listing Rules in respect of the annual caps for the total service fees to be received by Yuen Fat from CRH and Dragon Rider is, on an annual basis, more than 0.1% but less than 5%, the continuing connected transactions contemplated under the New Facilities Management Agreement and the New Godown Management Agreement are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 26 June 2009 whereby the Company announced that the Old Facilities Management Agreement and the Old Godown Management Agreement had been entered into by Yuen Fat with CRH and Dragon Rider respectively for a term of three years, which commenced on 1 July 2009 and were renewable at the option of Yuen Fat for a further period of three years.

THE NEW FACILITIES MANAGEMENT AGREEMENT

Date: 28 June 2012

Parties: Yuen Fat

CRH

The New Facilities Management Agreement has been entered into by Yuen Fat with CRH for a term of three years commencing on 1 July 2012 which is renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Facilities Management Agreement, Yuen Fat is engaged for the management of the port premises and facilities developed on a site owned by CRH in Kowloon. During the term of the New Facilities Management Agreement, Yuen Fat will pay CRH a monthly fee of HK\$770,000 in consideration for the right to keep, as the service fee payable by CRH to Yuen Fat for that relevant month, all cargo handling fees, services charges and other payments collected by Yuen Fat at its own expenses from customers using the port facilities.

The amount of monthly fees payable under the New Facilities Management Agreement has been arrived at after arm's length negotiations between Yuen Fat and CRH and with reference to the existing level of monthly fees payable by Yuen Fat. Yuen Fat shall pay CRH the monthly fees for each month in arrears on the last calendar day of that month during the term of the New Facilities Management Agreement.

THE NEW GODOWN MANAGEMENT AGREEMENT

Date: 28 June 2012

Parties: Yuen Fat

Dragon Rider

The New Godown Management Agreement has been entered into by Yuen Fat with Dragon Rider for a term of three years commencing on 1 July 2012 which is renewable at the option of Yuen Fat for a further period of three years. Pursuant to the New Godown Management Agreement, Yuen Fat is engaged for the management of the godown owned by Dragon Rider in Kowloon. During the term of the New Godown Management Agreement, Yuen Fat will pay Dragon Rider a monthly fee of HK\$2,200,000 in consideration for the right to keep, as the service fee payable by

Dragon Rider to Yuen Fat for that relevant month, all licence fees and other payments collected by Yuen Fat at its own expenses from licensees and customers using any units of the godown.

The amount of monthly fees payable under the New Godown Management Agreement has been arrived at after arm's length negotiations between Yuen Fat and Dragon Rider and with reference to the existing level of monthly fees payable by Yuen Fat. Yuen Fat shall pay Dragon Rider the monthly fees for each month in arrears on the last calendar day of that month during the term of the New Godown Management Agreement.

RELATIONSHIP BETWEEN CRH, DRAGON RIDER AND THE COMPANY

As CRH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. As Dragon Rider is an associate of CRH, it is also a connected person of the Company under the Listing Rules. Accordingly, the New Facilities Management Agreement, the New Godown Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

REASONS FOR THE TRANSACTIONS

Yuen Fat is principally engaged in the provision of wharf and godown services. Together with the Group, the CRH Group is principally engaged in seven core businesses, namely consumer products (retail, beer, food and beverage), power, real estate, pharmaceuticals, cement, gas and finance, as well as other operations including microelectronics, textiles, chemical products and compressor. Dragon Rider is principally engaged in the provision of godown services.

The aggregate service fees received by Yuen Fat from CRH and Dragon Rider represent a substantial portion of the total turnover of Yuen Fat. For the two years ended 31 December 2011, the audited turnover amounted to approximately HK\$198.8 million and HK\$199.1 million respectively. Therefore, the signing of the New Facilities Management Agreement and the New Godown Management Agreement is vital to the operation of Yuen Fat.

The directors (including the independent non-executive directors) of the Company consider that the transactions to be carried out under the above agreements are in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the above agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The total amount of monthly fees paid by Yuen Fat and the total amount of service fees received by Yuen Fat for the two years ended 31 December 2011 and for the four months ended 30 April 2012 were approximately as follows:

(HK\$' million)

For the year ended 31 December		For the four
2010	2011	months ended
		30 April
		2012

The Old Facilities Management**Agreement:**

- Total monthly fees paid by Yuen Fat to CRH	8.40	8.40	2.80
- Total service fees received by Yuen Fat from CRH	93.74	102.52	29.25

The Old Godown Management**Agreement:**

- Total monthly fees paid by Yuen Fat to Dragon Rider	24.00	24.00	8.00
- Total service fees received by Yuen Fat from Dragon Rider	86.64	74.50	25.32

PROPOSED ANNUAL CAPS

The proposed annual caps for each type of the transactions under the New Facilities Management Agreement and the New Godown Management Agreement for the years ending 31 December 2013 and 2014 and the six months ending 31 December 2012 and 30 June 2015 are as follows:

(HK\$' million)

	For the six months ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014	For the six months ending 30 June 2015
The New Facilities Management Agreement:				
- Total monthly fees to be paid by Yuen Fat to CRH	4.62	9.24	9.24	4.62
- Total service fees to be received by Yuen Fat from CRH	85.00	187.00	205.70	113.14
The New Godown Management Agreement:				
- Total monthly fees to be paid by Yuen Fat to Dragon Rider	13.20	26.40	26.40	13.20
- Total service fees to be received by Yuen Fat from Dragon Rider	73.00	160.60	176.66	97.16

The annual caps for the monthly fees are determined by reference to the amount of monthly fees payable under the New Facilities Management Agreement and the New Godown Management

Agreement while those for the service fees are determined by reference to the estimated level of usage of services provided at the port premises and the godown, the estimated rates charged for these services for the three years covered by the above agreements and the provision of buffer for possible further increases in business.

The directors (including the independent non-executive directors) of the Company consider that the annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a company with business emphasis on consumer businesses in China and Hong Kong. The core businesses of the Company are, namely retail, beer, food and beverage.

GENERAL

As each of the applicable percentage ratios as referred to in Rule 14.07 of the Listing Rules in respect of the annual caps for the total service fees to be received by Yuen Fat from CRH and Dragon Rider is, on an annual basis, more than 0.1% but less than 5%, the continuing connected transactions contemplated under the New Facilities Management Agreement and the New Godown Management Agreement are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“associate”	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
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“CRH Group”	CRH and its subsidiaries
“Dragon Rider”	Dragon Rider Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CRH
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“New Facilities Management Agreement”	the agreement entered into between Yuen Fat and CRH on 28 June 2012 in relation to the provision of port management services by Yuen Fat to CRH
“New Godown Management Agreement”	the agreement entered into between Yuen Fat and Dragon Rider on 28 June 2012 in relation to the provision of godown management services by Yuen Fat to Dragon Rider
“Old Facilities Management Agreement”	the agreement entered into between Yuen Fat and CRH on 26 June 2009 in relation to the provision of port management services by Yuen Fat to CRH
“Old Godown Management Agreement”	the agreement entered into between Yuen Fat and Dragon Rider on 26 June 2009 in relation to the provision of godown management services by Yuen Fat to Dragon Rider
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuen Fat”	China Resources Logistics (Yuen Fat Wharf & Godown) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 28 June 2012

As at the date of this announcement, the Executive Directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Chief Executive Officer), Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Du Wenmin, Mr. Yan Biao, Mr. Wei Bin, Mr. Huang Daoguo and Mr. Chen Ying. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.