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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)

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF ALL NON-BEER BUSINESSES
(2) CAPITAL REDUCTION
(3) SPECIAL DIVIDEND
AND
(4) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISOR**

Financial Advisor to the Company



**Independent Financial Advisor to the
Independent Board Committee and the
Independent Shareholders**



THE DISPOSAL

Reference is made to the Joint Announcement in relation to, among others, the possible very substantial disposal of all non-beer businesses of the Company, the possible Capital Reduction, the possible Special Dividend and the pre-conditional Partial Offer.

The Board is pleased to announce that, on 4 May 2015 (after trading hours of the Stock Exchange), the Company and CRH entered into the Sale and Purchase Agreement, pursuant to which, subject to the conditions precedent set out therein, the Company agreed to sell and CRH agreed to purchase all of the non-beer businesses of the Company (including but not limited to all the assets and rights relating to all the non-beer businesses held by the Group) for a total consideration of HK\$28,000,000,000 payable in cash as to HK\$13,582,036,690 and the balance by way of the Promissory Note.

As soon as practicable after the completion of the Sale and Purchase Agreement and the Capital Reduction, the Company shall declare and pay in cash the Special Dividend of HK\$11.50 per Share subject to Directors' fiduciary duties.

IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES

CRH indirectly holds approximately 51.78% equity interest in the Company as at the date of this announcement. Accordingly, CRH is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal also constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among others, (i) further details of the Disposal; (ii) financial and other information of the Disposal Group; (iii) unaudited pro forma financial information of the Group upon Completion; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (vi) a notice of EGM, will be despatched to the Shareholders on or about 8 June 2015, which is more than 15 Business Days after the publication of this announcement, as the Company requires more time to prepare the updated financial information of the Disposal Group to be included in the circular. The EGM is expected to be held on or about 30 June 2015.

AS COMPLETION IS SUBJECT TO THE CONDITIONS PRECEDENT SET OUT IN THE SALE AND PURCHASE AGREEMENT, INCLUDING THE APPROVAL OF THE INDEPENDENT SHAREHOLDERS, THE DISPOSAL MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

THE SPECIAL DIVIDEND IS SUBJECT TO THE COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND THE IMPLEMENTATION OF THE CAPITAL REDUCTION AND DIRECTORS' FIDUCIARY DUTIES. AS SUCH, THE SPECIAL DIVIDEND MAY OR MAY NOT BE DECLARED AND PAID. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

AS THE MAKING OF THE PARTIAL OFFER IS SUBJECT TO THE SATISFACTION OF THE PRE-CONDITIONS (INCLUDING BUT NOT LIMITED TO THE COMPLETION OF THE SALE AND PURCHASE AGREEMENT, THE IMPLEMENTATION OF THE CAPITAL REDUCTION AND THE PAYMENT OF THE SPECIAL DIVIDEND), THE PARTIAL OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISORS.

NOTICE TO US HOLDERS OF 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 announcement 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/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the 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>.

Reference is made to the Joint Announcement in relation to, among others, the possible very substantial disposal of all non-beer businesses of the Company, the possible Capital Reduction, the possible Special Dividend and the pre-conditional Partial Offer.

The Board is pleased to announce that, on 4 May 2015 (after trading hours of the Stock Exchange), the Company and CRH entered into the Sale and Purchase Agreement, pursuant to which, subject to the conditions precedent set out therein, the Company agreed to sell and CRH agreed to purchase all of the non-beer businesses of the Company (including but not limited to all the assets and rights relating to all the non-beer businesses held by the Group) for a total consideration of HK\$28,000,000,000 payable in cash as to HK\$13,582,036,690 and the balance by way of the Promissory Note.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 4 May 2015

Parties: (A) Vendor: the Company

(B) Purchaser: CRH

Assets to be disposed of (the “Disposal Assets”)

CRH has agreed to purchase and the Company has agreed to sell all of the non-beer businesses of the Company pursuant to the Sale and Purchase Agreement comprising the following:

- (i) the direct (or, where applicable, indirect) interest in the entire issued share capital of the Target Companies, being subsidiaries of the Company;
- (ii) (a) all the rights under the Non-Beer Contracts; (b) such assets and rights relating to the non-beer businesses held by the Company and Purple Finance Limited (which is a wholly-owned subsidiary of the Company) (for the avoidance of doubt and subject to (c) below excluding fixed assets, prepayments, other receivables (other than receivables of management income in connection with a housing estate and the Parking Lots), utility deposits, club memberships, tax recoverable of the Company at the date of Completion), and (c) the Parking Lots (together with any utility deposits and prepayments less expenses in association therewith);
- (iii) the cash and cash equivalents held by the Company attributable to its non-beer businesses; and
- (iv) the Shareholders Loans.

At Completion, CRH will assume all obligations and liabilities of the Company and its subsidiaries unrelated to the beer business (including but not limited to tax liabilities, tax related penalties and surcharges arising out of or in connection with the transactions contemplated under the Sale and Purchase Agreement). The Company will release all financial guarantees relating to the non-beer businesses on or prior to Completion.

Pursuant to the Sale and Purchase Agreement, all costs and expenses directly incurred by the Company in connection with, amongst others, the implementation of the Sale and Purchase Agreement will be fully reimbursed by CRH.

Information of the Target Companies

The Target Companies consist of the direct (or, where applicable, indirect) interest in the following companies:

- (i) Ondereel Ltd, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding;
- (ii) Best-Growth Resources Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding;
- (iii) Havensbrook Investments Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding;
- (iv) China Resources Enet Solutions Limited, a company incorporated under the laws of Cayman Islands and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding;
- (v) CRE Finance (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company, which is principally engaged in the provision of financial services to group companies;
- (vi) CRE (Nominees) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company, which is principally engaged in the provision of nominee services; and
- (vii) CRE Trading (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Consideration

The total consideration payable by CRH to the Company under the Sale and Purchase Agreement is HK\$28,000,000,000 payable in cash as to HK\$13,582,036,690 and the balance by way of the Promissory Note.

The cash consideration of HK\$13,582,036,690 is to be paid by CRH to the Company within three Business Days from the date of Completion. The Promissory Note with no callable feature is to be issued by CRH upon Completion as a part of the consideration for the Disposal, and will bear interest at the higher of (i) 0.94% per annum and (ii) the best three-month bank deposit rate which the Company may obtain from banks which have existing business relationships with the Company under the prevailing market conditions about the time of Completion as notified in writing to CRH two Business Days before Completion for the period from the date of Completion to the date when the principal amount, together with the accrued interest, of the Promissory Note is to be fully paid to set off against the Special Dividend.

In the event that the amount of the Special Dividend is insufficient to redeem the amount due under the Promissory Note, CRH will be required to pay the shortfall to the Company in cash on the date of payment of the Special Dividend.

To the extent that no Special Dividend is paid, CRH will be required under the Sale and Purchase Agreement to repay such outstanding amount under the Promissory Note (together with interest accrued on the principal amount of the Promissory Note up to repayment date) within five Business Days upon the Company's notification in writing to CRH that the Special Dividend is not capable of being paid. The Promissory Note is not transferable and has neither security nor maturity period.

The consideration for the Disposal was concluded after arm's length negotiation between the Parties with reference to the terms of the transaction taken as a whole, including the Partial Offer referred to in the Joint Announcement.

Conditions precedent

Completion is subject to and conditional upon fulfillment of the following conditions:

- (i) the approval of Independent Shareholders at the EGM for the Company's entry into and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (ii) the Company and CRH having obtained all relevant bank consents and third party consents in connection with the transactions contemplated under the Sale and Purchase Agreement in relation to the bank loans made to, and subsisting agreements made with, the Company or the Disposal Group; and
- (iii) the Company and CRH having obtained all consents, permits, approvals, authorisations and waivers from any competent governmental or regulatory authorities as may be necessary or desirable to give effect to the transactions contemplated under the Sale and Purchase Agreement (if any). This does not include the implementation of the Capital Reduction and the Special Dividend distribution.

The Parties may, by mutual agreement, waive in whole or in part the conditions precedent (ii) and (iii). The condition precedent (i) shall not be waived in any event.

If the conditions precedent to the Sale and Purchase Agreement have not been satisfied or waived by the Long Stop Date, either Party may give notice in writing to the other Party to terminate the Sale and Purchase Agreement.

Completion

Completion will take place on or before the second Business Day after the conditions precedent to the Sale and Purchase Agreement have been fulfilled or, to the extent permitted, waived in accordance with the Sale and Purchase Agreement.

The Company is required under the Sale and Purchase Agreement to use its commercially reasonable endeavours to implement the Capital Reduction as soon as practicable after signing of the Sale and Purchase Agreement. If the Capital Reduction cannot be effected by the Completion, the Company undertakes to complete the Capital Reduction as soon as practicable after Completion. The Company is also required under the Sale and Purchase Agreement to, following the implementation of the Capital Reduction, convene a meeting of the Board to

consider the approval of the declaration and payment of the Special Dividend of HK\$11.50 per Share in the aggregate amount of approximately HK\$27,846 million (assuming no further changes to the share capital of the Company from the date of this announcement to the date when the Special Dividend is paid), subject to Directors' fiduciary duties.

Following Completion, the Target Companies will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

As at the date of this announcement, CRH has no current intention/plan to inject any assets or businesses into the Company. The Company has no current intention to enter into any new beer business venture. After Completion, the Company will take into account the prevailing market circumstances and the resources and opportunities available in its development and growth of its beer business.

Completion is not conditional on the implementation of the Capital Reduction and the declaration and payment of the Special Dividend.

UNAUDITED FINANCIAL INFORMATION OF THE DISPOSAL ASSETS

The unaudited financial information of the Disposal Assets as at 31 December 2014 and 2013 are set out below:

	As at 31 December	
	2014 (unaudited) <i>HK\$' million</i>	2013 (unaudited) <i>HK\$' million</i>
Total assets	123,594	97,156
Total liabilities	81,149	63,260
Net tangible assets	29,801	24,178
Minority interest	7,439	2,800

The unaudited financial information of the Disposal Assets for the years ended 31 December 2014 and 2013 are set out below:

	For the year ended 31 December	
	2014 (unaudited) <i>HK\$' million</i>	2013 (unaudited) <i>HK\$' million</i>
Turnover	134,488	113,578
Net (loss)/profit before tax	(444)	2,415
Net (loss)/profit after tax	(1,191)	1,285

As stated in the Joint Announcement, the above unaudited financial information relating to the Disposal Assets constitutes a profit forecast but has not been reported on by the Company's financial advisors and reporting accountants under Rule 10 of the Code. The financial information in relation to the Disposal Assets will be included in the accountant's report on the financial statements of the Group which will be audited by the Company's auditor. The accountant's report will be included in the circular to be despatched to the Shareholders in connection with the Disposal. On the above basis, no such profit forecast report will be required to be included in the circular to be despatched to the Shareholders in connection with the Disposal.

The Company would like to draw to the attention of the Shareholders and potential investors that the above unaudited financial information relating to the Disposal Assets is subject to audit by the reporting accountants of the Company and therefore to change. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Disposal, the Partial Offer and other transactions disclosed in the Joint Announcement and this announcement and/or when dealing in the Shares.

REASONS FOR THE DISPOSAL AND FINANCIAL IMPLICATIONS THEREOF

As the controlling shareholder of the Company, CRH has continued to support the development of the Company throughout its history as a publicly listed company on the Stock Exchange.

In the last twelve months prior to the Joint Announcement, the share price of the Company has continued to underperform the Hang Seng Index. Most notably, non-beer businesses of the Company have been confronted by macroeconomic headwinds as well as a challenging operating environment. These headwinds have materially impacted the financial performance of the Company overall. Furthermore, the business integration issues faced by the non-beer businesses will require a significant amount of time and capital investment.

Upon Completion, the Group will no longer be engaged in any non-beer business. The Board considers that the Disposal presents a good opportunity for the Group to deliver to Shareholders immediate and ongoing value, in the form of:

- (i) the Special Dividend of HK\$11.50 per Share, which represents approximately 75.66% of the closing share price of the Shares prior to the trading halt on 8 April 2015;
- (ii) the transfer of all the execution risks of improving the business performance of the non-beer businesses of the Company; and
- (iii) the transformation of the Group post Completion into a beer focused business that owns the best selling beer brand in the world since 2008 by sales volume, unburdened from the previous conglomerate structure and associated capital constraints. Management of the Company will have the singular strategic focus in enhancing the competitive position of the beer business segment and delivering shareholder value. Furthermore, there will be greater market clarity for Shareholders to evaluate the beer business segment on a standalone basis.

As stated in the Joint Announcement, the Company will remain an integral constituent of CRH and CRH's continued support of the Company will not change irrespective of the outcome of the Binding Proposal.

It is estimated that the Group will realise an unaudited loss on the Disposal before taxation of approximately HK\$6.8 billion, which is calculated with reference to the consideration for the Disposal less (i) the net asset value (after the deduction of the proposed Final Dividend) of the Disposal Assets attributable to the Shareholders as at 28 February 2015; (ii) the estimated transaction costs and expenses attributable to the Disposal; and (iii) release of reserves as at 28 February 2015. The Disposal hereby represents a disposal of asset which will give rise to an unaudited loss to the remaining business of the Company. The above-mentioned estimation may be different from the actual financial effect of the Disposal.

Most of the cash proceeds from the consideration under the Sale and Purchase Agreement are required to be returned to all Shareholders via the Special Dividend after Completion and the Capital Reduction. This is in line with the intention of CRH to provide a substantial and immediate cash realization to Shareholders as a part of the Binding Proposal.

The Financial Advisor has been appointed to advise the Company on the Binding Proposal.

After taking into account CRH's reasons and rationale for making the Binding Proposal and the terms of the Binding Proposal (including the terms of the Sale and Purchase Agreement) as a whole, the Directors (other than the independent non-executive Directors who will form their opinion after considering the recommendation from the Independent Financial Advisor) considered the terms of the Binding Proposal (including the Disposal) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Directors (other than the independent non-executive Directors who will form their opinion after considering the recommendation from the Independent Financial Advisor) take the view that Independent Shareholders should be given the opportunity to consider and vote on the matter.

CAPITAL REDUCTION

The Company is required under the Sale and Purchase Agreement to undertake to declare and pay the Special Dividend as soon as practicable after Completion, subject to Directors' fiduciary duties.

As there will be insufficient distributable reserves to support the proposed distribution of the Special Dividend, the Company is required under the Sale and Purchase Agreement as a pre-completion undertaking to use its commercially reasonable endeavours to implement the Capital Reduction as soon as practicable so that the capital of the Company will be reduced by a minimum of HK\$10 billion, which will be credited to the distributable reserves of the Company. If the Capital Reduction cannot be effected by Completion date, the Company is required under the Sale and Purchase Agreement to undertake to complete the Capital Reduction as soon as practicable after Completion. Upon the Capital Reduction becoming effective, the Special Dividend can then be made from the increased distributable reserves of the Company.

Conditions of the Capital Reduction

The Capital Reduction is conditional upon the fulfillment of the following conditions:

- (i) the approval by the Independent Shareholders at the EGM of the Sale and Purchase Agreement and the transactions thereunder;
- (ii) the passing of a special resolution by the Shareholders in the EGM approving the Capital Reduction; and
- (iii) if the Capital Reduction cannot be implemented through a court-free procedure, the confirmation of the Capital Reduction by the Court, the satisfaction of all conditions imposed by the Court and the registration of the Registrar of Companies in Hong Kong of a copy of the Court order confirming the Capital Reduction together with such other document as may be required under the Companies Ordinance.

The Capital Reduction will become effective upon fulfillment of the above conditions. The effective date of the Capital Reduction depends on when completion of the Sale and Purchase Agreement takes place and, if the Capital Reduction cannot be implemented through a court-free procedure, the availability of Court for the necessary hearing dates which cannot be fixed until after the passing of the special resolution to approve the Capital Reduction.

CRH indicated in the Binding Proposal that, if the resolution to approve the Sale and Purchase Agreement and the Disposal has been passed by the Independent Shareholders at the EGM, the Offeror and Commotra Company Limited (wholly-owned subsidiaries of CRH through which CRH holds approximately 51.78% interest in the Company) will vote in favour of the resolution(s) to approve the Capital Reduction.

Effect of the Capital Reduction

As at the date of this announcement, the Company has an issued and paid-up share capital of HK\$15,740,223,795.86. Upon completion of the Capital Reduction by HK\$10 billion and assuming no further changes to the share capital of the Company from the date of this announcement to the date when the Capital Reduction becomes effective, the Company will have an issued and paid-up share capital of HK\$5,740,223,795.86.

The credit arising from the Capital Reduction which amounts to HK\$10 billion will be transferred to a capital reduction reserve account of the Company. Based on the audited financial statements of the Company for the year ended 31 December 2014, implementation of the Capital Reduction will not result in diminution of any liability in respect of unpaid capital.

There will be no change in the number of Shares held by Shareholders immediately before and after the completion of the Capital Reduction. In addition, the implementation of the Capital Reduction will not, of itself, alter the underlying assets, liabilities, business operations, management of the Company or the proportionate interests or voting rights of the Shareholders immediately prior to the Capital Reduction becoming effective.

The costs and expenses incurred by the Company in relation to the Capital Reduction will be effectively borne by CRH. The Board considers that the Capital Reduction alone will not have any material adverse effect on the financial position of the Group.

As at the date of this announcement, no share options were granted by the Company under the share option scheme, and the Company has no outstanding convertible securities or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

PRE-CONDITIONAL PARTIAL OFFER

As set out in the Joint Announcement, BofAML and Morgan Stanley, on behalf of the Offeror, will, subject to the satisfaction of the Pre-Conditions, make the Partial Offer. All terms of the Partial Offer remain the same as described in the Joint Announcement except that (i) the long stop date for the satisfaction of the Pre-Conditions will be changed from 30 September 2015 as disclosed in the Joint Announcement to 31 December 2015; and (ii) the closing date of the Partial Offer will be changed from 21 days following the date on which the Composite Document is posted as disclosed in the Joint Announcement to 20 US Business Days following the date on which the Composite Document is posted to comply with relevant US securities law. Please refer to the Joint Announcement for further details of the Partial Offer.

IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES

CRH indirectly holds approximately 51.78% equity interest in the Company as at the date of this announcement. Accordingly, CRH is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal also constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The approval of the Sale and Purchase Agreement and transactions contemplated thereunder shall be subject to Independent Shareholders' approval at the EGM by way of an ordinary resolution. No Shareholders are required to abstain from voting in respect of the special resolution required under the Companies Ordinance for the implementation of the Capital Reduction, which is conditional on the passing of the ordinary resolution by the Independent Shareholders in respect of the Sale and Purchase Agreement.

INFORMATION OF THE COMPANY AND CRH

The Company is the flagship subsidiary of CRH (with CRH indirectly holding approximately 51.78% interest in the Company) focusing on retail and consumer businesses. The Group operates four principal businesses namely retail, beer, food and beverage. For retail business, the Group owns a portfolio of famous brand names including “華潤萬家 CR Vanguard”, “蘇果 Suguo”, “歡樂頌 Fun Square”, and “太平洋咖啡 Pacific Coffee”, which form an extensive network of over 4,400 stores across the PRC. The Group's beer division is a well-

established market leader, with the “雪花 Snow” brand being the best-selling single beer brand in the world in terms of volume since 2008. The food division deals mainly in rice, fruit and vegetable, meat, frozen food and modern agricultural productions. The beverage division owns a portfolio of products including “怡寶 C'estbon”, one of the best-selling purified water brands in the PRC by volume, and “麒麟 Kirin” beverage products.

CRH is a multi-business holding enterprise group registered and operating in Hong Kong. It operates in seven major sectors, namely the consumables (retail, brewery, food and drinks), power supply, real estate, cement, gas, medicine and finance. 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.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Partial Offer.

The Independent Financial Advisor has been appointed on 4 May 2015 to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement, the transactions contemplated thereunder and the Partial Offer.

The EGM will be convened as soon as practicable and is expected to be held on or about 30 June 2015 to consider, and if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Disposal, (ii) financial and other information of the Disposal Group, (iii) unaudited pro forma financial information of the Group upon Completion, (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (vi) a notice of EGM, will be despatched to the Shareholders on or about 8 June 2015, which is more than 15 Business Days after the publication of this announcement, as the Company requires more time to prepare the updated financial information of the Disposal Group to be included in the circular. The EGM is expected to be held on or about 30 June 2015.

AS COMPLETION IS SUBJECT TO THE CONDITIONS PRECEDENT SET OUT IN THE SALE AND PURCHASE AGREEMENT, INCLUDING THE APPROVAL OF THE INDEPENDENT SHAREHOLDERS, THE DISPOSAL MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

THE SPECIAL DIVIDEND IS SUBJECT TO THE COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND THE IMPLEMENTATION OF THE CAPITAL REDUCTION AND DIRECTORS' FIDUCIARY DUTIES. AS SUCH, THE SPECIAL DIVIDEND MAY OR MAY NOT BE DECLARED AND PAID. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

- “Binding Proposal”** means the binding proposal dated 13 April 2015 from CRH to the Company (enclosing a form of the sale and purchase agreement), the principal terms of which are described in the section headed “*Principal Terms of the Binding Proposal*” of the Joint Announcement, which include the Disposal, the Capital Reduction, the Special Dividend and the Partial Offer;
- “Board”** means the board of Directors;
- “BofAML”** means Merrill Lynch (Asia Pacific) Limited, a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), and Type 6 (advising on corporate finance) regulated activities under the SFO, one of the financial advisors to CRH and the Offeror;
- “Business Day”** means a day (excluding a Saturday or Sunday or public holiday) on which banks in Hong Kong and in the PRC are generally open for business;
- “BVI”** means the British Virgin Islands;
- “Capital Reduction”** means the capital reduction of the Company to reduce its capital and create an aggregate minimum of HK\$10 billion of distributable reserves;
- “Code”** means the Hong Kong Code on Takeovers and Mergers;
- “Companies Ordinance”** means the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);

“Company”	means China Resources Enterprise, Limited (華潤創業有限公司);
“Completion”	means the completion of the Disposal;
“Composite Document”	means the composite offer and response document to be issued, subject to satisfaction of the Pre-Conditions, by or on behalf of the Offeror and the Company to all Qualifying Shareholders in accordance with the Code containing, among other things, details of the Partial Offer and the acceptance and transfer forms in respect of the Partial Offer, as may be revised or supplemented as appropriate;
“Court”	means the Court of First Instance of the High Court of Hong Kong;
“CRH”	means China Resources (Holdings) Company Limited (華潤(集團)有限公司);
“Director(s)”	the director(s) of the Company;
“Disposal”	means the proposed disposal of the Disposal Assets in accordance with the terms of the Sale and Purchase Agreement;
“Disposal Assets”	means the assets listed in the section “ <i>Assets to be disposed of</i> ” in this announcement;
“Disposal Group”	means the Target Companies and its subsidiaries (including any holding company thereof);
“EGM”	means the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Final Dividend”	means the final dividend of the Company for the year ended 31 December 2014 of HK\$0.16 per Share;
“Financial Advisor”	means UBS AG, acting through its Hong Kong branch, an institution licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO and the financial advisor to the Company in relation to the Binding Proposal;
“Group”	means the Company and its subsidiaries;

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the independent board committee of the Company comprising Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon, being all the independent non-executive Directors, established to give recommendations to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Partial Offer;
“Independent Financial Advisor”	means Rothschild (Hong Kong) Limited, the financial advisor of the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Partial Offer, and is a licensed corporation under the SFO, licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities;
“Independent Shareholders”	means the Shareholders other than the Offeror, CRH and their associates and parties acting in concert with them for the purpose of approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the Partial Offer;
“Joint Announcement”	means the joint announcement made by the Company, CRH and the Offeror dated 20 April 2015 in relation to, among others, the possible very substantial disposal of all non-beer businesses of the Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	means 31 December 2015 or such later date as the Parties may agree in writing;
“Morgan Stanley”	means Morgan Stanley Asia Limited, a licensed corporation licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, one of the financial advisors to CRH and the Offeror;

“Non-Beer Contracts”	means all the contracts relating to the non-beer businesses entered into by the Company or its subsidiaries (other than the Disposal Group);
“Offeror”	means CRH (Enterprise) Limited, the offeror in the Partial Offer;
“Parking Lots”	means certain parking spaces in CRE Centre in Lai Chi Kok, Kowloon and certain parking spaces in Riley House in Kwai Chung, New Territories;
“Partial Offer”	means the pre-conditional voluntary cash partial offer by BofAML and Morgan Stanley on behalf of the Offeror to the Qualifying Shareholders to acquire up to 242,136,536 Shares (representing approximately 10% of the issued share capital of the Company) at HK\$12.70 per share and any subsequent revision or extension of such offer;
“Party”	means either CRH or the Company, and the term “Parties” means both of them;
“PRC”	means the People’s Republic of China (which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan);
“Pre-Conditions”	means the pre-conditions to the making of the Partial Offer, as set out under the section headed <i>“Pre-Conditions to the Partial Offer”</i> of the Joint Announcement;
“Promissory Note”	means a promissory note for the principal amount of HK\$14,417,963,310, the details of which are set out under the section headed <i>“Consideration”</i> of this announcement;
“Qualifying Shareholders”	means the Shareholders other than the Offeror and parties acting in concert with it;
“Sale and Purchase Agreement”	means the sale and purchase agreement dated 4 May 2015 entered into between the Company and CRH in respect of, among others, the Disposal;
“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholder(s)”	means the holder(s) of the Shares;

“Shareholders Loans”	means the shareholders loans owed by the Disposal Group to the Company which are outstanding and not repaid as at Completion;
“Share(s)”	means ordinary share(s) in the capital of the Company;
“Special Dividend”	means a special dividend of HK\$11.50 per Share in the aggregate amount of approximately HK\$27,846 million (assuming no further changes to the share capital of the Company from the date of this announcement to the date when the Special Dividend is paid), representing most of the proceeds from the Disposal;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Target Companies”	are all engaged in non-beer businesses and means: (i) Ondereel Ltd, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company; (ii) Best-Growth Resources Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company; (iii) Havensbrook Investments Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company; (iv) China Resources Enet Solutions Limited, a company incorporated under the laws of Cayman Islands and a direct wholly-owned subsidiary of the Company; (v) CRE Finance (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company; (vi) CRE (Nominees) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company; (vii) CRE Trading (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company;
“United States” or “US”	means the United States of America;
“US Business Day”	means any day, other than Saturday, Sunday or a US federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern time; and
“%”	means per cent.

By order of the board of directors of China Resources Enterprise, Limited
CHEN LANG
Chairman

Hong Kong, 4 May 2015

As at the date of this announcement, the executive Directors are Mr. Chen Lang (Chairman), Mr. Hong Jie (Chief Executive Officer), Mr. Liu Hongji (Vice Chairman) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The non-executive Directors are Mr. Du Wenmin, Mr. Wei Bin, Mr. Yan Biao, Mr. Chen Ying and Mr. Wang Yan. The independent non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.