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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



Independent financial adviser to the independent shareholders and
the independent board committee



PLATINUM
Securities

A notice convening an extraordinary general meeting (the "EGM") of the Company to be held on Friday, 27 November, 2009 at 3:30 p.m. at 4/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 67 to 68 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 39th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

12 November, 2009

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DEFINITIONS

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

“Announcement”	announcement of the Company dated 29 October, 2009
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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 circular, 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
“EGM”	an extraordinary general meeting of the Company to be held at 3:30 p.m. on Friday, 27 November, 2009 at 4/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Home World Group”	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
“Latest Practicable Date”	9 November, 2009, being the latest practicable date for ascertaining certain information for inclusion in this circular

DEFINITIONS

“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
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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 Vanguard”	天津華潤萬家生活超市有限公司 (Tianjin China Resources 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 circular for illustration purposes only.

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

LETTER FROM THE BOARD



華潤創業有限公司 China Resources Enterprise, Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 291)

Executive directors:

Mr. Qiao Shibo (*Chairman*)
Mr. Chen Lang (*Managing Director*)
Mr. Wang Qun (*Deputy Managing Director*)
Mr. Lau Pak Shing (*Deputy Managing Director*)
Mr. Lai Ni Hium (*Deputy Managing Director*)

Registered office:

39/F, China Resources Building
26 Harbour Road,
Wanchai,
Hong Kong

Non-executive directors:

Mr. Jiang Wei
Mr. Yan Biao
Mr. Li Fuzuo
Mr. Du Wenmin

Independent non-executive directors:

Dr. Chan Po Fun, Peter
Mr. Houang Tai Ninh
Dr. Li Ka Cheung, Eric
Dr. Cheng Mo Chi
Mr. Bernard Charnwut Chan
Mr. Siu Kwing Chue, Gordon

12 November, 2009

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

INTRODUCTION

As announced on 29 October, 2009, the Company and CRH entered into an asset swap agreement on 29 October, 2009 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. 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.

LETTER FROM THE BOARD

The proposed group reorganisation, 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. 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.

The purpose of this circular is to provide the shareholders with further details on the terms of the asset swap agreement. This circular also contains a letter of advice from Platinum Securities Company Limited to the independent board committee and the independent shareholders of the Company in relation to the proposal, a letter of advice containing the recommendation of the independent board committee and a notice of EGM.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 the Announcement, there were 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 30 June,	
	2007	2008	2008	2009
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	5,389.2	8,007.5	3,728.7	4,806.1
Net (loss)/profit before taxation	(566.8)	(25.2)	(34.2)	49.7
Net (loss)/profit after taxation	(563.1)	(62.8)	(37.6)	43.7

In 2008, turnover of the Home World Group increased by approximately 48.6% to HK\$8,008 million from HK\$5,389 million in 2007. The growth in turnover was the result of new store expansion mainly from the acquisition of 西安愛家超市有限公司 (Xian Aijia Supermarket Co., Ltd*) in June 2008, as well as same store growth of approximately 22.9%. The total number of stores under the Home World Group increased from 61 by the end of 2007 to 74 by the end of 2008. In 2008, the net loss was significantly reduced to HK\$63 million from HK\$563 million in 2007. The improvement in profitability was mainly due to the efficiencies from greater operating scale coupled with better terms from suppliers and effective cost controls.

In the six months ended 30 June, 2009, turnover of the Home World Group increased by approximately 28.9% to HK\$4,806 million from HK\$3,729 million for the prior year period. The growth was due in part to continued store expansion to 75 stores as well as same store growth of approximately 8.6%. In the six months ended 30 June, 2009, the Home World Group had a net profit of HK\$44 million compared to a net loss of HK\$38 million for the prior year period. The increase in profitability is primarily the result of continued operating improvements.

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

LETTER FROM THE BOARD

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 turnover 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

LETTER FROM THE BOARD

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.

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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 30 June,	
	2007	2008	2008	2009
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	50.8	120.5	67.7	78.6
Net (loss)/profit before taxation	(3.8)	10.3	9.4	11.5
Net (loss)/profit after taxation	(3.8)	10.2	9.4	11.5

In 2008, turnover of Liaocheng Brewery increased by approximately 137.2% to HK\$121 million from HK\$51 million in 2007. Sales volume growth and product mix improvement were the key drivers to the turnover growth. In 2008, the sales volume rose by 77.8% to approximately 64,000 kiloliters from 36,000 kiloliters in 2007. The average selling price increased approximately by 18.8% in 2008. The increase in average selling price was mainly due to the increase in the proportion of medium end and premium beer sales. In 2008, Liaocheng Brewery had a net profit of HK\$10 million compared to a net loss of HK\$4 million in 2007. The improvement in profitability is mainly the result of turnover growth and economies of scale.

In the six months ended 30 June, 2009, turnover of Liaocheng Brewery increased by approximately 16.1% to HK\$79 million from HK\$68 million for the prior year period. Sales volume amounted to approximately 41,000 kiloliters, a 13.9% increase compared to the same period last year. The average selling price increased by approximately by 2.5% compared to the same period last year. In the six months ended 30 June, 2009, the net margin was approximately 14.6% compared to 13.9% for the prior year period.

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".

LETTER FROM THE BOARD

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, 2008 and 2009:

	Year Ended 31 December,		Six Months Ended 30 June,	
	2007	2008	2008	2009
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	4,712.7	4,829.5	2,460.8	2,211.0
Net profit/(loss) before taxation	212.7	100.4	99.2	(57.7)
Net profit/(loss) after taxation	173.0	88.9	76.5	(64.3)
Net profit/(loss) attributable to shareholders of the Company	144.4	74.0	66.1	(66.6)

As at 30 June, 2009, the unaudited consolidated net asset value of the Textile Group attributable to the shareholders of the Company and the external debts of the Textile Group amounted to approximately HK\$3,342 million and HK\$1,494 million respectively. No gain or loss will be recognised by CRE Group from the disposal of the Textile Group to CRH Group under restructuring accounting.

LETTER FROM THE BOARD

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 and such arrangement may be classified as financial assets of the Company under the accounting principles generally accepted in Hong Kong. Subject to completion of the asset swap agreement, further details will be disclosed in the Company's consolidated financial statements if applicable.

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.

Given CRE Group is only a minority shareholder of the Port Interests with no management control over their operations and there is no publicly available financial information on the two container terminal operations, no separate valuation report is prepared for the Port Interests due to contractual limitations on disclosure of relevant information.

LETTER FROM THE BOARD

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:

	Six Months		
	Year Ended 31 December,		Ended 30 June,
	2007	2008	2009
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	(unaudited)	(unaudited)	(unaudited)
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.

FINANCIAL EFFECT OF THE PROPOSED GROUP REORGANISATION

Upon completion of the asset swap agreement, Vigorous Sun Limited will become a wholly-owned subsidiary of the Company and Yolly Capital Limited will become a wholly-owned subsidiary of CR Snow, which is 51% owned by CRE Group. The financial

LETTER FROM THE BOARD

results of Vigorous Sun Limited and Yolly Capital Limited will be consolidated into the accounts of CRE Group with a minority interest adjustment in the case of Yolly Capital Limited. On the other hand, China Resources Textiles (BVI) Company Limited will cease to be a subsidiary of the Company while HIT Investments Limited and Hutchison Ports Yantian Investments Limited will cease to be associates of the Company, and there will be no turnover or profit/(loss) contribution from the Textile Group and the Port Interests. Set out below are the combined turnover and net profit/(loss) attributable to CRE Group (where applicable) from the assets to be acquired and disposed of by CRE Group based on the unaudited consolidated management accounts of the relevant subject companies:

	Year Ended		Six Months Ended	
	31 December, 2008		30 June, 2009	
	Home World		Home World	
	Group and	Textile Group	Group and	Textile Group
	Yolly Capital	and Port	Yolly Capital	and Port
	Limited	Interests	Limited	Interests
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Combined turnover	8,128.0	4,829.5	4,884.7	2,211.0
Combined net profit/(loss)	(52.6)	411.0	55.2	67.4

It is expected that after completion of the asset swap agreement, turnover contribution from the Home World Group and Yolly Capital Limited will noticeably exceed the loss of turnover from the assets to be disposed of. The directors of the Company believe that there will be a near-term decline in earnings arising from the disposal of the Textile Group and the Port Interests. However, the directors of the Company believe that the strong growth potential of the Home World Group and Yolly Capital Limited will enable CRE Group to gradually make up the earning gap.

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.

LETTER FROM THE BOARD

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 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 was interested in approximately 51.5% of the shares in the Company as at the Latest Practicable Date. Accordingly CRH, its associates and any shareholder who has a material interest in the proposal will abstain from voting at the EGM to approve the proposal.

INDEPENDENT BOARD COMMITTEE

The independent board committee of the Company comprising 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, all being the independent non-executive directors of the Company, has been formed to advise the independent shareholders of the Company as to the fairness and reasonableness of the proposal.

Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in this regard.

LETTER FROM THE BOARD

EGM

A notice convening an extraordinary general meeting of the Company to be held on Friday, 27 November, 2009 at 3:30 p.m. at 4/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 67 to 68 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 39th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

RECOMMENDATION

The Board considers that the terms of the asset swap agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole. Accordingly, the Board recommends the shareholders of the Company to vote in favour of the ordinary resolution to be proposed in the EGM.

Your attention is drawn to the recommendation of the independent board committee of the Company as set out on page 17 of this circular and the letter from Platinum Securities Company Limited as set out on pages 19 to 57 of this circular.

GENERAL

Additional information is set out in the appendix to this circular for your information.

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



華潤創業有限公司
China Resources Enterprise, Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 291)

12 November, 2009

To the independent shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 12 November, 2009 (the “**Circular**”) to the shareholders of the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the independent board committee and to advise you whether the terms of the asset swap agreement are fair and reasonable and in the interests of the Company and the independent shareholders of the Company as a whole.

Platinum Securities Company Limited has been appointed to advise the independent board committee and the independent shareholders of the Company as to whether the terms of the asset swap agreement are fair and reasonable so far as the independent shareholders of the Company are concerned and whether such terms are in the interests of the Company and the independent shareholders of the Company as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 19 to 57 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 16 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the proposal and the advice of Platinum Securities Company Limited, we are of the opinion that the terms of the asset swap agreement are fair and reasonable so far as the independent shareholders of the Company are concerned and are in the interests of the Company and the independent shareholders of the Company as a whole. Accordingly, we recommend the independent shareholders of the Company to vote in favour of the resolution to be proposed at the EGM to approve the proposal.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As at the Latest Practicable Date, Dr. Chan Po Fun, Peter was taken to be interested in 506,000 shares of the Company and outstanding share options of the Company covering 200,000 shares, representing an aggregate of approximately 0.03% of the issued share capital of the Company. As at the Latest Practicable Date, Mr. Houang Tai Ninh and Dr. Li Ka Cheung, Eric were each beneficially interested in outstanding share options of the Company covering 200,000 shares, representing in aggregate of approximately 0.02% of the issued share capital of the Company.

Yours faithfully,
Independent board committee of
China Resources Enterprise, Limited

Dr. Chan Po Fun, Peter
Independent
non-executive director

Mr. Houang Tai Ninh
Independent
non-executive director

Dr. Li Ka Cheung, Eric
Independent
non-executive director

Dr. Cheng Mo Chi
Independent
non-executive director

Mr. Bernard Charnwut Chan
Independent
non-executive director

Mr. Siu Kwing Chue, Gordon
Independent
non-executive director

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

22/F Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong

Telephone (852) 2841 7000
Facsimile (852) 2522 2700

12 November, 2009

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**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**

INTRODUCTION

We refer to the announcement of the Company dated 29 October 2009. On 12 November 2009, the Company despatched a circular (the "Circular") in relation to the proposed asset swap agreement with CRH (the "Proposal") to the independent shareholders of the Company (the "Independent Shareholders"), of which this letter forms part. Details of the Proposal are contained in the letter from the board in the Circular and the appendix to the Circular, which you should read carefully.

We refer to our engagement as the independent financial adviser to advise the independent board committee of the Company (the "Independent Board Committee") as to whether the Proposal is on normal commercial terms, in the ordinary and usual course of business of CRE Group, fair and reasonable and in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole and to advise the Independent Board Committee on whether the Independent Shareholders should vote in favour of the Proposal. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We are independent from, and are not connected with the Company or any other party to the Proposal or any of their respective associates, connected persons or parties acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee.

We will receive a fee from the Company for our role as the independent financial adviser to the Independent Board Committee in relation to the Proposal. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Proposal or any of their respective associates, connected persons or parties acting in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the annual report of CRE Group for the financial year ended 31 December 2004 (the "2004 Annual Report"); (ii) the annual report of CRE Group for the financial year ended 31 December 2005 (the "2005 Annual Report"); (iii) the annual report of CRE Group for the financial year ended 31 December 2006 (the "2006 Annual Report"); (iv) the annual report of CRE Group for the financial year ended 31 December 2007 (the "2007 Annual Report"); (v) the annual report of CRE Group for the financial year ended 31 December 2008 (the "2008 Annual Report"); and (vi) the interim report of CRE Group for the six months ended 30 June 2009 (the "2009 Interim Report").

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The directors of the Company (the "Directors") have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Company and/or the Directors which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Proposal.

The Independent Board Committee, comprising the independent non-executive Directors, namely, 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, has been established to advise the Independent Shareholders in relation to the Proposal.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Proposal and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Proposal

The Company and CRH entered into an asset swap agreement on 29 October 2009 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.

Details of the Proposal are as follows:

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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Basis of
consideration:

The terms under the Proposal 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. 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 Proposal 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 Proposal, 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Conditions for
the Proposal:

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, being its Shareholders other than CRH and its associates, to approve the Proposal 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 Proposal.

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 Proposal 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.

2. Business of the Group

The Company is 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. Apart from these core businesses, it also has a textile business as well as other investments. Table 1 below sets out the breakdown of CRE Group's turnover by business segments for the three financial years ended 31 December 2008 and the six months ended 30 June 2009.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Table 1: Breakdown of CRE Group's turnover by business segments

	For the financial year ended 31 December						For the six months ended 30 June	
	2006		2007		2008		2009	
	Turnover <i>HK\$ million</i>	% of total turnover	Turnover <i>HK\$ million</i>	% of total turnover	Turnover <i>HK\$ million</i>	% of total turnover	Turnover <i>HK\$ million</i>	% of total turnover
Continuing operations								
Core businesses								
Retail	20,363	31	25,943	42	34,578	53	18,952	54
Beverage	9,432	14	13,279	21	17,352	27	10,176	29
Food processing and distribution	5,769	9	7,232	12	7,468	12	3,459	10
Investment property	320	1	346	1	401	1	249	1
Sub-total	35,884	55	46,800	76	59,799	93	32,836	94
Other businesses								
Textile	4,453	7	4,713	7	4,829	7	2,211	6
Sub-total	40,337	62	51,513	83	64,628	100	35,047	100
Discontinued operations								
Petroleum and related products distribution	25,100	38	10,610	17	-	-	-	-
Total	65,437	100	62,123	100	64,628	100	35,047	100

Sources: The 2006 to 2008 Annual Reports and the 2009 Interim Report.

As seen from Table 1 above, turnover from the core businesses has grown in importance to CRE Group with their turnover contribution having increased from 55% of total turnover in the financial year ended 31 December 2006 to 93% of total turnover in the latest full financial year. On the other hand, turnover from the other non-core continuing businesses, namely, the textile segment, has consistently made up less than 10% of CRE Group's total turnover for each of the last three financial years ended 31 December 2008. This continued to be the case for the six months ended 30 June 2009.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

When we analyse the profit contribution from each business segment, broadly the same trend is observed, as shown in the breakdown of segment result by business segments contained in Table 2 below.

Table 2: Breakdown of CRE Group's segment result by business segments

	For the financial year ended 31 December			For the six months ended
	2006	2007	2008	30 June 2009
	% of total profit attributable to Shareholders %	% of total profit attributable to Shareholders %	% of total profit attributable to Shareholders %	% of total profit attributable to Shareholders %
Continuing operations				
Core businesses				
Retail	7	10	23	22
Beverage	6	6	16	28
Food processing and distribution	15	10	12	17
Investment property	22	13	30	26
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	50	39	81	93
Other businesses				
Textile	2	3	3	(5)
Investments and others	14	8	16	12
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	66	50	100	100
Discontinued operations				
Petroleum and related products distribution	34	50	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	100	100	100	100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note:

- Net corporate interest and expenses have been excluded in the calculation of percentage as a total of profit attributable to Shareholders.*

Sources: The 2006 to 2008 Annual Reports and the 2009 Interim Report.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

From Table 2 above, it can be seen that profit attributable to Shareholders from the core businesses has increased from 50% of total segment result in the financial year ended 31 December 2006 to more than 80% in the latest full financial year. In the six months ended 30 June 2009, its contribution increased further to over 90%. In contrast, profit from the textile business represented only a very small portion of CRE Group's total profit for each of the last three financial years ended 31 December 2008 as well as for the six months ended 30 June 2009. As for CRE Group's other investments, we note that their profit contribution has consistently been in the range of 12% to 16% for the last three financial years ended 31 December 2008 and for the six months ended 30 June 2009, except for the financial year ended 31 December 2007 when its profit contribution dropped to 8%.

In light of the above, we are of the view that not only has a major portion of CRE Group's turnover and profit been generated from its core businesses, namely, retail, beverage, food processing and distribution as well as investment property, but the turnover and profit contribution from these core businesses have also in recent years continued to grow in importance as a percentage of total turnover and profit. In comparison, the other businesses, namely, textile and investments and others, represent a relatively less significant part of CRE Group's total turnover and profit.

3. Long-term strategy of CRE Group

As stated in the 2008 Annual Report, it is the objective of CRE Group to become the largest consumer company in China and to accomplish this objective, CRE Group has been investing in the core consumer businesses to enhance market position, improve competitiveness and develop a platform for further growth. For the financial year ended 31 December 2008, CRE Group incurred approximately HK\$7 billion on capital expenditure with a majority directed towards the beverage and retail businesses. At the same time, CRE Group will continue to divest businesses or assets which are outside its core portfolio or which lack critical mass. We note that this long-term strategy of CRE Group to focus on core businesses and to exit non-core businesses has been maintained in 2009. As stated in the 2009 Interim Report, in response to the challenging economic climate, CRE Group has sought to further consolidate its foundation by focusing on its three core businesses, namely, retail, beverage and food businesses and that for this reason, it has been assessing the feasibility of various alternatives for restructuring the non-core businesses.

4. Principal terms of the Proposal

A. Reasons for the Proposal

As described in the section headed "Long-term strategy of CRE Group", CRE Group's long-term strategy is to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses. As such, we are of the opinion that the Proposal is squarely in line with this long-term strategy and we concur with the Directors' view as stated in the letter from the Board

that 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.

Furthermore, we are of the view that the Proposal allows CRE Group to achieve all of these objectives more expeditiously by combining and implementing the transactions underlying the Proposal together, thereby, also reducing the amount of cash outlay, time and administrative resources required.

As such, we are of the view that the Proposal is in line with the long-term strategy of CRE Group and in the interests of the Company and the Shareholders as a whole.

B. Acquisition of a hypermarket chain

Background

Under the Proposal, 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 (the "Hypermarket Acquisition"). 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. As at the date of the Announcement, Tianjin CR Vanguard and Shaanxi CR Vanguard together operated 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 comprised 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.

Reasons for acquiring the hypermarket chain

As stated in the letter from the Board in the Circular, 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. According to information from the National Bureau of Statistics of China ("NSB"), the compound annual growth rate ("CAGR") in supermarket retail value was approximately 18% from 2005 to 2008. Looking into 2009, the retail sales of consumer goods from January 2009 to September 2009 remained strong, recording a year-on-year growth of 15.1%.

Additionally, as stated in the letter from the Board in the Circular, CRE Group's long-term strategy is to become a major, nationwide retailer in China and that 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 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. We are of the view that the Hypermarket Acquisition is consistent with what we have noted in the above section headed "Long-term strategy of CRE Group" that CRE Group's long-term strategy is to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses by significantly expanding CRE Group's footprint in the retail sector through the Hypermarket Acquisition.

Furthermore, as stated in the letter from the Board in the Circular, CRE Group's existing supermarket operations are concentrated in the eastern and southern regions of China. As disclosed in the 2008 Annual Report, CRE Group did not record any turnover 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. On the other hand, the Home World Group's stores are operated in northern, north-western, north-eastern and central China. As such, we concur with the Directors' view as stated in the letter from the Board in the Circular that the Hypermarket Acquisition 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; whilst also expanding its retail and distribution networks in existing markets, namely, Tianjin and Beijing. We believe that as the Hypermarket Acquisition would enable CRE Group to tap into new markets in which

LETTER FROM INDEPENDENT FINANCIAL ADVISER

its supermarket business currently has relatively little exposure and reinforce its coverage of existing markets, the Hypermarket Acquisition would help the Company to expand from a regional player to a national player and signifies an important step towards CRE Group's objective to become a leading consumer company in China as mentioned above in the section headed "Long-term strategy of CRE Group".

Moreover, as further stated in the letter from the Board in the Circular, as at 30 June 2009, CRE Group had 109 hypermarkets. As such, we agree with the Directors' view as stated in the letter from the Board in the Circular that the addition of 75 hypermarkets under the Home World Group will increase substantially the number of stores in this format. We further concur with their view that the hypermarket store format carries more diverse merchandise than the supermarket format thereby attracting a wider range of customers, hence, 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.

Also, as stated in the letter from the Board in the Circular, the Home World Group has been supervised by the retail division of CRE Group but the hypermarkets are not fully integrated into CRE Group's operations and that 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. Therefore, we share the same view as the Directors as stated in the letter from the Board in the Circular that the Company is expected to benefit from operational synergies of the combined business. Although the Home World Group has historically been operated at a loss, its financial performance has improved substantially. For the financial year ended 31 December 2008, its net loss was approximately HK\$62.8 million, a significant improvement compared to a net loss of approximately HK\$563.1 million in the preceding financial year ended 31 December 2007. For the six months ended 30 June 2009, it has turned around from losses, making a net profit of approximately HK\$43.7 million. Also, we believe that the potential synergies created by the Hypermarket Acquisition would help to further improve the operations of the Home World Group, particularly as CRE Group would be able to leverage on its existing supermarket and hypermarket network which is already quite sizeable, as well as benefiting from its long-standing history and expertise in the retail sector.

Having considered the above, in particular, that:

- (i) retail sales in China have been growing at a very fast pace;
- (ii) in line with CRE Group's long-term strategy to focus on its core businesses, the Hypermarket Acquisition will significantly expand CRE Group's retail operations;

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- (iii) the Hypermarket Acquisition would allow the Company to tap into new markets and reinforce its position in certain existing markets, thereby expanding its retail operations nationally and assisting the Company to become a leading consumer company in China;
- (iv) the Hypermarket Acquisition would significantly increase the number of hypermarkets operated by the Company and the hypermarket store format, carrying more diverse merchandise thus attracting a wider range of customers, 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;
- (v) the Hypermarket Acquisition would potentially create synergies for the combined business as CRE Group can integrate the Home World Group into its existing supermarket businesses and implement nationwide marketing, purchasing and development strategies;
- (vi) although the Home World Group has been operated at a loss, its financial performance has improved substantially and we believe that the potential synergies created by the combined business would help to further improve the operations of the Home World Group, particularly as CRE Group already has a sizeable supermarket and hypermarket network with experience and expertise in the retail sector,

we are of the view that:

- (i) the Hypermarket Acquisition is in the interests of the Company and the Shareholders as a whole; and
- (ii) although acquisition or disposal of companies and businesses is not in the ordinary and usual course of business of CRE Group, given that retail operation, including the operation of supermarkets and hypermarkets, has been one of CRE Group's core businesses and given CRE Group's strategy to focus on its core businesses, the Hypermarket Acquisition is nevertheless in line with the long-term strategy of CRE Group.

Basis of the consideration

Under the Proposal, consideration for each of the Hypermarket Acquisition, the acquisition of Yolly Capital Limited and the disposal of the Textile Group is determined with reference to the appraised value of the relevant underlying assets as stated in the valuation report as of 31

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August 2009 prepared by Vigers Appraisal & Consulting Limited (the "Valuation Report"). Based on the Valuation Report, the appraised value of the Home World Group, inclusive of shareholder's loan due to CRH Group, is approximately HK\$4,712 million.

Comparable companies

To assess whether the basis of consideration for the Hypermarket Acquisition is fair and reasonable, we have evaluated the Hypermarket Acquisition against a number of comparable companies in similar operations (the "Comparable Hypermarket Companies"), selected in accordance with the following criteria:

- (i) listed on the Stock Exchange; and
- (ii) approximately 50% or more of turnover is generated from operations of supermarkets and, or, hypermarkets in China.

Due to the unique business strategy and position of each company, we have identified companies with similar revenue contributions as compared to the Home World Group in order to develop the appropriate set of Comparable Hypermarket Companies. We are of the view that 50% sets a reasonable benchmark for us to conclude that a significant portion of the revenue from a particular company is generated from business similar to that of the Home World Group, hence, comparable to the latter. The Comparable Hypermarket Companies are selected exhaustively based on the above criteria, which have been identified, to our best endeavour, in our research through public information.

In our assessment, we have considered price-to-earnings ratio ("PER") and enterprise-value-to-earnings before interest, taxation, depreciation and amortisation ("EV/EBITDA") as our benchmarks, both of which are commonly used valuation methodologies. However, as the Home World Group does not have any profit in its latest full financial year, PER analysis would not be meaningful and hence, we have selected price-to-sales ratio ("PSR") as a substitute. The results of our analysis are detailed in Table 3 below.

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Table 3: Comparable Hypermarket Companies

Company	EV/EBITDA <i>Times</i>	PSR <i>Times</i>
Chia Tai Enterprises International Ltd.	36.5	0.2
K.P.I. Co. Ltd.	8.6	0.3
Lianhua Supermarket Holdings Co. Ltd.	2.9	0.4
Times Ltd. ^{Note 3}	13.2	0.9
Wumart Stores, Inc.	17.4	1.6
Simple average	15.7	0.7
Minimum	2.9	0.2
Maximum	36.5	1.6
The Hypermarket Acquisition	31.9	0.6

Notes:

1. *EV is calculated as market capitalisation or valuation of the Home World Group as stated in the Valuation Report for the Hypermarket Acquisition, plus loan and minority interests minus cash.*
2. *EBITDA is calculated as net profit add back interest, taxation, depreciation and amortisation. Fair value adjustment, disposal gain or loss, impairment and other material one-off item have been excluded.*
3. *Market capitalisation is as at 12 October 2009, which is the last trading date before the announcement dated 19 October 2009 in relation to a possible voluntary conditional cash offer by Times Ltd..*

Sources: Financial statements of the respective companies and Bloomberg as at the Latest Practicable Date.

Our analysis shows that the EV/EBITDA of the Hypermarket Acquisition is above the average but nevertheless within the range of that of the Comparable Hypermarket Companies. In this regard, we note that the relatively higher EV/EBITDA of the Hypermarket Acquisition was due to the fact that the Home World Group was loss-making for the financial year ended 31 December 2008. However, as noted earlier in the section headed "Reasons for acquiring the hypermarket chain", the financial performance of the Home World Group has been improving for the six months ended 30 June 2009 and the Home World Group may also potentially benefit from the operational synergies when combined into CRE Group. In addition, we also note that the PSR of the Hypermarket Acquisition is below the average of that of the Comparable Hypermarket Companies.

Moreover, we note that the consideration for the Hypermarket Acquisition was determined with reference to the appraised value of the Home World Group. Although the appraised value of the Home World Group of approximately HK\$4,712 million far exceeded the unaudited

consolidated net asset value (“NAV”) of the Home World Group as at 30 June 2009 of approximately HK\$42.8 million, we believe that as hypermarket operation is asset light in nature, it should not be valued on an asset basis. Furthermore, as stated in the letter from the Board in the Circular, CRH acquired Tianjin CR Vanguard from independent third parties in May 2007 and at that time, Shaanxi CR Vanguard was wholly-owned by Tianjin CR Vanguard. Shaanxi CR Vanguard subsequently acquired Xian Aijia Supermarket Co., Ltd from independent third parties in June 2008. 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, which was more than the appraised value of the Home World Group as stated in the Valuation Report of approximately HK\$4,712 million. Moreover, based on our discussion with the management of the Company, we also understand that the Home World Group operates its hypermarkets predominantly on leased premises and only owns a small number of the premises on which its hypermarkets are situated. As such, we believe that it is inappropriate to consider the NAV of the Home World Group when assessing the basis of consideration for the Hypermarket Acquisition. Having considered the above, we are of the view that the basis of consideration of the Hypermarket Acquisition is fair and reasonable.

C. Acquisition of a brewery

Background

Under the Proposal, 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 shareholders’ loans from CRH (the “Brewery Acquisition”). 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.

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Reasons for acquiring the brewery

As illustrated in Table 1 above, turnover from the beverage segment had almost doubled from HK\$9,432 million in the financial year ended 31 December 2006 to HK\$17,352 million in the financial year ended 31 December 2008, representing an increase of approximately 84% over the period. Furthermore, turnover contribution from the beverage segment as a percentage of total turnover had also grown from approximately 14% to approximately 27% over the same period.

Based on information contained in the 2005 to 2008 Annual Reports, we observe that the beverage segment of CRE Group had enjoyed significant growth in recent years with turnover and profit attributable to Shareholders from the beverage segment recording a CAGR of approximately 36% and 41%, respectively, from the financial year ended 31 December 2004 to 2008. The analysis of our findings is contained in Table 4 as follows.

Table 4: Turnover and profit attributable to Shareholders from beverage segment

For the financial year ended 31 December	Turnover <i>HK\$ million</i>	Profit attributable to Shareholders <i>HK\$ million</i>
2004	5,079	104
2005	6,855	136
2006	9,455	174
2007	13,304	303
2008	17,405	409
CAGR	36%	41%

Note:

1. *Turnover of the beverage segment includes inter-segment sales.*

Sources: The 2005 to 2008 Annual Reports.

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In addition, based on information provided by the Company, we understand that most of the beverage segment turnover is generated from beer operation, which represented approximately 92% of total beverage segment turnover for the financial year ended 31 December 2008. We further understand that based on beer sales volume in the financial year ended 31 December 2008, CRE Group had a market share of approximately 18% and was the largest brewer in China.

Within the beer operation, we understand from information provided by the Company that beer under the “SNOW” brand represented the majority of this division. In the financial year ended 31 December 2008, sales volume of “SNOW” beer made up approximately 84% of the total sales volume of beer of CRE Group. From the information contained in the 2005 to 2008 Annual Reports, we further note that the sales volume of “SNOW” beer has increased rapidly at a CAGR of approximately 54% from the financial year ended 31 December 2004 to 2008, as shown in the following Table 5.

Table 5: Sales volume of “SNOW” beer

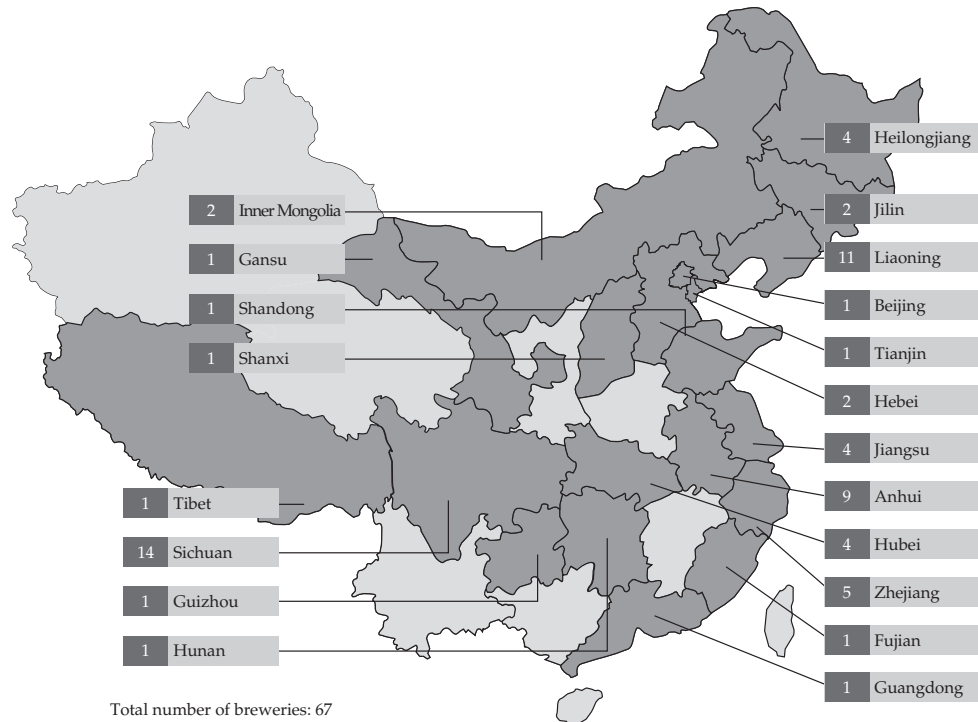
For the financial year ended 31 December	Sales volume of “SNOW” beer <i>'000 kilolitres</i>
2004	1,074
2005	1,583
2006	3,037
2007	5,120
2008	6,099
CAGR	54%

Sources: The 2005 to 2008 Annual Reports.

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In addition, based on information provided by the Company, we understand that as at 30 June 2009, CR Snow operated 67 breweries across China. The geographical distribution of CR Snow's brewery plants is presented in Chart 1 below:

Chart 1: Geographical distribution of CR Snow's brewery plants



Source: Company information.

As shown in Chart 1 above, CR Snow's brewery plants are concentrated in Sichuan, Liaoning and Anhui Provinces, with other provinces having a smaller presence. As stated in the letter from the Board in the Circular, as part of its national expansion plan, CR Snow has been developing its footprint in Shandong Province. As discussed in the 2009 Interim Report, 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. Zouping represents CR Snow's first and so far only brewery plant in Shandong Province referred to in Chart 1 above. 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. As further stated in the letter from the Board in the Circular, 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

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will be able to strengthen its brewing capacity and distribution network in Shandong Province. We are of the view that this would further strengthen CRE Group's position as a top player in China's beer industry by assisting it to further penetrate a geographical area where it does not yet have as much presence as in other provinces in China, thereby increasing market share.

In addition, since as stated in the letter from the Board in the Circular that 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", we believe that this would allow Liaocheng Brewery to leverage on the "SNOW" brand name which has a strong brand value as exhibited by the rapid growth in sales volume of beer under the "SNOW" brand as seen in Table 5 above; whilst at the same time to further fortify "SNOW" as a leading beer brand in China.

As stated in the above section headed "Long-term strategy of CRE Group", CRE Group's long-term strategy is to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses. As such, we believe that the Brewery Acquisition is consistent with this long-term strategy by increasing its presence in the beverage sector.

Having considered the above, in particular, that:

- (i) turnover from the beverage segment had been recording significant growth and gaining importance as a proportion of total turnover;
- (ii) most of the turnover from the beverage segment is generated by beer operation and CRE Group is a leading player in the beer industry;
- (iii) beer operation has been expanding rapidly with "SNOW" beer being the main contributor to turnover and profit and which sales have also been enjoying excellent growth;
- (iv) Shandong is one of the provinces where CR Snow has relatively little presence but it intends to expand in the province and has already started initiatives to facilitate such expansion;
- (v) the Brewery Acquisition would strengthen CR Snow's position as a top player in China's beer industry by expanding its presence in Shandong province;

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- (vi) Liaocheng Brewery would be able to leverage on the “SNOW” brand name whilst the Brewery Acquisition would also fortify “SNOW” as a leading beer brand in China; and
- (vii) CRE Group’s long-term strategy is to focus on its core businesses and to exit non-core businesses,

we are of the opinion that:

- (i) the Brewery Acquisition is in the interests of the Company and the Shareholders as a whole; and
- (ii) although acquisition or disposal of companies and businesses is not in the ordinary and usual course of business of CRE Group, given that brewery operation has been one of CRE Group’s core businesses and given CRE Group’s strategy to focus on its core businesses, the Brewery Acquisition is nevertheless in line with the long-term strategy of CRE Group.

Basis of the consideration

Under the Proposal, consideration for each of the Hypermarket Acquisition, the Brewery Acquisition and the disposal of the Textile Group was determined with reference to the appraised value of the relevant underlying assets as stated in the Valuation Report. Based on the Valuation Report, the appraised value of Yolly Capital Limited, inclusive of shareholder’s loan due to CRH Group, is approximately HK\$225 million.

Comparable companies

To assess whether the basis of consideration for the Brewery Acquisition is fair and reasonable, we have again analysed it against a pool of comparable companies (the “Comparable Brewery Companies”). Our selection criteria of the Comparable Brewery Companies are as follows:

- (i) listed on the Stock Exchange; and
- (ii) approximately 50% or more of its turnover is generated from brewery operation.

Due to the unique business strategy and position of each company, we have identified companies with similar revenue contributions as compared to Yolly Capital Limited in order to develop the appropriate set of Comparable Brewery Companies. We are of the

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view that 50% sets a reasonable benchmark for us to conclude that a significant portion of the revenue from a particular company is generated from business similar to that of Yolly Capital Limited, hence, comparable to the latter. The Comparable Brewery Companies are selected exhaustively based on the above criteria, which have been identified, to our best endeavour, in our research through public information.

We have compared the Brewery Acquisition with the Comparable Brewery Companies using PER and EV/EBITDA. For the Brewery Acquisition, we have also analysed price per kilolitre production capacity, a commonly used valuation benchmark in the brewery industry. However, since two of the three Comparable Brewery Companies have been loss-making in their respective latest financial year, thereby rendering any PER analysis meaningless, we have performed analysis on EV/EBITDA and price per kilolitre production capacity only. Our findings are summarised in Table 6 below.

Table 6: Comparable Brewery Companies

Company	EV/EBITDA <i>Times</i>	Price per kilolitre production capacity <i>HK\$</i>
Kingway Brewery Holdings Ltd.	12.8	n.a. ^{Note 3}
San Miguel Brewery Hong Kong Ltd.	4.6	1,432
Tsingtao Brewery Co. Ltd.	21.6	6,393
Simple average	13.0	3,913
Minimum	4.6	1,432
Maximum	21.6	6,393
The Brewery Acquisition	13.1	1,189

Notes:

1. *EV is calculated as market capitalisation or valuation of Yolly Capital Limited as stated in the Valuation Report for the Brewery Acquisition plus loan and minority interests minus cash.*
2. *EBITDA is calculated as net profit add back interest, taxation, depreciation and amortisation. Fair value adjustment, disposal gain or loss, impairment and other material one-off item have been excluded.*
3. *Annual production capacity in kilolitres is not available.*

Sources: Financial statements of the respective companies and Bloomberg as at the Latest Practicable Date.

We note that the EV/EBITDA of the Brewery Acquisition is within the range of that of the Comparable Brewery Companies; whilst the price per kilolitre production capacity of the Brewery Acquisition is below the range of that of the Comparable Brewery Companies. In addition, we note that the consideration for the Brewery Acquisition was determined with reference to the appraised value of Yolly Capital Limited. As such, we believe that the basis of consideration of the Brewery Acquisition is fair and reasonable.

D. Disposal of the textile division

Background

Under the Proposal, 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 (the "Textile Disposal"). Upon completion of the Proposal, 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.

Reasons for the disposal of the textile division

As stated in the letter from the Board in the Circular, the segmental contribution from the textile division to CRE Group's overall turnover has been declining over the past few years. As shown in the following Table 7, growth in turnover from the textile division has been sluggish for the last few years with a CAGR of only approximately 6% from the financial year ended 31 December 2004 to 2008. In terms of profitability, performance of the textile segment has also been less than satisfying. Over the last few years, the textile segment was loss-making for the financial year 31 December 2004; whilst a significant year-on-year drop in profit was recorded for the financial years ended 31 December 2006 and 2008. CAGR was also negative from the financial year ended 31 December 2005 to 2008. We also note that percentage contribution to turnover and profit attributable to Shareholders from the textile division has been minimal.

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Table 7: Turnover and profit attributable to Shareholders from the textile segment

For the financial year ended 31 December	Turnover <i>HK\$ million</i>	Year-on year change %	% of total turnover %	Profit attributable to Shareholders <i>HK\$ million</i>	Year- on-year change %	% of total profit attributable to Shareholders %	Net profit margin %
2004	3,851	20.3	8	(1)	n.m.	n.m.	n.m.
2005	4,291	11.4	8	81	n.m.	3	1.9
2006	4,453	3.8	7	61	(24.7)	2	1.4
2007	4,713	5.8	8	144	136.1	3	3.1
2008	4,829	2.5	7	74	(48.6)	3	1.5
CAGR	6%			(2%) ^{Note 1}			
For the six months ended 30 June 2009	2,211	(10.2)	6	(67)	n.m.	n.m.	n.m.

Note:

1. CAGR is calculated from the financial year ended 31 December 2005 to 2008.

Sources: The 2004 to 2008 Annual Reports and the 2009 Interim Report.

Based on our discussion with the management of the Company, we understand that the textile division is mainly engaged in the manufacturing and sale of yarns, fabrics and garment, and approximately one-third of turnover was generated from exports for the year ended 31 December 2008. From information published by the NSB, we notice that the wholesale value of textiles and knitwear of enterprises above designated size has dropped by approximately 3.4% year-on-year in 2008. We understand from the management of the Company that competition in the industry is fierce and that there is over capacity in China's textile industry, thus, driving down prices and profitability, and that the operating environment of domestic sales of textiles is likely to remain challenging in the near-term.

Added on top of the lacklustre performance of the textile division was the onset of the global financial crisis started in 2008 which had caused exports from China to deteriorate. In fact, as shown in Table 7 above, the textile division has been loss-making for the six months ended 30 June 2009, underpinning the continuation of the dire operating conditions of the segment. Based on information published by the General Administration of Customs of the People's Republic of China, total value of textile yarn and fabric exported from China for September 2009 was down by approximately 5.0% year-on-year; whilst for January 2009 to September 2009, the figure was also down by approximately 13.7% year-on-year. As such, we agree with the Directors' view as stated in the letter from the Board in the Circular that in view of the

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challenging environment for textile products which is expected to persist, the disposal of the textile division will allow the management to dedicate more time and resources to CRE Group's consumer businesses, which we believe is consistent with CRE Group's long-term strategy to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses as stated in the above section headed "Long-term strategy of CRE Group".

Based on the above consideration, in particular, that:

- (i) growth in turnover of the textile division has been sluggish in recent years;
- (ii) the textile division has not been very profitable over the last few years and is in fact loss-making at present;
- (iii) contribution to turnover and profit from the textile division has been minimal;
- (iv) domestic sales of textiles has been declining and competition in the industry is keen;
- (v) the global financial crisis has severely impacted China exports with total value of textile exports markedly down and the outlook of the textile export industry is likely to remain bleak in the near term; and
- (vi) the Textile Disposal will allow management to dedicate more time and resources to CRE Group's consumer businesses and is in line with CRE Group's long-term strategy to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses,

we are of the conclusion that:

- (i) the Textile Disposal is in the interests of the Company and the Shareholders as a whole; and
- (ii) although the acquisition or disposal of companies and businesses is not in the ordinary and usual course of business of CRE Group, as CRE Group has been engaging in the textile business as a non-core business and given CRE Group's strategy to focus on its core businesses and exit its non-core businesses, it is nevertheless in line with the long-term strategy of CRE Group.

Basis of the consideration

As aforementioned, under the Proposal, consideration for each of the Brewery Acquisition, the Hypermarket Acquisition and the Textile Disposal was determined with reference to the appraised value of the

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relevant underlying assets as stated in the Valuation Report. Based on the Valuation Report, the appraised value of the Textile Group is approximately HK\$1,465 million.

Comparable companies

As with the other transactions under the Proposal, to assess the fairness and reasonableness of the basis of consideration of the Textile Disposal, we have analysed the PER and EV/EBITDA of the Textile Disposal against a pool of comparable companies (the “Comparable Textile Companies”) in the textile industry selected based on the following criteria:

- (i) listed on the Stock Exchange with market capitalisation between HK\$500 million and HK\$2 billion; and
- (ii) approximately 50% or more of turnover is generated from the manufacturing and sales of textiles.

Due to the unique business strategy and position of each company, we have identified companies with similar revenue contributions as compared to the Textile Group in order to develop the appropriate set of Comparable Textile Companies. We are of the view that 50% sets a reasonable benchmark for us to conclude that a significant portion of the revenue from a particular company is generated from business similar to that of the Textile Group, hence, comparable to the latter. The Comparable Textile Companies are selected exhaustively based on the above criteria, which have been identified, to our best endeavour, in our research through public information.

The results of our analysis are detailed in Table 8 below.

Table 8: Comparable Textile Companies

Company	EV/EBITDA <i>Times</i>	PER <i>Times</i>
Addchance Holdings Ltd	7.9	7.9
Fountain Set (Holdings) Ltd.	13.5	n.m.
Kam Hing International Holdings Ltd.	9.3	21.9
Texhong Textile Group Ltd.	2.9	3.3
Victory City International Holdings Ltd.	4.9	5.3
Simple average	7.7	9.6
Minimum	2.9	3.3
Maximum	13.5	21.9
The Textile Disposal	6.4	19.8

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Notes:

1. *EV is calculated as market capitalisation or valuation of the Textile Group as stated in the Valuation Report for the Textile Disposal, plus loan and minority interests minus cash.*
2. *EBITDA is calculated as net profit add back interest, taxation, depreciation and amortisation. Fair value adjustment, disposal gain or loss, impairment and other material one-off item have been excluded*
3. *For companies that have negative earnings, PER is denoted as not meaningful ("n.m.")*.
4. *PER is calculated by dividing market capitalisation as at the Latest Practicable Date by profit attributable to shareholders from the latest audited financial statements.*

Sources: Financial statements of the respective companies and Bloomberg as at the Latest Practicable Date.

From Table 8 above, we note that the EV/EBITDA of the Textile Disposal is below the average but nevertheless within the range of that of the Comparable Textile Companies; whilst the PER of the Textile Disposal is at the high end of the range of that of the Comparable Textile Companies. Furthermore, we note that the consideration for the Textile Disposal was determined with reference to the appraised value of the Textile Group. Therefore, we are of the conclusion that the basis of consideration of the Textile Disposal is fair and reasonable.

E. Disposal of the minority investments in container terminal operations

Background

Under the Proposal, 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 (the "Port Disposal"). 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 Proposal 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 aggregated consideration exceeding

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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 and such arrangement may be classified as financial assets of the Company under the accounting principles generally accepted in Hong Kong. Subject to completion of the asset swap agreement, further details will be disclosed in the Company's consolidated financial statements if applicable.

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.

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

As stated in the letter from the Board in the Circular, profit attributable to CRE Group from the Port Interests was approximately HK\$337 million for the financial year ended 31 December 2008, representing a drop of approximately 2.3% year-on-year. Also, we note that as the Port Interests are minority investments, they have no contribution towards CRE Group's turnover but are instead accounted for as share of results from associates.

The following three tables below contain information on the total container throughput of Hong Kong and port cargo throughput of Shenzhen as well as the top 10 ports in China published by the Hong Kong Transport and Housing Bureau and the China Ports Association Container Branch, respectively.

Table 9: Hong Kong total container throughput from January 2009 to September 2009

	Cumulative throughput TEUs	Year-on-year change %
January 2009	1,612,000	(23.6)
February 2009	2,958,000	(21.2)
March 2009	4,629,000	(19.6)
April 2009	6,354,000	(19.1)
May 2009	8,120,000	(17.9)
June 2009	9,849,000	(18.0)
July 2009	11,723,000	(17.9)
August 2009	13,659,000	(16.9)
September 2009	15,460,000	(17.3)

Source: Hong Kong Transport and Housing Bureau.

Table 10: Shenzhen port cargo throughput from January 2009 to September 2009

	Cumulative throughput <i>TEUs</i>	Year-on-year change %
January 2009	1,586,800	(17.7)
February 2009	2,530,300	(21.5)
March 2009	3,880,000	(21.2)
April 2009	5,185,600	(22.2)
May 2009	6,665,200	(20.9)
June 2009	8,039,500	(21.1)
July 2009	9,576,400	(21.2)
August 2009	11,323,500	(20.4)
September 2009	13,101,900	(19.3)

Source: China Ports Association Container Branch.

Table 11: Top 10 China ports cargo throughput from January 2009 to September 2009

Port	Throughput <i>TEUs</i>	Year-on-Year change %
Shanghai	18,235,900	(13.5)
Shenzhen	13,101,900	(19.3)
Guangzhou	8,150,200	(4.2)
Qingdao	7,674,100	2.1
Ningbo	7,642,700	(6.3)
Tianjin	6,374,500	2.5
Dalian	3,372,800	9.0
Xiamen	3,369,900	(11.3)
Lianyungang	2,176,000	1.0
Yingkou	1,974,100	29.2

Source: China Ports Association Container Branch.

As shown in Table 9 above, although the decline in Hong Kong total container throughput has narrowed, the cumulative throughput from January 2009 to September 2009 was still down by approximately 17.3% year-on-year. As for Shenzhen, the outlook seems even more challenging. As shown in Table 10 above, there has not been much improvement in Shenzhen port cargo throughput and indeed, the decline has worsened over January 2009 to September 2009. From January 2009 to September 2009, cumulative port cargo throughput has declined by approximately 19.3% year-on-year. In fact, when compared to other major port cities in China, Table 11 shows that Shenzhen was

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the worst performer. As such, given the contraction in global trade and difficult industry outlook, the operating environment of the port industry in both Hong Kong and Shenzhen may remain challenging in the near-term and it is uncertain as to when a full recovery will arrive.

Furthermore, we note that as stated in the letter from the Board in the Circular, 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. Based on our discussion with the management of the Company, we understand that as a minority investor of a private company, the Company has limited access to information on the Port Interests.

Moreover, as stated in the above section headed “Long-term strategy of CRE Group”, CRE Group’s long-term strategy is to focus on its core businesses of retail, beverage and food businesses and to exit non-core businesses. As such, we believe that the Port Disposal is consistent with this long-term strategy by repositioning CRE Group’s resources to concentrate on its core businesses.

In light of the above, in particular, that:

- (i) profitability of the Port Interests has declined in 2008 against the previous year and the Port Interests make no contribution to CRE Group’s turnover;
- (ii) Hong Kong and Shenzhen port cargo throughput is still well below 2008 levels and it is uncertain when a full recovery will arrive;
- (iii) as a minority shareholder, CRE Group does not have control over the operation and dividend policy of the Port Interests;
- (iv) there are restrictions on transfer of the Port Interests, rendering it more difficult to dispose of the Port Interests,
- (v) the Company has limited access to information on the Port Interests; and
- (vi) CRE Group’s long-term strategy is to focus on core businesses and to exit non-core businesses,

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we are of the view that:

- (i) the Port Disposal is in the interests of the Company and the Shareholders as a whole; and
- (ii) although acquisition or disposal of investment holdings is not in the ordinary and usual course of business of CRE Group, given that CRE Group has held the Port Interests as an investment and given CRE Group's strategy to focus on its core businesses and exit non-core businesses, the Port Disposal is nevertheless in line with the long-term strategy of CRE Group.

Basis of the consideration

Consideration for the Port Disposal was determined with reference to the value attributable by the contracted parties. Based on the total value of the assets to be received by CRE Group of approximately HK\$4,937 million and the assets to be received by CRH Group of approximately HK\$4,784 million, and the appraised values of the Home World Group, Yolly Capital Limited and the Textile Group, we consider that the consideration for the Port Interests should amount to approximately HK\$3,319 million.

Comparable companies

In order to assess the fairness and reasonableness of the Port Disposal, we have compared the Port Disposal against a pool of comparable companies in the same industry (the "Comparable Port Companies"). These companies are selected based on the following criteria:

- (i) listed on the Stock Exchange;
- (ii) approximately 50% or more of its turnover is generated from port operation; and
- (iii) approximately 50% or more of its turnover is generated from Hong Kong and China.

Due to the unique business strategy and position of each company, we have identified companies with similar revenue contributions as compared to the Port Interests in order to develop the appropriate set of Comparable Port Companies. We are of the view that 50% sets a reasonable benchmark for us to conclude that a significant portion of the revenue from a particular company is generated from business similar to that of the Port Interests, hence, comparable to the latter. The Comparable Port Companies are selected exhaustively based on the above criteria, which have been identified, to our best endeavour, in our research through public information.

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Since the Port Interest is a minority interest of 10%, hence, not consolidated into the financial statements of CRE Group, we consider it inappropriate to consider EV/EBITDA in this instance, hence, we have only adopted PER as our benchmark for the Port Disposal. Our analysis of the Comparable Port Companies is set out in Table 12 below.

Table 12: Comparable Port Companies

Company	PER Times
China Merchants Holdings (International) Co. Ltd.	17.3
CIG Yangtze Ports PLC	n.m.
Dalian Port (PDA) Co. Ltd.	10.2
Tianjin Port Development Holdings Ltd.	41.2
Xiamen International Port Co. Ltd.	9.4
Simple average	19.5
Minimum	9.4
Maximum	41.2
The Port Disposal	5.3

Notes:

1. *PER is calculated by dividing market capitalisation as at the Latest Practicable Date by profit attributable to shareholders from the latest audited financial statements.*
2. *For companies that have negative earnings, PER is denoted as not meaningful ("n.m.)."*

Sources: Financial statements of the respective companies and Bloomberg as at the Latest Practicable Date.

As illustrated in Table 12 above, the PER of the Port Disposal is below the range of that of the Comparable Port Companies. However, we are of the view that Shareholders should also take into account the following features that are particular to the Port Disposal as discussed below which we believe would have an impact on the value of the Port Disposal and hence, should warrant special consideration. In particular, that:

- (i) the Port Interests are minority interests in a private company, hence, difficult to dispose of given the lack of control over the operation and management of the underlying terminals and the illiquidity of such investments;
- (ii) there are restrictions on the transfer of the Port Interests and on the provision of information to potential buyers, hence, further amplifying the difficulty of any disposal;

- (iii) under the Proposal, the Company would be able to swap a minority investment in a non-core business in which it has no control over its operations and limited access to information in exchange for investments that are in its core businesses in which the Company has control; and
- (iv) under the Proposal, 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 and 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. We are of the view that both the income sharing and profit sharing arrangements are favourable to the Company as they enable the Company to share the potential benefits of the Port Interests even after the Port Disposal in the form of both a recurring income plus any future one-off gain.

Having considered the above, we are of the view that although the Port Disposal has a lower PER as compared to the Comparable Port Companies, the particular features of the Port Disposal explain such discounts. Moreover, the income and profit sharing mechanisms with CRH Group which entitle the Company to share in any future income and capital gain from the Port Interests ensure that the interests of the Shareholders will be protected. Therefore, we are of the view that the basis of consideration of the Port Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

F. Other considerations to the Proposal

We note that under the Proposal, the total value of assets to be received by CRE Group, being approximately HK\$4,937 million, represents a significant amount in relation to its cash level of approximately HK\$9,349 million as at 30 June 2009. Thus, by swapping the non-core businesses with CRH Group, particularly the Port Interests which represent a substantial part of the total value of assets to be transferred to CRH Group, CRE Group would be able to complete the Proposal and acquire assets in its core businesses that give it full ownership and control with relatively little cash outlay. We believe this method of financing the acquisitions would preserve CRE Group's cash level and hence, reduce its net gearing ratio; whilst realigning its assets to

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focus on its core businesses. This would not be the case if the consideration for the Hypermarket Acquisition and the Brewery Acquisition were to be settled in cash.

We also note that under the terms of the Proposal, although the total value of the assets to be received by CRE Group exceeds the total value of the assets to be received by CRH Group by approximately HK\$153 million, a discount of approximately 80% has been given by CRH Group to CRE Group, reducing the difference to HK\$30 million. We are of the view that such deep discount is favourable to the Company and the Shareholders as a whole.

G. Basis of consideration of the Proposal in its entirety

Having considered the above, in particular, that:

- (i) each of the transactions under the Proposal is in the interests of the Company and the Shareholders as a whole and is in the long-term strategy of CRE Group;
- (ii) for the Hypermarket Acquisition:
 - (a) its consideration is lower than the average of the Comparable Hypermarket Companies on a PSR basis but higher than their average on a EV/EBITDA basis;
 - (b) its consideration was based on the appraised value of the Home World Group;
 - (c) although traditionally operating at a loss, the financial performance of the Home World Group has been improving and showed a profit for the first six months of 2009;
 - (d) the appraised value of the Home World Group was higher than its unaudited consolidated NAV but given that hypermarket operation is asset light in nature and the Home World Group operates predominantly on leased premises, we believe that it is inappropriate to consider NAV;
- (iii) for the Brewery Acquisition,
 - (a) it appears relatively low as compared to the Comparable Brewery Companies on an EV/EBITDA basis;
 - (b) its consideration was based on the appraised value of Yolly Capital Limited;

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- (iv) for the Textile Disposal,
 - (a) the PER was at the high end of the range of the Comparable Textile Companies although the EV/EBITDA was lower than their average;
 - (b) its consideration was based on the appraised value of the Textile Group;
- (v) for the Port Disposal,
 - (a) its consideration appears relatively low as compared to the Comparable Port Companies on a PER basis but there are features particular to the Port Disposal which explain such discounts, including:
 - (1) the illiquidity of the Port Interests as a minority investment in a private company;
 - (2) the lack of control over the operation and management of the underlying terminals;
 - (3) the restrictions on transfer and provision of information to potential buyers;
 - (4) the Company's limited access to information on the Port Interests as a minority shareholder in a private company;
 - (5) under the Proposal, the Company would be able to swap a minority investment in which it has no control over its operations in exchange for investments that are in its core businesses in which the Company has control;
 - (b) there is an income and profit sharing mechanism with CRH Group to ensure that the interests of the Shareholders are protected; and
- (vi) by swapping non-core businesses with CRH Group, particularly the Port Interests which represent a substantial part of the total value of assets to be transferred to CRH Group, CRE Group would be able to acquire assets in its core-businesses with relatively little cash outlay and we believe this method of financing the acquisitions would preserve CRE Group's cash level and hence, reduce its net gearing ratio, which would not be the case if the consideration for the Hypermarket Acquisition and the Brewery Acquisition were to be settled in cash; and

- (vii) although the total value of assets to be received by CRE Group exceed that of the assets to be disposed of by CRE Group resulting in a net payment from CRE Group to CRH Group, a deep discount of approximately 80% was accepted by CRH Group for the payment,

we are of the view that, on an overall basis, the basis of consideration of the Proposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Financial Impact

A. Immediate financial impact

According to the 2008 Annual Report, profit attributable to Shareholders for the financial year ended 31 December 2008 was approximately HK\$2,322 million. According to the 2009 Interim Report, as at 30 June 2009, the unaudited total equity of CRE Group was approximately HK\$35,415 million; the net gearing ratio (being total borrowings minus cash divided by total equity) was approximately 12.5% whilst the consolidated cash and bank balance was approximately HK\$9,349 million.

Furthermore, under restructuring accounting:

- (i) no gain or loss will be recognised by CRE Group from the disposal of the Textile Group and the disposal of the Port Interests;
- (ii) the identifiable assets and liabilities of the Home World Group and Yolly Capital Limited to be acquired by CRE Group will be recorded at their carrying values on the acquisition date;
- (iii) no goodwill or discount on acquisition will be recognised on the acquisition of the Home World Group and Yolly Capital Limited; and
- (iv) the difference between the carrying values of the companies to be disposed of by CRE Group and those of the companies to be acquired by CRE Group will be credited to retained earnings, which form part of the reserves.

We note that:

- (i) as stated in the letter from the Board in the Circular, for the financial year ended 31 December 2008, the Home World Group had a net loss; whilst profit attributable to shareholders of Yolly Capital Limited, the Textile Group and the Port Interests were approximately HK\$10.2 million, HK\$74.0 million and HK\$337 million, respectively;

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- (ii) upon completion of the Textile Disposal and the Port Disposal, no more turnover or earnings will be generated from the Textile Group and the Port Interests in the future except for the potential income that may be generated under the income and profit sharing mechanism with CRH Group under the Port Disposal;
- (iii) as stated in the letter from the Board in the Circular, as at 30 June 2009, the unaudited consolidated NAV of the Home World Group and Yolly Capital Limited were approximately HK\$42.8 million and HK\$15.5 million, respectively; whilst the unaudited consolidated NAV of the Textile Group and the Port Interests were approximately HK\$3,342 million and approximately HK\$98 million (excluding the loans advanced by the Company to a subsidiary of HIT Investments Limited in the principal amount of about HK\$1,547 million), respectively;
- (iv) under the Proposal, there is a difference of HK\$30 million between the total value of assets to be received by CRE Group and that of the assets to be received by CRH Group after a discount has been given by CRH Group. As stated in the letter from the Board in the Circular, the difference will be settled by a cash payment of HK\$30 million using the internal resources of CRE Group;
- (v) based on information provided by the Company, we understand that as the combined cash level of the Home World Group and Yolly Capital Limited for the year 2008 and the first half of 2009 was greater than the cash level of the Textile Group and the HK\$30 million of cash payment payable by CRE Group as consideration for the Proposal, the Proposal should improve the cash level of CRE Group;
- (vi) based on information provided by the Company, we understand that as the combined external debt of the Home World Group and Yolly Capital Limited for the year 2008 and the first half of 2009 was less than the external debt of the Textile Group, the Proposal should improve the net gearing ratio of CRE Group; and
- (vii) as the Port Interests are treated as investments in associates and their results are not consolidated into the accounts of CRE Group, they have no effect on the cash level and net gearing ratio of CRE Group upon the Proposal.

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As such, we are of the opinion that based on the historical financial data of CRE Group immediately upon the completion of the Proposal, the Proposal would:

- (i) have a positive effect on the cash level and net gearing ratio of CRE Group; whilst
- (ii) have a negative impact on earnings and NAV of CRE Group.

B. Other considerations

However, we observe that although the Home World Group was loss-making for the financial year ended 31 December 2008, its financial performance has improved significantly compared to the previous financial year ended 31 December 2007 and the net loss has been reduced considerably. Moreover, looking forward into 2009, the Home World Group has turned into profit for the six months ended 30 June 2009. As noted earlier in the section headed "Reasons for acquiring the hypermarket chain", we believe that the potential synergies that would be created by the combined business after the Hypermarket Acquisition are likely to further improve the operations and hence, profitability of the Home World Group. As such, we are of the opinion that the historical profitability of the Home World Group is not representative of its earnings capability in the future.

As for Yolly Capital Limited, we also observe an improvement in earnings in 2009. For the six months ended 30 June 2009, its net profit was HK\$11.5 million, which was approximately 22.3% higher than the net profit for the same period in 2008. We further note that the annual production capacity of Liaocheng Brewery will be increased substantially from 90,000 kilolitres to 200,000 kilolitres which is expected to be completed by the end of this year. As such, we are of the view that the earnings capability of Liaocheng Brewery will be substantially increased in the future and that the historical profitability of Liaocheng Brewery does not illustrate such increase in earnings capability.

In contrast, profitability of the Textile Group has been volatile in the past two years. There was a significant decline in profitability for the financial year ended 31 December 2008 and the Textile Group was indeed operating at a loss for the six months ended 30 June 2009. Given the difficult operating environment of the textile industry as we have discussed earlier in the section headed "Reasons for the disposal of the textile division", we believe that profitability of the Textile Group may remain uncertain in the near term. Meanwhile, we note that profitability of the Port Interests has declined in 2008 as compared to the previous year as we have aforementioned in the section headed "Reasons for the disposal of the minority interests in container terminal operations".

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As stated in the letter from the Board in the Circular, the combined net loss of the Home World Group and Yolly Capital Limited for the financial year ended 31 December 2008 was approximately HK\$52.6 million, as compared to the combined net profit of the Textile Group and the Port Interests of approximately HK\$411 million for the same period, representing a gap of approximately HK\$463.6 million. However, we note that this gap in combined net profit has narrowed considerably for the six months ended 30 June 2009. The combined net profit of the Home World Group and Yolly Capital Limited for the six months ended 30 June 2009 was approximately HK\$55.2 million, versus the combined net profit of the Textile Group and the Port Interests of approximately HK\$67.4 million for the same period, representing a significantly reduced gap in combined net profit of only approximately HK\$12.2 million.

As we have discussed earlier, both retail sales in China and beverage operation of CRE Group have been experiencing double digit high growth; whilst growth in the Textile Group and the Port Interests has been negative in the latest full financial year.

In light of the above, we are of the view that taking into account the potential future earnings capability of the Home World Group, Liaocheng Brewery, the Textile Group and the Port Interests, the immediate negative impact on the earnings and NAV of CRE Group is acceptable. Therefore, we believe that on an overall basis, the financial effects of the Proposal are acceptable.

RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, have taken into account the following in arriving at our opinion:

- (i) although the acquisition or disposal of companies and businesses is not in the ordinary and usual course of business of CRE Group, given CRE Group's strategy to focus on its core businesses and exit its non-core businesses, each of the transactions under the Proposal, namely, the Hypermarket Acquisition, the Brewery Acquisition, the Textile Disposal and the Port Disposal, is nevertheless in line with the long-term strategy of CRE Group;
- (ii) on an overall basis, the basis of consideration of the Proposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iii) on an overall basis, the financial effects of the Proposal are acceptable.

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Having considered the above, we are of the view that the Proposal is on normal commercial terms, in line with the long-term strategy of CRE Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Proposal.

Yours faithfully,

For and on behalf of

Platinum Securities Company Limited

Ian Ramsay

Head of Corporate Finance

Lenny Li

Assistant Director

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to CRE Group. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions, if any, of each director and chief executive of the Company in any shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Interests in issued ordinary shares and underlying shares of the Company

Name of Director	Long position/ Short position	Number of shares	Number of underlying shares ¹	Aggregate percentage of interest ³ (%)
Qiao Shibo	Long position	1,120,000	–	0.05
Chen Lang	Long position	800,000	–	0.03
Wang Qun	Long position	60,000	–	0.01
Lau Pak Shing	Long position	360,000	–	0.02
Jiang Wei	Long position	240,000	–	0.01
Yan Biao	Long position	500,000	–	0.02
Du Wenmin	Long position	100,000	–	0.01
Chan Po Fun, Peter	Long position	336,000	200,000 ²	0.03
	Long position	170,000 ⁴	–	–
Houang Tai Ninh	Long position	–	200,000 ²	0.01
Li Ka Cheung, Eric	Long position	–	200,000 ²	0.01

Notes:

- This refers to underlying shares of the Company covered by share options granted, such options being unlisted physically settled equity derivatives.
- Options are exercisable from 2 June, 2004 to 1 June, 2014. Consideration for the grant is HK\$1.00.

3. This represents the percentage of the aggregate long positions in shares and underlying shares of the Company to the total issued share capital of the Company as at the Latest Practicable Date.
4. Such interest is held by a company of which Dr. Chan Po Fun, Peter is interested in 88.25% of its issued share capital.
5. Save as otherwise specified under note 4, interests disclosed hereunder are being held by each director in his capacity as beneficial owner.

(b) Interests in issued ordinary shares and underlying shares of associated corporations

As at the Latest Practicable Date, certain directors had interests in the issued ordinary shares and underlying shares covered by options granted under the share option schemes of associated corporations (within the meaning of the SFO) of the Company, such options being unlisted physically settled equity derivatives:

- (i) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, China Resources Land Limited:*

Name of Director	Long position/ Short position	Number of shares	Number of share options outstanding ¹	Exercise Price (HK\$)	Date of grant	Aggregate percentage of interest ³ (%)
Qiao Shibo	Long position	700,000	-	-	-	0.01
Lau Pak Shing	Long position	250,000	-	-	-	0.01
Jiang Wei	Long position	892,000	-	-	-	0.02
Yan Biao	Long position	1,992,000	-	-	-	0.04
Li Fuzuo	Long position	1,000,000	-	-	-	0.02
Du Wenmin	Long position	790,000	250,000	1.230	01/06/2005 ²	0.02

Notes:

1. The number of share options refers to the number of underlying shares of China Resources Land Limited covered by the share options.
2. Options are vested in four tranches and exercisable over a period from 1 June, 2006, 2007, 2008 and 2009, respectively to 31 May, 2015. Consideration for the grant is HK\$1.00.
3. This represents the percentage of the aggregate long positions in shares and underlying shares of China Resources Land Limited to the total issued share capital of China Resources Land Limited as at the Latest Practicable Date.
4. All interests disclosed above are being held by each director in his capacity as beneficial owner.

(ii) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, China Resources Gas Group Limited:*

Name of Director	Long position/ Short position	Number of shares	Number of share options outstanding ¹	Exercise		Aggregate percentage of interest ² (%)
				Price (HK\$)	Date of grant	
Qiao Shibo	Long position	400,000	-	-	-	0.03
Lau Pak Shing	Long position	250,000	-	-	-	0.02
Li Fuzuo	Long position	51,000	-	-	-	0.01
Du Wenmin	Long position	54,000	-	-	-	0.01

Notes:

1. The number of share options refers to the number of underlying shares of China Resources Gas Group Limited covered by the share options.
2. This represents the percentage of the aggregate long positions in shares and underlying shares of China Resources Gas Group Limited to the total issued share capital of China Resources Gas Group Limited as at the Latest Practicable Date.
3. All interests disclosed above are being held by each director in his capacity as beneficial owner.

(iii) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, China Resources Power Holdings Company Limited:*

Name of Director	Long position/ Short position	Number of shares	Number of share options outstanding ¹	Exercise		Aggregate percentage of interest ⁶ (%)
				Price (HK\$)	Date of grant	
Qiao Shibo	Long position	888,000 ⁷	122,160	2.750	12/11/2003 ²	0.03
	Long position	-	203,600	3.919	18/03/2005 ³	-
Chen Lang	Long position	-	305,400 ⁸	2.750	12/11/2003 ²	0.01
	Long position	-	152,700 ⁸	4.641	18/11/2005 ⁴	-
	Long position	-	203,600 ⁸	6.924	05/09/2006 ⁵	-
Wang Qun	Long position	-	509,000	2.750	12/11/2003 ²	0.01
Lau Pak Shing	Long position	101,800	-	-	-	0.01
Jiang Wei	Long position	840,000	203,600	2.750	12/11/2003 ²	0.03
	Long position	-	366,480	3.919	18/03/2005 ³	-

Name of Director	Long position/ Short position	Number of shares	Number of share options outstanding ¹	Exercise Price (HK\$)	Date of grant	Aggregate percentage of interest ⁶ (%)
Yan Biao	Long position	-	244,320	2.750	12/11/2003 ²	0.01
	Long position	-	325,760	3.919	18/03/2005 ³	-
Li Fuzuo	Long position	741,780	61,080	3.919	18/03/2005 ³	0.02
Du Wenmin	Long position	297,000	183,240	2.750	12/11/2003 ²	0.01

Notes:

- The number of share options refers to the number of underlying shares of China Resources Power Holdings Company Limited covered by the share options.
- Options are vested in five tranches of 20% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant. All options expire on 6 October, 2013. Consideration for each of the grants mentioned above is HK\$1.00.
- Options are vested in five tranches of 20% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant. All options expire on 18 March, 2015. Consideration for each of the grants mentioned above is HK\$1.00.
- Options are vested in five tranches of 20% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant. All options expire on 18 November, 2015. Consideration for each of the grants mentioned above is HK\$1.00.
- Options are vested in five tranches of 20% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant. All options expire on 5 September, 2016. Consideration for each of the grants mentioned above is HK\$1.00.
- This represents the percentage of the aggregate long positions in shares and underlying shares of China Resources Power Holdings Company Limited to the total issued share capital of China Resources Power Holdings Company Limited as at the Latest Practicable Date.
- Mr. Qiao Shibo was deemed to be interested in 30,000 shares through interests of his spouse.
- Mr. Chen Lang was deemed to be interested in 661,760 underlying shares through interests of his spouse.
- Save as otherwise specified under notes 7 and 8, all interests disclosed above are being held by each director in his capacity as beneficial owner.

(iv) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, China Resources Microelectronics Limited:*

Name of Director	Long position/	Number of shares	Number of share options outstanding ¹	Exercise Price (HK\$)	Date of grant	Aggregate percentage of interest ² (%)
	Short position					
Chen Lang	Long position	10,800,000	-	-	-	0.12
Lai Ni Hium	Long position	14,650,605	-	-	-	0.17
Jiang Wei	Long position	537,614	-	-	-	0.01
Li Fuzuo	Long position	918,000	-	-	-	0.01
Du Wenmin	Long position	1,458,000	-	-	-	0.02

Notes:

1. The number of share options refers to the number of underlying shares of China Resources Microelectronics Limited covered by the share options.
2. This represents the percentage of the aggregate long positions in shares and underlying shares of China Resources Microelectronics Limited to the total issued share capital of China Resources Microelectronics Limited as at the Latest Practicable Date.
3. All interests disclosed above are being held by each director in his capacity as beneficial owner.

Save as disclosed above, as at Latest Practicable Date, none of the directors or chief executives of the Company had any beneficial interest (including interests or short positions) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the directors or the chief executives were taken or deemed to have taken under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers in the Listing Rules.

3. COMMON DIRECTORS

The following is a list of the directors of the Company who, as at the Latest Practicable Date, were also a director of the companies which have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Common Director	Name of interested party	Long position/ Short position	Number of shares in which the interested party is deemed to have interests	Percentage of shareholding ⁴ (%)
Qiao Shibo Jiang Wei Yan Biao Chen Lang Wang Qun	China Resources National Corporation (“CRNC”) ¹	Long position	1,232,764,380	51.54
Qiao Shibo Jiang Wei Yan Biao Chen Lang Wang Qun	China Resources Co., Limited ¹	Long position	1,232,764,380	51.54
Qiao Shibo Jiang Wei Yan Biao	CRC Bluesky Limited ¹	Long position	1,232,764,380	51.54
Qiao Shibo Jiang Wei Yan Biao Chen Lang Wang Qun	China Resources (Holdings) Company Limited (“CRH”) ¹	Long position	1,232,764,380	51.54
Qiao Shibo Jiang Wei Yan Biao	Globe Fame Investments Limited (“Globe Fame”) ¹	Long position	1,232,764,380	51.54
None	J. P. Morgan Chase & Co. ²	Long position	146,086,026	6.11
None	Genesis Asset Managers, LLP ³	Long position	121,675,645	5.09

Notes:

1. Globe Fame Investments Limited, a wholly-owned subsidiary of CRH, held the shares in the capacity of beneficial owner. CRH is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by China Resources Co., Limited, which is in turn held as to 99.98% by CRNC. So, CRH, CRC Bluesky Limited, China Resources Co., Limited and CRNC are deemed to have corporate interest in the shares.
2. According to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, these shares were held by J.P. Morgan Chase & Co. and corporations controlled directly or indirectly as to 100% by it in the respective following capacity:

Capacity	Number of shares Long position
Beneficial owner	1,812,745
Investment manager	82,006,000
Approved lending agent	62,267,281

3. Genesis Asset Managers, LLP held the shares in the capacity of investment manager.
4. This represents the percentage of the aggregate long positions in the shares of the Company to the total issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the directors was a director or an employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors of the Company had any existing or proposed service contract with any member of CRE Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the directors of the Company had any interest, direct or indirect, in any assets which have been, since 31 December, 2008, being the date to which the latest published audited consolidated financial statements of CRE Group were made up, acquired or disposed of by, or leased to any member of CRE Group, or are proposed to be acquired or disposed of by, or leased to any member of CRE Group.

None of the Directors was materially interested in any contract or arrangement entered into by any member of CRE Group which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of CRE Group taken as a whole.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the directors of the Company are aware of, none of the directors of the Company or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of CRE Group or, any other conflicts of interest within CRE Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of CRE Group since 31 December, 2008 (being the date to which the latest published audited consolidated accounts of CRE Group were made up).

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualifications
Platinum Securities Company Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Platinum Securities Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, Platinum Securities Company Limited did not have any shareholding, directly or indirectly, in any member of CRE Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of CRE Group.

The letter and recommendation given by Platinum Securities Company Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Platinum Securities Company Limited did not have any direct or indirect interests in any assets which had been since 31 December 2008, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of CRE Group.

9. MISCELLANEOUS

The English texts of this circular shall prevail over their respective Chinese texts in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 39/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the asset swap agreement dated 29 October 2009;
- (c) the letter from the independent board committee of the Company, the text of which is set out on pages 17 and 18 in this circular; and
- (d) the letter of advice from Platinum Securities Company Limited to the independent board committee and the independent shareholders of the Company, the text of which is set out on pages 19 to 57 in this circular.

NOTICE OF EGM



華潤創業有限公司 China Resources Enterprise, Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 291)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of China Resources Enterprise, Limited (the “**Company**”) will be held at 4/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 27 November 2009 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the conditional asset swap agreement dated 29 October 2009 entered into between the Company and China Resources (Holdings) Company Limited (“**CRH**”) in relation to the acquisitions of a hypermarket chain in China and a brewery in Shandong Province from, and the disposals of the Company’s entire interest in its textile division and the minority investments in container terminal operations in Hong Kong and Yantian, Shenzhen to, CRH or its subsidiaries (the “**Asset Swap Agreement**”), a copy of which has been produced at the meeting marked “**A**” and signed by the chairman of the meeting for identification purpose, and all the terms and conditions thereof and the transactions contemplated under the Asset Swap Agreement be and are hereby approved, confirmed and ratified, and **THAT** any executive director of the Company be and is hereby authorised to do such acts and execute such other documents with or without amendments and affix the common seal of the Company thereto (if required) as he may consider necessary, desirable or expedient and in the interest of the Company to carry out or give effect to or otherwise in connection with or in relation to the Asset Swap Agreement.”

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

Hong Kong, 12 November, 2009

Registered office:

39/F, China Resources Building

26 Harbour Road

Wanchai

Hong Kong

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the registered office of the Company at 39th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), any vote taken at a general meeting shall be taken by poll. The Company shall announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.