
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, company secretary, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Resources Land Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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華潤置地有限公司
China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1109)

CONTINUING CONNECTED TRANSACTIONS

PROPOSALS TO PROVIDE GREATER FLEXIBILITY IN INTRA-GROUP LENDING BETWEEN MEMBERS OF THE CHINA RESOURCES GROUP

Financial Adviser

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

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



First Shanghai Capital Limited

A notice convening the extraordinary general meeting of the Company to be held at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 3:00 p.m. is set out on page 37 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

6th December, 2010

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DEFINITIONS

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

“Board”	the board of directors of the Company
“China Resources Group”	CRC, CRH and their respective subsidiary companies
“China Resources Group listed company (or companies)”	any company (or companies) in the China Resources Group, which is (or are) listed on the Main Board of the Stock Exchange, other than 鄭州燃氣股份有限公司 (Zhengzhou Gas Company Limited*)
“China Resources Group unlisted companies”	CR Gas Holdings, CR Medications, CR Textile, CR Chemical and Fab2
“Company”	China Resources Land Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CRC”	China Resources Co., Limited, a joint stock limited liability company incorporated in the PRC, which is the holding company of CRH and the banking and trust activities in which the China Resources Group has an interest
“CRE”	China Resources Enterprise, Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the holding company of the China Resources Group in Hong Kong, holding all the China Resources Group’s material interests apart from its banking and trust activities
“CR Cement”	China Resources Cement Holdings Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Chemical”	China Resources Chemicals Holdings Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in manufacturing and trading of chemical products in the PRC, as well as investment, development and management of chemical packaging material plants

DEFINITIONS

“CR Gas”	China Resources Gas Group Limited, an indirect subsidiary of CRH, incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Gas Holdings”	China Resources Gas (Holdings) Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in investment, distribution and operation of city gas and related services in the PRC with focuses on piped natural and petroleum gas distribution, as well as compressed natural gas filling stations
“CR Medications”	China Resources Medications Group Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in medication research, production and distribution in the PRC with a wide range of products including Chinese medicine and herbs, synthetic medicine, biological medicine, natural and organic medicine, health products, pharmaceutical intermediates, medical equipment and pharmaceutical equipment
“CR Micro”	China Resources Microelectronics Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Power”	China Resources Power Holdings Company Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Textile”	China Resources Textiles (Holdings) Company Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in spinning and weaving, garment manufacturing and nylon production in the PRC with major business segments namely MAKO yarns, other yarns and fabrics, garments, nylon and dyeing
“CR Trust”	華潤深國投信託有限公司 (China Resources SZITIC Trust Co., Ltd.*), in which CRC controls 51% of its registered capital
“EGM”	an extraordinary general meeting of the Company to be held for the purpose of approving the Master Lending Agreements and the corresponding annual caps

DEFINITIONS

“Fab2”	CSMC Asia Limited, an unlisted joint venture owned as to 81% and 19% by CRH and CR Micro respectively, that together with its subsidiaries are primarily engaged in 8-inch wafer fabrication
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong and United States Dollar Master Loan Agreement”	the Master Loan Agreement and Guarantee for advances in Hong Kong Dollar and United States Dollar entered into by CRH, the China Resources Group listed and unlisted companies on 22nd November, 2010
“independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“Latest Practicable Date”	2nd December, 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LIBOR”	The London Inter-Bank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Master Lending Agreements”	the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement
“PBOC”	People’s Bank of China
“PRC”	The People’s Republic of China and for the purpose of this circular excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Master Loan Agreement”	the Master Loan Agreement and Guarantee for advances in RMB entered into by CRC and the China Resources Group listed companies on 22nd November, 2010
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Commercial Bank”	珠海市商業銀行股份有限公司 (Zhuhai City Commercial Bank Co., Ltd.*), a municipal bank headquartered in Zhuhai, in which CRC has a 75.33% interest

Note: The figures in RMB are converted into HK\$ at the rate of RMB0.86:HK\$1 throughout this circular for illustration purpose only.

** Name translated for identification only in this circular.*

LETTER FROM THE BOARD



華潤置地有限公司 China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

Executive directors:

Mr. Wang Yin (*Chairman*)
Mr. Wu Xiangdong (*Managing Director*)

Non-executive directors:

Mr. Yan Biao
Mr. Du Wenmin
Mr. Ding Jiemin
Mr. Shi Shanbo
Mr. Wei Bin
Dr. Zhang Haipeng

Independent non-executive directors

Mr. Wang Shi,
Mr. Ho Hin Ngai, Bosco
Mr. Andrew Y. Yan
Mr. Wan Kam To, Peter
Mr. Frederick Ma Si Hang

Registered Office:

Ugland House
South Church Street
Post Office Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office:

Room 4301
43rd Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

6th December, 2010

To the shareholders of the Company

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the joint announcement of the China Resources Group listed companies dated 22nd November, 2010 in relation to, among other things, a proposal, if fully implemented, will give the Company greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries on a short-term basis to other China Resources Group companies through the operation of the Master Lending Agreements. The transactions contemplated under the Master Lending Agreements constitute non-exempted continuing connected transactions under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further information regarding the continuing connected transactions and to set out the advice from First Shanghai Capital Limited to the independent board committee and the independent shareholders of the Company in respect of the Master Lending Agreements and the relevant annual caps thereto, the recommendation from the independent board committee of the Company and to give the notice of EGM.

LETTER FROM THE BOARD

THE MASTER LENDING AGREEMENTS

The Hong Kong and United States Dollar Master Loan Agreement

Parties:	CRH, the China Resources Group listed and unlisted companies.
Date of agreement:	22nd November, 2010.
Date of commencement of agreement:	1st January, 2011.
Term of the agreement:	Three years ending 31st December, 2013, unless extended for a further period.
Lenders:	The China Resources Group listed companies and any subsidiary of any of such companies which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Borrowers:	CRH and the China Resources Group listed and unlisted companies and any subsidiary of any of them, permitted to borrow in either Hong Kong dollar or United States dollar, which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Guarantor(s):	CRH and, in the case of an advance to a subsidiary of a China Resources Group listed company, that company's listed holding company.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed "Annual caps under the Master Lending Agreements".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.

LETTER FROM THE BOARD

Interest rate in respect of Hong Kong dollar advances:	The rate per annum as determined by the lender being the aggregate of (i) the relevant HIBOR for such a Hong Kong dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in such currency and such amount from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Interest rate in respect of United States dollar advances:	The rate per annum as determined by the lender being the aggregate of (i) the relevant LIBOR for such a United States dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in such currency and such amount from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Guarantee:	All advances will be unconditionally and irrevocably guaranteed by the guarantor(s).
Early repayment:	Both the lender and the borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest.
Basis of lending:	All advances under this agreement will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRH ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Hong Kong and United States Dollar Master Loan Agreement in respect of the relevant borrower.

LETTER FROM THE BOARD

RMB Master Loan Agreement

Parties:	CRC and the China Resources Group listed companies.
Date of agreement:	22nd November, 2010.
Date of commencement of agreement:	1st January, 2011.
Term of agreement:	Three years ending 31st December, 2013, unless extended for a further period.
Entrustment agents:	A commercial bank or financial institution in the PRC permitted to enter into entrusted loan agreements, including Zhuhai Commercial Bank and CR Trust.
Lenders:	Any PRC incorporated subsidiary of a China Resources Group listed company, which has become a party to the RMB Master Loan Agreement by acceding to its terms.
Borrowers:	CRC and any PRC incorporated subsidiary of a China Resources Group listed or unlisted company which has become a party to the RMB Master Loan Agreement by acceding to its terms, but excluding Zhuhai Commercial Bank and CR Trust.
Guarantor:	CRC.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed "Annual caps under the Master Lending Agreements".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.
Interest rate:	The rate per annum as determined by the lender being the relevant lending rate as permitted by the PBOC from time to time. The interest rate shall be no less than 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB such amount from a bank or a financial institution for the relevant period and shall not be less than the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.

LETTER FROM THE BOARD

- Entrustment agent fees: All fees charged by the entrustment agent to the lender will be reimbursed by the relevant borrower.
- Guarantee: All advances will be unconditionally and irrevocably guaranteed by the guarantor.
- Best endeavors: If CRC makes a payment to a lender or an entrustment agent in connection with the RMB Master Loan Agreement due to a breach by a borrower, which is a subsidiary of a China Resources Group listed company, such China Resources Group listed company will use its best endeavors to procure that the borrower shall have sufficient funds to, and does, promptly reimburse CRC. This may include such listed company making payments by way of gift or capital contribution or shareholder loan to the borrower (to the extent permitted by PRC law).
- Basis of lending: Advances will take the form of an entrusted loan. Under an entrusted loan arrangement, the lender deposits the amount to be advanced to the entrustment agent which in turn pays the amount to be advanced to the borrower, for which the entrustment agent charges a facilitation commission. The lending risk is assumed by the lender which receives the interest paid by the borrower, less the deduction of agency fee. Subject to the entrusted loan agreement to be entered into between the lender, borrower and entrustment agent, all advances will become immediately repayable on demand with terms similar to those as stated in the Hong Kong and United States Dollar Master Loan Agreement and so as the early repayment by giving ten business days' written notice stated therein.

Annual caps under the Master Lending Agreements

The annual caps for the maximum aggregate amount which can be lent at any time from the Group have been determined by the Company after assessing the maximum amount of exposure at any time which it is prepared to assume under the Master Lending Agreements in the context of the Company's estimated temporarily surplus cash resources.

LETTER FROM THE BOARD

The annual caps for the second and third financial years have been increased by approximately 10% from the previous year to reflect the underlying growth in the Group in the subsequent two years. The annual caps for the Group for the initial term of the Master Lending Agreements and a comparison of the cap with its gross cash and bank balances and with its size using the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

Annual cap for the year ending 31st December,			Consolidated	Highest
2011	2012	2013	cash and bank	percentage ratio,
30th June, 2010			balances as at	excluding the
<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	30th June, 2010	profit ratio
			<i>HK\$ million</i>	<i>%</i>
1,500.0	1,700.0	1,900.0	15,471.0	11.4%

Financial condition of the guarantors

All advances to China Resources Group listed and unlisted companies will be guaranteed by either CRC or CRH, depending on the currency of the advance. Both guarantors are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. The summary of consolidated financial positions of CRC and CRH are as follows:

	CRH		CRC	
	2009	2008	2009	2008
	Audited	Audited	Audited	Audited
	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Total assets	396.1	296.4	362.2	274.8
Cash and bank balances	54.9	27.0	52.2	26.2
Net asset value	167.1	136.9	135.3	111.1
Net attributable profit	9.8	6.7	6.3	4.8
Cash flow from operation	30.0	4.3	27.9	6.3

Listing Rules implications of the Master Lending Agreements

For the Company, the Master Lending Agreements constitute non-exempt continuing connected transactions of a scale which requires the prior approval of independent shareholders voting by poll at the EGM. No directors of the Company have a material interest in the subject proposals that will be required to abstain from voting at the Board's meeting. The implementation of the Master Lending Agreements is conditional upon such approval but not inter-conditional on the approval of other China Resources Group listed companies. The Listing Rules also require that the arrangements under the Master Lending Agreements be subject to annual review by the independent non-executive directors of the Company and the Company's auditors.

LETTER FROM THE BOARD

REASONS FOR, AND BENEFITS OF THE PROPOSALS

The Company has its own treasury operation responsible for arranging for the financing of its businesses and deploying its liquid resources. This basis of operation is intended to continue. The proposals, if they are implemented in full, will give the Group greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries to other China Resources Group companies, including CRC and CRH, through the operation of the Master Lending Agreements. Any advance will only be used by the borrower as short-term working capital, which is not a substitution for fulfilling the capital expenditure or long term financing.

The guiding principles behind the proposals are to:

- enable the Company to achieve a return on the Group's temporarily surplus cash resources of no less than the cost of borrowing of CRH or a corporate borrower of similar standing in respect of Hong Kong and United States dollar advances and, in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC or a corporate borrower of similar standing from a bank or financial institution. Generally these rates are substantially higher than the deposit rates available to the Company;
- permit the Group to borrow at a rate lower than it is likely to be able to obtain itself from banks and financial institutions;
- give priority to the operational at needs of the Group under these proposals. The initiative to lend to another China Resources Group company will be entirely at the discretion of the Company and there will be no obligation to lend under these arrangements;
- limit the amounts that can be lent under these arrangements so that they are well within the capacity of the Company and the guarantor, and reflect the scale of the temporarily surplus liquidity that is expected to be available from time to time to be lent under these arrangements;
- ensure that the assets of the Group are not placed at any significant risk as to the repayment of principal and the payment of interest. In addition to the guarantee of the China Resources Group listed company in respect of Hong Kong and United States dollars advances to any of its subsidiaries, all advances, other than advances made directly to CRC or CRH, will be guaranteed irrevocably and unconditionally by either CRC or CRH, depending on the currency of the advance. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. In the event that the latest rating of CRC is reduced or placed on watch with negative implications, further advances under the Master Lending Agreements will be suspended;
- continue to manage the Company's treasury operation on a prudent basis as it has in the past. These treasury operations do not invest in the bonds or shares of independent third party issuers and, apart from conventional hedging and swaps, do not invest or trade in derivatives;

LETTER FROM THE BOARD

- ensure that it is a transparent process. Full information on all advances made during the period concerned, including the borrower, its immediate holding company, guarantor, amount, duration and interest rate, will be disclosed in the Company's interim and final reports;
- apply only to temporarily surplus cash resources. It is designed to enhance returns on temporarily surplus liquidity and is not a new usage for the cash resources of the Group. Dividend policy, dividend distributions and the deployment of liquidity for long-term investment and the expansion of the business will not be affected by these arrangements;
- confine advances for only short-term working capital purposes only so they will not be used as a substitute for long-term or permanent financing. The maximum duration of any advance will be six months, and no security over the assets of the borrower will be provided. All advances will be made on the basis that they are repayable on either the lender or borrower giving ten business day's notice; and
- avoid any foreign exchange risk.

CHARACTERISTIC OF THE PROPOSALS

The Master Lending Agreements are designed to give the China Resources Group listed companies a greater flexibility in the management of their respective short term surplus cash resources. Unlike the centralised treasury arrangement commonly adopted by many Chinese conglomerates where the surplus cash resources of listed subsidiaries are deposited with a finance company owned by the holding company, which earns the margin between the prescribed deposit and lending rates in the PRC, the proposed arrangement under the Master Lending Agreements will allow the China Resources Group listed companies continue to operate their own treasury departments and will be able to lend a portion of their idle cash resources directly to fellow subsidiaries and thereby retaining the margin for themselves without bearing any significant credit risk.

Save for the enhancement of returns on temporarily surplus liquidity, there is no change to the manner in which the existing treasury operation will operate or the usage of cash resources of the China Resources Group listed companies. In the case of a centralised treasury function commonly adopted by other Chinese conglomerates, the finance company owned by the holding company controls the surplus cash resources of the listed subsidiaries, whereas under the Master Lending Agreements, each China Resources Group listed company can decide whether to lend to its fellow subsidiaries and if such advances are made, they will be disclosed on a semi-annual basis in order to enhance the transparency of this intra-group lending.

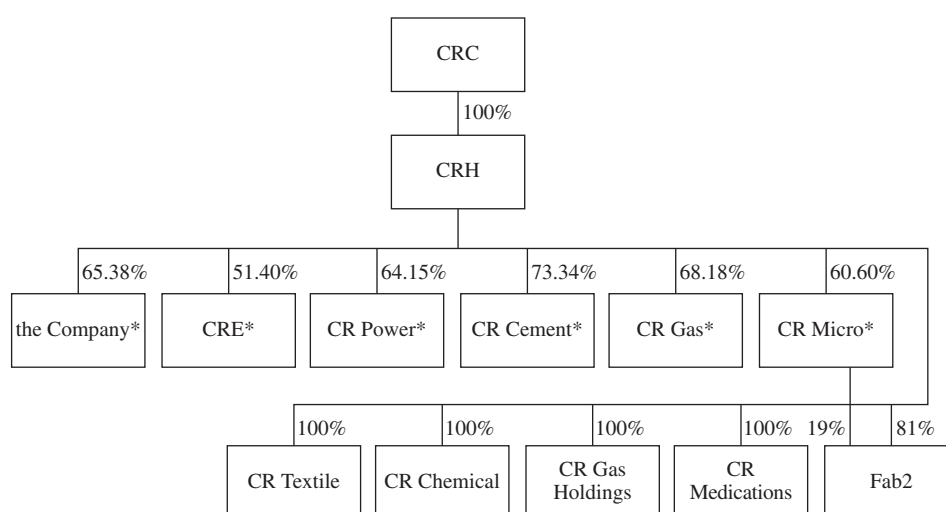
LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

Simplified group structure

By virtue of CRC being the controlling shareholder of the China Resources Group listed and unlisted companies, they are connected persons to each of the China Resources Group listed companies as defined under the Listing Rules.

The following is a simplified chart showing the existing ownership and structure of CRC, CRH, the China Resources Group listed and unlisted companies as at the Latest Practicable Date:



* company listed on the Stock Exchange

The Company

The principal business activity of the Company is property investment, development and management in the PRC.

CRC

CRC, a borrower and guarantor under the RMB Master Loan Agreement, is the holding company of CRH. Its audited consolidated net asset value as at 31st December, 2009 amounted to some RMB 135 billion with total assets over RMB 362 billion. CRC is a bond issuer in the PRC with a principal long term credit rating of AAA according to China Lianhe Rating Co., Ltd.. Other than its interest in CRH, Zhuhai Commercial Bank and CR Trust, CRC also holds approximately 14.73% equity interest in China Vanke, being one of the largest property developers in the PRC, the shares of which are listed in Shenzhen Stock Exchange with a market capitalisation of some RMB91 billion as at the Latest Practicable Date.

LETTER FROM THE BOARD

CRH

CRH, a borrower and guarantor under the Hong Kong and United States Dollar Master Loan Agreement, is a conglomerate in Hong Kong and the PRC that is principally engaged in seven core businesses, namely consumer products, power, real estate, pharmaceuticals, cement, gas and financial services, as well as other operations including microelectronics, textiles, chemical products and compressors. Its audited consolidated total equity including non-controlling interests as at 31st December, 2009 amounted to some HK\$167 billion with total assets over HK\$396 billion.

CRE

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

CR Cement

CR Cement and its subsidiaries are engaged in the production, distribution and sale of cement, clinker and concrete in Hong Kong and the PRC.

CR Gas

CR Gas is an investment holding company which through its subsidiaries in the PRC, operates city gas distribution projects in China including natural or petroleum gas pipelines, CNG filling stations and bottled LPG distribution.

CR Micro

CR Micro, through its subsidiaries, is principally engaged in integrated circuit (“IC”) open foundry operations as well as IC design, discrete devices and IC testing and packaging. Its operations are located primarily in Wuxi, Shenzhen, Shanghai, Beijing and Hong Kong.

CR Power

CR Power, through its subsidiaries, is principally engaged in the investment, development, operation and management of power plants and investment and operation of coal mines in the PRC.

EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The EGM will be convened at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 3:00 p.m.. A notice convening the EGM at which resolution will be proposed to the independent shareholders to consider, and if thought fit, to approve the Master Lending Agreements and proposed annual caps is set out on page 37 of this circular. In accordance with the requirements of the Listing Rules, the votes to be taken at the EGM shall be conducted by poll. CRH, holding approximately 65.38% of the Company’s issued share capital as at the Latest Practicable Date, and its associates are required to abstain from voting at the meeting.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy to the head office of the Company at Room 4301, 43rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The directors of the Company, including the independent non-executive directors, consider that the continuing connected transactions under the Master Lending Agreements and the proposed annual caps are fair and reasonable, on normal commercial term and in the interests of the Company and its shareholders as whole.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully

By the order of the board of
China Resources Land Limited
Wang Yin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



華潤置地有限公司 China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

6th December, 2010

To the independent shareholders of the Company

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 6th December, 2010 (“the Circular”) to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the independent shareholders of the Company in relation to the Master Lending Agreements and the proposed annual caps. In this connection, First Shanghai Capital Limited has been appointed as the independent financial adviser to advise on this matters.

Your attention is drawn to the “Letter from the Board” set out on pages 5 to 15 of the Circular which contains, inter alia, information about the terms of the Master Lending Agreements and the proposed annual caps, and the “Letter from the independent financial adviser” set out on pages 17 to 28 of the Circular which contains the advice from First Shanghai Capital Limited in respect of the Master Lending Agreements and the proposed annual caps together with the principal factors taken into consideration in arriving at such.

Having considered the terms of the Master Lending Agreements and having taken into account the principal factors and reasons considered by the independent financial adviser as stated in its letter of advice, we consider that the terms of the Master Lending Agreements and the proposed annual caps are on normal commercial terms, are fair and reasonable so far as the independent shareholders are concerned and are in the interest of the Company and its shareholders as a whole. We therefore recommend the independent shareholders to vote in favour of the resolution in relation to the Master Lending Agreements and the proposed annual caps.

Yours faithfully,
For and on behalf of
the independent board committee

Mr. Wang Shi

Mr. Ho Hin Ngai, Bosco

Mr. Andrew Y. Yan

Mr. Wan Kam To, Peter

Mr. Frederick Ma Si Hang

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from First Shanghai Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders on the Master Lending Agreements and their respective annual caps for inclusion in this circular.



First Shanghai Capital Limited

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

6th December, 2010

To the independent board committee and the independent shareholders of the Company

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the independent board committee (the “Independent Board Committee”) and the independent shareholders (the “Independent Shareholders”) of the Company on the terms of the Master Lending Agreements and the respective annual caps in relation to the Group (the “Annual Caps”), details of which are set out in the circular of the Company dated 6th December, 2010 (the “Circular”) to the Shareholders of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 22nd November, 2010, CRC, CRH and the China Resources Group listed and unlisted companies entered into the Master Lending Agreements, which, if implemented in full, (i) each China Resources Group listed company and any subsidiary of any of such companies will advance their surplus cash resources in Hong Kong dollar or United States dollar on a short-term basis to CRH and other China Resources Group listed and unlisted companies and any subsidiary of any of them through the operation of the Hong Kong and United States Dollar Master Loan Agreement; and (ii) any PRC incorporated subsidiary of a China Resources Group listed company will advance their surplus cash resources in RMB through an entrusted loan arrangement on a short-term basis to CRC and any PRC incorporated subsidiary of a China Resources Group listed and unlisted company through the operation of the RMB Master Loan Agreement. The transactions contemplated under the Master Lending Agreements constitute non-exempt continuing connected transactions of the Company under the Listing Rules which require the prior approval of the Independent Shareholders by way of poll at the EGM. As all advances to the Group under the Master Lending Agreements represent financial assistance to be provided by connected persons to the Group where no security over the assets of the borrowers will be granted and on normal commercial terms or better, they are exempted continuing connected transactions under Rule 14A.65(4) of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors of the Company, namely Mr. Wang Shi, Mr. Ho Hin Ngai, Bosco, Mr. Andrew Y. Yan, Mr. Wan Kam To, Peter and Mr. Frederick Ma Si Hang, has been appointed to advise the Independent Shareholders on the terms of the Master Lending Agreements and the Annual Caps. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and will continue to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of any member of the China Resources Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the terms of the Master Lending Agreements and the Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Reasons for and benefits of the entering into of the Master Lending Agreements

The Group is one of the listed members of the China Resources Group and is principally engaged in property investment, development and management in the PRC. In order to establish a funding platform for each member of the China Resources Group listed company with greater flexibility in enhancing return on their surplus cash resources by enabling them to lend a portion of which on a short-term basis to other China Resources Group companies, on 22nd November, 2010, CRC, CRH and the China Resources Group listed and unlisted companies entered into the Master Lending Agreements, which, if implemented in full, (i) each China Resources Group listed company and any subsidiary of any of such companies (including the Group) will advance their surplus cash resources in Hong Kong dollar or United States dollar on a short-term basis to CRH and other China Resources Group listed and unlisted companies and any subsidiary of any of them through the operation of the Hong Kong and United States Dollar Master Loan Agreement; and (ii) any PRC incorporated subsidiary of a China Resources Group listed company (including subsidiaries of the Group incorporated in the PRC) will advance their surplus cash resources in RMB through an entrusted loan arrangement on a short-term basis to CRC and any PRC incorporated subsidiary of a China Resources Group listed and unlisted company through the operation of the RMB Master Loan Agreement.

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Through the operation of the Master Lending Agreements, the Group can achieve (i) a return on its temporarily surplus cash resources of no less than the cost of borrowing of CRH or a corporate borrower of similar standing in respect of Hong Kong and United States dollar advances; and (ii) in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC or a corporate borrower of similar standing from a bank or financial institution, which are substantially higher than the rates available to the Group for placing deposit with commercial banks in Hong Kong and the PRC.

On the other hand, the Master Lending Agreements also allow the Group to obtain short-term funding for use as working capital in a relatively immediate way instead of going through bank approval procedures and at a rate lower than that offered from banks and financial institutions to the Group.

Priority will be given to the operation of the Group and all advances will be made entirely at the discretion of the Group after reviewing whether the arrangements under the Master Lending Agreements are beneficial to the Group, where the Group has no obligation to lend to any member of the China Resources Group pursuant to the terms of the Master Lending Agreements. Moreover, (i) the principal objective of the Master Lending Agreements is to provide greater flexibility in the management of and enhance return on the temporarily surplus cash resources for short-term working capital only which is not a new usage of the cash resources of the Group; and (ii) all advances will be made for the maximum period of six months and repayable by giving ten business days' notice with no security over the assets of the borrower. Accordingly, the treasury operation, dividend policy, dividend distributions and the deployment of liquidity for long-term investment and the expansion of the business of the Group will not be affected.

In addition, pursuant to the terms of the Master Lending Agreements, all advances will be guaranteed irrevocably and unconditionally by the listed holding company of the borrower and CRC or CRH, depending on the currency of the advance. Having considered the financial positions of CRC, CRH and each of the China Resources Group listed companies as mentioned in the section headed "Principal terms of the Master Lending Agreements" below, the risk as to the repayment of principal and the payment of interest under the Master Lending Agreements is low.

We are advised that following the entering into of the Master Lending Agreements, the Group will continue to manage its treasury operation on a prudent basis as it has done in the past where these treasury operations would not invest in the bonds or shares of independent third party issuers and, apart from conventional hedging and swaps, would not invest or trade in derivatives. In order to ensure transparency of the arrangement under the Master Lending Agreements and sufficient internal control procedures and corporate governance measures are in place to safeguard the interests of the Shareholders, (i) full information on all advances made during the period concerned, including the borrower, its holding company, guarantor, amount, duration and interest rate, will be disclosed in the relevant interim and final reports of the Company; and (ii) further advances under the Master Lending Agreements will be suspended if the latest credit rating of CRC, being a guarantor under the Master Lending Agreements, is reduced or placed on watch with negative implications.

Given the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement will govern the advances made outside and within the PRC respectively, we are advised that the entering into of the Master Lending Agreements will not result in any foreign exchange risk to the Group.

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Despite the entering into of the Master Lending Agreements is not in the ordinary and usual course of business of the Group, after taking into account the principal reasons and benefits mentioned above, in particular, the entering into of the Master Lending Agreements allows the Group to (i) achieve lender's return rather than a depositor's return on surplus cash resources; (ii) obtain short-term funding at a rate lower than that offered from banks and financial institutions to the Group; and (iii) provide more flexibility for the Group in making use of its surplus cash resources at its sole discretion where the operational needs of the Group have absolute priority, while (i) treasury operation, dividend policy, dividend distributions and the deployment of liquidity for long-term capital investment and the expansion of the business of the Group will not be affected; (ii) sufficient internal control procedures and corporate governance measures are in place to safeguard the interests of the Shareholders; (iii) the risk as to the repayment of principal and the payment of interest under the Master Lending Agreements is low; and (iv) no foreign exchange risk will be encountered by the Group, we are of the view that the entering into of the Master Lending Agreements is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Master Lending Agreements

(i) Guarantees under the Master Lending Agreements

Pursuant to the terms of the Hong Kong and United States Dollar Master Loan Agreement, all advances will be unconditionally and irrevocably guaranteed by CRH and, in the case of an advance to a subsidiary of a China Resources Group listed company, that company's listed holding company. According to the RMB Master Loan Agreement, all advances to any PRC incorporated subsidiary of a China Resources Group listed or unlisted company will be unconditionally and irrevocably guaranteed by CRC.

CRH, the holding company of the China Resources Group listed and unlisted companies, is a conglomerate in Hong Kong and the PRC and is principally engaged in seven core businesses, namely consumer products, power, real estate, pharmaceuticals, cement, gas and financial services, as well as other operations including microelectronics, textiles, chemical products and compressors. We have reviewed the audited accounts of CRH for the year ended 31st December, 2009 and noted that CRH had audited consolidated net asset value and cash and bank balances of approximately HK\$167 billion and HK\$55 billion respectively as at 31st December, 2009. We also noted that CRH recorded net profit attributable to its shareholders of approximately HK\$6.7 billion and HK\$9.8 billion and net cash from operating activities of approximately HK\$4.3 billion and HK\$30.0 billion for each of the two years ended 31st December, 2009, respectively.

CRC is the holding company of CRH. We have reviewed the audited accounts of CRC for the year ended 31st December, 2009 and noted that CRC had audited consolidated net asset value and cash and bank balances of approximately RMB 135 billion and RMB 52 billion respectively as at 31st December, 2009. We also noted that CRC recorded net profit attributable to its shareholders of approximately RMB 5.8 billion and RMB 7.0 billion and net cash from operating activities of approximately RMB 6.3 billion and RMB 27.9 billion for each of the two years

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ended 31st December, 2009, respectively. CRC is a bond issuer in the PRC with principal long term credit rating of AAA according to an independent rating agency, China Lianhe Credit Rating Co., Ltd. which is a company jointly owned by a state-owned company and Fitch Ratings Limited.

The following table shows the business activities and financial position of each of the other China Resource Group listed companies based on their respective latest annual and interim report:-

Company name	Principal business and financial position
CRE	<ul style="list-style-type: none">• principally engaged in consumer businesses in China and Hong Kong and its core businesses are retail, beer, beverage and food processing and distribution;• net profit attributable to owners of the company amounted to approximately HK\$2,322 million and HK\$2,913 million for each of the two years ended 31st December, 2009, respectively;• net cash from operating activities amounted to approximately HK\$4,391 million and HK\$7,939 million for each of the two years ended 31st December, 2009, respectively; and• net assets attributable to owners of the company and cash and bank balances amounted to approximately HK\$29,270 million and HK\$14,342 million as at 30th June, 2010, respectively.
CR Power	<ul style="list-style-type: none">• principally engaged in the investment, development, operation and management of power plants and investment and operation of coal mines in the PRC;• net profit attributable to owners of the company amounted to approximately HK\$1,717 million and HK\$5,317 million for each of the two years ended 31st December, 2009, respectively;• net cash from operating activities amounted to approximately HK\$6,107 million and HK\$9,745 million for each of the two years ended 31st December, 2009, respectively; and• net assets attributable to owners of the company and cash and bank balances amounted to approximately HK\$38,993 million and HK\$6,640 million as at 30th June, 2010, respectively.

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CR Cement

- principally engaged in the production, distribution and sale of cement, clinker and concrete in Hong Kong and the PRC;
- net profit attributable to owners of the company amounted to approximately HK\$761 million and HK\$1,010 million for each of the two years ended 31st December, 2009, respectively;
- net cash from operating activities amounted to approximately HK\$1,053 million and HK\$1,069 million for each of the two years ended 31st December, 2009, respectively; and
- net assets attributable to owners of the company and cash and bank balances amounted to approximately HK\$12,989 million and HK\$3,809 million as at 30th June, 2010, respectively.

CR Gas

- principally engaged in operating city gas distribution projects in the PRC, including natural or petroleum gas pipelines, CNG filling stations and bottled LPG distribution;
- net profit attributable to owners of the company amounted to approximately HK\$297 million and HK\$444 million for each of the two years ended 31st December, 2009, respectively;
- net cash from operating activities amounted to approximately HK\$737 million and HK\$942 million for each of the two years ended 31st December, 2009, respectively; and
- net assets attributable to owners of the company and cash and bank balances amounted to approximately HK\$1,339 million and HK\$2,975 million as at 30th June, 2010, respectively.

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CR Micro

- principally engaged in integrated circuit open foundry operations as well as integrated circuit design, discrete devices and integrated circuit testing and packaging with operations located primarily in Wuxi, Shenzhen, Shanghai, Beijing and Hong Kong;
- net loss attributable to owners of the company amounted to approximately HK\$372 million and HK\$172 million for each of the two years ended 31st December, 2009, respectively. CR Micro turned around to net profit attributable to owners of the company of approximately HK\$126 million for the six months ended 30th June, 2010;
- net cash from operating activities amounted to approximately HK\$467 million and HK\$649 million for each of the two years ended 31st December, 2009, respectively; and
- net assets attributable to owners of the company and cash and bank balances amounted to approximately HK\$3,395 million and HK\$1,382 million as at 30th June, 2010, respectively.

We note that the China Resources Group listed companies are engaged in a variety of business activities and all of them recorded positive net profit and generated net cash from operating activities for each of the two years ended 31st December, 2009 (save for CR Micro, which just turned around in the six months ended 30th June, 2010) and have positive net assets position and cash and bank balances above HK\$1,300 million as at 30th June, 2010.

After taking into account, in particular, (i) the significant net asset value and cash and bank balances and historical profitable performance of CRC and CRH; (ii) the positive net assets position, cash and bank balances and historical profitable performance of other China Resources Group listed companies; (iii) the high long term credit rating of CRC; and (iv) the suspension mechanism for further advances under the Master Lending Agreements should the latest credit rating of CRC be reduced or placed on watch with negative implications, we are of the view that the guarantors, namely CRC, CRH and other China Resources Group listed companies, are creditworthy and the guarantee arrangement under the Master Lending Agreements can reasonably safeguard the interests of the Company and the Shareholders as a whole.

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(ii) *Interest rates under the Master Lending Agreements*

The following table summarizes the interest rates applicable under the Master Lending Agreements:

Interest rate in respect of Hong Kong and United States dollar advances:	The rate per annum as determined by the lender being the aggregate of (i) the relevant HIBOR (for Hong Kong dollar advance) or LIBOR (for United States dollar advance); and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in such currency and such amount from a bank or a financial institution for the relevant period; and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Interest rate in respect of RMB advances	The rate per annum as determined by the lender being the relevant lending rate as permitted by the PBOC from time to time. The interest rate shall be no less than 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB such amount from a bank or a financial institution for the relevant period and shall not be less than the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.

We have reviewed the principal terms of the Master Lending Agreements. We understand that the interest rate primarily makes reference to the HIBOR, LIBOR and the relevant lending rate as permitted by the PBOC from time to time for Hong Kong dollar, United States dollar and RMB advances respectively. In this regard, we have reviewed the latest annual report of each of the China Resources Group listed companies and noted that their Hong Kong dollar, United States dollar and RMB floating rate financings obtained from banks in Hong Kong and the PRC have made reference to HIBOR, LIBOR and the relevant lending rate as permitted by the PBOC respectively, whichever applicable. Therefore, we are of the view that the benchmarks of interest rate used under the Master Lending Agreements are reasonable.

Pursuant to the terms of the Master Lending Agreements, the interest rates shall be no less than the higher of (i) the market borrowing rate obtainable by CRH or a corporate borrower of similar standing from a bank or a financial institution for the relevant period for Hong Kong and United States dollar advances; (ii) 95% (the “Potential Discount”) of the market borrowing rate obtainable by CRC or a corporate borrower of similar standing from a bank or a financial institution for the relevant period for RMB advances; and (iii) the market deposit rate obtainable by the lender for any advances. Given the business scale and asset base of CRH and CRC are larger than the same of the Group, the market borrowing rate obtainable by CRH and CRC or a corporate borrower of similar standing from a bank or a financial institution for the relevant

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period is likely to be lower than the same obtainable by the Group. Accordingly, through the operation of the Master Lending Agreements, the Group can obtain a return higher than the deposit rate and close to the market lending rate for advances being made and borrow at a rate likely to be less than the rate offered by bank or financial institution to the Group. Moreover, we have been advised by the management of the Group and understood that (i) the Group is not engaged in lending activities; (ii) there is no lending rates charged to independent third parties by the Group that can be compared with the lending rates under the Master Lending Agreements; and (iii) the Group had deposited its surplus cash resources in banks in the past. Hence, given the return of surplus cash resources for making advances under the Master Lending Agreements is higher than the deposit rate, from the return on surplus cash resources perspective, and the interest rate under the Master Lending Agreements will make reference to the interest rate offered to CRH or CRC (as the case may be) from bank or financial institution, we are of the view that the Master Lending Agreements are on normal commercial terms.

Given any advances in RMB will be made in the form of an entrusted loan and the fees charged by the entrustment agent will be reimbursed by the borrower, the Potential Discount can cover the fee of the entrustment agent and encourage borrowers to seek intra-group advances. We are advised that the agency fee charged by the entrustment agent usually ranged from 0.01% to 0.03% of the total principal amount. Accordingly, the Potential Discount should be enough to cover the agency fee charged by the entrustment agent.

Having considered that, in particular, (i) the interest rates under the Master Lending Agreements being made reference to HIBOR, LIBOR and the relevant lending rate as permitted by the PBOC from time to time, as the case maybe, are in line with financing provided by banks in Hong Kong and the PRC; (ii) the Group can obtain a return higher than the deposit rate and close to the market lending rate; and (iii) the Group will be able to borrow at a rate less than the rate offered by bank or financial institution to the Group, we are of the view that the interest rates under the Master Lending Agreements are fair and reasonable.

(iii) Repayment terms under the Master Lending Agreements

Pursuant to the terms of the Master Lending Agreements, the repayment date for an advance made under the Master Lending Agreements shall be no later than six months after the date of advance. Moreover, both the lender and borrower may by giving ten business days' written notice require the repayment of the advance, as the case may be, together with accrued interest.

After taking into account (i) the purpose of the advances is to provide short-term funding to the borrowers for working capital purpose; and (ii) the equality in flexibility provided to both the lender and borrower to request the repayment of the advances, we are of the view that the repayment terms under the Master Lending Agreements are fair and reasonable.

Based on the above, we are of the view that the Master Lending Agreements are on normal commercial terms and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned.

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3. Annual Caps in respect of the Master Lending Agreements

The following table is a summary of the Annual Caps in respect of the maximum aggregate amount which can be lent by the Group at any time under the Master Lending Agreements for each of the three years ending 31st December, 2013:-

	Annual Cap for the year ending 31st December,		
	2011	2012	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Maximum amount can be lent	1,500	1,700	1,900

As disclosed in the letter from the Board, the Annual Caps for the maximum aggregate amount which can be lent at any time by the Group have been determined after assessing the maximum amount of exposure at any time which it is prepared to assume under the Master Lending Agreements in the context of its estimated temporarily surplus cash resources. In assessing the fairness and reasonableness of the Annual Caps for the three years ending 31st December, 2013, we have principally analyzed the financial position of the Group and the expected annual growth rate of the Annual Caps used in determining the Annual Caps.

According to the annual report of the Company for the year ended 31st December, 2009 (the “2009 Annual Report”), the Group recorded net profit attributable to owners of the Company of approximately HK\$1,994 million and HK\$4,409 million for each of the two years ended 31st December, 2009 respectively. Despite the Group recorded net cash used in operating activities of approximately HK\$8,285 million for the year ended 31st December, 2008 primarily due to increase in inventory of properties of approximately HK\$13,729 million, the Group recorded net cash from operating activities of approximately HK\$10,807 million for the year ended 31st December, 2009. Moreover, according to the interim report of the Company for the six months ended 30th June, 2010 (the “2010 Interim Report”), the Group recorded net assets attributable to owners of the Company of approximately HK\$40,984 million and cash and bank balances of approximately HK\$15,472 million as at 30th June, 2010. We noted that the Annual Caps for each of the three years ending 31st December, 2013 represents less than 15% of the cash and bank balances of the Group as at 30th June, 2010. In addition, we have discussed with the management of the Group and reviewed the expected management of funds of the Group and noted that the Annual Caps is not anticipated to represent a significant portion of the funds managed by the Group.

We also noted that the Annual Caps for each of the two years ending 31st December, 2013 has been increased by approximately 10% from the previous year to reflect the expected growth of the Group in the subsequent two years. In this regard, we have reviewed the 2009 Annual Report and noted that the annual turnover of the Group and net profit attributable to owners of the Company experienced compound annual growth rates of approximately 43.9% and 16.0% respectively from 2005 to 2009, which demonstrates that the expected annual growth rates of the Annual Caps are more conservative than the historical business growth of the Group.

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Taking into account our analysis above, in particular (i) the Annual Caps for each of the three years ending 31st December, 2013 represents less than 15% of the cash and bank balances of the Group as at 30th June, 2010; (ii) the positive net profit and net cash flow from operating activities of the Group for the year ended 31st December, 2009; and (iii) the expected annual growth rates of the Annual Caps are lower than the historical growth rates of business of the Group, we are of the view that the Annual Caps which provide flexibility for the Group to provide advances under the Master Lending Agreements which allow the Group to enhance return on surplus cash resources are fair and reasonable so far as the Independent Shareholders are concerned.

4. Measures to ensure compliance with the Listing Rules

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, the Company will comply with the following during the term of the Master Lending Agreements:

- (i) each year the independent non-executive Directors must review the continuing connected transactions contemplated under the Master Lending Agreements (the “Continuing Connected Transactions”) and confirm in the Company’s annual report and accounts that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the Master Lending Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Continuing Connected Transactions (a) have received the approval of the Board; (b) are in accordance with the pricing policies of the Company if the Continuing Connected Transactions involve provision of goods or services by the Company; (c) have been entered into in accordance with the relevant agreement governing the transactions; and (d) have not exceeded the respective annual caps;
- (iii) the Company will allow, and will procure that the counterparty to the Continuing Connected Transactions will provide the auditors of the Company with sufficient access to the relevant records of the Continuing Connected Transactions for the purpose of reporting on the Continuing Connected Transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above; and
- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above respectively.

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In addition to the above, we understand that the Company will voluntarily disclose the details of the Continuing Connected Transactions in its interim reports. In light of the conditions attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company on the terms of the Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Taking into account the above principal factors, despite the entering into of the Master Lending Agreements is not in the ordinary and usual course of business of the Group, we consider that the entering into of the Master Lending Agreements, which are on normal commercial terms, is in the interest of the Company and the Shareholders as a whole, and the terms of the Master Lending Agreements and the bases of the respective Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution to approve the Master Lending Agreements and the respective Annual Caps to be proposed at the EGM.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Helen Zee

Managing Director

Fanny Lee

Deputy Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and the short positions (within the meaning of the SFO) of the directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be 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 they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be 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 Shares¹	Capacity	Aggregate percentage of interest² (%)
Wang Yin	Long position	3,930,000	—	Beneficial owner	0.073
Yan Biao	Long position	1,992,000	—	Beneficial owner	0.037
Du Wenmin	Long position	790,000	250,000	Beneficial owner	0.019
Wu Xiangdong	Long position	1,629,000	—	Beneficial owner	0.030
Shi Shanbo	Long position	140,000	—	Beneficial owner	0.003

Note:

- This refers to underlying Shares of share options granted pursuant to the share option schemes of the Company. Details are as follows:

Name	Capacity	Date of Grant	Expiry Date for Exercise of the Option	Exercise price HK\$	Option outstanding as at the Latest Practicable Date
Du Wenmin	Beneficial owner	1/6/2005	31/5/2015	1.23	250,000

- This represents the percentage of the aggregate long positions in Shares and underlying Shares of the Company

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

As at the Latest Practicable Date, certain directors of the Company 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, CRE:*

Name	Long position/ Short position	Number of shares	Number of underlying shares	Approximate percentage of interest ¹ (%)
Yan Biao	Long position	500,000	—	0.021
Du Wenmin	Long position	100,000	—	0.004

Note:

- This represents the percentage of the aggregate long positions in shares and underlying shares of CRE to the total issued share capital of CRE as at the Latest Practicable Date.

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

Name	Long position/ Short position	Number of shares	Number of underlying shares	Approximate percentage of interest¹ (%)
Wu Xiangdong	Long position	45,000	—	0.002
Du Wenmin	Long position	54,000	—	0.003
Shi Shanbo	Long position	50,000	—	0.003

Note:

1. This represents the percentage of the aggregate long positions in shares and underlying shares of CR Gas to the total issued share capital of CR Gas as at the Latest Practicable Date.

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

Name	Long position/ Short position	Number of shares	Number of underlying shares¹	Approximate percentage of interest² (%)
Wang Yin	Long position	427,560	—	0.009
Yan Biao	Long position	—	570,080	0.012
Du Wenmin	Long position	297,000	183,240	0.010
Shi Shanbo	Long position	500,000	—	0.011

Notes:

1. This refers to underlying shares of share options granted pursuant to the share option schemes of CR Power. Details are as follows:

Name	Capacity	Date of grant	Exercise price HK\$	Option outstanding as at the Latest Practicable Date
Yan Biao	Beneficial owner	12/11/2003 ⁽¹⁾ 18/3/2005 ⁽²⁾	2.75 3.919	244,320 325,760
Du Wenmin	Beneficial owner	12/11/2003 ⁽¹⁾	2.75	183,240

Notes:

- (1) Options are exercisable in 5 tranches of 20% each, from 6th October, 2004, 2005, 2006, 2007 and 2008 to 5th October, 2013.
- (2) Options are exercisable in 5 tranches of 20% each, from 18th March, 2006, 2007, 2008, 2009 and 2010 to 17th March, 2015.
2. This represents the percentage of the aggregate long positions in shares and underlying shares of CR Power to the total issued share capital of CR Power as at the Latest Practicable Date.

(iv) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Micro:*

Name	Long position/ Short position	Number of shares	Number of underlying shares	Approximate percentage of interest ¹ (%)
Wu Xiangdong	Long position	1,215,000	—	0.014
Du Wenmin	Long position	1,458,000	—	0.017

Note:

1. This represents the percentage of the aggregate long positions in shares and underlying shares of CR Micro to the total issued share capital of CR Micro as at the Latest Practicable Date.

(v) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Cement:*

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 ² (%)
Shi Shanbo	Long position	280,000	—	—	—	0.004

Notes:

- 1 The number of share options refers to the number of underlying shares of CR Cement covered by the share options.
- 2 This represents the percentage of the aggregate long positions in shares and underlying shares of CR Cement to the total issued share capital of CR Cement as at the Latest Practicable Date.
- 3 All interests disclosed above are being held by the director of the Company 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. SUBSTANTIAL SHAREHOLDERS

So far as was known to any director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Capacity	Nature of interest	Long/short position	No. of Shares held	Approximate % of shareholding
Gain Ahead Group Limited ('Gain Ahead') ¹	Beneficial owner	Beneficial interest	Long position	3,521,640,519	65.38
CRH ¹	Controlled company's interest	Corporate interest	Long position	3,521,642,519	65.38
CRC Bluesky Limited ('Bluesky') ¹	Controlled company's interest	Corporate interest	Long position	3,521,642,519	65.38
CRC ¹	Controlled company's interest	Corporate interest	Long position	3,521,642,519	65.38
China Resources National Corporation ('CRNC') ¹	Controlled company's interest	Corporate interest	Long position	3,521,642,519	65.38
JP Morgan Chase & Co. ²	(i) Beneficial owner	(i) Beneficial interest	Long position	299,174,418	5.94
				(i) 11,290,275	
	(ii) Investment manager	(ii) Other interest	Long position	(ii) 242,424,888	0.90
	(iii) Lending agent	(iii) Other interest	Long position	(iii) 45,459,255	
	Beneficial owner	Beneficial interest	Short position	1,755,696	0.04

Notes:

- Gain Ahead and Commotra Company Limited directly held 3,521,640,519 and 2,000 shares of the Company respectively; CRH is the sole shareholder of Gain Ahead and Commotra Company Limited. Moreover, CRH is a 100% subsidiary of Bluesky, which is in turn owned as to 100% by CRC, which is in turn held as to 100% by CRNC. Thus CRH, Bluesky, CRC and CRNC are deemed to be interested in an aggregate of 3,521,642,519 shares in the Company.

2. According to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, other than the following corporations which were held by JP Morgan Chase & Co. in the manner described below, these shares were held by JP Morgan Chase & Co. and corporations controlled directly and indirectly as to 100% by it:

Name of Corporation	JP Morgan Chase & Co. % interest (direct or indirect) held by JP Morgan Chase & Co.
J.P Morgan Securities Ltd.	98.95%
China International Fund Management Co. Ltd.	49%
J.P Morgan Whitefriars	99.99%

4. DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has any service contracts with the Company or any of its subsidiaries which does not expire or is not 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 31st December, 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

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

6. COMPETING INTERESTS

As at the Latest Practicable Date, the directors of the Company were not aware that any of the directors or their respective associates has interest in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

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 the Group since 31st December, 2009, being the date to which the latest published audited consolidated accounts of the 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
First Shanghai Capital Limited	A corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

First Shanghai Capital 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, First Shanghai Capital Limited did not have any shareholding, directly or indirectly, in any member of the 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 the Group.

The letter of advice given by First Shanghai Capital Limited is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, First Shanghai Capital Limited did not have any direct or indirect interests in any assets which had been since 31st December, 2009, 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 the 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 head office of the Company at Room 4301, 43rd Floor, 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 Hong Kong and United States Dollar Master Loan Agreement;
- (b) the RMB Master Loan Agreement;
- (c) the letter from the independent board committee, the text of which is set out on page 16 in this circular;

- (d) the letter of advice from First Shanghai Capital Limited to the independent board committee and the independent shareholders of the Company, the text of which is set out on pages 17 to 28 in this circular; and
- (e) the written consent referred to in the section headed “Expert and consent” of this appendix.

NOTICE OF EGM



華潤置地有限公司 China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of China Resources Land Limited (the “**Company**”) will be held at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 3:00 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 Master Lending Agreements (as defined in the circular of the Company dated 6th December, 2010 of which this notice forms part (the “**Circular**”)) and the annual caps for the maximum aggregate amount which can be lent at any time from the Company together with its subsidiaries under the Master Lending Agreements be and are hereby approved.”

Yours faithfully

By the order of the board of
China Resources Land Limited
Wang Yin
Chairman

Hong Kong, 6th December, 2010

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 notorially certified copy of such power or authority, at the head office of the Company at Room 4301, 43rd 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.