

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, professional accountant or other professional adviser.

If you have sold all your shares in China Resources Enterprise, Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of China Resources Enterprise, Limited to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 2 June 2006 at 3:30 p.m. is set out on pages 15 to 18 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 less than 48 hours before the time appointed for holding the annual general meeting. Completion of the proxy form and its return will not preclude you from attending and voting at the annual general meeting if you so wish.

Hong Kong, 10 May 2006

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 2 June 2006 at 3:30 p.m., notice of which is set out on pages 15 to 18 of this circular
“Company”	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	8 May 2006, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in the Repurchase Resolution up to a maximum of 10% of the issued share capital of the Company at the date of the Repurchase Resolution
“Repurchase Resolution”	the ordinary resolution to be passed as referred to in item no.5 of the notice of the Annual General Meeting
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their own securities on the Stock Exchange

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollar
“%”	per cent

LETTER FROM THE CHAIRMAN



華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

Directors:

Executive Directors:

SONG Lin (*Chairman*)

CHEN Shulin (*Managing Director*)

KEUNG Chi Wang, Ralph (*Deputy Managing Director*)

WANG Qun (*Deputy Managing Director*)

LAU Pak Shing (*Deputy Managing Director*)

KWONG Man Him (*Deputy Managing Director*)

Non-executive Directors:

QIAO Shibo

YAN Biao

JIANG Wei

XIE Shengxi

WANG Shuaiting

Independent Non-executive Directors:

CHAN Po Fun, Peter

HOUANG Tai Ninh

LI Ka Cheung, Eric

CHENG Mo-chi

Company Secretary:

LEE Yip Wah, Peter

Registered Office:

39th Floor,

China Resources Building,

26 Harbour Road,

Wanchai,

Hong Kong

Hong Kong, 10 May 2006

To the shareholders,

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES**

AND

RE-ELECTION OF RETIRING DIRECTORS

AND

NOTICE OF ANNUAL GENERAL MEETING

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 2 June 2005, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. It is

LETTER FROM THE CHAIRMAN

therefore proposed to seek your approval of the Repurchase Resolution at the Annual General Meeting to give a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I of this circular.

GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution (i.e. not exceeding 464,868,424 Shares based on the issued share capital of the Company of 2,324,342,120 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same at the date of passing the resolution) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of the Repurchase Resolution.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Mr. SONG Lin, Mr. CHEN Shulin, Mr. KEUNG Chi Wang, Ralph, Mr. WANG Qun, Mr. LAU Pak Shing and Mr. KWONG Man Him; the non-executive Directors of the Company are Mr. QIAO Shibo, Mr. YAN Biao, Mr. JIANG Wei, Mr. XIE Shengxi and Mr. WANG Shuaiting and the independent non-executive Directors of the Company are Dr. CHAN Po Fun, Peter, Mr. HOUANG Tai Ninh, Dr. LI Ka Cheung, Eric and Mr. CHENG Mo-chi.

Pursuant to article 110 of the articles of association of the Company, Mr. SONG Lin, Mr. CHEN Shulin, Mr. KEUNG Chi Wang, Ralph, Mr. KWONG Man Him, Mr. HOUANG Tai Ninh and Dr. LI Ka Cheung, Eric shall retire from office at the Annual General Meeting and offer themselves for re-election. Pursuant to article 115 of the articles of association of the Company, Mr. WANG Shuaiting and Mr. CHENG Mo-chi shall hold office only until the Annual General Meeting and shall be eligible for re-election at the Annual General Meeting. Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II of this circular.

ANNUAL GENERAL MEETING

Set out on pages 15 to 18 of this circular is the notice convening the Annual General Meeting.

At the Annual General Meeting, resolutions will be proposed to the shareholders in respect of ordinary business to be considered at the Annual General Meeting, including re-election of retiring Directors, and special business to be considered at the Annual General Meeting, being the Ordinary Resolutions proposed to approve the Repurchase Proposal, the general mandate for Directors to issue new Shares and the extension of the general mandate to issue new Shares.

LETTER FROM THE CHAIRMAN

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting 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 in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

RIGHT TO DEMAND A POLL

Pursuant to article 60 of the articles of association of the Company, at the Annual General Meeting, resolutions put to the vote of the meeting shall be decided on a show of hands, unless a poll is taken as may from time to time be required under the Listing Rules and/or any other applicable laws and regulations or unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman; or
- (b) not less than five shareholders present in person or by proxy and having the right to vote at the meeting; or
- (c) a shareholder or shareholders present in person or by proxy representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (d) a shareholder or shareholders present in person or by proxy holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, the proposed general mandate for Directors to issue new Shares, the proposed extension of the general mandate to issue new Shares and the proposed re-election of retiring Directors are all in the best interest of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of such resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
SONG Lin
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

This appendix also constitutes the memorandum as required under Section 49BA(3)(b) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,324,342,120 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 232,434,212 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2005 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:–

	Shares	
	Highest	Lowest
	HK\$	HK\$
May 2005	11.35	10.40
June 2005	12.10	10.65
July 2005	13.00	11.55
August 2005	13.05	11.95
September 2005	13.20	12.20
October 2005	12.90	11.25
November 2005	14.00	11.40
December 2005	14.50	13.15
January 2006	16.95	13.75
February 2006	17.40	16.05
March 2006	17.80	15.85
April 2006	17.75	15.40
May 2006 (up to the Latest Practicable Date)	17.90	16.75

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders of the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders of the Company.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, China Resources National Corporation, the ultimate holding company of the Company, is interested in 1,227,862,380 Shares (representing approximately 52.83% of the total issued share capital of the Company as at the Latest Practicable Date). In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Proposal, then (if the present shareholdings remains the same) the attributable interest of China Resources National Corporation would be increased to approximately 58.70% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. In the event that the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the eight Directors proposed to be re-elected at the Annual General Meeting to be held on 2 June 2006:

Mr. SONG Lin

Mr. SONG Lin, aged 43, has been an Executive Director since November 2001 and was appointed Chairman of the Group in December 2004. He is the President and a director of China Resources (Holdings) Company Limited and China Resources National Corporation. The former is the immediate holding company of the Company and the later is the ultimate holding company of the Company. He is also the Chairman and an executive director of China Resources Power Holdings Company Limited and China Resources Land Limited and was previously the Chairman and an executive director of China Resources Logic Limited, all the said companies are listed companies in Hong Kong and subsidiaries of China Resources (Holdings) Company Limited. Mr. SONG is also an independent non-executive director of Geely Automobile Holdings Limited, a listed company in Hong Kong. Mr. SONG is also the Deputy Chairman of China Vanke Co., Ltd., which is a listed company in China. Mr. SONG has extensive experience in corporate management and is currently responsible for the overall business development and strategic planning of the Group's business. Mr. Song holds a Bachelor's degree in Mechanics from the University of Tong Ji in Shanghai, China. He joined China Resources (Holdings) Company Limited in 1985.

Mr. SONG has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. Mr. SONG is entitled to a monthly remuneration of HK\$141,692, an extra month's pay as fixed bonus, a discretionary bonus as approved by the Compensation Committee of the Board from time to time with reference to his duties and responsibility with the Company, the Company's performance and the current market situation and is entitled to the Directors' fee as determined by shareholders at its annual general meeting. At the Company's annual general meeting held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 shall be HK\$50,000 per annum. As at the Latest Practicable Date, Mr. SONG has personal interest in 1,800,000 Shares and is deemed to have interest in 200,000 Shares and share options to subscribe for 200,000 Shares held by his spouse within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. SONG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. CHEN Shulin

Mr. CHEN Shulin, aged 52, has been an Executive Director since December 1998 and was appointed Managing Director of the Group in March 2005. He is also a director and Vice President of China Resources (Holdings) Company Limited and China Resources National Corporation. The former is the immediate holding company of the Company and the latter is the ultimate holding company of the Company. Mr. CHEN is also the Chairman of Ng Fung Hong Limited and China Resources Textiles (Holdings) Company Limited, both companies are wholly-owned subsidiaries of the Company. Prior to joining China Resources (Holdings) Company Limited, Mr. CHEN was a senior official with the MOFTEC (the Ministry of Commerce) and a commercial attaché in Australia and New Zealand. He obtained his Bachelor's degree from Beijing Foreign Languages Institute, China and an MBA degree from Victoria University, New Zealand.

Mr. CHEN has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. Mr. CHEN is entitled to a monthly remuneration of HK\$134,231, an extra month's pay as fixed bonus, a discretionary bonus as approved by the Compensation Committee of the Board from time to time with reference to his duties and responsibility with the Company, the Company's performance and the current market situation and is entitled to the Directors' fee as determined by shareholders at its annual general meeting. At the Company's annual general meeting held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 shall be HK\$50,000 per annum. As at the Latest Practicable Date, Mr. CHEN has personal interest in 2,412,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. CHEN has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. KEUNG Chi Wang, Ralph

Mr. KEUNG Chi Wang, Ralph, aged 50, has been appointed as Group Finance Director since 1996 and was appointed Deputy Managing Director in May 2000. He oversees the Group's finance and treasury function, legal and secretarial function as well as corporate merger and acquisition activities. He is also a non-executive director of China Resources Cement Holdings Limited and was previously the non-executive director of China Resources Land Limited, both companies are listed companies in Hong Kong and subsidiaries of the immediate holding company of the Company. Mr. KEUNG graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in auditing, accounting and corporate finance. He joined the Group in September 1994.

Mr. KEUNG has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. Mr. KEUNG is entitled to a monthly remuneration of HK\$193,000, an extra month's pay as fixed bonus, a discretionary bonus as approved by the Compensation Committee of the Board from time to time with reference to his duties and responsibility with the Company, the Company's performance and the current market situation and is entitled to the Directors' fee as determined by shareholders at its annual general meeting. At the Company's annual general meeting held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 shall be HK\$50,000 per annum. As at the Latest Practicable Date, Mr. KEUNG has personal interest in 1,166,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. KEUNG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. KWONG Man Him

Mr. KWONG Man Him, aged 41, was appointed as a Deputy Managing Director on 10 March 2006. Mr. KWONG has been appointed as an executive Director since 2002. He is in charge of the Company's corporate planning and development, and manages the Company's investor and public relations. Mr. KWONG has a Bachelor of Science degree from the University of Hong Kong and an MBA degree from the Chinese University of Hong Kong. He is a fellow member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. He is also a member of the Hong Kong Securities Institute.

Mr. KWONG has no fixed term of service and is subject to rotational retirement at annual general meeting of the Company in accordance with the Company's Articles of Association. Mr. KWONG is entitled to a monthly remuneration of HK\$186,000, an extra month's pay as fixed bonus, a discretionary bonus as approved by the Compensation Committee of the Board from time to time with reference to his duties and responsibility with the Company, the Company's performance and the current market situation and is entitled to the Directors' fee as determined by shareholders at its annual general meeting. At the Company's annual general meeting held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 shall be HK\$50,000 per annum. As at the Latest Practicable Date, Mr. KWONG has personal interest in 1,194,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. KWONG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. HOUANG Tai Ninh

Mr. HOUANG Tai Ninh, aged 52, has been an independent non-executive Director since 1988. He is also a Director of Forcon Investments Limited. Mr. HOUANG obtained his Bachelor of Business Studies degree from the Polytechnic of North Staffordshire in the United Kingdom.

Mr. HOUANG has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. The Director's fee payable to Mr. HOUANG as independent non-executive Director is determined by shareholders of the Company in annual general meeting. At the annual general meeting of the Company held on 2 June 2005, it was approved that the directors' fee for the year ended 31 December 2005 be determined at HK\$140,000 for each independent non-executive Director which were determined with reference to his duties and responsibility with the Company, the Company's performance and the current market situation. Mr. HOUANG did not receive other emoluments for the year ended 31 December 2005. As at the Latest Practicable Date, Mr. HOUANG has personal interest in share options to subscribe for 200,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. HOUANG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. WANG Shuaiting

Mr. WANG Shuaiting, aged 50, was appointed as a non-executive Director on 10 March 2006. He is a director and Vice President of China Resources (Holdings) Company Limited and China Resources National Corporation. The former is the immediate holding company of the Company and the later is the ultimate holding company of the Company. He is also the vice chairman and chief executive officer of China Resources Power Holdings Company Limited which is a listed company in Hong Kong and a subsidiary of China Resources (Holdings) Company Limited.

Mr. WANG has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. As a non-executive Director, Mr. WANG is entitled to the Director's fee as determined by shareholders at its annual general meeting. At the Company's annual general meeting held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 shall be HK\$50,000 per annum. As at the Latest Practicable Date, Mr. WANG has personal interest in 30,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. WANG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Dr. LI Ka Cheung, Eric

Dr. LI Ka Cheung, Eric, aged 52, has been an independent non-executive Director since March 2003. He is Senior Partner of Li, Tang, Chen & Co., Certified Public Accountants (Practising), Board Member of the International Federation of Accountants, member of the Tenth National Committee of Chinese People's Political Consultative Conference and former member of the Legislative Council of the Hong Kong SAR. He holds a directorship in a number of listed companies, such as Sun Hung Kai Properties Limited, Hang Seng Bank Limited, SmarTone Telecommunications Holdings Limited, Transport International Holdings Limited (formerly known as The Kowloon Motor Bus Holdings Limited), Wong's International (Holdings) Limited, CATIC International Holdings Limited, RoadShow Holdings Limited, Sinochem Hong Kong Holdings Limited, as well as Strategic Global Investments plc.

Dr. LI has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. The Director's fee payable to Dr. LI as independent non-executive Director is determined by shareholders of the Company in annual general meeting. At the annual general meeting of the Company held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 be determined at HK\$140,000 for each independent non-executive Director which were determined with reference to his duties and responsibility with the Company, the Company's performance and the current market situation. Dr. LI did not receive other emoluments for the year ended 31 December 2005. As at the Latest Practicable Date, Dr. LI has personal interest in share options to subscribe for 200,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Dr. LI has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

Mr. CHENG Mo Chi

Mr. CHENG Mo Chi, aged 56, was appointed as an independent non-executive Director on 21 November 2005. He has over 30 years experience in the legal profession and is currently the Senior Partner of P.C. Woo & Co., and is currently the independent non-executive director of Beijing Capital International Airport Company Limited, China COSCO Holdings Company Limited, China Mobile (Hong Kong) Limited, Liu Chong Hing Investment Limited and Shui On Construction and Materials Limited and the non-executive director of City Telecom (H.K.) Limited, Guangdong Investment Limited, Galaxy International Group Limited (formerly known as K. Wah Construction Materials Limited), Kader Holdings Company Limited and Tian An China Investments Company Limited. Mr. CHENG is also active in

various sectors of the Hong Kong society. Some of his major appointments include the Chairman of the Main Board Listing Committee and the GEM Listing Committee of the Stock Exchange, and the Honorary President and Founding Chairman of the Hong Kong Institute of Directors, the Chairman of the Council and Court of Hong Kong Baptist University and member of the Education Commission.

Mr. CHENG was previously the independent non-executive director of COL Capital Limited, Kingway Brewery Holdings Limited, Quality HealthCare Asia Limited and Stockmartnet Holdings Limited and the non-executive Director of Pokfulam Development Company Limited.

Mr. CHENG has no fixed term of service with the Company. He will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company. The Director's fee payable to Mr. CHENG as independent non-executive Director is determined by shareholders of the Company in annual general meeting. At the annual general meeting of the Company held on 2 June 2005, it was approved that the Directors' fee for the year ended 31 December 2005 be determined at HK\$140,000 for each independent non-executive Director which were determined with reference to his duties and responsibility with the Company, the Company's performance and the current market situation. Mr. CHENG did not receive other emoluments for the year ended 31 December 2005. As at the Latest Practicable Date, Mr. CHENG does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, Mr. CHENG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 2 June 2006 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2005.
2. To declare a final dividend.
3. To re-elect retiring Directors and to fix the fees for all Directors.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”
- 6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company; or (iv) an issue of shares as scrip dividends pursuant to the Articles of Association of the

NOTICE OF ANNUAL GENERAL MEETING

Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the passing of the resolution as proposed under items nos.5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to the resolution as proposed under item no.6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the resolution as proposed under item no.5 set out in the notice

NOTICE OF ANNUAL GENERAL MEETING

convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said Resolution.”

By Order of the Board
LEE Yip Wah, Peter
Secretary

Hong Kong, 10 May 2006

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with 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 meeting.
3. With regard to item no.2 in this notice, the Board of Directors of the Company recommends a final dividend of HK\$0.25 per ordinary share payable on or about 16 June 2006. The register of members of the Company will be closed from Monday, 29 May 2006 to Friday, 2 June 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 May 2006.
4. With regard to item no.3 in this notice, the Board of Directors of the Company proposes that eight retiring Directors, namely Mr. SONG Lin, Mr. CHEN Shulin, Mr. KEUNG Chi Wang, Ralph, Mr. KWONG Man Him, Mr. WANG Shuaiting, Mr. HOUANG Tai Ninh, Dr. LI Ka Cheung, Eric and Mr. CHENG Mo-chi who shall be eligible for re-election, be re-elected as Directors of the Company. Details of these Directors are set out in the appendix II of the circular to shareholders dated 10 May 2006. The Board of Directors of the Company recommends to the shareholders that the Directors' fee for the year ending 31 December 2006 shall be determined at HK\$50,000 per annum for each executive and non-executive Director and HK\$140,000 per annum for each independent non-executive Director, pro-rated, where appropriate, and payable in December, 2006.



華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

Proxy form for use at the Annual General Meeting of CHINA RESOURCES ENTERPRISE, LIMITED (the "Company") to be held at 3:30 p.m. on Friday, 2 June 2006 and at any adjournment thereof.

I/We (note 1) _____
of _____
being the registered holder(s) of _____ shares (note 2) of HK\$1.00 each in the capital of the Company, hereby appoint the Chairman of the meeting or (note 3) _____
of _____
or failing him _____
of _____
to act as my/our proxy at the Annual General Meeting of the Company to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 2 June 2006 at 3:30 p.m. and at any adjournment thereof and to vote on my/our behalf as indicated below (note 4).

		FOR (note 4)	AGAINST (note 4)	AT THE DISCRETION OF PROXY (note 4)	ABSTAIN (note 4)
1.	To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2005.				
2.	To declare a final dividend.				
3.	(a) To re-elect Mr. Song Lin as Director.				
	(b) To re-elect Mr. Chen Shulin as Director.				
	(c) To re-elect Mr. Keung Chi Wang, Ralph as Director.				
	(d) To re-elect Mr. Kwong Man Him as Director.				
	(e) To re-elect Mr. Houang Tai Ninh as Director.				
	(f) To re-elect Mr. Wang Shuaiting as Director.				
	(g) To re-elect Dr. Li Ka Cheung, Eric as Director.				
	(h) To re-elect Mr. Cheng Mo-chi as Director.				
	(i) To fix the fee for all Directors.				
4.	To re-appoint Auditors and authorise the Directors to fix their remuneration.				
5.	Ordinary Resolution in Item No.5 of the Notice of Annual General Meeting. (To give a general mandate to the Directors to repurchase shares of the Company)				
6.	Ordinary Resolution in Item No.6 of the Notice of Annual General Meeting. (To give a general mandate to the Directors to issue new shares of the Company)				
7.	Ordinary Resolution in Item No.7 of the Notice of Annual General Meeting. (To extend the general mandate to be given to the Directors to issue shares)				

Dated this _____

Shareholder's signature: _____ (note 5)

Notes:

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares of HK\$1.00 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- If any proxy other than the Chairman is preferred, strike out "the Chairman of the meeting or" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS PROXY FORM MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, TICK THE BOX MARKED "FOR" BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, TICK THE BOX MARKED "AGAINST" BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO ALLOW YOUR PROXY TO CAST HIS VOTES ON ANY RESOLUTION AT HIS DISCRETION, TICK THE BOX MARKED "AT THE DISCRETION OF PROXY" BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO ABSTAIN FROM VOTING ON ANY RESOLUTION, TICK THE BOX MARKED "ABSTAIN" BESIDE THE APPROPRIATE RESOLUTION.** Failure to complete any of the boxes for each item will entitle your proxy to cast his votes on the relevant resolution at his discretion.
- This proxy form must be signed by you or your attorney duly authorised in writing or in the case of a corporation must be either under its common seal or under the hand of an officer or attorney duly authorised.
- Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- To be valid, this proxy form, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company's registered office at 39th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- The proxy need not be a member of the Company but must attend the meeting in person to represent you.
- Completion and deposit of the proxy form will not preclude you from attending and voting at the meeting if you so wish.