

GROUP REORGANISATION

In preparation for the listing, the China Resources Holdings group underwent a group reorganisation.

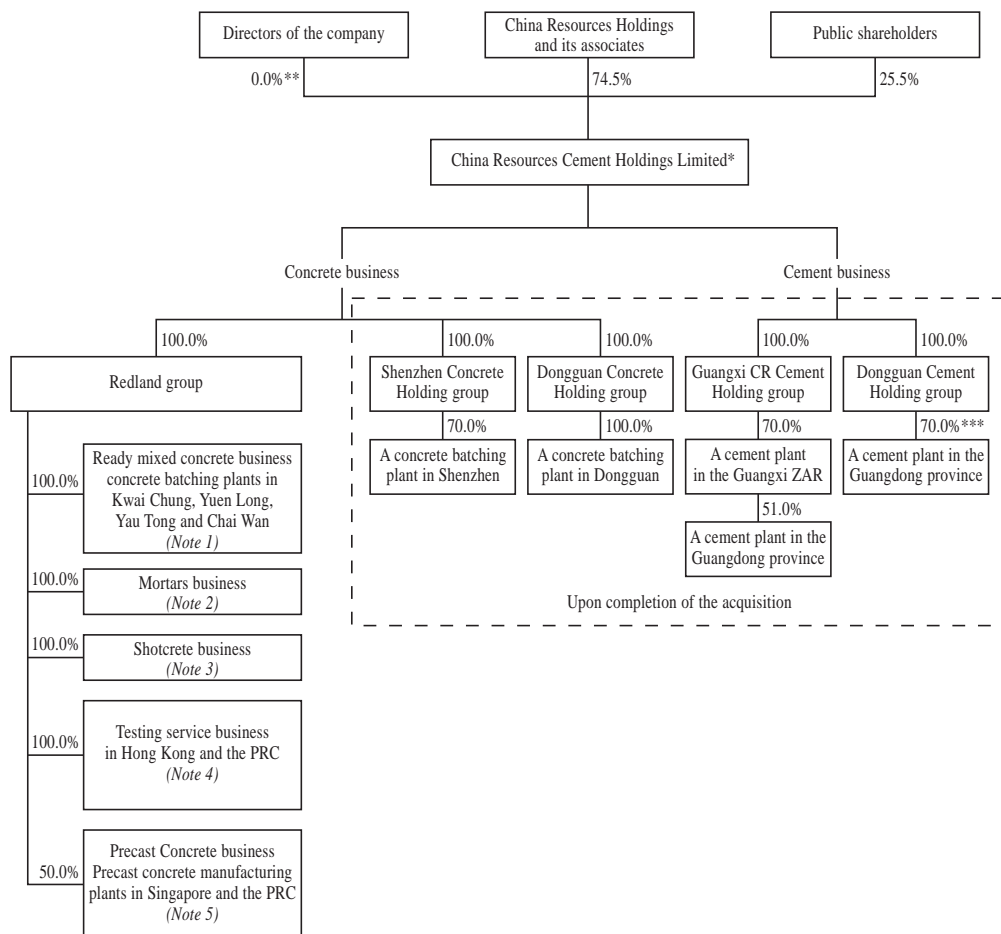
The company was incorporated in the Cayman Islands as a wholly owned subsidiary of China Resources Enterprise on 13th March, 2003. On 25th March, 2003, one share of the company, in addition to the then existing one issued share, was allotted and issued to China Resources Enterprise at the total issue price of HK\$100.0 million. It is intended that, after the passing of an ordinary resolution approving the acquisition (details of which are set out in the section headed “Acquisition” in this prospectus), China Resources Enterprise will transfer the entire issued share capital of Innovative Market, being two ordinary shares of US\$1 each, to the company for the consideration of HK\$456.7 million, which represents the audited consolidated net asset value of Innovative Market as at 31st December, 2002, in return for the allotment and issue of one additional share, to be credited as fully paid, in the company to China Resources Enterprise. Upon completion of the transfer of the shares of Innovative Market to the company, Innovative Market shall become a wholly owned subsidiary of the company.

China Resources Enterprise will then implement the distribution by declaring a special interim dividend to be effected by means of a distribution in specie of shares of the company, which will result in shareholders of China Resources Enterprise, whose names appear on the register of members of China Resources Enterprise as at the close of business on the record date, receiving one share of the company for every ten China Resources Enterprise shares held, rounded down to the nearest whole number. In preparation for the distribution, the company will allot and issue such number of shares, which when aggregated with the shares of the company then in issue represent the aggregate entitlements of China Resources Enterprise shareholders under the distribution on the basis of one share for every ten China Resources Enterprise shares held on the record date, rounded down to the nearest whole number, as a bonus issue by way of the capitalisation of the total par value of such shares then standing to the credit of the share premium account of the company. Following the distribution, China Resources Holdings will become the immediate holding company of the company. Details of the group reorganisation are set out in the section headed “Group reorganisation and distribution in specie” in appendix IX to this prospectus.

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THE ENLARGED GROUP STRUCTURE

The following diagram illustrates the corporate structure and the principal operating members and businesses of the enlarged group after the distribution and the acquisition with reference to 2,080,405,215 China Resources Enterprise shares in issue as at the latest practicable date:



* To be listed on the Main Board.

** Certain directors of the company are expected to be interested or taken to be interested in 168,000 shares pursuant to section 316 of the SFO based on the number of China Resources Enterprise shares as at the latest practicable date. The shareholdings of the directors will be increased to approximately 0.3% and the shareholdings of the public shareholders will be decreased to approximately 25.4% if all the share options of China Resources Enterprise in which the directors are interested or taken to be interested pursuant to section 316 of the SFO as at the latest practicable date are exercised in full, regardless of whether the options have vested or not, resulting in additional China Resources Enterprise shares being allotted and issued on or before the record date.

*** Upon completion of acquisition of a further 5.0% interest in each of Dongguan Cement and CR Cement Company, the interest held will be 75.0%.

Notes:

- (1) This line of business is mainly conducted through Redland Concrete.
- (2) This line of business is mainly conducted through Redland Mortars.

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- (3) This line of business is mainly conducted through Redland Shotcrete.
- (4) This line of business is mainly conducted through Quality Control Consultants.
- (5) This line of business is mainly conducted through Redland Precast, an associated company of the enlarged group.

Organisational structure

The company has seven executive directors, two non executive directors and three independent non executive directors. Following completion of the group reorganisation, one executive director will be re-designated as a non executive director. As at 31st May, 2003, the enlarged group had a total of 1,771 employees. The diagram below shows the organisational structure of the enlarged group:

