

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

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華潤勵致有限公司*
China Resources Logic Limited
(Incorporated in Bermuda with limited liability)

ONGOING CONNECTED TRANSACTIONS

Independent financial adviser to the independent board committee



DBS ASIA CAPITAL LIMITED

A letter from the Independent Board Committee containing its recommendation to the independent Shareholders in respect of the Ongoing Connected Transactions is set out on page 9 of this circular. A letter from DBS Asia Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee in respect of the Ongoing Connected Transactions is set out on pages 10 to 12 of this circular.

A notice convening a special general meeting of China Resources Logic Limited to be held at 4:00 p.m. on Monday, 28th July, 2003 at Room 4003-06, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 18 to 19 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not later than 48 hours before the time appointed for holding 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 adjournment thereof should you so desire.

* for identification purpose only

3rd July, 2003

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DEFINITIONS

For the purpose of this circular, the following expressions have the following meanings:

“associates”	shall have the same meaning ascribed to it under the Listing Rules
“Board”	The board of Directors
“China Resources Sanyo”	China Resources (Shenyang) Sanyo Compressor Co., Ltd. (沈陽華潤三洋壓縮機有限公司), a joint-venture incorporated in the PRC and beneficially owned as to 63.75% by the Company, 13% by Sanyo Electric and 23.25% by other joint-venture partners
“Company”	China Resources Logic Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“DBS Asia”	DBS Asia Capital Limited, an investment adviser and securities dealer registered under the SFO Ordinance, is the independent financial adviser to the Independent Board Committee
“Director(s)”	The director(s) of the Company
“Group”	The Company together with its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board consisting of the independent non-executive Directors namely, Mr. WONG Tak Shing and Mr. LUK Chi Cheong, to advise the independent Shareholders in connection with the Ongoing Connected Transactions
“Latest Practicable Date”	30th June, 2003, being the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Ongoing Connected Transactions”	The transactions contemplated under the Sales Agreement (15F/20F) and Sales Agreement (25F/33F) between China Resources Sanyo, Shengrun Sanyo and Sanyo Electric as described in the paragraph headed “Sales Agreements” in this circular
“PRC”	The People’s Republic of China
“Sales Agreements”	Collectively the Sales Agreement (15F/20F) and Sales Agreement (25F/33F)
“Sales Agreement (15F/20F)”	The sales agreement dated 11th June, 2003 between China Resources Sanyo, Shengrun Sanyo and Sanyo Electric in which China Resources Sanyo and Shengrun Sanyo agree to sell C-R15F and C-R20F series rotary compressor products to Sanyo Electric for a period from 11th June, 2003 to 31st December, 2005

DEFINITIONS

“Sales Agreement (25F/33F)”	The sales agreement dated 11th June, 2003 between China Resources Sanyo and Sanyo Electric in which China Resources Sanyo agrees to sell C-R25F/C-R33F series rotary compressor products to Sanyo Electric for a period from 11th June, 2003 to 31st December, 2005
“Sanyo Electric”	Sanyo Electric Co., Ltd. (三洋電機株式會社), a company incorporated in Japan with limited liability and interested in 13% of the equity interests in China Resources Sanyo and Shengrun Sanyo
“SFO Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	The shareholders of the Company
“Shengrun Sanyo”	Shenyang Shengrun Sanyo Compressor Co., Ltd. (沈陽盛潤三洋壓縮機有限公司), a joint venture incorporated in the PRC and beneficially owned as to 63.75% by the Company, 13% by Sanyo Electric and 23.25% by other joint venture partners
“Special General Meeting” or “SGM”	The special general meeting of the Company to be convened at 4:00 p.m. on Monday, 28th July, 2003 at Room 4003-06, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, notice of which is set out on pages 18 to 19 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



華潤勵致有限公司*
China Resources Logic Limited

(Incorporated in Bermuda with limited liability)

Board of Directors:

SONG Lin (Chairman)
ZHU Jinkun (Deputy Chairman and Chief Executive Officer)
ONG Thiam Kin
DAI Zhenhua
YU Min
YU Yu
WANG Guoping
NING Gaoning*
CHEN Lang*
KO Ping Keung*
WONG Tak Shing**
LUK Chi Cheong**

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

*Head Office and principal place
of business:*

Room 4003-06
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

3rd July, 2003

* *Non-executive Director*

** *Independent non-executive Director*

To Shareholders

Dear Sir or Madam,

ONGOING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Company has announced on 11th June, 2003 that on 11th June, 2003, China Resources Sanyo and Shengrun Sanyo, both are beneficially owned as to 63.75% by the Company, entered into a Sales Agreement (15F/20F) with Sanyo Electric; and on the same day, China Resources Sanyo entered into a Sales Agreement (25F/33F) with Sanyo Electric. Pursuant to the Sales Agreement (15F/20F), China Resources Sanyo and Shengrun Sanyo will for a period from 11th June, 2003 to 31st December, 2005 sell C-R15F, C-R20F series rotary compressor products to Sanyo Electric; whilst pursuant to the Sales Agreement (25F/33F), China Resources Sanyo will for a period from 11th June, 2003 to 31st December, 2005 sell C-R25F and C-R33F series rotary compressor products to Sanyo Electric.

Sanyo Electric is a substantial shareholder of both China Resources Sanyo and Shengrun Sanyo, both being subsidiaries of the Company. Sanyo Electric is therefore a connected person of the Company. For the purpose of the Listing Rules, the Ongoing Connected Transactions constitute connected transactions for the Company. The Ongoing Connected Transactions with Sanyo Electric are subject to, among other things, the approval by independent Shareholders at the SGM. The purchaser (i.e. Sanyo Electric) under each of the Sales Agreement and its associates do not hold any shares in the company. No shareholders are required to abstain from voting at the SGM.

* *for identification purpose only*

LETTER FROM THE BOARD

The main purposes of this circular are (i) to provide you with further information relating to the Ongoing Connected Transactions; (ii) to provide you with the recommendation and opinion of the Independent Board Committee in relation to the Ongoing Connected Transactions; (iii) to set out the letter from DBS Asia containing its recommendation to the Independent Board Committee in relation to the Ongoing Connected Transactions; and (iv) to give you notice of the SGM at which an ordinary resolution as set out in the notice of the SGM will be proposed to approve the Ongoing Connected Transactions and the relevant caps referred to in this circular.

2. SALES AGREEMENTS

(A) The Sales Agreement (15F/20F)

Date

11th June, 2003

Parties

- (a) China Resources Sanyo and Shengrun Sanyo as vendor; and
- (b) Sanyo Electric as purchaser

Transaction nature

China Resources Sanyo and Shengrun Sanyo agree to sell C-R15F and C-R20F series rotary compressor products to Sanyo Electric for a period from 11th June, 2003 to 31st December, 2005.

Connected Person

Sanyo Electric is a substantial shareholder of both China Resources Sanyo and Shengrun Sanyo, both being subsidiaries of the Company. Sanyo Electric is therefore a connected person of the Company.

Pricing basis

The prices at which C-R15F and C-R20F series rotary compressor products are to be sold to Sanyo Electric shall be at prevailing market price and will be no more favourable than those selling prices quoted to other independent third parties. However, as a company pricing policy, more favourable pricing may be given on an order-by-order basis with regard to the order quantity, payment terms and other usual trading considerations. This pricing policy is equally applicable to independent third parties.

(B) The Sales Agreement (25F/33F)

Date

11th June, 2003

Parties

- (a) China Resources Sanyo as vendor; and
- (b) Sanyo Electric as purchaser

LETTER FROM THE BOARD

Transaction nature

China Resources Sanyo agrees to sell C-R25F and C-R33F series rotary compressor products to Sanyo Electric for a period from 11th June, 2003 to 31st December, 2005.

Connected Person

Sanyo Electric is a substantial shareholder of China Resources Sanyo, a subsidiary of the Company and is therefore a connected person of the Company.

Pricing basis

The prices at which C-R25F and C-R33F series rotary compressor products are to be sold to Sanyo Electric shall be at prevailing market price and will be no more favourable than those selling prices quoted to other independent third parties. However, as a company pricing policy, more favourable pricing may be given on an order-by-order basis with regard to the order quantity, payment terms and other usual trading considerations. This pricing policy is equally applicable to independent third parties.

3. BENEFITS OF THE ONGOING CONNECTED TRANSACTIONS

The Group is engaged in the semiconductor, air-conditioner compressor and office furniture businesses whilst the main business of China Resources Sanyo and Shengrun Sanyo are the manufacture of air-conditioner compressor. The Directors believe that by entering into the Sales Agreements, it would provide a solid customer base and steady income for the Group and further strengthen the co-operation between the Group and Sanyo Electric.

The terms of each of the Sales Agreements were negotiated on an arm's length basis and the Directors believe that the terms of each of the Sales Agreements are on normal commercial terms and are fair and reasonable and in the best interests of the Shareholders.

The Ongoing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and will be conducted in accordance with the terms of the respective Sales Agreements.

4. DISCLOSURE REQUIREMENT AND WAIVER SOUGHT

As Sanyo Electric is a substantial shareholder of both China Resources Sanyo and Shengrun Sanyo, both being subsidiaries of the Company, the Ongoing Connected Transactions constitute connected transactions of the Company for the purpose of the Listing Rules and would normally be subject to certain disclosure requirements and may be subject to prior approval by independent Shareholders each time as such transaction occurs.

The Directors expect that the amount of sales of C-R15F and C-R20F series compressor products and C-R25F and C-R33F series compressor products to Sanyo Electric under the Sales Agreement (15F/20F) and Sales Agreement (25F/33F) respectively would each exceed the higher of HK\$10,000,000 or 3% of the net tangible asset value of the Group.

LETTER FROM THE BOARD

The basis for applying for the cap (as stated below) in respect of the sales under each of the Sales Agreements are as follows:

- (i) the Group's estimated turnover from 2003 to 2005 prepared by the management of the Group; and
- (ii) the estimate of sales under each of the Sales Agreements is based on the estimated quantities times the estimated unit selling prices for the financial years from 2003 to 2005. Although it is uncommitted, it duly takes into account the Group's production capacity, the intention of Sanyo Electric and the prevailing market price of the compressor products as well as its trend in the coming years. These estimates result from several discussions and meetings between China Resources Sanyo/Shengrun Sanyo, and Sanyo Electric.

The Directors believe that strict compliance with the disclosure/Shareholders approval requirement in respect of the Ongoing Connected Transactions would be impractical and unduly onerous on the part of the Group as they are of a regular and continuing nature. As such, the Company has made an application to the Stock Exchange for a waiver from the announcement/Shareholders' approval requirement in connection with the Ongoing Connected Transactions as required under the Listing Rules on conditions that:

- (a) The independent Shareholders approve the Ongoing Connected Transactions and the relevant caps (as stated below) at the SGM;
- (b) The Ongoing Connected Transactions for each financial year up to 31st December, 2005 not exceeding the relevant annual caps set forth below:

Types of Ongoing Connected Transactions	Cap
A. Sales of C-R15F and C-R20F series rotary compressor products to Sanyo Electric	8% of the Group's turnover for each of the corresponding financial year
B. Sales of C-R25F and C-R33F series rotary compressor products to Sanyo Electric	6% of the Group's turnover for each of the corresponding financial year

- (c) details of the Ongoing Connected Transactions will be disclosed in the Company's annual report as prescribed by Rule 14.25(1)(A) to (D) of the Listing Rules for the relevant financial year;
- (d) the independent non-executive Directors shall review the Ongoing Connected Transactions annually and confirm in the relevant annual report of the Company that the relevant Ongoing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) in accordance with the terms of the relevant Sales Agreements;
 - (iii) on normal commercial terms or on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
 - (iv) in the manner stated in (b) above;

LETTER FROM THE BOARD

- (e) each year the auditors of the Company shall provide a letter to the Board confirming that each of the Ongoing Connected Transactions:
- (i) has received the approval of the Board;
 - (ii) in accordance with the pricing policy of the Company;
 - (iii) has been entered into in accordance with the terms of the relevant Sales Agreements; and
 - (iv) has not exceeded the cap set out in (b) above.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the proposed waiver application on transactions of the kind to which the Ongoing Connected Transactions belong, including but not limited to a requirement that such transactions be made conditional upon approval by independent Shareholders, the Company will take immediate steps to ensure compliance with such requirements within a reasonable period of time. The Company will fully comply with the disclosure and independent Shareholders' approval requirements provided in Chapter 14 of the Listing Rules in respect of connected transactions if any type of the Ongoing Connected Transactions exceeds the relevant cap.

5. APPROVAL BY INDEPENDENT SHAREHOLDERS

The Ongoing Connected Transactions are subject to, among other things, the approval of independent Shareholders in a special general meeting of the Company. The purchaser (ie. Sanyo Electric) under each of the Sales Agreements and its associates do not hold any shares in the Company. No Shareholders are required to abstain from voting at the SGM.

6. SPECIAL GENERAL MEETING

Set out on pages 18 to 19 of this circular is a notice convening the SGM to be held at 4.00 p.m. on Monday, 28th July 2003 at Room 4003-06 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The SGM will be held for the purpose of considering and, if thought fit, approving the Ongoing Connected Transactions and the relevant caps stated above.

A form of proxy for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's principal place of business at Room 4003-06 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

7. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains its recommendation to the independent Shareholders concerning the Ongoing Connected Transactions; and (ii) the letter from DBS Asia set out in this circular which contains its recommendations to the Independent Board Committee on the Ongoing Connected Transactions and the principal factors and reasons considered by DBS Asia in arriving at its recommendations.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of DBS Asia, considers that the terms of the Ongoing Connected Transactions are fair and reasonable so far as the independent Shareholders are concerned and that the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, members of the Independent Board Committee unanimously recommend that the independent Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Ongoing Connected Transactions.

8. ADDITIONAL INFORMATION

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

Yours faithfully,
On behalf of the Board
China Resources Logic Limited
SONG Lin
Chairman



華潤勵致有限公司*
China Resources Logic Limited

(Incorporated in Bermuda with limited liability)

3rd July, 2003

*To the independent Shareholders of
China Resources Logic Limited*

Dear Sir or Madam,

ONGOING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the independent Shareholders in respect of the Ongoing Connected Transactions, details of which are set out in the letter from the Board in the circular dated 3rd July, 2003 (the “Circular”) to the Shareholders. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the advice of DBS Asia in respect of the Ongoing Connected Transactions as set out in the letter from DBS Asia in the Circular as well as other information set out in the appendix to the Circular.

Having taken into account the advice of DBS Asia, we consider that the Ongoing Connected Transactions are in the interests of the Company and the terms thereof are fair and reasonable so far as the independent Shareholders are concerned. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve the Ongoing Connected Transactions.

Yours faithfully,

Independent Board Committee

WONG Tak Shing

Independent non-executive Director

LUK Chi Cheong

Independent non-executive Director

* for identification purpose only

LETTER FROM DBS ASIA

The following is the text of a letter from DBS Asia, the independent financial adviser to the Independent Board Committee and prepared for the purpose of incorporation in this circular.



DBS ASIA CAPITAL LIMITED

16th Floor Man Yee Building 68 Des Voeux Road Central Hong Kong

3rd July 2003

*The Independent Board Committee
China Resources Logic Limited*

Dear Sirs,

ONGOING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Board Committee in relation to the Ongoing Connected Transactions, details of which are contained in a circular (the “Circular”) to the Shareholders dated 3rd July 2003, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Ongoing Connected Transactions, we have considered the following principal factors and reasons:

Background and rationale

The Group is principally engaged in design and manufacture of compressor and semiconductor business, manufacture and distribution of office furniture. The Group’s design and manufacture of compressors are carried out by China Resources Sanyo and Shengrun Sanyo. The Directors believe that the Sales Agreements would provide a solid customer base and steady income for the Group’s compressor business and further strengthen the co-operation and relationship between the Group and Sanyo Electric. We note that the Ongoing Connected Transactions are to be conducted in the ordinary and usual course of business of both China Resources Sanyo and Shengrun Sanyo in accordance with the relevant pricing and other terms of the relevant agreements governing the Ongoing Connected Transactions which have been determined after arm’s length negotiations.

LETTER FROM DBS ASIA

We note that no sale was made by China Resources Sanyo and Shengrun Sanyo to Sanyo Electric in the past as all of the compressors were sold in the PRC domestic market to independent third parties. However, given the intense pricing competition in the PRC compressors market, the Directors consider that it is in the interests of the Group to expand into overseas market.

Given the above and the fact that the nature of the Ongoing Connected Transactions are all related to the principal business and operations of China Resources Sanyo and Shengrun Sanyo and are also export sales which would enhance the market profiles of China Resources Sanyo and Shengrun Sanyo, we consider that the Ongoing Connected Transactions will enhance the business performance of the Group and thus are in the interests of the Company and the Shareholders as a whole.

Basis of determination

According to the Sales Agreements, the compressors are to be sold by each of China Resources Sanyo and Shengrun Sanyo to Sanyo Electric at the prevailing market value by reference to the market price and will be no more favourable than those selling prices quoted to other independent third parties. We further note that as a company pricing policy, more favourable pricing, such as bulk purchase discount, may be given to customers (related or independent alike), on an order-by-order basis with regard to the order quantity, payment terms and other usual trading considerations. Notwithstanding the Sales Agreements, we note that each of China Resources Sanyo and Shengrun Sanyo also sells compressors to other independent third parties in the PRC domestic market.

Having considered the above, particularly the fact that the favourable pricing policy is a pricing policy applicable to all customers which would meet the criteria, we consider the terms of the Ongoing Connected Transactions to be fair and reasonable so far as the Company and the independent Shareholders are concerned.

Annual caps

As a condition for the waiver granted by the Stock Exchange, details of which are set out on pages 5 to 7 of the Circular, the Ongoing Connected Transactions will be subject to, among other things, the following annual cap for each of the corresponding financial year up to 31st December, 2005:

Type of Ongoing Connected Transactions	Annual cap amount
Sales of C-R15F and C-R20F series rotary compressor to Sanyo Electric	8% of the Group's turnover of each of the corresponding financial year
Sales of C-R25F and C-R33F series rotary compressor to Sanyo Electric	6% of the Group's turnover of each of the corresponding financial year

As explained above, no sale was made by China Resources Sanyo and Shengrun Sanyo to Sanyo Electric in the past. However, we note that in determining the annual caps for the Ongoing Connected Transactions, the Directors have made reference to (i) the management estimation of the Group's consolidated turnover for the three years ending 31st December, 2005; and (ii) the estimated sales to be effected under the Sales Agreements. Furthermore, we note that in arriving at the estimated sales referred to in item (ii) above, the Directors have taken into account various relevant factors including

LETTER FROM DBS ASIA

the estimated quantities of compressors to be sold to Sanyo Electric, the estimated selling price of the compressors, the production capacity of each of China Resources Sanyo and Shengrun Sanyo, the intention of Sanyo Electric and the price trend of compressors in coming years.

Having taken into account the above, we regard that the assumptions and factors used in arriving at the annual cap have been adopted after due consideration by the Directors and we consider that the basis of determination of the annual caps to be fair and reasonable so far as the Company and the independent Shareholders are concerned. Furthermore, we also regard the annual cap amount for the Ongoing Connected Transactions to be fair and reasonable so far as the Company and the independent Shareholders are concerned.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to above, we consider that the Ongoing Connected Transactions are in the interests of the Company and the terms thereof are fair and reasonable so far as the independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to advise the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Ongoing Connected Transactions and the related annual caps.

Yours faithfully,
For and on behalf of
DBS ASIA CAPITAL LIMITED
Alex Lau **Flavia Hung**
Managing Director *Director*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Group.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest in the Company

As at the Latest Practicable Date, the following Directors were interested in the shares of the Company as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Number of Shares held	
	Personal Interest	Family Interest
Mr. ZHU Jinkun	300,000	160,000
Mr. YU Yu	—	60,000

Interest in options of the Company

- (i) As at the Latest Practicable Date, the following Directors had personal interests in respect of options granted under the Company's share option schemes adopted on 15th October, 1994 (the "Old Share Option Scheme") as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Date of Grant	Number of options shares granted
Mr. SONG Lin	21st September, 2000	8,000,000
Mr. ZHU Jinkun	25th April, 2001	3,000,000
Mr. ONG Thiam Kin	25th April, 2001	3,000,000
Mr. DAI Zhenhua	25th April, 2001	3,000,000
Mr. YU Min	21st September, 2000	1,000,000

- (ii) As at the Latest Practicable Date, the following Directors had personal interests in respect of options granted under the Company's share option schemes adopted on 26th November, 2001 and amended on 21st February, 2002 (the "New Share Option Scheme") as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Date of Grant	Number of options shares granted
Mr. NING Gaoning	2nd October, 2002	2,000,000
	9th April, 2003	1,000,000
Mr. SONG Lin	2nd October, 2002	1,500,000
	9th April, 2003	1,000,000
Mr. CHEN Lang	4th December, 2001	6,000,000
	2nd October, 2002	1,500,000
Mr. ZHU Jinkun	2nd October, 2002	800,000
	9th April, 2003	4,200,000
Mr. ONG Thiam Kin	2nd October, 2002	1,000,000
	9th April, 2003	500,000
Mr. DAI Zhenhua	22nd May, 2002	1,000,000
	9th April, 2003	1,000,000
Mr. YU Min	22nd May, 2002	500,000
	9th April, 2003	200,000
Mr. YU Yu	4th December, 2001	1,500,000
	2nd October, 2002	1,000,000
	9th April, 2003	500,000
Mr. WANG Guoping	9th April, 2003	3,000,000
Mr. KO Ping Keung	22nd May, 2002	500,000
	9th April, 2003	200,000
Mr. WONG Tak Shing	22nd May, 2002	300,000
	2nd October, 2002	200,000
	9th April, 2003	200,000
Mr. LUK Chi Cheong	22nd May, 2002	300,000
	2nd October, 2002	200,000
	9th April, 2003	200,000

(b) Interest in the associated companies

- (i) *Interest in China Resources Enterprises, Limited ("CRE")*

As at the Latest Practicable Date, the following Directors were interested in the shares of CRE as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Number of shares held	
	Personal Interest	Family Interest
Mr. NING Gaoning	1,630,000	—
Mr. SONG Lin	—	200,000
Mr. ZHU Jinkun	—	14,000

(ii) *Interest in options of CRE*

- (1) As at the Latest Practicable Date, the following Directors had personal interests in respect of options granted under the share option schemes of CRE, adopted on 17th September, 1992 and amended on 17th June, 1999 as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Date of Grant	Number of options shares granted
Mr. NING Gaoning	20th June, 2000	3,300,000
Mr. SONG Lin	20th June, 2000	200,000*

Notes: (* 200,000 of which were granted to a staff member of CRE whose spouse is Mr. SONG Lin)

- (2) As at the Latest Practicable Date, the following Directors had personal interests in respect of options granted under the share option schemes of CRE, adopted on 31st January, 2002 as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Date of Grant	Number of options shares granted
Mr. NING Gaoning	7th February, 2002	1,200,000
Mr. SONG Lin	7th February, 2002	2,000,000

(iii) *Interest in options of China Resources Land Limited (“CR Land”)*

As at the Latest Practicable Date, the following Director had personal interests in respect of options granted under the share option scheme of CR Land adopted on 28th May, 1997 as recorded in the register of the Company kept under Section 352 of Part XV of the SFO Ordinance:

Name of Director	Date of Grant	Number of options shares granted
Mr. NING Gaoning	27th June, 1997	2,500,000
	20th July, 2000	2,500,000

Save as disclosed above, none of the Directors or chief executive of the Company or any of their associates had any interests and 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 Ordinance) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO Ordinance (including interests and short positions which they are taken or deemed to have under such provisions of the SFO Ordinance) or which are required, pursuant to section 352 of the SFO Ordinance, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(c) Others

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements to which any member of the Group was a party and which are significant to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2002 (being the date to which the latest published audited accounts of the Company were made up.)

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, other than a Director or chief executive of the Company, the following person have interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO Ordinance:

Name	No. of share held	<i>Note</i>	Percentage of shareholding
Gold Touch Enterprises Inc.	297,229,604		11.35%
Waterside Holdings Limited	535,347,743		20.45%
Splendid Time Investments Inc.	1,109,688,810		42.38%
China Resources (Holdings) Company Limited	1,942,266,157	1	74.18%
China Resources National Corp.	1,942,266,157	2	74.18%

Notes:

1. Gold Touch Enterprises Inc., Waterside Holdings Limited and Splendid Time Investments Inc. are wholly-owned subsidiaries of China Resources (Holdings) Company Limited. Therefore, China Resources (Holdings) Company Limited is deemed to have interest in the total number of 1,942,266,157 shares.
2. China Resources (Holdings) Company Limited is a wholly-owned subsidiary of China Resources National Corp. Therefore, China Resources National Corp. is deemed to have interest in 1,942,266,157 shares.

Save as disclosed above, there was no person known to the Directors or chief executive of the Company, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO Ordinance or, who, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of any other member of the Group (other than the Company) or any options in respect of such capital.

4. SERVICE CONTRACT

None of the Directors has entered or is proposing to enter into any service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

5. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial and trading position of the Group since 31st December, 2002 being the date to which the latest audited consolidated financial statements of the Group were made up.

6. QUALIFICATION OF EXPERT

Name	Qualifications
DBS Asia	An investment adviser and securities dealer registered under the SFO Ordinance

As at the Latest Practicable Date, the expert referred to above does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert referred to above does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2002 (being the date to which the latest published audited accounts of the Company were made up).

7. CONSENTS OF EXPERT

The expert named in the above paragraph in this appendix has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and/or the references to its name in the form and context in which they appear in this circular.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Room 4003–06 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for a period of 16 days from the date of this circular:

- (a) Sales Agreement (15F/20F);
- (b) Sales Agreement (25F/33F);
- (c) The letter from the Independent Board Committee set out in this circular;
- (d) The letter of advice from DBS Asia set out in this circular; and
- (e) The written consent of DBS Asia referred to in this appendix.

NOTICE OF SPECIAL GENERAL MEETING



華潤勵致有限公司*

China Resources Logic Limited

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of China Resources Logic Limited (the “Company”) will be held at 4:00 p.m. on Monday, 28th July, 2003 at Room 4003–06 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if though fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

the Ongoing Connected Transactions (as defined and described in the circular of the Company dated 3rd July, 2003 and dispatched to the shareholders of the Company) and the relevant caps, a copy of which circular has been produced to this meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated therein be and are hereby generally and unconditionally approved, ratified and confirmed and the directors of the Company be and are hereby authorized to take all steps necessary or expedient in their opinion to implement and/or to give effect to the Ongoing Connected Transactions.”

By order of the Board
LEE Yip Wah, Peter
Company Secretary

Hong Kong, 3rd July, 2003

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business:

Room 4003–06
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

* for identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any shares, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, then the joint holder whose name stands first on the register of members of the Company in respect of such shares shall (personally or by his proxy) alone be entitled to vote in respect hereof.
- (3) In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at Room 4003-06, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.