

**CHINA RESOURCES ENTERPRISE LTD:
DOES ANYBODY WANT TO BUY CRE BUILDING ?
PLEASE TALK TO CHAIRMAN CHARLEY**

China Resources Enterprise Ltd (Code: 291, Main Board, The Stock Exchange of Hongkong Ltd) has put a prime piece of its property, located in the heart of Causeway Bay, Hongkong Island, on the market.

(The correct designation of the property, according to the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is Wanchai, but the property sits almost on the border of the thriving shopping district of Causeway Bay, one of the most-densely populated commercial areas in the world, today)

China Resources, beneficially owned and controlled by organs of the Government of the PRC, is looking for between \$HK420 million and \$HK450 million from the sale, according to **TARGET's** usually reliable sources.

That means that China Resources is unlikely to let go of this building for less than a price, equal to of about \$HK5,096 per square foot.

At current rentals, at this price, the gross yield is far less than 4 percent per annum, according to **TARGET's** rough calculations.

Known as CRE Building, the 24-storey commercial complex is located at Number 303, Hennessy Road, Wanchai, according to the 2004 Annual Report of China Resources.

The Gross Floor Area of CRE Building is about 7,451 square metres (about 88,312 square feet) and the monthly rental income, according to **TARGET** calculations, is not more than about \$HK1.23 million.

With a Gross Annual Rental Income of about \$HK14.76 million, it would appear that the yield on the purchase of this building, at, say, \$HK450 million, would be not more than 3.28 percent.

CRE Building was purchased on November 8, 1991, via a wholly owned subsidiary of China Resources, namely, Redland Consultants Ltd.

Redland Consultants paid about \$HK97 million to Poly-City Investment Ltd for the building, which, at the time of purchase, was known as Gala House.

The above intelligence, which **TARGET** has just unearthed, is interesting because it appears to fly in the face of certain statements that China Resources told its shareholders on or about April 8, 2005.

On that date, the Chairman of China Resources, Mr Charley Song, said, inter alia:

'The renovation of the Group's retail property at Hennessy Road, Wanchai, which was previously occupied by CRC Department Store 華潤百貨, commenced in early June 2004 and is expected to complete in the second half of 2005. This will enhance the earning potential of the retail property.'

'Looking ahead, owing to the limited supply of retail properties, particularly in the traditional shopping districts, the investment property values in prime locations can be maintained. This will also help secure the Group's average rental in the retail sector at satisfactory levels.'

The above statement was ... [CLICK TO ORDER FULL ARTICLE](#)

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