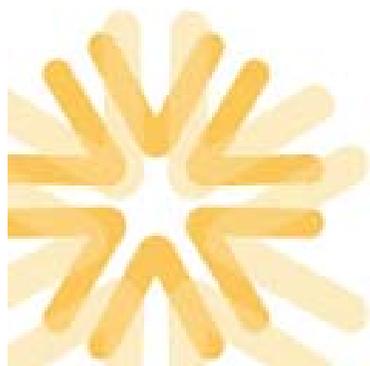


# China Resources Enterprise, Limited

## **PROPOSAL TO PROVIDE GREATER FLEXIBILITY IN INTRA-GROUP LENDING BETWEEN MEMBERS OF THE CHINA RESOURCES GROUP**

19 December 2010



# Share prices and financial performance of CRE from 9/2009 to 9/2010

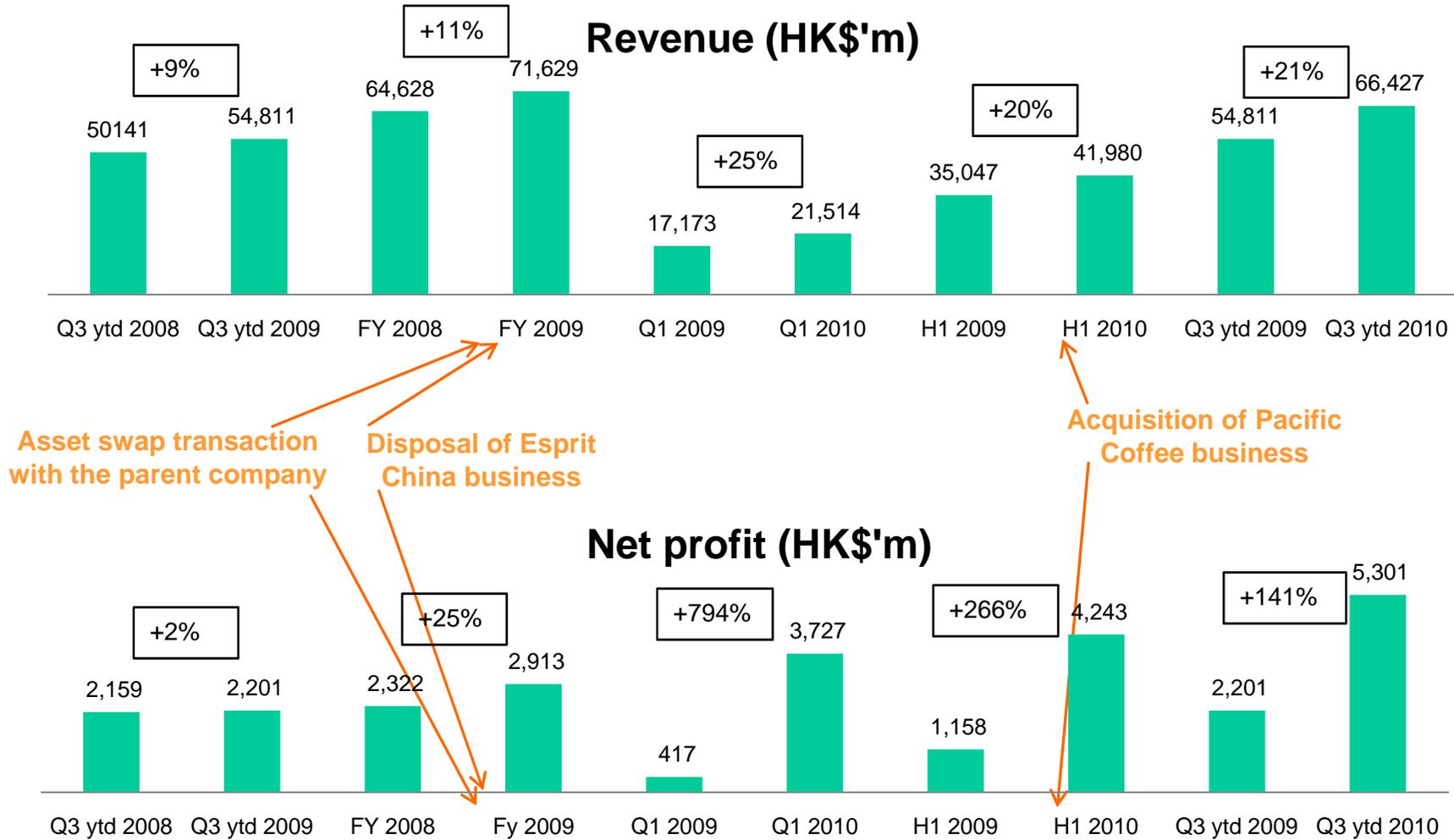
- Enhanced growth platform after reorganization:



Source: Bloomberg

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# Share prices and financial performance of CRE from 9/2009 to 9/2010 (Cont'd)



Source: Company data

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## Guaranteed by Strong Parent Company - CRH

### ***FY2009 financial information of CRH and CRE***

	CRH	CRE
Total assets	HK\$396.1bn	HK\$75.5bn (19% of CRH)
Cash	HK\$54.9bn	HK\$8.5bn (15% of CRH)
Net asset value	HK\$167.1bn	HK\$35.4bn (21% of CRH)

### ***Latest financial information of CRE***

Net cash position of HK\$6.5bn as at 30 Sep 2010

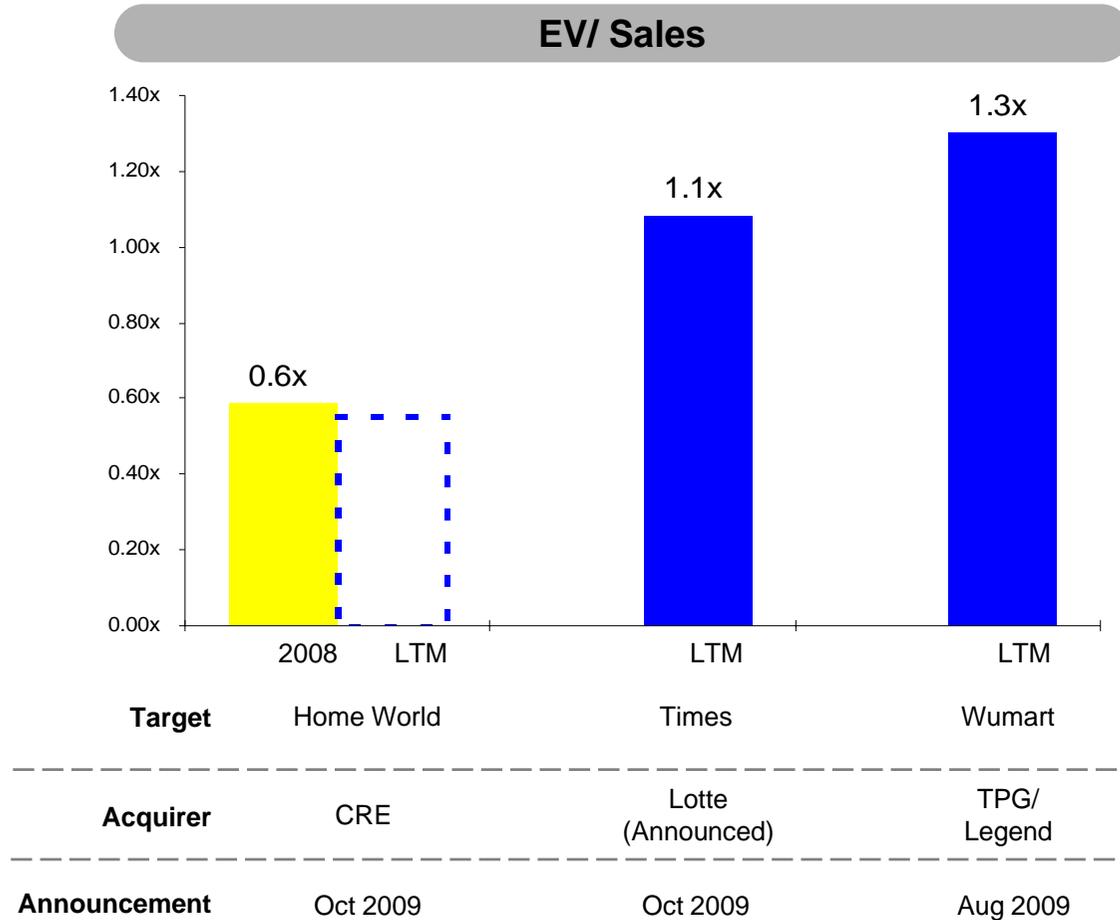
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# Strong support from CRH – example on asset swap transaction (Cont'd)

## (2) Lower multiples on valuation of asset swap from CRH



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## Estimated financial benefit from proposed treasury platform

Additional interest income derived from the proposal:

	Example 1 assume RMB1bn lending	Example 2 assume HK\$1bn lending
Spread between interest income and interest expenses shared by lender and borrower:	app. 1.5%	app. 0.5%
Total cash lending (assumed):	RMB1bn	HK\$1bn
Lending period:	app. 5 months	app. 5 months
Additional interest income derived (before tax)	<b>app. RMB6.3m</b>	<b>app. HK\$2.1m</b>

**Value creation to shareholders!**

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## Other listed companies' central treasury scheme

There are several listed companies have central treasury schemes with shareholders' approval:

1. TianjinPort Development (3382.hk)
2. China Eastern Airlines (670.hk)
3. Shanghai Electric (2727.hk)
4. China food packaging (906.hk)

**Our proposal is mainly on value creation to our shareholders, we hope to be the next one to get approval from our shareholders!**

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## High standard of corporate governance - CRE

### ■ Highlights of accolades received

Since 2002	Produced quarterly financial and operational review on a voluntary basis. First conglomerate company among the constituent stocks in the Hang Seng Index to initiate such a move
2004-2005	Ranked the first among conglomerates on a Corporate Governance poll conducted by <i>Euromoney</i>
2005-2009	Named one of the outstanding enterprises among blue-chip companies in Hong Kong by <i>Economic Digest</i>
2005-2009	Rated one of the companies with the best corporate governance in China by <i>FinanceAsia</i>
2006	Honored as an Awardee in the Board Category in the "Directors Of the Year Awards" by Hong Kong Institute of Directors
2006-2009	Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by <i>Corporate Governance Asia</i>
2008	Rated one of the Leaders in the "CSR Survey of HSI Constituent Companies" by <i>Oxfam Hong Kong</i>
2009	Ranked the second largest retail organization for China in Retail Asia-Pacific Top 500 Awards by <i>Retail Asia Publishing</i>

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## High standard of corporate governance – CRE (Cont'd)

### ■ Highlights of accolades received

2009	Received 6 best awards for overall corporate governance, disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, investor relations and investor relations officer in Hong Kong region and 4 awards in Asia region by <i>Asiamoney</i>
2009	Selected as Most progress in investors relations and Best investor relations for a corporate transaction in IR Magazine Hong Kong and Taiwan Awards 2009 by <i>IR Magazine</i>
2009	Named one of top ten companies among 146 listed companies in Hong Kong in "The HKIoD Corporate Governance Score-card 2009" by <i>Hong Kong Institute of Directors</i>
2009	Selected as one of the 20 companies receiving "The Platinum Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations" by <i>The Asset</i>
2010	Received the Caring Company Logo 2009/2010 from Caring Company Scheme organized by The Hong Kong Council of Social Service
2010	Ranked number 857 in Global 2000 from Forbes

## High standard of corporate governance – CRE (Cont'd)

### ■ Highlights of accolades received

- |      |  |
|------|--|
| 2010 | Selected as one of the 10 Chinese companies receiving Asia's Best Companies for Corporate Governance 2010 and Mr. Chen Lang was selected as one of the 3 winners in China of 1 <sup>st</sup> Asian Corporate Director Recognition Awards 2010 from Corporate Governance Asia |
| 2010 | Received "CAPITAL Outstanding China enterprise Award – Consumer Goods" in The 5 <sup>th</sup> CAPITAL Outstanding China Enterprise Awards from CAPITAL   |
| 2010 | Ranked as the second in China (top retailer silver award) in Retail Asia Pacific Top 500 Awards from Retail Asia   |
| 2010 | Received International Annual Report Competition Awards in the category of food distributors, processors & wholesalers: Silver award for cover photo/design from MerComm, Inc  |
| 2010 | Honored as an Awardee in the Board Category for 'Listed Companies (SEHK – Hang Seng Index Constituents)' in the "Directors Of The Year Awards 2010" by The Hong Kong Institute of Directors  |
| 2010 | Selected as one of the 6 blue chip companies receiving the Hong Kong Outstanding Enterprises Parade 2010 from Economic Digest  |
| 2010 | Selected as one of the 13 listed companies receiving the Excellence of Listed Enterprise Awards 2010 from Capital Weekly   |

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