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)

**Revenue (HK$'m)**

- Q3 ytd 2008: 50141
- Q3 ytd 2009: 54,811
- FY 2008: 64,628
- FY 2009: 71,629
- Q1 2009: 17,173
- Q1 2010: 21,514
- H1 2009: 35,047
- H1 2010: 41,980
- Q3 ytd 2009: 54,811
- Q3 ytd 2010: 66,427

**Net profit (HK$'m)**

- Q3 ytd 2008: 2,159
- Q3 ytd 2009: 2,201
- FY 2008: 2,322
- FY 2009: 2,913
- Q1 2009: 417
- Q1 2010: 1,158
- H1 2009: 4,243
- H1 2010: 2,201
- Q3 ytd 2009: 2,520
- Q3 ytd 2010: 5,301

**Key Events**

- Asset swap transaction with the parent company
- Disposal of Esprit China business
- Acquisition of Pacific Coffee business

Source: Company data

"Proposed Treasury Platform"
**FY2009 financial information of CRH and CRE**

<table>
<thead>
<tr>
<th></th>
<th>CRH</th>
<th>CRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>HK$396.1bn</td>
<td>HK$75.5bn (19% of CRH)</td>
</tr>
<tr>
<td>Cash</td>
<td>HK$54.9bn</td>
<td>HK$8.5bn (15% of CRH)</td>
</tr>
<tr>
<td>Net asset value</td>
<td>HK$167.1bn</td>
<td>HK$35.4bn (21% of CRH)</td>
</tr>
</tbody>
</table>

**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

(1) Effective Net Discount of HK$123million by CRH

As of 30 June 2009

“Proposed Treasury Platform”
Strong support from CRH – example on asset swap transaction (Cont’d)

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

<table>
<thead>
<tr>
<th>Target</th>
<th>Acquirer</th>
<th>Announcement</th>
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<tbody>
<tr>
<td>Home World</td>
<td>CRE</td>
<td>Oct 2009</td>
</tr>
<tr>
<td>Times</td>
<td>Lotte (Announced)</td>
<td>Oct 2009</td>
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<td>Wumart</td>
<td>TPG/ Legend</td>
<td>Aug 2009</td>
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</tbody>
</table>

“Proposed Treasury Platform”
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)

app. RMB6.3m  
app. HK$2.1m

Value creation to shareholders!

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Any better alternative scheme?

Major considerations on selection of scheme:

1. Additional transaction costs, such as handling fees, credit checking fees

2. Fund can be returned shortly, i.e., 10 days, without any additional charges

3. Without changing existing dividend policy, dividend distributions or long term investment and expansion plans (the temporarily surplus cash is mainly arising from normal working capital)

4. Disclosure of information on all advances in our interim and annual reports

Based on various considerations,

The proposal is the best available scheme to create value to shareholders!

"Proposed Treasury Platform"
Other listed companies’ central treasury scheme

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

1. Tianjin Port 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!
High standard of corporate governance - CRE

- Highlights of accolades received

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since 2002</td>
<td>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</td>
</tr>
<tr>
<td>2004-2005</td>
<td>Ranked the first among conglomerates on a Corporate Governance poll conducted by Euromoney</td>
</tr>
<tr>
<td>2005-2009</td>
<td>Named one of the outstanding enterprises among blue-chip companies in Hong Kong by Economic Digest</td>
</tr>
<tr>
<td>2005-2009</td>
<td>Rated one of the companies with the best corporate governance in China by FinanceAsia</td>
</tr>
<tr>
<td>2006</td>
<td>Honored as an Awardee in the Board Category in the &quot;Directors Of the Year Awards&quot; by Hong Kong Institute of Directors</td>
</tr>
<tr>
<td>2006-2009</td>
<td>Selected as one of the recipients of the &quot;Recognition Awards - Asia's Best Companies for Corporate Governance&quot; by Corporate Governance Asia</td>
</tr>
<tr>
<td>2008</td>
<td>Rated one of the Leaders in the &quot;CSR Survey of HSI Constituent Companies&quot; by Oxfam Hong Kong</td>
</tr>
<tr>
<td>2009</td>
<td>Ranked the second largest retail organization for China in Retail Asia-Pacific Top 500 Awards by Retail Asia Publishing</td>
</tr>
</tbody>
</table>
### Highlights of accolades received

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<tr>
<th>Year</th>
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</tr>
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<tbody>
<tr>
<td>2009</td>
<td>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 Asiamoney.</td>
</tr>
<tr>
<td>2009</td>
<td>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 IR Magazine.</td>
</tr>
<tr>
<td>2009</td>
<td>Named one of top ten companies among 146 listed companies in Hong Kong in &quot;The HKIoD Corporate Governance Score-card 2009&quot; by Hong Kong Institute of Directors.</td>
</tr>
<tr>
<td>2009</td>
<td>Selected as one of the 20 companies receiving &quot;The Platinum Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations&quot; by The Asset.</td>
</tr>
<tr>
<td>2010</td>
<td>Received the Caring Company Logo 2009/2010 from Caring Company Scheme organized by The Hong Kong Council of Social Service.</td>
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<tr>
<td>2010</td>
<td>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 1st Asian Corporate Director Recognition Awards 2010 from Corporate Governance Asia</td>
</tr>
<tr>
<td>2010</td>
<td>Received &quot;CAPITAL Outstanding China enterprise Award – Consumer Goods&quot; in The 5th CAPITAL Outstanding China Enterprise Awards from CAPITAL</td>
</tr>
<tr>
<td>2010</td>
<td>Ranked as the second in China (top retailer silver award) in Retail Asia Pacific Top 500 Awards from Retail Asia</td>
</tr>
<tr>
<td>2010</td>
<td>Received International Annual Report Competition Awards in the category of food distributors, processors &amp; wholesalers: Silver award for cover photo/design from MerComm, Inc</td>
</tr>
<tr>
<td>2010</td>
<td>Honored as an Awardee in the Board Category for ‘Listed Companies (SEHK – Hang Seng Index Constituents)’ in the &quot;Directors Of The Year Awards 2010&quot; by The Hong Kong Institute of Directors</td>
</tr>
<tr>
<td>2010</td>
<td>Selected as one of the 6 blue chip companies receiving the Hong Kong Outstanding Enterprises Parade 2010 from Economic Digest</td>
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<tr>
<td>2010</td>
<td>Selected as one of the 13 listed companies receiving the Excellence of Listed Enterprise Awards 2010 from Capital Weekly</td>
</tr>
</tbody>
</table>

“Proposed Treasury Platform”
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“Proposed Treasury Platform”