

China Resources Enterprise, Limited
The Hong Kong Society of Financial Analysts

Building IR for a Chinese Conglomerate

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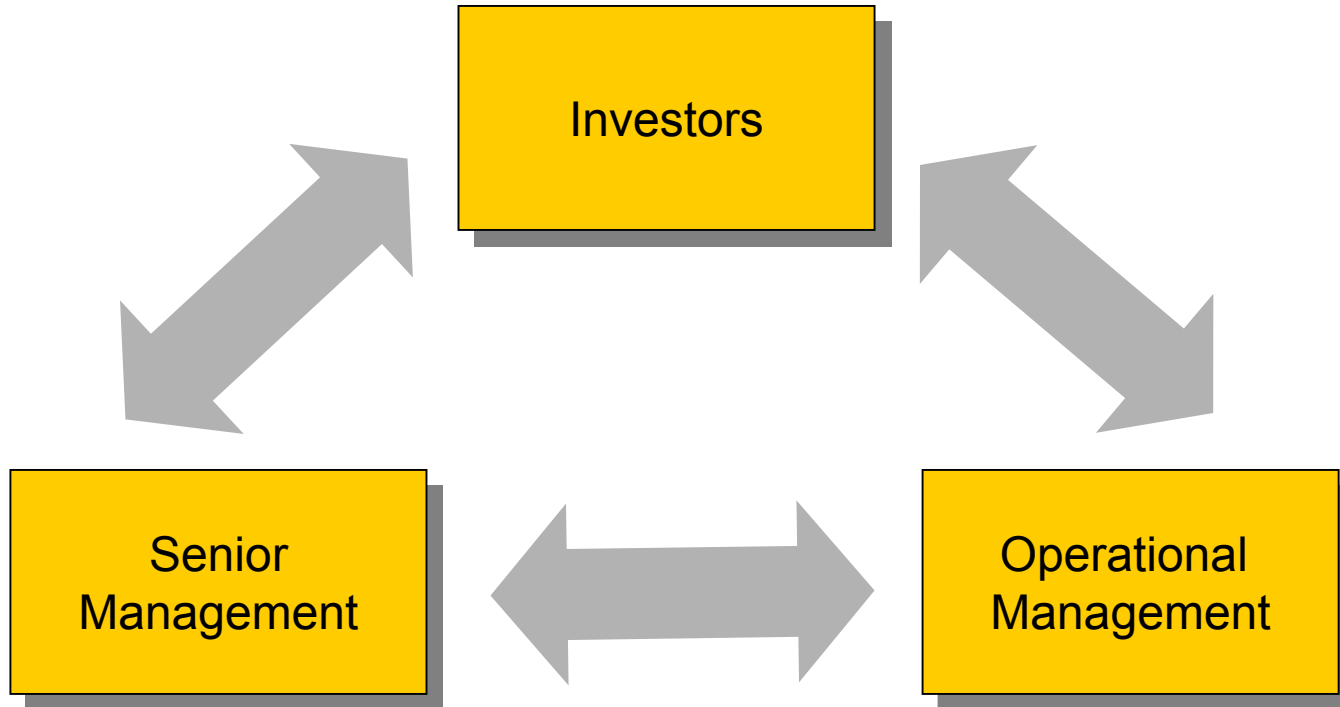


Objective of Our IR Efforts

- Our objective is not just to improve investor relations but also to promote internal communication so as to relay the views of the investment community to the senior management and business units effectively
- A conglomerate needs a tripartite communication among investors, senior management and operational management
- The common goal is to create a steady, long term growth in shareholders' value
- Our commitment to IR is part of the pursuit of a higher standard of corporate governance



Objective of Our IR Efforts



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Our Challenges

1. As a mainland company

- IR is a new concept
- A lot of Chinese translation is required
- Alignment of the interests of employees with those of shareholders to make the benefits of IR more tangible



Our Challenges

2. As a conglomerate

- A demanding job to explain to investors the multifarious businesses of a conglomerate while at the same time relaying the messages from investors back to the individual business units
- Need to explain to investors the rationale for the allocation of capital to different businesses, especially to the non-core businesses
- Our retail-led distribution model is unique and the retail business needs to be built up, hence this is a long term business plan



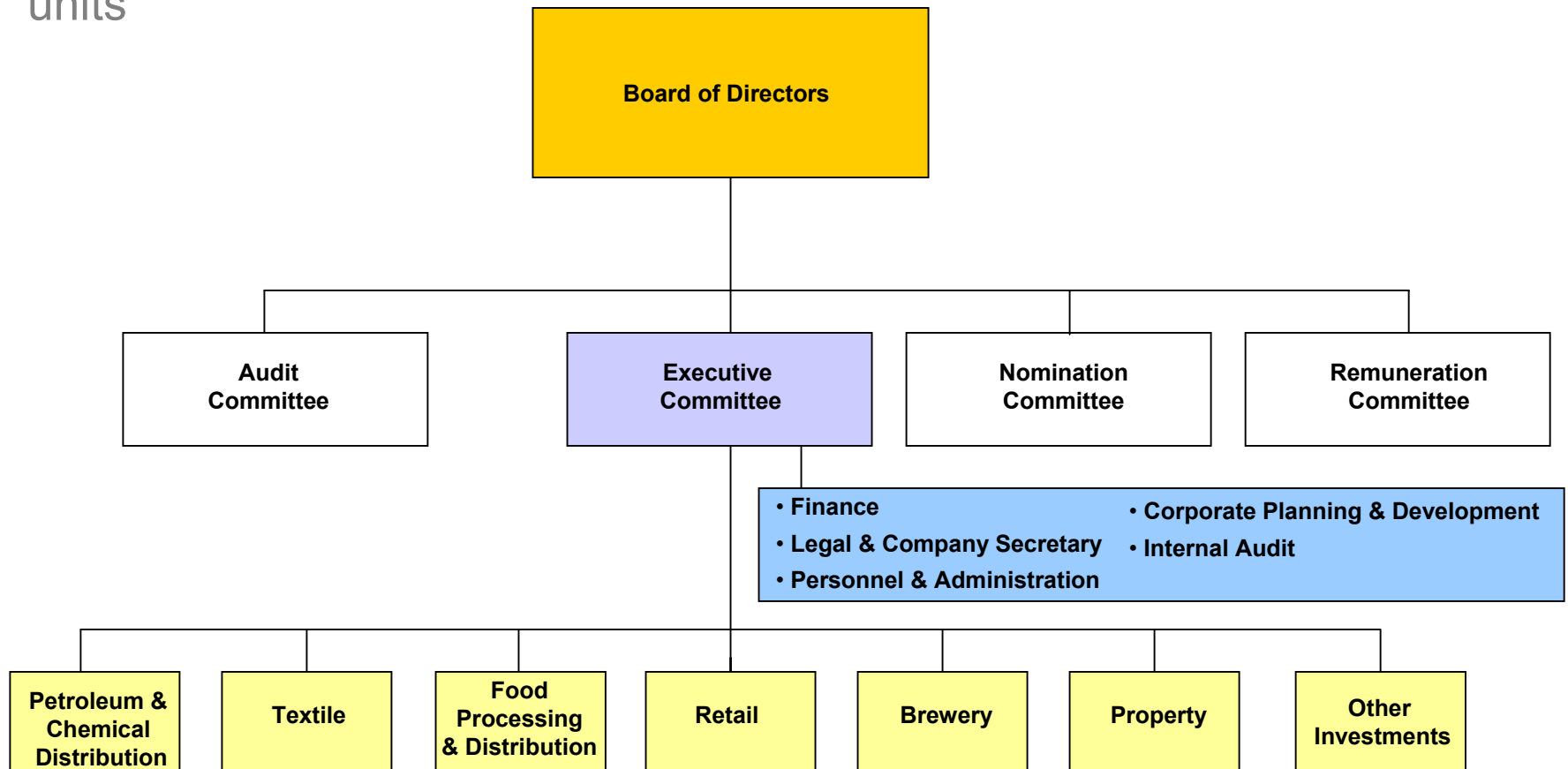
Commitment of CRE to Build IR

- Previously IR was handled by a single person but there is now a department with overall responsibility
- The department, namely, Corporate Planning & Development (CPD), is led by an executive director who is also a member of the company's Executive Committee which reports to the Board
- Apart from IR, the department is also responsible for corporate planning and leading m&a activities
- This will ensure direct access to first hand information and support from the Board level on IR
- IR and PR functions are coordinated and carried out by the same department as they are complementary



Commitment of CRE to Build IR

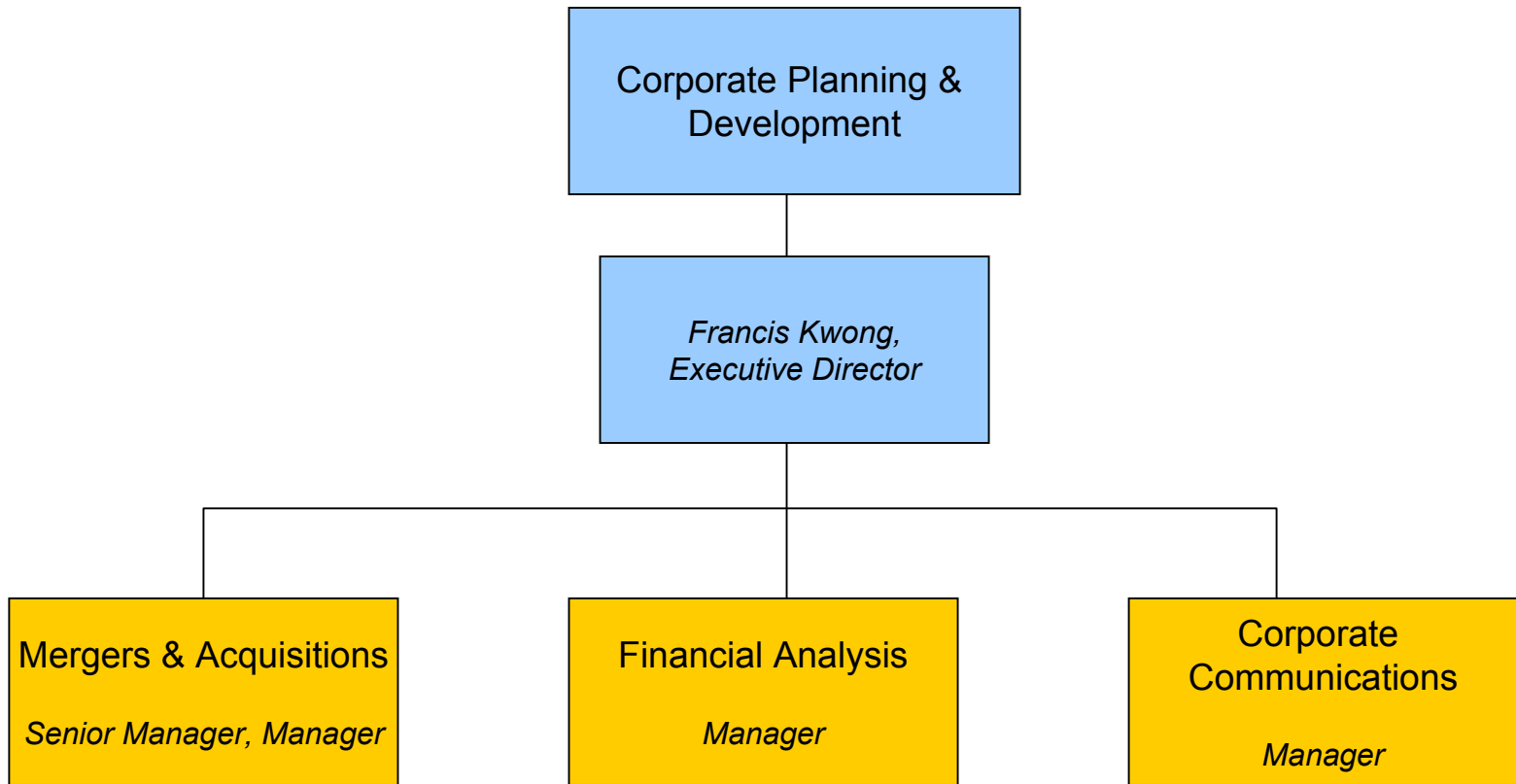
- The main function of the Executive Committee is to execute the Company's strategic plans and to monitor the operations of all business units



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Commitment of CRE to Build IR



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Details of Our Tripartite IR Approach

1. To improve investor relations

Regular flow of transparent information

- Voluntarily producing quarterly financial and operational review since November 2002, being the first conglomerate company among the constituent stocks in the Hang Seng Index to initiate such a move
- Timely press release, regular media briefing and interview to improve transparency
- An open attitude is adopted towards requests for analyst meeting, client visit, luncheon and conference call
- A global roadshow is arranged at least once a year
- A site visit is arranged for analysts and fund managers at least once a year
- Active participation in forums and conferences
- An investor-friendly web site with updated content

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Details of Our Tripartite IR Approach

1. To improve investor relations

Easy access to management & quick response

- Office hour of CPD starts at 8:30 am, matching the securities industry closely, and it holds daily morning meeting at 8:45 am to discuss relevant news and issues as well as follow-up action if necessary
- Phone calls from analysts and fund managers are answered promptly
- A formal IR channel is present with related policies at both corporate and business levels

Monitoring of market expectations

- A bimonthly survey is sent out to analysts to collect latest information about their recommendations and estimates
- Respect market opinions but will point out misunderstandings

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Details of Our Tripartite IR Approach

2. To promote internal communication

Continuous flow of market comments

- Daily, monthly and quarterly reports are prepared by CPD and distributed to senior management and operational management
- These include daily news summary with comments;
- Monthly IR report which contains brokerage report excerpts, questions raised in meetings with analysts and fund managers, comments on share price performance, summary of analyst estimates, press articles and review of IR activity; as well as
- Quarterly market report which is distributed in an IR feedback meeting after the quarterly results



Details of Our Tripartite IR Approach

2. To promote internal communication

Regular discussion

- Discuss and invite feedbacks from business units everyday on news and market issues
- A quarterly IR feedback meeting is held with the presence of all senior and operational management to discuss analysts' comments on our results, investors' concerns and our performance against the peers

Market training

- Operational management is invited to participate and present in the global roadshow as well as the site visits organised for analysts and fund managers

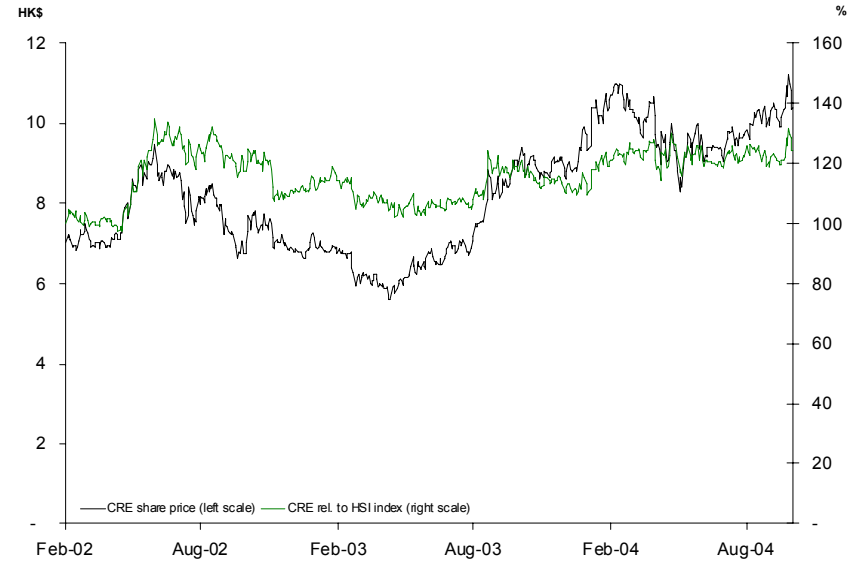
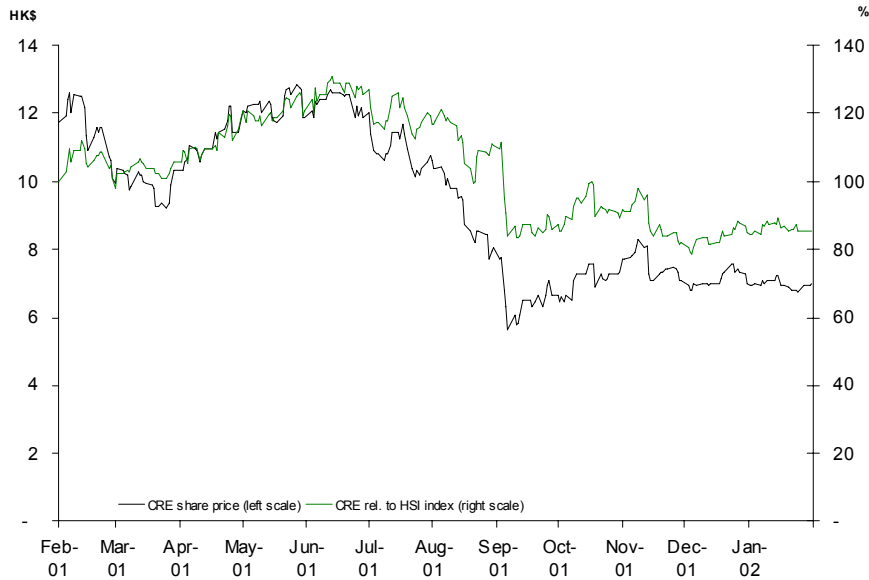


Importance of Effective Communication

- Mainly because of a lack of financial transparency, CRE was voted by Asiamoney as the worst IR company in China in 2001
- CRE underperformed the HSI by 15% in the twelve months before setting up the department in February 2002
- CRE outperformed the HSI by about 24% since the formation of the department (+11%, -2% and +14% respectively for the subsequent three years) and some esteemed awards in IR and CG have been received



Importance of Effective Communication



Note: The above share price data were for the period 16 Feb, 2001 to 15 Oct, 2004

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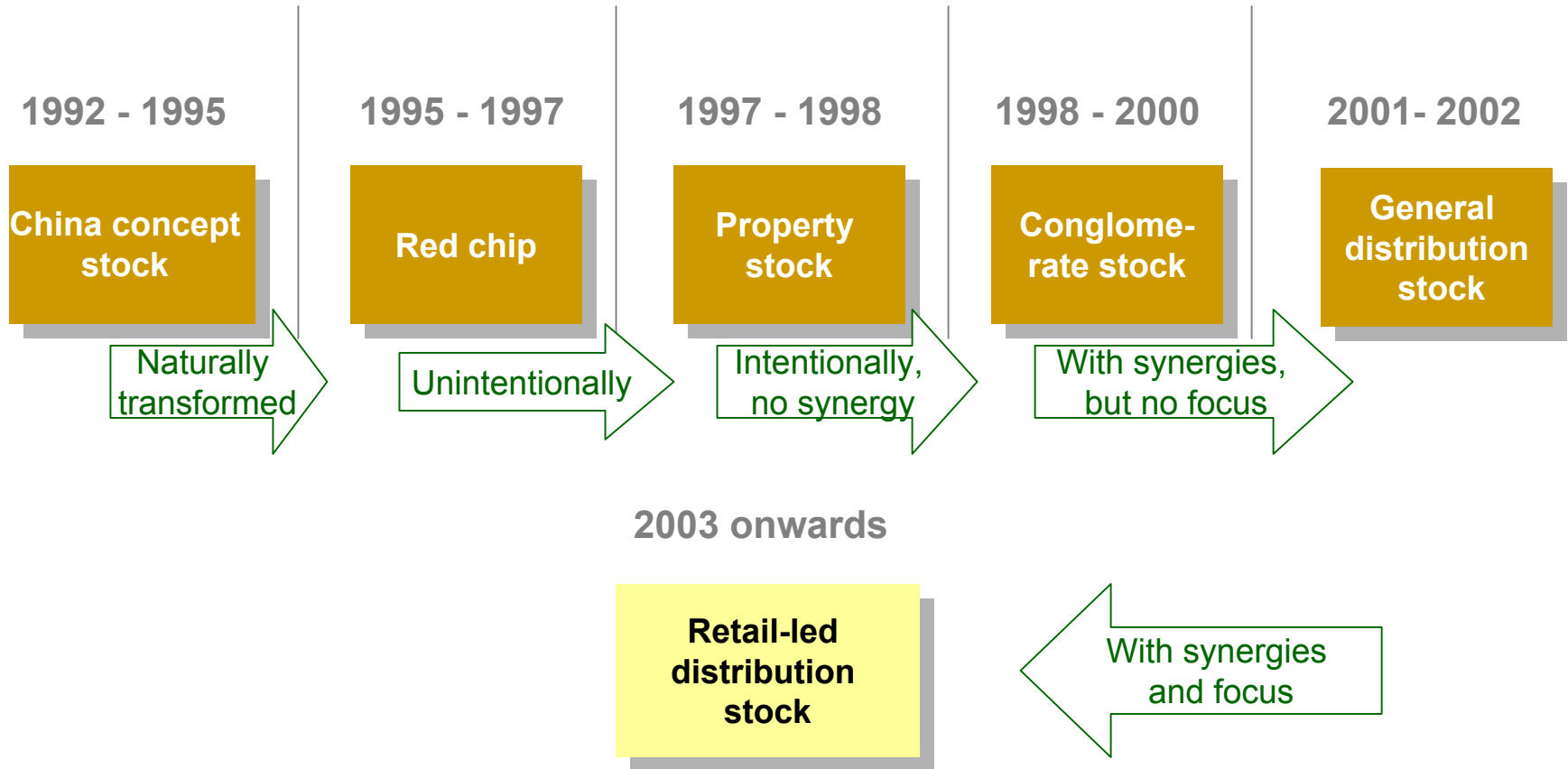
Importance of Effective Communication

<i>Name of poll</i>	<i>Award</i>	<i>Organizer</i>
2002		
Asia's Best Companies 2002 - China	#6 in Best Investor Relations	FinanceAsia Magazine
Corporate Governance Poll - Asia	#7 in Household - Combined Results	Asiamoney Magazine
Best Managed Companies 2002 - China	#8 in Overall Best Managed Company #10 in Overall Best Investor Relations	Asiamoney Magazine
2003		
Asia's Best Companies 2003 - China	#6 in Best Investor Relations #6 in Best Corporate Governance	FinanceAsia Magazine
CG Watch	One of the CG Stars	CLSA
Best Company IR - Buy-side	Best IR, conglomerates in Asia Most improved IR, conglomerates in Asia	Institutional Investor Research Group
Best Company IR - Sell-side	Most improved IR, conglomerates in Asia Most improved IR, Hong Kong overall	Institutional Investor Research Group
Corporate Governance Survey	#6 by emerging markets #2 by China/Hong Kong	Euromoney Magazine
Best Managed Companies 2003 - China	Most Improved in Corporate Governance	Asiamoney Magazine
2004		
Asia's Best Companies 2004 - China	#5 in Best Managed Companies Best IR Representative: Francis Kwong	FinanceAsia Magazine
FinanceAsia 100	#82 among Asia's 100 most profitable companies	FinanceAsia Magazine
Corporate Governance Survey	#1 among conglomerates #6 by emerging markets #2 by China/Hong Kong	Euromoney Magazine

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Changing Perceptions Towards Our Businesses



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Changing Perceptions Towards Our Businesses

- CRE has transformed into a retail-led distribution company with a focus and earnings drivers
- The rationale for such a change and the benefits need to be explained to investors
- Equally, our retail-led distribution model is a unique model and its potential as well as our execution plan have to be made public
- We have quantifiable missions and goals for management to pursue and investors can measure our progress quarterly
- With this model, CRE will have rising exposure in the mainland and Hong Kong consumer market
- Quoted from an analyst report on site visit in July - "Of the 12 analysts on the CRE trip, there were seven identifiable consumer/retail analysts - an anecdotal indication that CRE is increasingly perceived by the market as a consumer play"

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How To Disclose Price-sensitive Information

- Timely public disclosure of price-sensitive information which should not place any person in a privileged dealing position - general disclosure obligation under the listing rules
- Make public announcement in the newspapers and HKEx website
- Decline to answer questions when the answers would involve disclosure of price sensitive information
- Voluntary announcement of quarterly review is a useful means to release business information
- Formal communications policy to define responsibilities and there is only one spokesman on corporate matters
- For non-price sensitive but important information to shareholders, we use press release and presentation which are released immediately on our web site



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