

*Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**華潤股份有限公司**  
**China Resources Co., Limited**

*(A joint stock limited liability company  
incorporated in the People's Republic of China)*



**華潤(集團)有限公司**  
**China Resources (Holdings) Limited**

*(Incorporated in Hong Kong  
as a limited liability company)*



**華潤置地有限公司**  
**China Resources Real Estate Limited**

*(Incorporated in the Cayman Islands  
as a limited liability company)  
(Stock Code: 1109)*



**華潤創業有限公司**  
**China Resources Enterprise Limited**

*(Incorporated in Hong Kong  
as a limited liability company)  
(Stock Code: 291)*



**華潤電力控股有限公司**  
**China Resources Power Holdings Company Limited**



++

China Resources Power Holdings Limited

The respective boards of the China Resources Group listed companies announce proposals which, if implemented in full, will give each China Resources Group listed company greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries on a short-term basis to other China Resources Group companies through the operation of the Master Lending Agreements. In addition to China Resources Group listed and unlisted companies and their respective subsidiaries, CRC and CRH will be permitted to borrow under these arrangements.

The guiding principles behind the proposals are to:

- enable the lender to achieve a return on its temporarily surplus cash resources of no less than the cost of borrowing of CRH or a corporate borrower of similar standing in respect of Hong Kong and United States dollar advances and, in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC or a corporate borrower of similar standing from a bank or financial institution. Generally these rates are substantially higher than the deposit rates available to China Resources Group listed companies;
- permit China Resources Group listed and unlisted companies and their respective subsidiaries to borrow at a rate lower than they are likely to be able to obtain themselves from banks and financial institutions;
- give priority to the operational needs of the potential lender under these proposals. The initiative to lend to another China Resources Group company will be entirely at the discretion of the lender and there will be no obligation to lend under these arrangements;
- limit the amounts that can be lent under these arrangements so that they are well within the capacity of the lender and the guarantor, and reflect the scale of the temporarily surplus liquidity that is expected to be available from time to time to be lent under these arrangements;
- ensure that the assets of the lender are not placed at any significant risk as to the repayment of principal and the payment of interest. In addition to the guarantee of the China Resources Group listed company in respect of Hong Kong and United States dollars advances to any of its subsidiaries, all advances, other than advances made directly to CRC or CRH, will be guaranteed irrevocably and unconditionally by either CRC or CRH, depending on the currency of the advance. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. In the event that the latest rating of CRC is reduced or placed on watch with negative implications, further advances under the Master Lending Agreements will be suspended;

- continue to manage each China Resources Group listed company treasury operation on a prudent basis as it has in the past. These treasury operations do not invest in the bonds or shares of independent third party issuers and, apart from conventional hedging and swaps, do not invest or trade in derivatives;
- ensure that it is a transparent process. Full information on all advances made during the period concerned, including the borrower, its holding company, guarantor, amount, duration and interest rate, will be disclosed in the relevant China Resources Group listed company's interim and final results;
- apply only to temporarily surplus cash resources. It is designed to enhance returns on temporarily surplus liquidity and is not a new usage for the cash resources of China Resources Group listed companies. Dividend policy, dividend distributions and the deployment of liquidity for long-term investment and the expansion of the business will not be affected by these arrangements;
- confine advances for only short-term working capital purposes only so they will not be used as a substitute for long-term or permanent financing. The

It is also proposed that each China Resources Group listed company and its subsidiaries be permitted to place deposits with Zhuhai Commercial Bank, a subsidiary of CRC which CRC holds approximately 75.33% of its registered capital, up to the maximum aggregate amount at any one time as specified in this announcement. As the maximum amount of deposits and the interest earned on them will be below 5% of the percentage ratios, other than the profits ratio, for each China Resources Group listed company, these arrangements will be subject to the relevant announcement and reporting requirements of the Listing Rules, but are not subject to the approval of independent shareholders.

In addition it is proposed that each China Resources Group listed company and its subsidiaries will be able to use the services of both Zhuhai Commercial Bank and CR Trust. These services are expected to comprise conventional commercial banking services, investment and asset management, trust management, capital market activities and financial advice and will be charged at a rate no less favourable than that for their other customers. It is expected that the aggregate annual fees payable by most of the China Resources Group listed companies and their subsidiaries respectively to Zhuhai Commercial Bank and CR Trust will be less than 0.1% of the percentage ratios, other than the profits ratio, and constitute de minimis transactions under the Listing Rules. The aggregate annual fees for some of the China Resources Group listed companies are expected to exceed 0.1% but are less than 5% of such percentage ratios, these arrangements will be subject to the annual review by the independent non-executive directors of the relevant China Resources Group listed company and such company's auditors, but are not subject to the approval of independent shareholders.

Circulars to the shareholders of each of the six China Resources Group listed companies each containing the information required to be provided by the Listing Rules and including the advice of the independent committee of, and the independent financial adviser to, each of such companies and the notice convening the meeting of the shareholders of each of such companies to approve the Master Lending Agreements will be despatched on or before 6th December, 2010.

## **THE MASTER LENDING AGREEMENTS**

### **The Hong Kong and United States Dollar Master Loan Agreement**

Parties: CRH, the China Resources Group listed and unlisted companies.

Date of agreement: 22nd November, 2010.

Date of commencement of agreement:	1st January, 2011.
Term of the agreement:	Three years ending 31st December, 2013, unless extended for a further period.
Lenders:	The China Resources Group listed companies and any subsidiary of any of such companies which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Borrowers:	CRH and the China Resources Group listed and unlisted companies and any subsidiary of any of them, permitted to borrow in either Hong Kong dollar or United States dollar, which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Guarantor(s):	CRH and, in the case of an advance to a subsidiary of a China Resources Group listed company, that company's listed holding company.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed "Annual caps under the Master Lending Agreements".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.

Interest rate in respect  
of Hong Kong dollar  
advances:

The rate per annum as determined by the lender being the aggregate of (i) the relevant HIBOR for such a Hong Kong dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow

**Basis of lending:** All advances under this agreement will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRH ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Hong Kong and United States Dollar Master Loan Agreement in respect of the relevant borrower.

### **RMB Master Loan Agreement**

**Parties:** CRC and the China Resources Group listed companies.

**Date of agreement:** 22nd November, 2010.

**Date of commencement of agreement:** 1st January, 2011.

**Term of agreement:** Three years ending 31st December, 2013, unless extended for a further period.

**Entrustment agents:** A commercial bank or financial institution in the PRC permitted to enter into entrusted loan agreements, including Zhuhai Commercial Bank and CR Trust.

**Lenders:** Any PRC incorporated subsidiary of a China Resources Group listed company, which has become a party to the RMB Master Loan Agreement by acceding to its terms.

**Borrowers:** CRC and any PRC incorporated subsidiary of a China Resources Group listed or unlisted company which has become a party to the RMB Master Loan Agreement by acceding to its terms, but excluding Zhuhai Commercial Bank and CR Trust.

**Guarantor:** CRC.

Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed “Annual caps under the Master Lending Agreements”.
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.
Interest rate:	The rate per annum as determined by the lender being the relevant lending rate as permitted by the PBOC from time to time. The interest rate shall be no less than 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB such amount from a bank or a financial institution for the relevant period and shall not be less than the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Entrustment agent fees:	All fees charged by the entrustment agent to the lender will be reimbursed by the relevant borrower.
Guarantee:	All advances will be unconditionally and irrevocably guaranteed by the guarantor.
Best endeavours:	If CRC makes a payment to a lender or an entrustment agent in connection with the RMB Master Loan Agreement due to a breach by a borrower, which is a subsidiary of a China Resources Group listed company, such China Resources Group listed company will use its best endeavours to procure that the borrower shall have sufficient funds to, and does, promptly reimburse CRC. This may include such listed company making payments by way of gift or capital contribution or shareholder loan to the borrower (to the extent permitted by PRC law).



**Basis of lending:** Advances will take the form of an entrusted loan. Under an entrusted loan arrangement, the lender deposits the amount to be advanced to the entrustment agent which in turn pays the amount to be advanced to the borrower, for which the entrustment agent charges a facilitation commission. The lending risk is assumed by the lender which receives the interest paid by the borrower, less the deduction of agency fee. Subject to the entrusted loan agreement to be entered into between the lender, borrower and entrustment agent, all advances will become immediately repayable on demand with terms similar to those as stated in the Hong Kong and United States Dollar Master Loan Agreement.

### **Annual caps under the Master Lending Agreements**

The annual caps for the maximum aggregate amount which can be lent at any time from any China Resources Group listed company and its subsidiaries have been determined by each China Resources Group listed company after assessing the maximum amount of exposure at any time which it is prepared to assume under the Master Lending Agreements in the context of its estimated temporarily surplus cash resources. As shown in the table below, it is anticipated that CRE will be the largest lender under these arrangements. With its focus on the business of fast-moving consumer goods, its cash generation cycle and capital investment requirement differs from the other China Resources Group listed companies which are more capital intensive. Further given the proportion of its business represented by retailing, it also experiences large periodic cash inflows through its customers' purchases of vouchers and gift tokens in advance of major festivals and holidays. The aim of obtaining a materially higher interest rate on these seasonal increases in its liquidity has prompted CRE, in particular, to promote the proposals.

The annual caps for the second and third financial years have been increased by approximately 10% from the previous year, or as the case may be, HK\$50 to 100 million for lenders with a smaller cap in the first year, to reflect the underlying growth in the lenders' group in the subsequent two years. The annual caps for each of the China Resources Group listed companies for the initial term of the Master Lending Agreements and a comparison of these caps with their gross cash and bank

balances and with the size of respective China Resources Group listed company using the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

	<b>Annual cap for the year ending 31st December,</b>				<b>Consolidated cash and bank balances as at 30th June</b>	<b>Highest percentage ratio, excluding the profit ratio</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2010</b>		
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>	
CR Land	1,500.0	1,700.0	1,900.0	15,471.0	11.4%	
CRE	6,000.0	6,600.0	7,200.0	14,342.0	11.2%	
CR Power	1,700.0	1,900.0	2,100.0	6,640.0	6.3%	
CR Cement	400.0	500.0	600.0	3,809.0	8.7%	
CR Gas	300.0	400.0	500.0	2,975.0	13.3%	
CR Micro	300.0	350.0	400.0	1,382.0	13.5%	

#### **Financial condition of the guarantors**

All advances to China Resources Group listed and unlisted companies will be guaranteed by either CRC or CRH, depending on the currency of the advance. Both guarantors are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. The summary of consolidated financial positions of CRC and CRH are as follows:

	<b>CRH</b>		<b>CRC</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Total assets	396.1	296.4	362.2	274.8
Cash and bank balances	54.9	27.0	52.2	26.2
Net asset value	167.1	136.9	135.3	111.1
Net attributable profit	9.8	6.7	6.3	4.8
Cash flow from operation	30.0	4.3	27.9	6.3

## **Listing Rules implications of the Master Lending Agreements**

For each of the China Resources Group listed companies, the Master Lending Agreements constitute non-exempt continuing connected transactions of a scale which requires the prior approval of independent shareholders voting by poll at a meeting convened for this purpose. In respect of each such listed company, the implementation of the Master Lending Agreements is conditional upon such approval but not inter-conditional on the approval of other China Resources Group listed companies. The Listing Rules also require that the arrangements under the Master Lending Agreements be subject to annual review by the independent non-executive directors of the relevant China Resources Group listed company and such company's auditors.

As all advances under the Master Lending Agreements represent financial assistance to be provided by connected persons where no security over the assets of the borrowers will be granted and on normal commercial terms or better, they are exempted continuing connected transactions under Rule 14A.65(4) of the Listing Rules for borrowers which are either China Resources Group listed companies or subsidiaries of such companies.

## **RESTRICTIONS ON LENDING BY CERTAIN CHINA RESOURCES GROUP LISTED COMPANIES**

CR Cement, CR Gas and CR Micro have entered into loan agreements with external financial institutions under which they are restricted from lending to any company outside of its own listed group of companies. The respective caps stated above therefore cannot be utilised by these companies without prior consent from their external financial institutions. For as long as such restrictions remain in place such companies will be precluded from lending under the Master Lending Agreements.

## **PLACING OF DEPOSITS WITH, AND OTHER SERVICES TO BE PROVIDED BY, ZHUHAI COMMERCIAL BANK UNDER THE STRATEGIC COOPERATION AGREEMENT**

### **Zhuhai Commercial Bank**

CRC holds approximately 75.33% of the registered capital of Zhuhai Commercial Bank and it is therefore a connected person of the China Resources Group listed companies under the Listing Rules. Zhuhai Commercial Bank has about 50 branches in Zhuhai City and is in the course of expanding its branch network into Shenzhen and Guangzhou. The audited shareholders' equity of Zhuhai Commercial Bank as at 31st December, 2009 amounted to some RMB1.38 billion with customer deposits of approximately RMB10 billion as at that date.

## **Proposed arrangements**

It is proposed that China Resources Group listed companies and their subsidiaries should be permitted to place deposits with Zhuhai Commercial Bank subject to the depositor's own liquidity and the expected level of services to be received from Zhuhai Commercial Bank under the Strategic Cooperation Agreement. Any deposit made with Zhuhai Commercial Bank under these arrangements will bear the same interest and be on the same terms and conditions as would apply to a similar deposit made by any other customer of the bank, which rates are presently determined by the PBOC.

## **Parties to the arrangements and date of the agreement**

Zhuhai Commercial Bank has entered into the Strategic Cooperation Agreement with each of the China Resources Group listed companies on their own behalf and on behalf of their subsidiaries which sets out, among other things, the basis on which deposits will be made and the limit to the maximum aggregate deposits at any one time, the other services to be provided by Zhuhai Commercial Bank and the basis on which they will be charged, as described below. The agreement was entered into on 22nd November, 2010 and will become effective as at 1st January, 2011 for a term of three years.

## **Limits**

The maximum aggregate deposits at any one time permitted under these arrangements for three years ending 31st December, 2013 to be made by a China Resources Group listed company and its subsidiaries, together with interest paid and anticipated to be paid, is determined with reference to the expected deposit level in various branches of Zhuhai Commercial Bank by the respective China Resources listed company and its subsidiaries.

The maximum exposure in relation to the deposits with the Zhuhai Commercial Bank, inclusive of interest paid and anticipated to be paid rounded to the nearest million, comparing with the size of respective China Resources Group listed company using the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

	<i>RMB million</i>	<b>equivalent HK\$ million</b> ( <i>for illustration onl</i> )	<b>Highest percentage ratio, excluding the profit ratio</b>
CR Land	700.0	814.0	4.9%
CRE	2,580.0	3,000.0	4.7%
CR Power	500.0	581.4	1.8%
CR Cement	140.0	162.8	2.4%
CR Gas	140.0	162.8	4.3%
CR Micro	120.0	139.5	4.7%

### **Listing Rules implications of these arrangements**

For each of the six China Resources Group listed companies the maximum aggregate amount of outstanding deposits and interest paid and anticipated to be paid is below the threshold in the Listing Rules that requires the prior approval of independent shareholders. The Listing Rules do require that these arrangements be subject to the annual review by the independent non-executive directors of the relevant China Resources Group listed company and such company's auditors.

Under the Strategic Cooperation Agreement, it is expected Zhuhai Commercial Bank will provide loans, guarantees and other financial assistance on normal commercial terms to China Resources Group listed companies and their subsidiaries, which will constitute exempted continuing connected transaction as far as no security over their assets is granted in respect of any financial assistance.

### **FURTHER SERVICES TO BE PROVIDED BY ZHUHAI COMMERCIAL BANK**

#### **Proposed arrangements**

Other than provision of deposit and loan services it is also proposed that, from time to time, the China Resources Group listed companies and their subsidiaries may use the commercial banking services of Zhuhai Commercial Bank including, but not limited to, financial consultation, bill acceptance and discount services, RMB and foreign currency settlements, provision of entrustment loans and security, and issuance of bank cards. These services will be provided on normal commercial terms

which apply to other customers of Zhuhai Commercial Bank and are broadly similar to the commercial terms of services provided by other banks in the PRC. These arrangements have been set out in the Strategic Cooperation Agreement and will become effective on 1st January, 2011 for a term of three years. It is expected that the aggregate annual amount of fees and commissions paid by each of the China Resources Group listed companies and their respective subsidiaries for these services will not exceed 0.1% of the percentage ratios, other than the profits ratio, of the Listing Rules. These arrangements are, therefore expected to be exempted continuing connected transactions. To the extent the aggregate annual fee of any China Resources Group listed company and its subsidiaries exceeds 0.1% and are below 5% of such percentage ratios, these arrangements will constitute continuing connected transactions exempted from independent shareholders' approval but will be subject to the annual review by the independent non-executive directors of the relevant China Resources Group listed company and such company's auditors and a further announcement will be made by such company stating the relevant caps as and when necessary. Under no circumstances will the amounts paid in any one financial year exceed 5% of the percentage ratios, other than the profits ratio, of the Listing Rules unless the relevant China Resources Group listed company has obtained the prior approval of its independent shareholders.

## **SERVICES TO BE PROVIDED BY CR TRUST UNDER THE STRATEGIC COOPERATION AGREEMENT**

### **CR Trust**

CRC holds 51% of the registered capital of CR Trust and CRC Trust is therefore a connected person of the China Resources Group listed companies under the Listing Rules. The remaining 49% of CR Trust is held by the State-owned Assets Supervision and Administration Commission of Shenzhen. The registered capital of CR Trust is approximately RMB2.63 billion. The audited net asset value of CR Trust as at 31st December, 2009 amounted to some RMB6.7 billion with total assets of approximately RMB7 billion. Total value of assets held in trust by CR Trust amounted to approximately RMB58.1 billion as at 31st December, 2009. With headquarters located in Shenzhen, China, CR Trust is authorised by the relevant regulatory body to conduct business nationwide in China.

### **Proposed arrangements**

It is also proposed that China Resources Group listed companies and their subsidiaries should be permitted to use the services provided by CR Trust to its customers. These services comprise principally cash management, investment trusts,

asset management, structured finance, underwriting of bonds and shares, financial advice on mergers and acquisitions, and corporate finance and will be charged at a rate no less favourable as would apply to similar services provided to any of CR Trust's other clients.

### **Parties to the arrangements and date of the agreement**

CR Trust has entered into the Strategic Cooperation Agreement with each of the China Resources Group listed companies on their own behalf and on behalf of their subsidiaries which sets out, among other things, the services to be provided by CR Trust, the basis on which they are charged and the maximum aggregate amount of fees and commissions that may be charged to each China Resources Group listed company, together with its subsidiaries, as described below. The agreement was entered into on 22nd November, 2010 and will become effective on 1st January, 2011 for a term of three years.

### **Maximum aggregate fees and commissions and Listing Rules implications of these arrangements**

It is expected that the aggregate annual amount of fees and commissions payable by most of the China Resources Group listed companies and their respective subsidiaries for the services of CR Trust will not exceed 0.1% of the percentage ratios, other than the profits ratio, of the Listing Rules. These arrangements are therefore expected to be exempted continuing connected transactions. To the extent they exceed 0.1% of such percentage ratios as for the cases of CR Gas and CR Cement, these arrangements will constitute continuing connected transactions exempted from independent shareholders' approval but will be subject to the annual review by the independent non-executive directors of such China Resources Group listed companies and their respective auditors. The caps of the service fees payable to CR Trust by CR Gas will be limited to HK\$2 million, HK\$3 million and HK\$5 million respectively for the three years ending 31st December, 2013 and as for CR Cement HK\$3 million, HK\$5 million and HK\$8 million respectively for the three years ending 31st December, 2013. If the fees payable by any other China Resources Group listed companies exceed 0.1% of the applicable percentage ratios, a further announcement will be made by such company stating the relevant caps as and when necessary. Under no circumstances will the amounts paid in any one financial year exceed 5% of the percentage ratios, other than the profits ratio, of the Listing Rules unless the relevant China Resources Group listed company has obtained the prior approval of its independent shareholders.

### **REASONS FOR, AND BENEFITS OF THE PROPOSALS**

Each of the six China Resources Group listed companies has its own treasury operation responsible for arranging for the financing of its businesses and deploying

its liquid resources. This basis of operation is intended to continue. The proposals, if they are implemented in full, will give each China Resources Group listed company greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries to other China Resources Group companies, including CRC and CRH, through the operation of the Master Lending Agreements.

The guiding principles behind the proposals are to:

- enable the lender to achieve a return on its temporarily surplus cash resources of no less than the cost of borrowing of CRH or a corporate borrower of similar standing in respect of Hong Kong and United States dollar advances and, in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC or a corporate borrower of similar standing from a bank or financial institution. Generally these rates are substantially higher than the deposit rates available to China Resources Group listed companies;
- permit China Resources Group listed and unlisted companies and their respective subsidiaries to borrow at a rate lower than they are likely to be able to obtain themselves from banks and financial institutions;
- give priority to the operational needs of the potential lender under these proposals. The initiative to lend to another China Resources Group company will be entirely at the discretion of the lender and there will be no obligation to lend under these arrangements;
- limit the amounts that can be lent under these arrangements so that they are well within the capacity of the lender and the guarantor, and reflect the scale of the temporarily surplus liquidity that is expected to be available from time to time to be lent under these arrangements;
- ensure that the assets of the lender are not placed at any significant risk as to the repayment of principal and the payment of interest. In addition to the guarantee of the China Resources Group listed company in respect of Hong Kong and United States dollars advances to any of its subsidiaries, all advances, other than advances made directly to CRC or CRH, will be guaranteed irrevocably and unconditionally by either CRC or CRH, depending on the currency of the advance. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. In the event that the latest rating of CRC is reduced or placed on watch with negative implications, further advances under the Master Lending Agreements will be suspended;



- continue to manage each China Resources Group listed company treasury operation on a prudent basis as it has in the past. These treasury operations do not invest in the bonds or shares of independent third party issuers and, apart from conventional hedging and swaps, do not invest or trade in derivatives;
- ensure that it is a transparent process. Full information on all advances made during the period concerned, including the borrower, its immediate holding company, guarantor, amount, duration and interest rate, will be disclosed in the relevant China Resources Group listed company's interim and final results;
- apply only to temporarily surplus cash resources. It is designed to enhance returns on temporarily surplus liquidity and is not a new usage for the cash resources of China Resources Group listed companies. Dividend policy, dividend distributions and the deployment of liquidity for long-term investment and the expansion of the business will not be affected by these arrangements;
- confine advances for only short-term working capital purposes only so they will not be used as a substitute for long-term or permanent financing. The maximum duration of any advance will be six months, and no security over the assets of the borrower will be provided. All advances will be made on the basis that they are repayable on either the lender or borrower giving ten business day's notice; and
- avoid any foreign exchange risk.

The opportunity is also being taken to announce arrangements which will enable each China Resources Group listed company and any of its subsidiaries to place deposits with Zhuhai Commercial Bank, a subsidiary of CRC which CRC holds approximately 75.33% of its registered capital.

It is also being announced that China Resources Group listed companies and their subsidiaries may avail themselves of the commercial banking services provided by Zhuhai Commercial Bank. While it is not anticipated that the scale of fees and commissions of these services will require announcement under the provisions of the Listing Rules, an announcement of these arrangements is being made in case such fees and commissions exceed the threshold when an announcement is required to be made under the Listing Rules. Further announcement stating the relevant caps will be made by such company as and when necessary.

The Strategic Cooperation Agreement has also been entered into to enable China Resources Group listed companies and their subsidiaries to use the services of CR Trust, being primarily cash management, structured debt re-financing, underwriting of bonds and shares and financial advisory on the same basis as its other clients.

So far as the Master Lending Agreements are concerned, the directors of each of the China Resources Group listed companies, other than their respective independent non-executive directors who await the receipt of the advice of their respective independent financial advisers appointed for this purpose, consider that the proposals described in the announcement are fair and reasonable and in the interests of their respective companies and their respective shareholders generally.

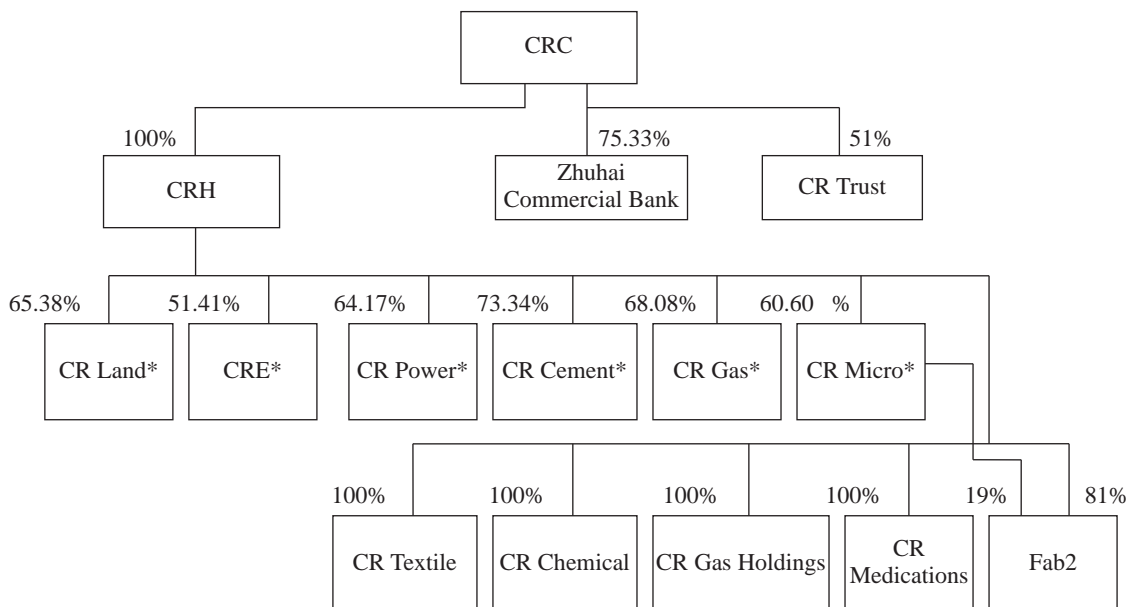
In relation to the placing of deposits with Zhuhai Commercial Bank and the provision of financial services by Zhuhai Commercial Bank and CR Trust contemplated under the Strategic Cooperation Agreement, the directors, including the independent non-executive directors, of each of the China Resources Group listed companies consider that such transactions are in the ordinary and usual course of business of their respective companies, and the terms of the Strategic Cooperation Agreement in relation thereto are on normal commercial terms, fair and reasonable and in the interests of their respective companies and their respective shareholders as a whole.

## INFORMATION ON THE CHINA RESOURCES GROUP

### Simplified group structure

By virtue of CRC being the controlling shareholder of the China Resources Group listed and unlisted companies, they are connected persons to each of the China Resources Group listed companies as defined under the Listing Rules.

The following is a simplified chart showing the existing ownership and structure of CRC, CRH, the China Resources Group listed and unlisted companies:



\* *Company listed on the Stock Exchange*

## **CRC**

CRC, a borrower and guarantor under the RMB Master Loan Agreement, is the holding company of CRH. Its audited consolidated net asset value as at 31st December, 2009 amounted to some RMB 135 billion with total assets over RMB 362 billion. CRC is a bond issuer in the PRC with a principal long term credit rating of AAA according to China Lianhe Rating Co., Ltd.. Other than its interest in CRH Zhuhai Commercial Bank and CR Trust, CRC also holds approximately 14.73% equity interest in China Vanke, being one of the largest property developers in the PRC, the shares of which are listed in Shenzhen Stock Exchange with a market capitalisation of some RMB89 billion as at the date of this announcement.

## **CRH**

CRH, a borrower and guarantor under the Hong Kong and United States Dollar Master Loan Agreement, is a conglomerate in Hong Kong and the PRC that is principally engaged in seven core businesses, namely consumer products, power, real estate, pharmaceuticals, cement, gas and financial services, as well as other operations including microelectronics, textiles, chemical products and compressors. Its audited consolidated total equity including non-controlling interests as at 31st December, 2009 amounted to some HK\$167 billion with total assets over HK\$396 billion.

## **CR Land**

The principal business activity of CR Land is property investment, development and management in the PRC.

## **CRE**

CRE is a company with business emphasis on consumer businesses in China and Hong Kong. The core businesses of CRE are, namely retail, beer, beverage and food processing and distribution.

## **CR Power**

CR Power, through its subsidiaries, is principally engaged in the investment, development, operation and management of power plants and investment and operation of coal mines in the PRC.

## **CR Cement**

CR Cement and its subsidiaries are engaged in the production, distribution and sale of cement, clinker and concrete in Hong Kong and the PRC.

## **CR Gas**

CR Gas is an investment holding company which through its subsidiaries in the PRC, operates city gas distribution projects in China including natural or petroleum gas pipelines, CNG filling stations and bottled LPG distribution.

## **CR Micro**

CR Micro, through its subsidiaries, is principally engaged in integrated circuit (“IC”) open foundry operations as well as IC design, discrete devices and IC testing and packaging. Its operations are located primarily in Wuxi, Shenzhen, Shanghai, Beijing and Hong Kong.

## **General**

Independent committees of the boards of each of the six China Resources Group

## Definitions

In this announcement the following words have the following meanings, unless the context requires otherwise.

“China Resources Group”	CRC, CRH and their respective subsidiary companies
“China Resources Group listed company (or companies)”	any company (or companies) in the China Resources Group, which is (or are) listed on the Main Board of the Stock Exchange, other than 鄭州燃氣股份有限公司 (Zhengzhou Gas Company Limited*)
“China Resources Group unlisted companies”	CR Gas Holdings, CR Medications, CR Textile, CR Chemical and Fab2
“China Vanke”	萬科企業股份有限公司 (China Vanke Co., Ltd.), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange
“CRC”	China Resources Co., Limited, a joint stock limited liability company incorporated in the PRC, which is the holding company of CRH and the banking and trust activities in which the China Resources Group has an interest
“CRE”	China Resources Enterprise, Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the holding company of the China Resources Group in Hong Kong, holding all the China Resources Group’s material interests apart from its banking and trust activities
“CR Cement”	China Resources Cement Holdings Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“CR Chemical”	China Resources Chemicals Holdings Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in manufacturing and trading of chemical products in the PRC, as well as investment, development and management of chemical packaging material plants
“CR Gas”	China Resources Gas Group Limited, an indirect subsidiary of CRH, incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Gas Holdings”	China Resources Gas (Holdings) Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in investment, distribution and operation of city gas and related services in the PRC with focuses on piped natural and petroleum gas distribution, as well as compressed natural gas filling stations
“CR Land”	China Resources Land Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Medications”	China Resources Medications Group Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in medication research, production and distribution in the PRC with a wide range of products including Chinese medicine and herbs, synthetic medicine, biological medicine, natural and organic medicine, health products, pharmaceutical intermediates, medical equipment and pharmaceutical equipment
“CR Micro”	China Resources Microelectronics Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“CR Power”	China Resources Power Holdings Company Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“CR Textile”	China Resources Textiles (Holdings) Company Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in spinning and weaving, garment manufacturing and nylon production in the PRC with major business segments namely MAKO yarns, other yarns and fabrics, garments, nylon and dyeing
“CR Trust”	華潤深國投信托有限公司 China Resources SZITIC Trust Co., Ltd., in which CRC controls 51% of its registered capital.
“Fab2”	CSMC Asia Limited, an unlisted joint venture owned as to 81% and 19% by CRH and CR Micro respectively, that together with its subsidiaries are primarily engaged in 8-inch wafer fabrication
“HIBOR”	The Hong Kong Inter-Bank Offered Rate
“Hong Kong and United States Dollar Master Loan Agreement”	The Master Loan Agreement and Guarantee for advances in Hong Kong Dollar and United States Dollar entered into by CRH, the China Resources Group listed and unlisted companies on 22nd November, 2010
“independent shareholders”	Shareholders of each of the China Resources Group listed companies, other than CRH and its associates, as defined in the Listing Rules
“LIBOR”	The London Inter-Bank Offered Rate
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Lending Agreements”	The Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement
“PBOC”	People’s Bank of China
“PRC”	The People’s Republic of China excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“RMB Master Loan Agreement”	The Master Loan Agreement and Guarantee for advances in RMB entered into by CRC, the China Resources Group listed and unlisted companies on 22nd November, 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	The Strategic Cooperation Agreement in respect of the framework for the provision and engagement of banking and trust services entered into by Zhuhai Commercial Bank, CR Trust and the China Resources Group listed companies on 22nd November, 2010
“Zhuhai Commercial Bank”	珠海市商業銀行股份有限公司 Zhuhai City Commercial Bank Co., Ltd., a municipal bank headquartered in Zhuhai, in which CRC has a 75.33% interest

*\* For identification purpose onl*

*For illustrati e purpose of this announcement onl , translation of HK\$ into RMB is made at the rate of HK\$1 = RMB0.86*



By the order of the board of  
**China Resources Co., Limited**  
**Song Lin**  
*Chairman*

By the order of the board of  
**China Resources (Holdings)  
Company Limited**  
**Song Lin**  
*Chairman*

By the order of the board of  
**China Resources Land Limited**  
**Wang Yin**  
*Chairman*

By the order of the board of  
**China Resources  
Enterprise, Limited**  
**Lai Ni Hium**  
*Executive Director,  
Chief Financial Officer  
and Company Secretary*

By the order of the board of  
**China Resources Power  
Holdings Company Limited**  
**Wang Shuai Ting**  
*Chairman*

By the order of the board of  
**China Resources Cement  
Holdings Limited**  
**Zhou Junqing**  
*Chairman*

By the order of the board of  
**China Resources Gas  
Group Limited**  
**Ma Gouan**  
*Chairman*

By the order of the board of  
**China Resources  
Microelectronics Limited**  
**Wang Guoping**  
*Chairman*

Hong Kong, China 22nd November, 2010

*As at the date of this announcement, the board of directors of CR Land comprises two executive directors, namely Mr. Wang Yin (Chairman) and Mr. Wu Xiangdong (Managing Director); six non-executive directors, namely Mr. Yan Biao, Mr. Du Wenmin, Mr. Ding Jiemin, Mr. Shi Shanbo, Mr. Wei Bin and Dr. Zhang Haipeng; and five independent non-executive directors, namely Mr. Wang Shi, Mr. Ho Hin Ngai, Bosco, Mr. Andrew Y. Yan, Mr. Wan Kam To, Peter and Mr. Frederick Ma Si Hang.*

*As at the date of this announcement the board of directors of CRE comprises three executive directors, namely Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Chief Executive Officer) and Mr. Lai Ni Hium (Chief Financial Officer); five non-executive Directors, namely Mr. Yan Biao, Mr. Du Wenmin, Mr. Shi Shanbo, Mr. Wei Bin and Dr. Zhang Haipeng; and six independent non-executive Directors, namely Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnut Chan and Mr. Siu King Chue, Gordon.*

*As at the date of this announcement, the board of directors of CR Power comprises five executive directors, namely, Mr. Wang Shuai Ting (Chairman), Mr. Wang Yu Jun (Chief Executive Officer), Ms. Wang Xiao Bin (Chief Financial Officer and Company Secretary), Mr. Zhang Shen Wen and Mr. Li She*