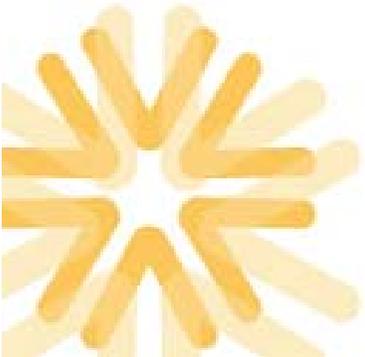


China Resources Enterprise, Limited
Deutsche Bank Conference 2004

Blueprint For Our Future

26 February, 2004





Agenda

- Our Unique Retail-led Distribution Model pp.3 – pp.10
- Market Presence of Our Businesses pp.11 – pp.13
- Exposure to the Consumer Market pp.14 – pp.15
- Valuation of Our Businesses by the Market pp.16 – pp.20
- Operational Update pp.21 – pp.28
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Our Unique Retail-led Distribution Model

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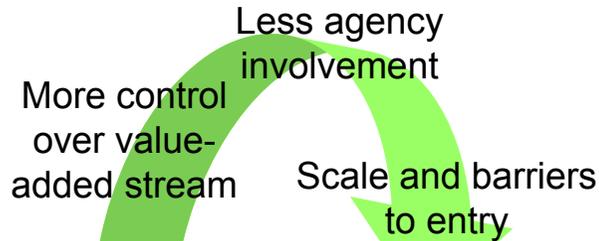
Our Unique Retail-led Distribution Model

Supply chain operations



Private labels & OEM

Supply chain management

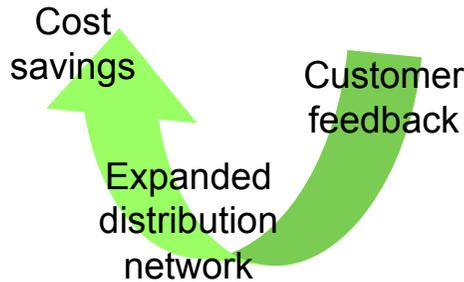


Retail operations



Efficiency enhancement via centralized functions

First party logistics



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Our Unique Retail-led Distribution Model

- To capitalize on the booming consumer market in the Chinese Mainland and maximize the synergies among our businesses, the Group's food, textile and beverage operations have started to form part of the supply chain for our retail business
- The rapid growth of our retail business, led by our supermarket operation, is expected to drive the development of our supply chain business
- We will continue to use external suppliers and distributors and this internal integration has to be voluntary and commercially viable
- For the retail business, there will be less agency involvement and more control over value-added stream as well as economies of scale and raising barriers to entry
- For the supply chain business, their benefits include expanded distribution network, reduced sales and marketing costs and effective customer feedback

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Our Unique Retail-led Distribution Model

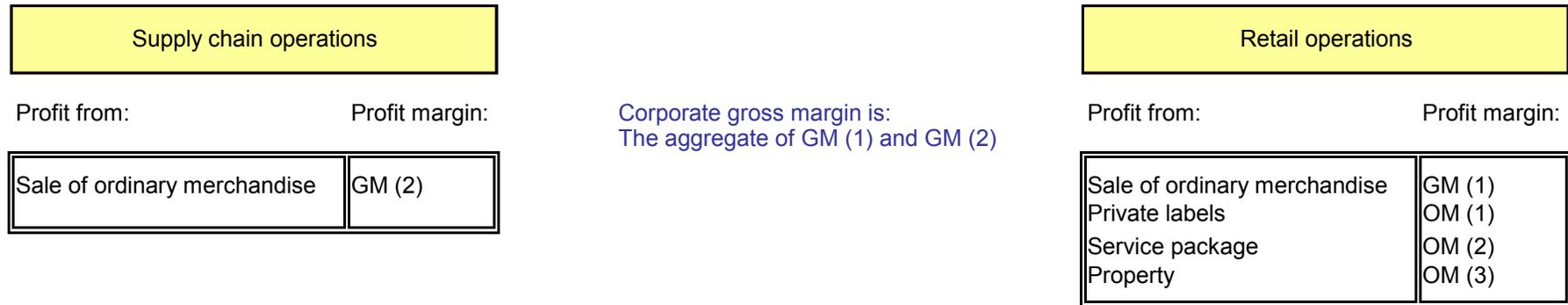
- Our retail business will develop private labels and OEM products based on customer demand so that we can respond to the market more proactively and shorten the turnaround time



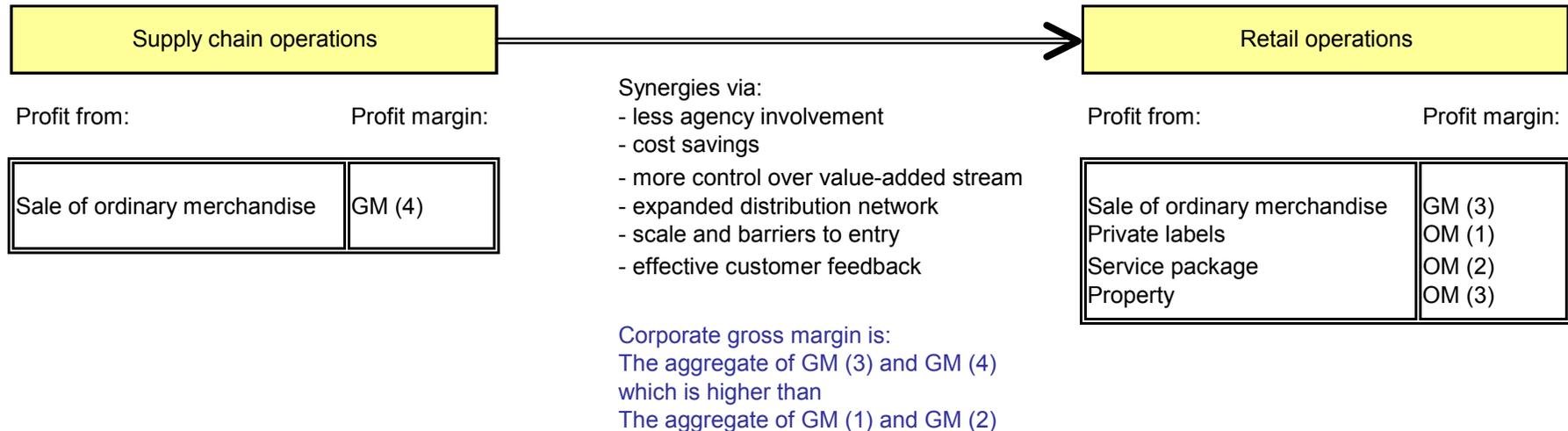
Our Unique Retail-led Distribution Model

- We believe corporate gross margin can be enhanced under this model

A normal profit model for the two types of business



Under our retail-led distribution model



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Major Moves Last Year Towards a Retail-led Distributor

- Mar 03** A joint venture agreement was signed with Shanghai New Asia Group to construct a modern meat processing centre in Shanghai for a total investment of RMB360m and CRE has a 51% shareholding
- Jul 03** Acquired the parent company's logistics business for HK\$129m and integrated with the company's existing logistics operation
- Sep 03** A principle agreement was signed with the Shenzhen municipal government to acquire a 70% stake in Shenzhen Food Company for about RMB380m
- Oct 03** Acquired a 10% stake in Suguo Supermarket Co, Ltd raising our stake to 49.25% and it has become our subsidiary



Progress of the Model

- We have started to execute the supply chain strategy under our retail-led distribution model
- Food
 - Ng Fung Hong is the single largest supplier to our supermarkets in Hong Kong
 - It has two private labels, Ng Fung (五豐牌) and COF (高富牌), with about 630 SKUs (around 8,000 SKUs for a typical supermarket of CRE in Hong Kong)
 - Apart from our supermarkets, it also supplies fresh meat to other local supermarkets
 - Ng Fung Hong has also expanded into the mainland meat market and signed the meat processing projects in two cities, Shanghai and Shenzhen, last year



Progress of the Model

- Brewery
 - To help develop Snow as our national brand especially in provinces where we do not have breweries, the beer was introduced to CR Vanguard in last October with about 25,000 cases (about 213 k litres) for sale in southern China, 19,000 cases (about 162 k litres) in northern China and 6,000 cases (about 51 k litres) in eastern China
 - C'estbon purified water is also available in southern China outlets
- Supermarket
 - A private label for casual wear/sports wear/jeans, Color Vanguard, was launched in September last year with about 300 SKUs
 - There are also private labels in general merchandise
- Textile / Property
 - Possible involvement in the manufacturing of apparel private labels and the development of residential shopping mall (RSM) for CR Vanguard

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Market Presence of Our Businesses



Market Presence of Our Businesses

	Measuring parameter	Market position
Supermarket	Turnover of CR Vanguard and Suguo on a proforma basis amounted to HK\$7.2bn for the first 9 months of FY2003	The second largest local operator in China after Lianhua Supermarket (turnover RMB4.6bn for H1 2003) and the third largest in Hong Kong after PARKnSHOP and Wellcome
Brewery	Sales volume of 2.1m kl for the first 9 months of FY2003 of which 25% was Snow, our national brand	The second largest brewer in China after Tsingtao Brewery (sales volume of 2.8m kl for the first 9 months of 2003 of which 31% was branded "Tsingtao Beer")



Market Presence of Our Businesses

	Measuring parameter	Market position
Food	Distributed 1.4m heads of pig and cattle from China into Hong Kong for the first 9 months of FY2003	Largest livestock distributor importing from China into Hong Kong
Textile	Total capacity of about 830,000 spindles, 13,000 looms, 6 printing and dyeing lines	One of the 5 largest cotton mills in China
Petroleum	Storage capacity of 370,000 cubic meters	Largest wholesaler of oil in Hong Kong



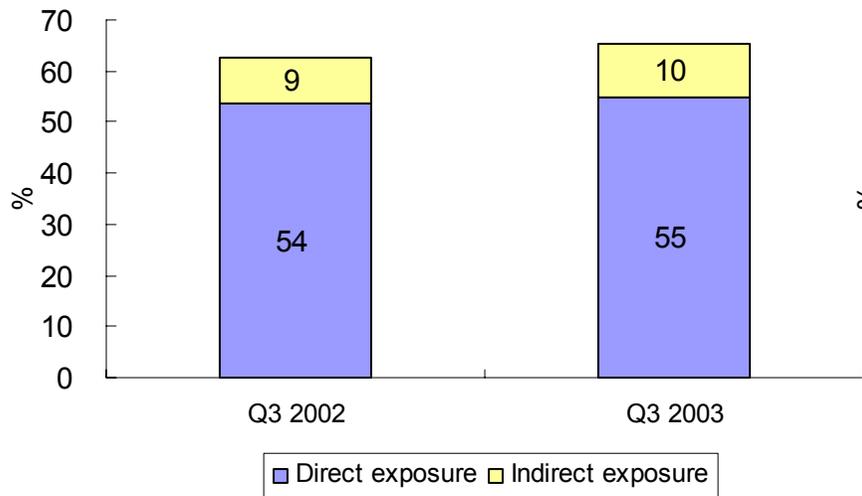
Exposure to the Consumer Market



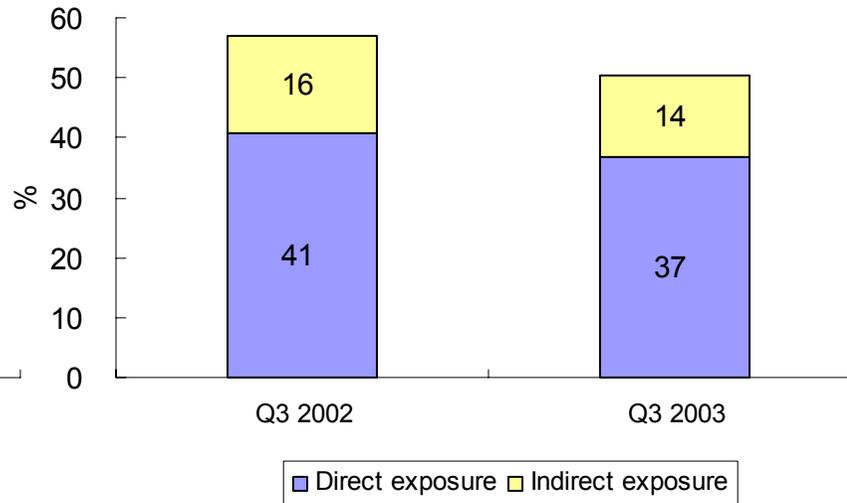
Rising Exposure to the Mainland and HK Consumer Market

- Direct exposure via our retail, beverage and food divisions and indirect exposure through some of the businesses of our textile, property and petroleum divisions

Proportion of consumer-related turnover



Proportion of consumer-related earnings





Valuation of Our Businesses by the Market

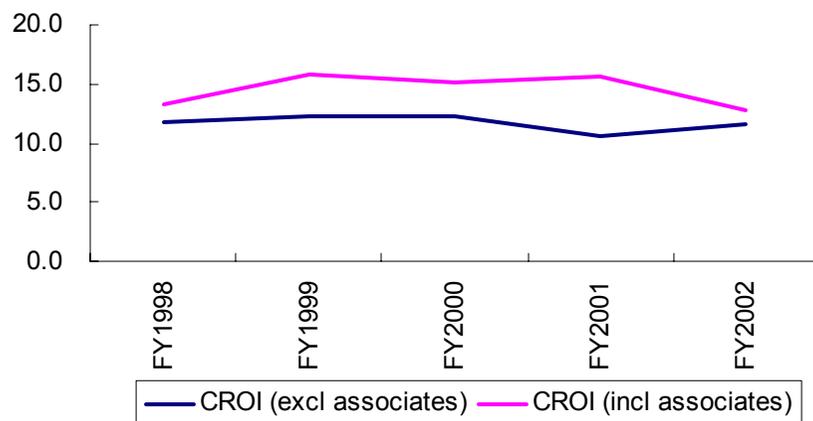


Cashflow Return on Invested Capital

- We have been creating value (current WACC 6%-7%) and would continue to focus on the cashflow return

	FY1998	FY1999	FY2000	FY2001	FY2002	H1 2003
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
EBITDA - excl associates' contribution	1,884	2,413	2,493	2,388	2,551	1,128
EBITDA - incl associates' dividends	2,113	3,101	3,080	3,495	2,809	1,244
Invested capital *	15,979	19,729	20,327	22,465	21,979	22,651
CROI (excl associates)	11.8	12.2	12.3	10.6	11.6	5.0
CROI (incl associates)	13.2	15.7	15.2	15.6	12.8	5.5

* Defined as "shareholders' equity + minority interests + total debt"



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Valuation of Our Businesses by the Market

	Supermarket	Brewery	Food	Textile
Consensus value * (HK\$m)	1,209	2,777	4,099	1,943
CRE's attributable assets less liabilities at FY2002 ** (HK\$m)	1,656 ***	1,967	2,707	1,706
Consensus value / Attributable assets less liabilities at FY2002 (x)	0.7	1.4	1.5	1.1
FY2002 attributable earnings to CRE (HK\$m)	66	90	338	163
Consensus value / FY2002 earnings (x)	18.4	30.9	12.1	11.9

* According to an in-house survey of about 15 analysts conducted in February 2004

** Details refer to the segment analysis of the FY2002 annual report

*** Apart from the supermarket business, this figure also includes the retail business in Hong Kong and the brand fashion distribution business in China



Peer Valuation of the Individual Business

	Supermarket		Brewery		Food		Textile		
Peers:	Lianhua	Wumart	Tsingtao	Harbin	People's Food	United Food	Weiqiao	Texwinca	Fountain Set
Stock code	0980.HK	8277.HK	0168.HK	0249.HK	708.HK	UTDF.SI	2698.HK	0321.HK	0420.HK
Share price (HK\$) (20 Feb 2004)	10.50	10.80	9.60	3.45	6.35	S\$0.610	13.15	5.80	5.90
Price to historical book (x) *	5.9	5.1	3.2	3.5	2.9	1.9	4.2	3.3	1.8
Price to historical turnover (x)	1.1	2.8	na	na	na	na	na	na	na
Historical EV/EBITDA (x)	19.7	45.5	13.1	10.9	6.3	5.1	12.8	9.0	9.1
Historical PER (x)	51.2	106.8	45.9	25.4	8.9	7.3	25.8	13.0	13.3
Prospective PER (x)	34.9	29.2	42.2	27.8	11.9	6.2	15.4	15.5	11.8
CRE:									
Consensus value / Attributable assets less liabilities at FY2002 (x)	0.7		1.4		1.5		1.1		
Consensus value / FY2002 earnings (x)	18.4		30.9		12.1		11.9		

* Based on latest published book value

Source : Bloomberg, company annual / interim reports



Recent Examples of Brand Value in China

Date	Acquisition	Consideration	Valuation
Nov 03	Scottish & Newcastle acquired 50m shares (19.51%) of Chongqing Brewery (stock code: 600132) for RMB10.5 per share	RMB 525m	Historical P/B of 4.2x Historical PER of 60.4x
Jan 04	Asahi and Itochu acquired a 50% interest in Tingyi-Asahi-Itochu Beverages	US\$385m	Historical P/B of 5.0x Historical PER of 17.4x
Sep 03	Interbrew acquired a 50% interest in Lion Diversified's brewery interest	US\$131m	Historical PER of 95.6x
Jan 04	Heineken acquired a 21% interest in Guangdong Brewery	HK\$580m	Historical P/B of 2.4x Historical PER of 29.7x
Feb 04	Tesco was reported to be acquiring a 50% stake in Hymall, a hypermarket operator	US\$200m	Historical price/sales of 0.8x

Source: Official press releases, company presentations, announcements and annual reports, newspaper reports and analyst research reports

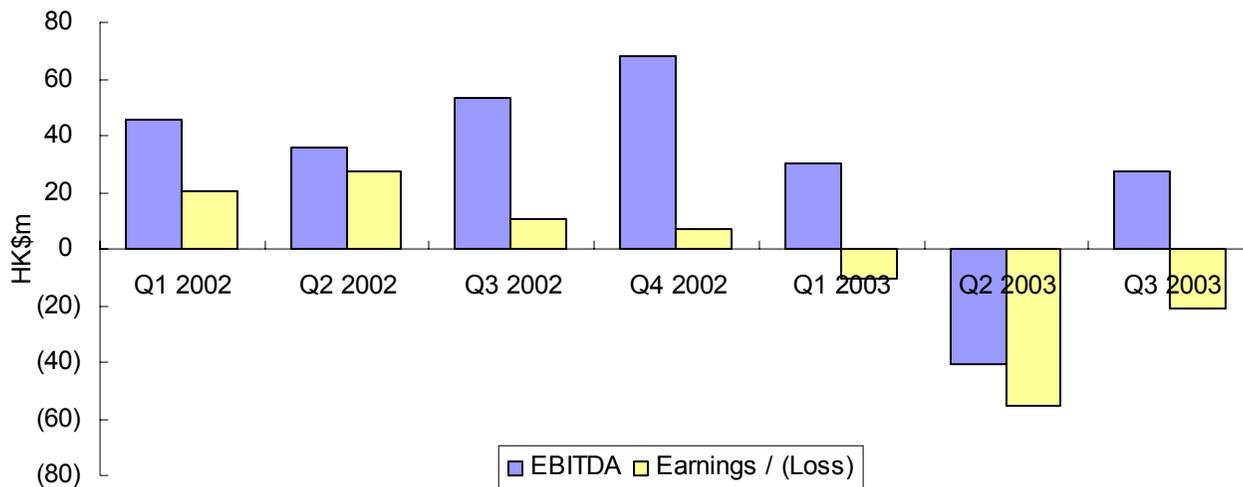


Operational Update



Supermarket

- To restore profitability, we have taken the following actions: -
 - Scaling back the store opening plan
 - Reducing the investment cost per store
 - Trimming the cost base especially in the areas of labour and rental
 - Boosting the margin via the establishment of a formal supplier rebate system
 - Improving our store format via model stores and re-branding the whole business



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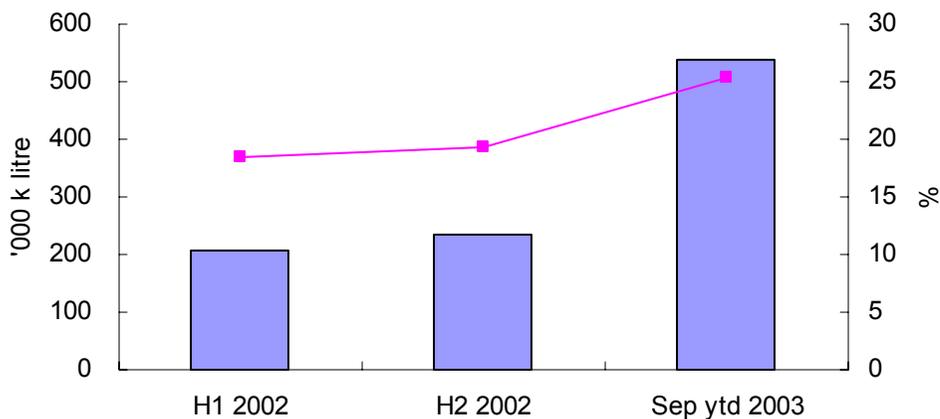
Brewery

Sales volume and market share of the top brewers in China

Rank	Brewer	2002 sales volume '000 k litre	Market share %	2001 sales volume '000 k litre	Market share %	Sales volume growth in 2002 %
1	Tsingtao	2,987	12.5	2,480	11.0	+20
2	CRB	2,344	9.8	1,444	6.4	+62
3	Yanjing	2,055	8.6	1,640	7.3	+25
4	Lion	1,162	4.9	1,075	4.8	+8
5	Harbin	902	3.8	692	3.1	+30
6	Zhujiang	794	3.3	751	3.3	+6
7	Chongqing	746	3.1	532	2.4	+40

Source: Company annual reports and press release, 中國食品工業協會·啤酒專業協會

Sales volume of Snow brand and its significance



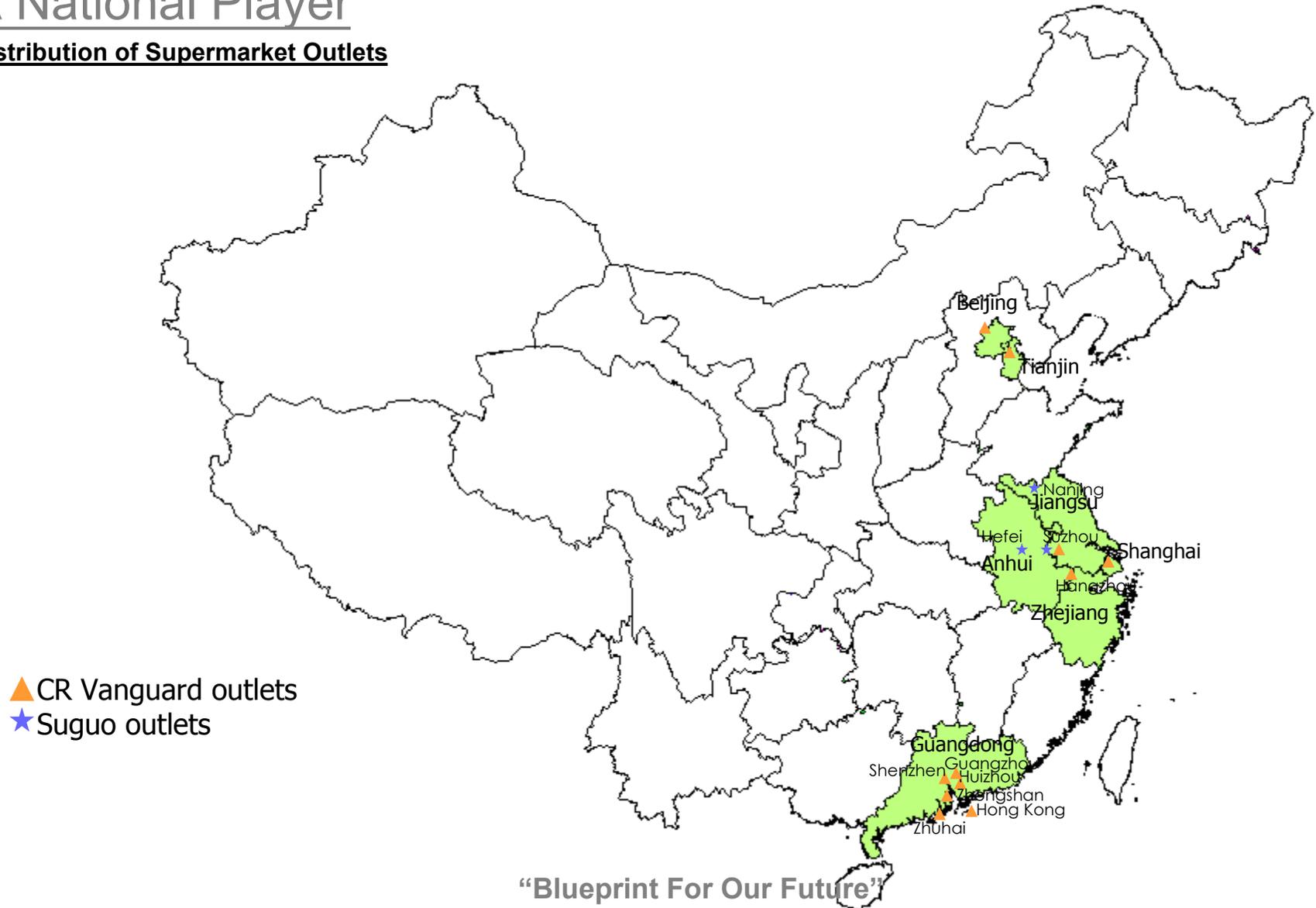
■ Sales volume of Snow Brand (RHS) —■ Proportion of Snow brand (LHS)

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A National Player

Distribution of Supermarket Outlets

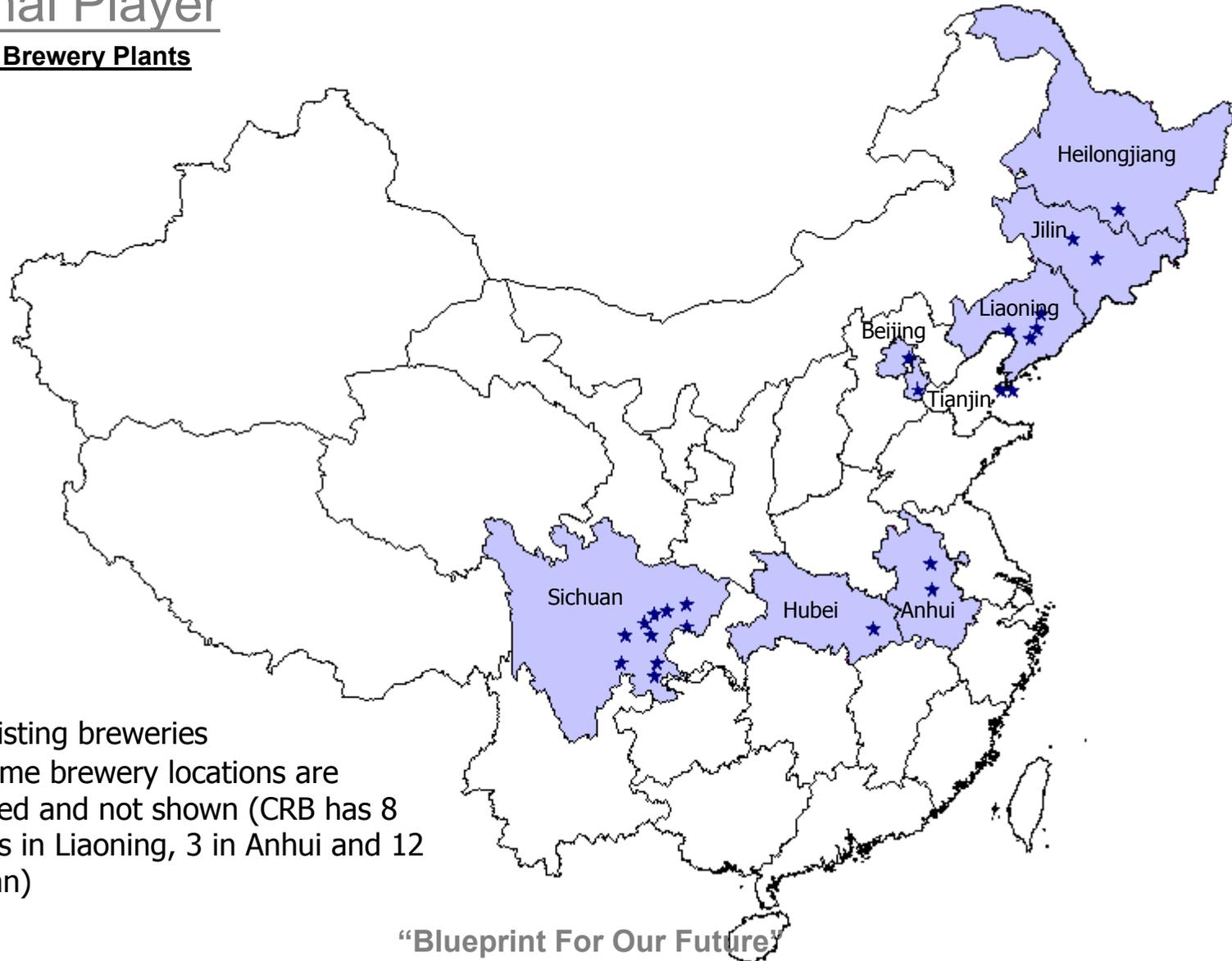


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A National Player

Distribution of Brewery Plants



★ CRE's existing breweries

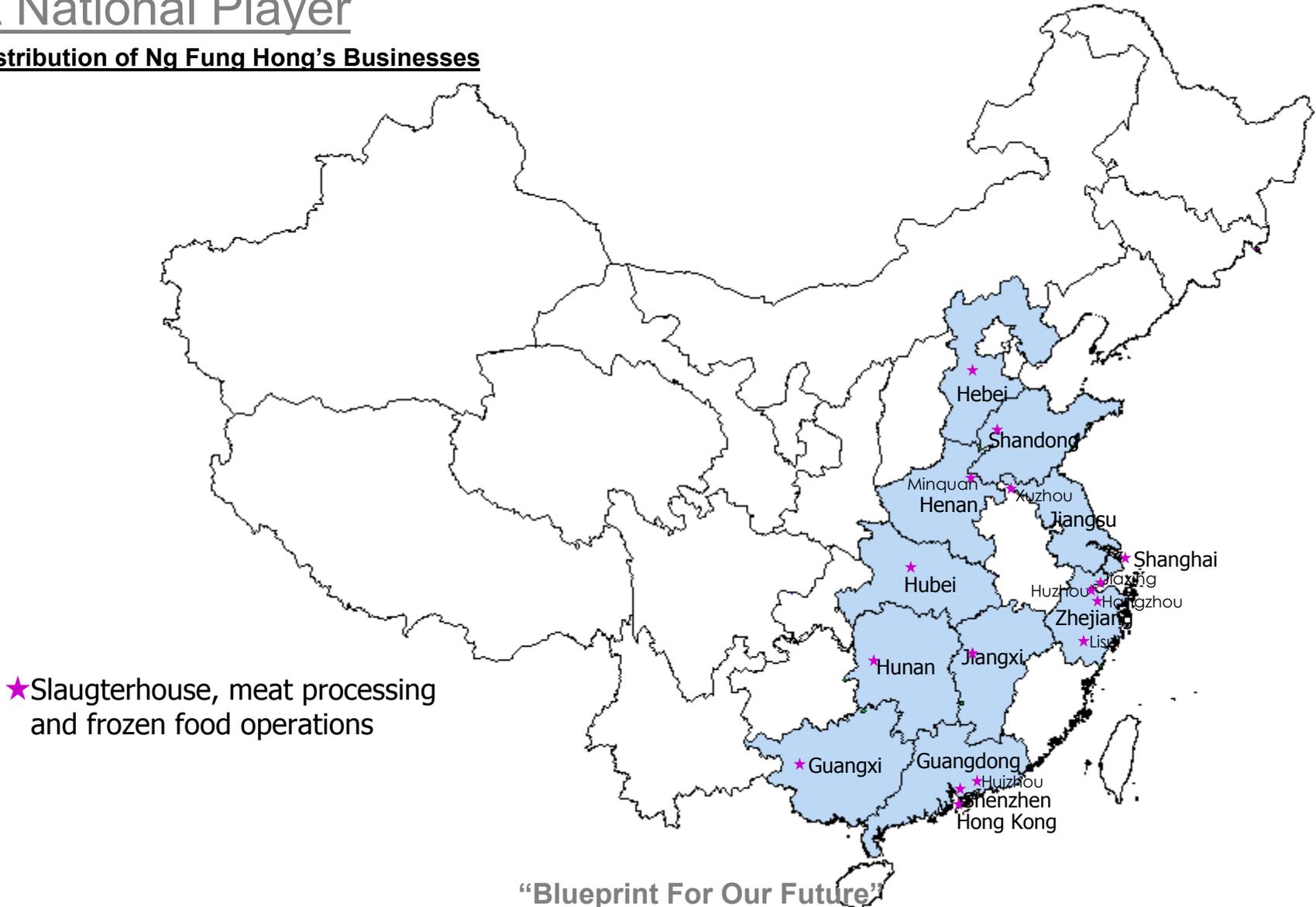
Note: Some brewery locations are overlapped and not shown (CRB has 8 breweries in Liaoning, 3 in Anhui and 12 in Sichuan)

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A National Player

Distribution of Ng Fung Hong's Businesses

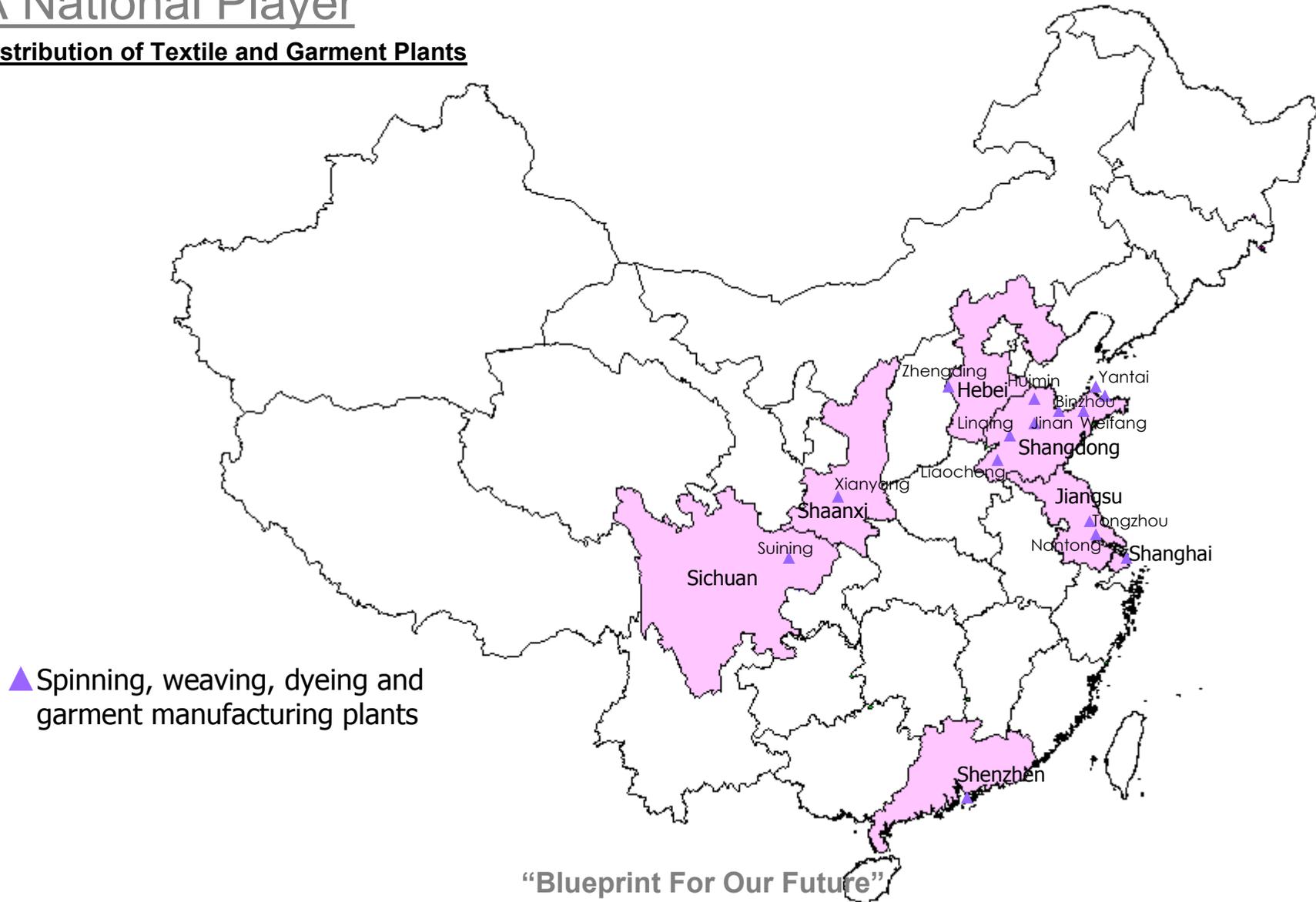


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A National Player

Distribution of Textile and Garment Plants



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Portfolio of Our Major Retail Brands



Keller



沈阳啤酒



绿叶啤酒



黑獅



蓝剑啤酒

华润万家



華潤堂
CRCare



Good Morning 新 安早君祝



NG FUNG BRAND
五豐行榮譽出品



LEONARDO
di Gasun



COF
高福牌



華潤油站



華潤百貨
CRC DEPARTMENT STORE

CHINESE 中藝 ARTS & CRAFTS



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Appendix - Turnover Breakdown by Divisions

Year end 31 Dec	Sep ytd 2003 HK\$m	Prop (%)	Sep ytd 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	8,941	36	7,195	35	+24
Retail	6,580	26	4,450	21	+48
Food processing and distribution	3,593	14	3,568	17	+1
Beverage	3,285	13	3,148	15	+4
Textile	2,371	9	1,786	9	+33
Property	205	1	292	1	-30
Investment & others	180	1	396	2	-54
	25,154	100	20,835	100	+21
Less: inter-co transactions	(106)		(113)		-7
Turnover	25,048		20,722		+21

Year end 31 Dec	Q3 2003 HK\$m	Prop (%)	Q3 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	2,962	33	2,637	34	+12
Retail	2,276	26	1,725	22	+32
Food processing and distribution	1,235	14	1,180	15	+5
Beverage	1,376	15	1,302	17	+6
Textile	960	11	786	10	+22
Property	63	1	78	1	-20
Investment & others	12	0	123	2	-90
	8,885	100	7,831	100	+13
Less: inter-co transactions	(27)		(42)		-35
Turnover	8,858		7,789		+14

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Appendix - Earnings Breakdown by Divisions

Year end 31 Dec	Sep ytd 2003 HK\$m	Prop (%)	Sep ytd 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	347	29	239	20	+45
Retail	(111)	(9)	75	6	-249
Food processing and distribution	274	23	258	22	+6
Beverage	95	8	100	8	-5
Textile	128	11	102	9	+25
Property	196	16	111	9	+76
Investment & others	283	23	298	25	-5
	1,211	100	1,183	100	+2
Net corporate interest & expenses	(89)		(96)		-7
Earnings	1,122		1,086		+3

Year end 31 Dec	Q3 2003 HK\$m	Prop (%)	Q3 2002 HK\$m	Prop (%)	% change
Petroleum and chemicals	61	15	57	14	+7
Retail	(23)	(6)	14	3	-267
Food processing and distribution	99	25	86	22	+15
Beverage	70	18	61	16	+13
Textile	46	11	55	14	-17
Property	30	7	14	4	+115
Investment & others	115	29	107	27	+8
	398	100	393	100	+1
Net corporate interest & expenses	(25)		(32)		-21
Earnings	372		361		+3

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