China Resources

Better Life Together

China Resources Enterprise, Limited

UBS Greater China Conference 2007

Building a National Brand in China

29 January 2007

Agenda

Part I – Our Brand Portfolio

Our Brand Portfolio

- CRE has four core businesses - retail, beverage, food and textile
- Our objective is to become the largest consumer company in China
- We place heavy emphasis on brand development and currently have a portfolio of about 30 major brands
- In particular, “SNOW”, our national brand for beer, was valued at RMB11.2bn at the end of last year
- It is the largest beer brand on the mainland in terms of sales volume
- Other valuable brands include “Suguo”, "Vanguard", "Chinese Arts & Crafts", "Ng Fung" etc
- Our supermarket business has developed some popular private labels like "Premium Plus" and "簡約組合"
- "CRC" petrol stations and "新之城" shopping malls are also well established brand names

Our Brand Portfolio

BLUE Sword 蓝剑啤酒

SINGO 行吟阁啤酒

LEEDO BEER

HADEN BEER

华丹啤酒

TAIHUSHUI 太湖水啤酒

SNOW 雪花啤酒

LK 龙津啤酒 LONKING BEER

SUN SINGS 新三星啤酒

Cestbon

LÖWEN BEER 黑獅啤酒

聖泉

中华啤酒

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Our Brand Portfolio

华润万家
vanguard

VANGUARD
万佳百货

简约组合

VICTOR & Victoria

Royal Elegance

Global Explorer

HOME ESSENTIALS

FLYING COW

KID'S GEAR

華潤堂
CRcare

CHINESE 中藝 ARTS & CRAFTS

天工图
ARTISTIC PALACE

ATMA

SGCS 苏果

好的
苏果 Howdy cvs

SG
华润苏果
CHINA RESOURCES SUGUO

Olé

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Our Brand Portfolio

NG FUNG BRAND

五豐行榮譽出品

華 潤 油 站

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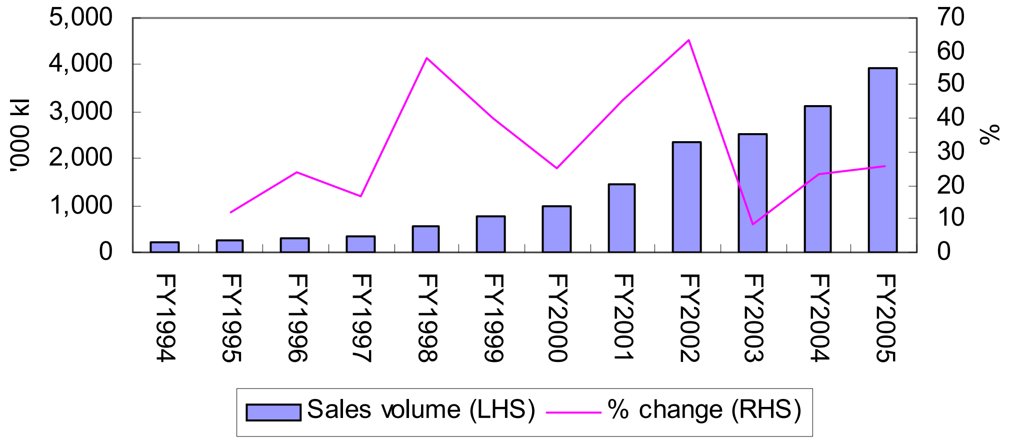
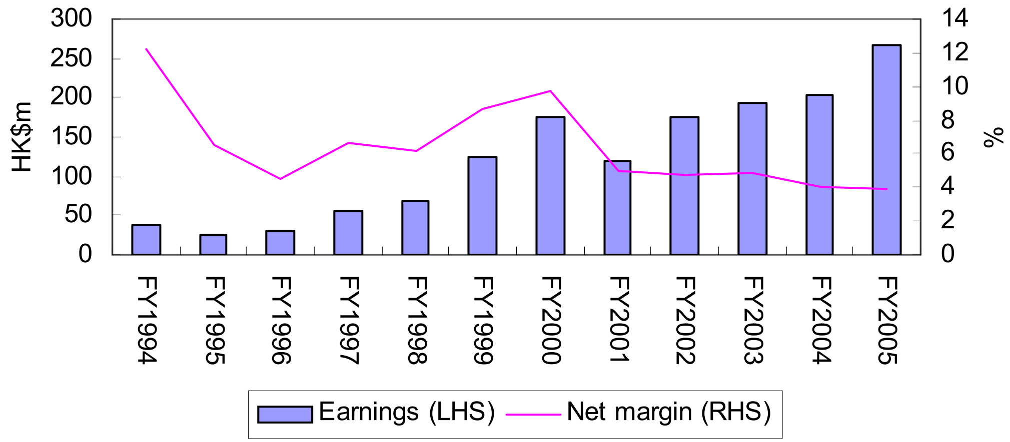
Part II – The SNOW Story

Background of CR Snow

- A 51/49 joint venture between CRE and SABMiller formed in 1994 with CRE responsible for day-to-day management

Sales volume and earnings trend of CR Snow since 1994





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Background of CR Snow

- Largest brewer in China in terms of sales volume

Sales volume by brewery

Year end 31 Dec	Province	Area	No of breweries	Sep ytd 2006 '000 k liter	Sep ytd 2005 '000 k liter	*% change*
I) Breweries owned prior to FY2005						
Shenyang	Liaoning	North East	3	393	351	*+12*
Dalian	Liaoning	North East	2	193	163	*+19*
Anshan / Liaoyang / Panjin	Liaoning	North East	3	208	148	*+41*
Harbin	Heilongjiang	North East	1	271	250	*+8*
Jilin / Changchun	Jilin	North East	2	297	236	*+26*
Tianjin		North	1	150	123	*+22*
Beijing		North	1	108	67	*+62*
Blue Sword	Sichuan	South West	13	1,022	799	*+28*
Wuhan Dongxihu	Hubei	Central	2	324	291	*+11*
Anhui	Anhui	Central	4	478	370	*+29*
Qianjiang	Zhejiang	East	1	297	250	*+19*
Jiangsu	Jiangsu	East	3	253	180	*+41*
Qamdo	Tibet	West	1	16	11	*+43*
II) Breweries owned since FY2005						
Wuhan Yichang (part of Dongxihu)	Hubei	Central	1	30	11	
Fuyang	Anhui	Central	1	109	59	
Qinhuangdao	Hebei	North	1	20		*na*
Quanzhou	Fujian	South East	1	12		
Tianmen	Hubei	Central	1	17		
Changzhou (relocated)	Jiangsu	East	1	27		
Xiling (relocated)	Zhejiang	East	1	75		*na*
Dongguan (greenfield)	Guangdong	South	1	38		*na*
Huaibei Xiangwang	Anhui	Central	1	10		
Sales in other districts less inter-co transactions				(5)	(20)	
			46	4,345	3,289	*+32*
Existing breweries (incl sales in other districts)				4,006	3,219	*+24*

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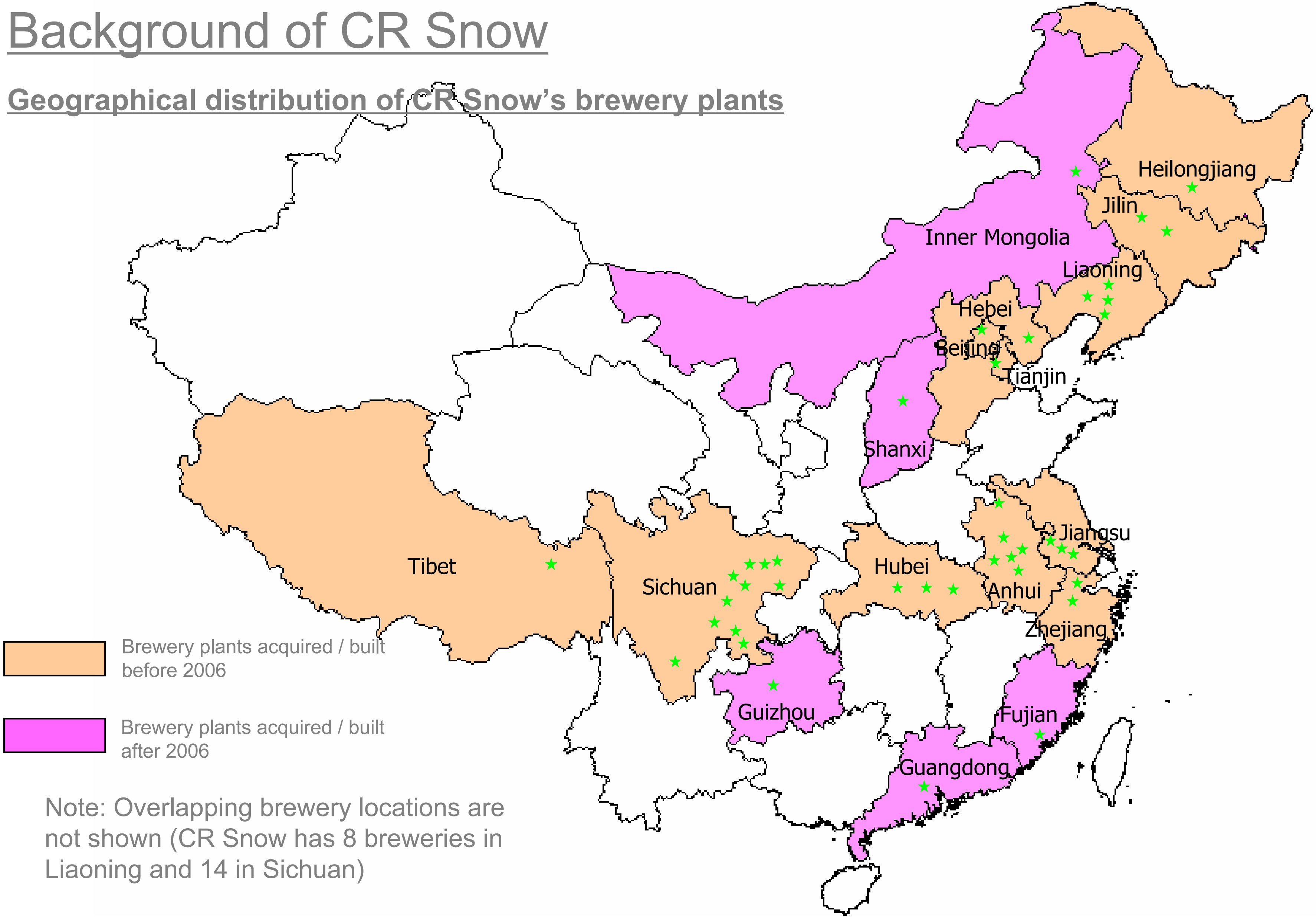
Background of CR Snow

Geographical distribution of CR Snow's brewery plants



Note: Overlapping brewery locations are not shown (CR Snow has 8 breweries in Liaoning and 14 in Sichuan)

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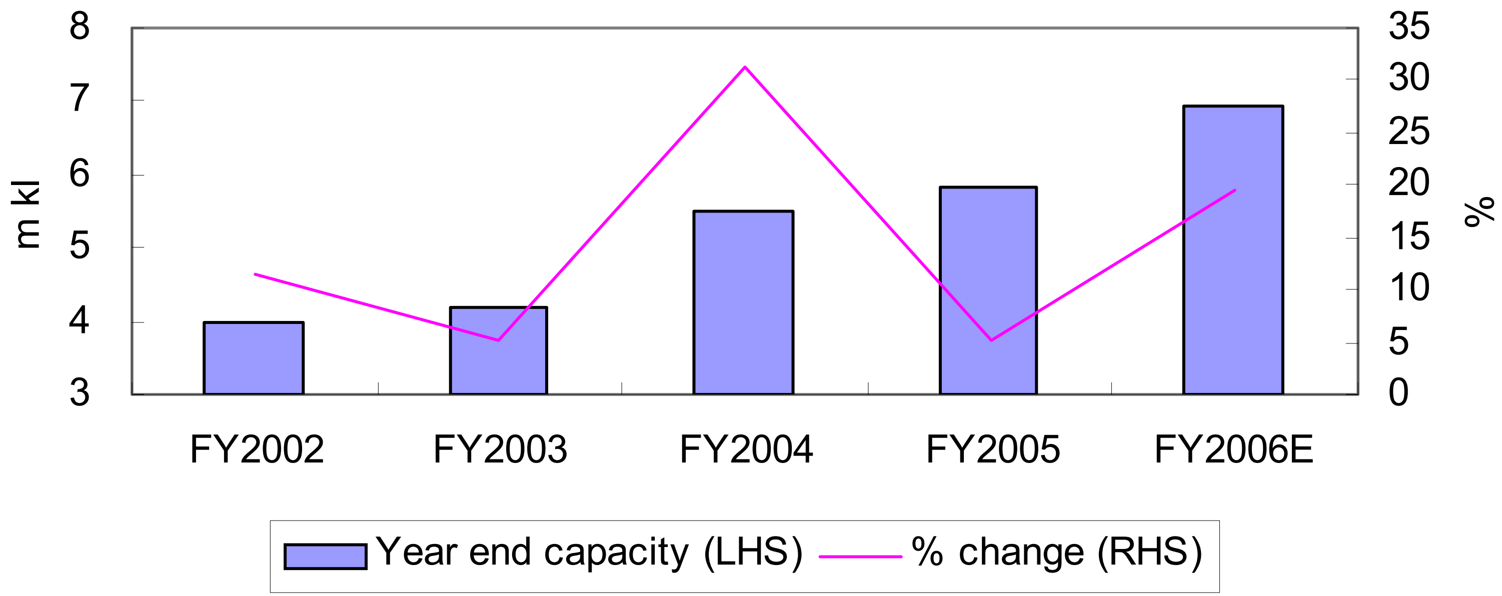
Background of CR Snow

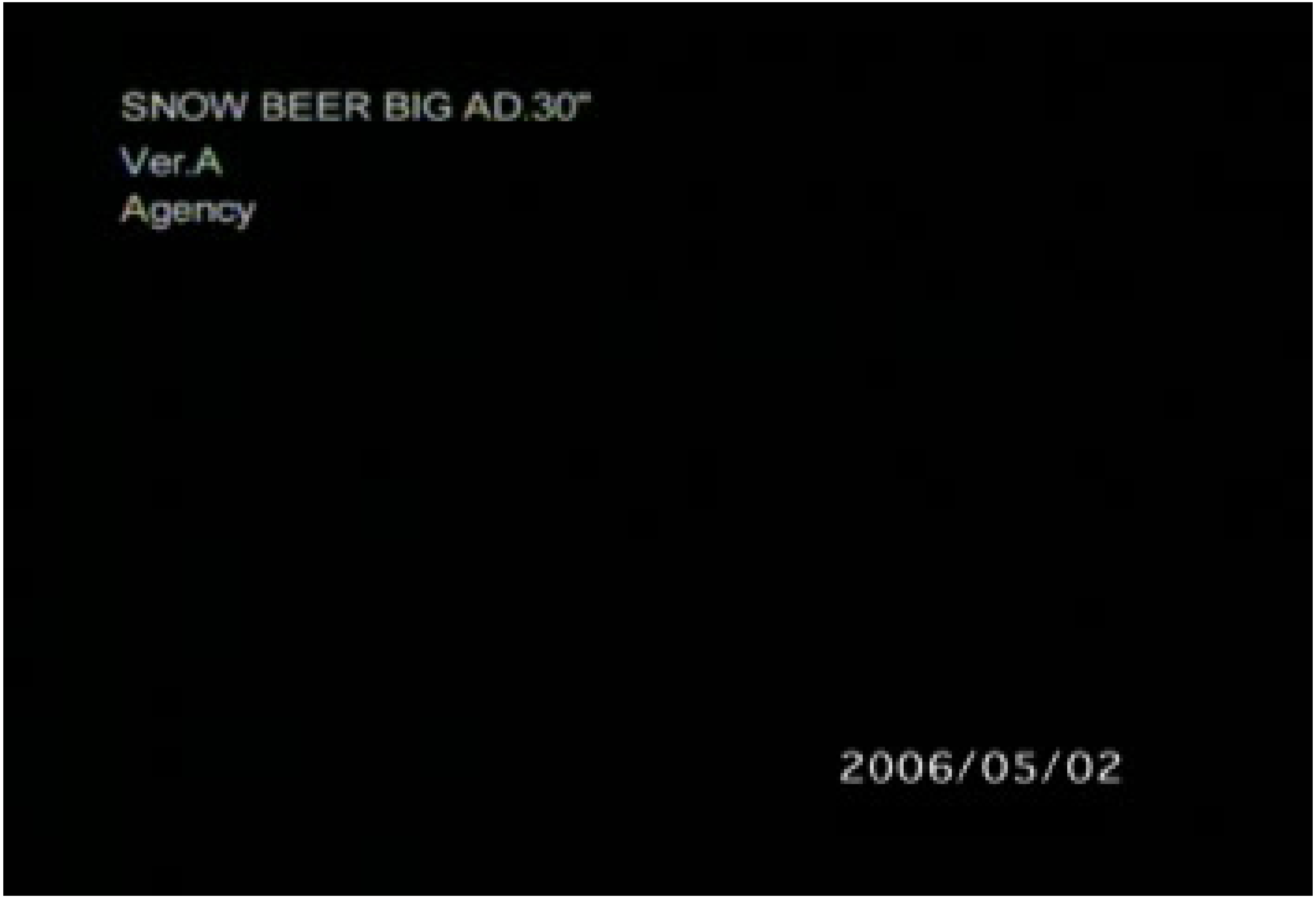
- For Sep ytd 2006, beer sales volume increased by 32%, of which 24% was organic, to 4.3m kl
- Sales volume of SNOW surged by 91% to about 2.4m kl, representing 56% of the total volume sold
- Average selling price rose by 2.6% to about HK$1,641 per kl and gross margin was slightly higher
- Annual production capacity amounted to about 6.7m kl at the end of September 2006 against 5.8m kl at the end of FY2005
- Earnings of CR Snow attributable to CRE grew by 19% to about HK$226m
- In 2006, it invested further in new districts, distribution channels and national branding

Background of CR Snow

- Production capacity has doubled in five years and future expansion will be via capacity upgrade, greenfield investment and acquisition, compared to relying solely on acquisition in the past

Production capacity of CR Snow




SNOW BEER BIG AD.30"
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Agency
2006/05/02

Latest Marketing Efforts

沒人贊助我球鞋	There isn’t any sponsor for my sneakers
我跑得不快	I don’t run fast
跳得也不高	nor do I jump high
但咱也不簡單	But we are not plain
咱們努力工作	We work hard
爭取能過上好日子	for good days
我愛喝啤酒	I love drinking beer
到那兒都有好朋友	and make friends anywhere
咱國家贏了	When China won
我們比誰喊得都響	We hailed louder than anybody else
這時候有我們才行	That’s why everywhere welcomes
啤酒愛好者	us Beer-lovers
雪花永遠支援你	SNOW – always your supporter
雪花啤酒	SNOW –
啤酒愛好者正式合作伙伴	the official partner of beer-lovers

Latest Marketing Efforts

- CR Snow successfully launched a large scale marketing campaign called “The Great Expedition with SNOW （雪花啤酒・勇闖天涯）” in 2005
- Riding on the success, similar campaign was re-launched in 2006
- The campaign produces documentary programs on adventures to showcase mainland China’s marvelous nature (2005: Yarlung Zangbo Daxiagu 雅魯藏布大峽谷; 2006: The origin of Yangtze River 長江源)
- In addition to enhancing the brand’s efforts in community education, it targets existing SNOW drinkers, distributors and general consumers


"雪花啤酒 勇闯天涯"啤酒爱好者探源长江之旅立碑仪式

Latest Marketing Efforts

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Branding Strategies

- A three-tier strategy for national, district and fighter brands

Tier	Brand	Future development
National brand	Snow (雪花)	Extensive investment to develop the brand for the long term
District brands	Blue Sword (藍劍), Singo (行吟閣), New3star (新三星), Zhonghua (中華), Haden (華丹), Shengquan (聖泉), Taihushui (太湖水), Löwen (黑獅) , Qianjiang (錢江)	Steady investment to ensure stable growth but the number of brands may be reduced
Fighter brands	Tianjin (天津), ChuTan (楚天), YaTai (亞太)	No additional investment, gradually phasing out

Branding Strategies

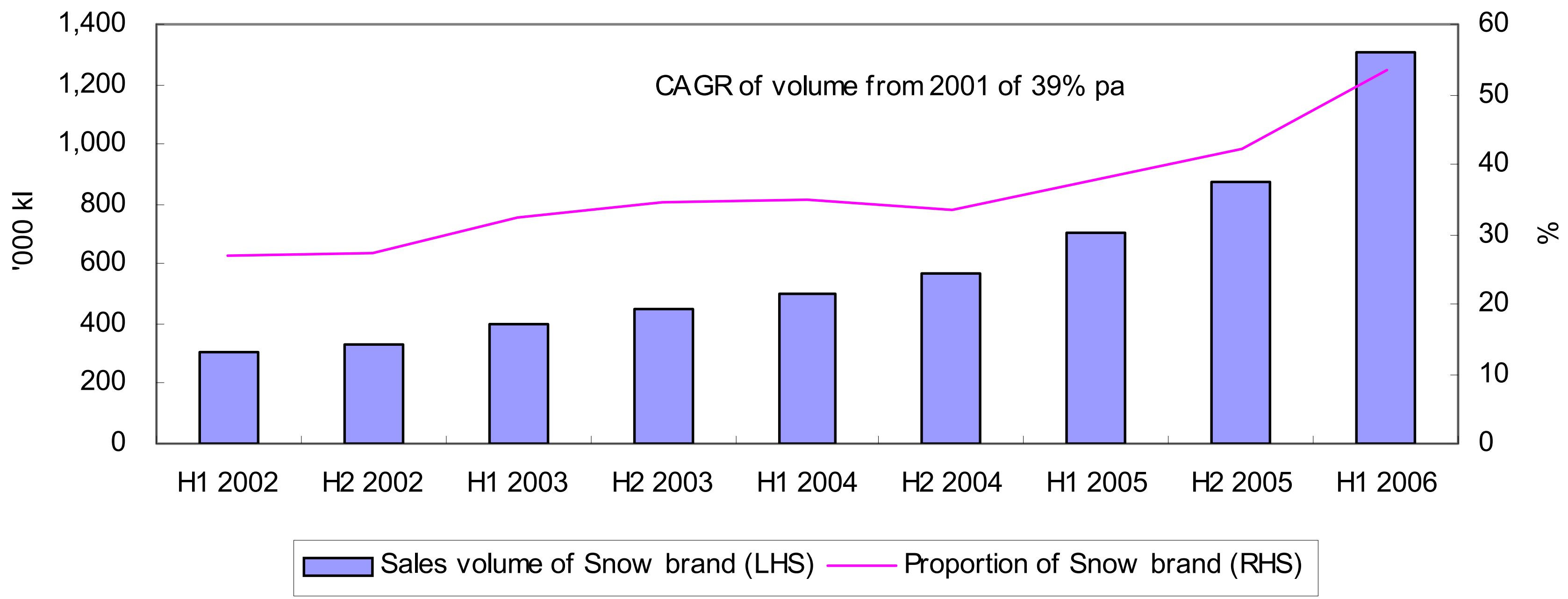
- CR Snow's top 10 brands in Sep ytd 2006

	Sales volume '000 k liters	**Proportion of total sales volume %**
SNOW (雪花)	2,435	56
Blue Sword (藍劍)	361	8
Singo (行吟閣)	249	6
Haden (華丹)	170	4
New3star (新三星)	150	3
Zhonghua (中華)	150	3
Shengquan (聖泉)	133	3
Snowland (雪地)	82	2
Lonking (龍津)	60	1
Taihushui (太湖水)	50	1
	3,839	88

Branding Strategies

- The national branding program for SNOW was launched in early 2002 with a CAGR in sales volume of 39% for five years
- Growth momentum has accelerated further in 2006 – 91% jump for Sep ytd 2006

Sales volume of SNOW and its significance



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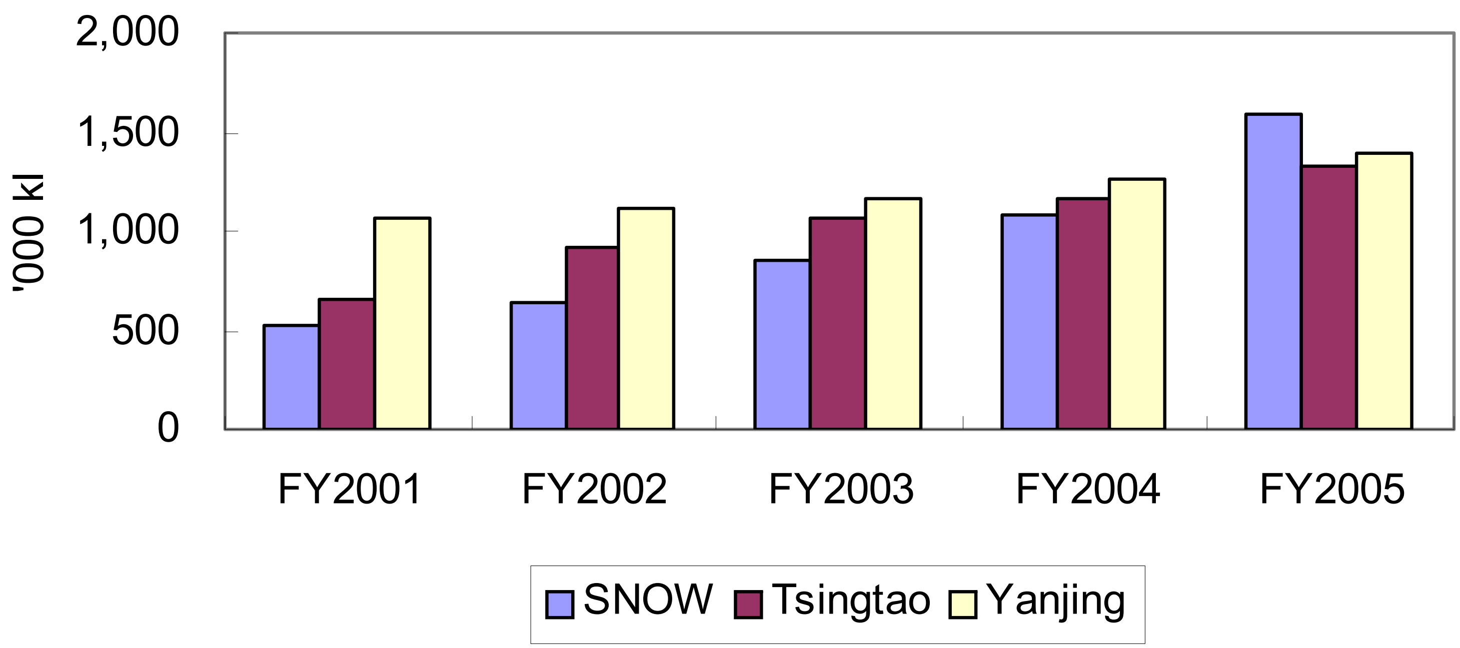
Branding Strategies

- Sales volume of SNOW increased 47% in FY2005 compared with 14% of Tsingtao brand and 10% of Yanjing brand
- Its CAGR of 32% between FY2001 and FY2005 was higher than the 20% of Tsingtao brand and 7% of Yanjing brand

Sales growth of leading national beer brands



Branding Strategies

- Market positioning of SNOW
  - Target customers - aged 25 to 35, the new generation
  - Pricing – a mainstream to mainstream upper brand (with a retail price range of approximately RMB 2.5 – 3.5 per bottle)
  - Market positioning - association with life's progression (暢享成長)

Branding Strategies

Top 20 global brands in terms of sales volume for 2005

Ranking	Brand	Owner	Volume '000 kl	Share %
1	Budweiser	A-B	9,027	5.6
2	Skol	InBev	3,027	1.9
3	Corona	Grupo Modelo	2,960	1.8
4	Brahma	InBev	2,351	1.5
5	Coors	Coors	2,313	1.4
6	Heineken	Heineken	2,300	1.4
7	Miller Lite	SABMiller	2,197	1.4
8	Asahi Super Dry	Asahi	1,747	1.1
9	**SNOW**	**CR Snow**	**1,583**	**1.0**
10	Yanjing	Yanjing	1,403	0.9
11	Jinxing	Jinxing	1,380	0.9
12	Busch	A-B	1,379	0.9
13	Tsingtao	Tsingtao	1,330	0.8
14	Polar	Polar	1,320	0.8
15	Harbin	A-B	1,270	0.8
16	Natural	A-B	1,245	0.8
17	Antarctica	InBev	1,148	0.7
18	Nova Schin		1,147	0.7
19	Zhujiang	Zhujiang	1,139	0.7
20	Baltika	BBH	1,099	0.7
	Top 20		**41,364**	**25.6**
	Others		119,905	74.4
	World Volumes		**161,269**	**100.0**

Source: Canadean, annual reports

Appendix

Turnover Breakdown of CRE – by Divisions

Year end 31 Dec	Sep ytd 2006 HK$m	Prop (%)	Sep ytd 2005 HK$m	Prop (%)	*% change*
Core businesses					
Retail	14,903	30	11,951	30	*+25*
Beverage	7,664	15	5,642	14	*+36*
Food processing and distribution	4,517	9	4,240	11	*+7*
Textile	3,330	7	3,165	8	*+5*
Investment property	260	1	224	1	*+16*
Other businesses					
Petroleum and related products	19,044	38	14,507	37	*+31*
	49,717	100	39,728	100	*+25*
Less: inter-co transactions	(149)		(171)		*-13*
Turnover	49,568		39,557		*+25*
Turnover from core businesses	30,673		25,221		*+22*

Appendix

Earnings Breakdown of CRE – by Divisions

Year end 31 Dec	Sep ytd 2006 HK$m	Prop (%)	Sep ytd 2005 HK$m	Prop (%)	*% change*
Core businesses					
Retail	176	9	107	5	*+65*
Beverage	226	11	190	9	*+19*
Food processing and distribution	335	16	335	16	*+0*
Textile	54	3	81	4	*-33*
Investment property	562	27	575	28	*-2*
Other businesses					
Petroleum and related products	387	19	471	23	*-18*
Investment & others	308	15	277	14	*+11*
	2,049	100	2,035	100	*+1*
Net corporate interest & expenses	(154)		(168)		*-9*
Earnings	1,895		1,868		*+1*
Earnings from core businesses	1,354	66	1,288	63	*+5*

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Appendix

Underlying Net Profit Breakdown of CRE – by Divisions

Year end 31 Dec	Sep ytd 2006 HK$m	Prop (%)	Sep ytd 2005 HK$m	Prop (%)	*% change*
Core businesses					
Retail	168	10	107	7	*+58*
Beverage	226	14	190	13	*+19*
Food processing and distribution	335	20	275	19	*+22*
Textile	54	3	80	5	*-33*
Investment property	163	10	137	9	*+19*
Other businesses					
Petroleum and related products	387	24	386	27	*+0*
Investment & others	308	19	277	19	*+11*
	1,642	100	1,452	100	*+13*
Overhead	(154)		(168)		*-9*
Underlying net profit	1,488		1,285		*+16*
Underlying net profit from core businesses	947	58	790	54	*+20*

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