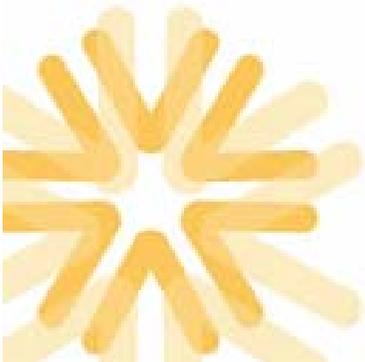


China Resources Enterprise, Limited
Final Results 2008

Forward and Focused

31 March 2009





Agenda

- Opening Note / Results Highlights pp.3 – pp.4
- Financial Summary pp.5 – pp.16
- Business Review pp.17 – pp.37
- Prospects pp.38 – pp.39
- Appendices pp.40 – pp.43
- Disclaimer pp.44

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Final Results 2008

Opening Note / Results Highlights

Long Chen

Managing Director

“Forward and Focused”





Results Highlights

- Continuing operations reported turnover of HK\$64.6bn and earnings of HK\$2,322m, representing an increase of 25% and a decrease of 2% respectively
- Underlying net profit from continuing operations fell 4% to HK\$1,793m
- Final dividend of HK\$0.25 per share proposed, bringing the full year dividend to HK\$0.40 per share
- Earnings contribution from retail business rose by 13% to HK\$590m on a 33% rise in turnover to HK\$34.7bn
- Beverage business reported 35% earnings growth to HK\$409m with sales volume of beer and purified water rising by 5% and 27% respectively
- Earnings contribution of food business declined by 41% due to the intense competition in Hong Kong whilst that of textile business fell by 49% amid weakened overseas demand
- Excluding the effect of property revaluation and change in tax rate, underlying net profit of investment properties increased by 20%

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Final Results 2008

Financial Summary

Francis Kwong
Deputy Managing Director

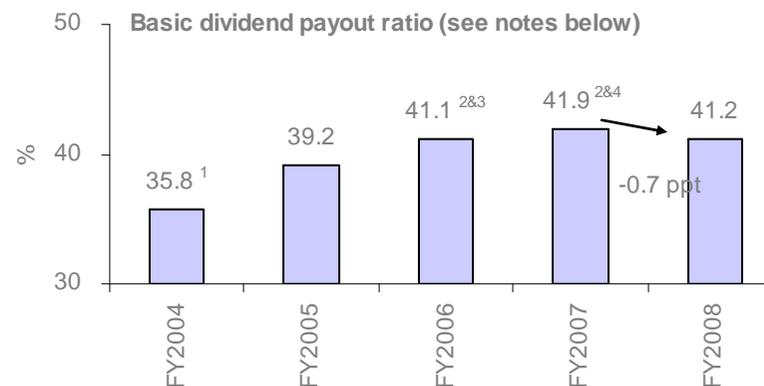
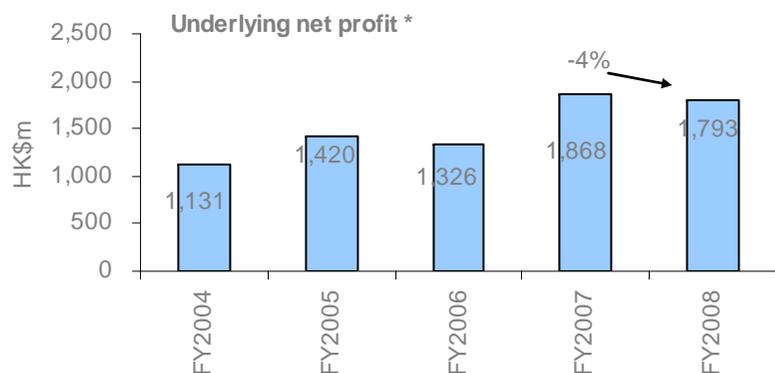
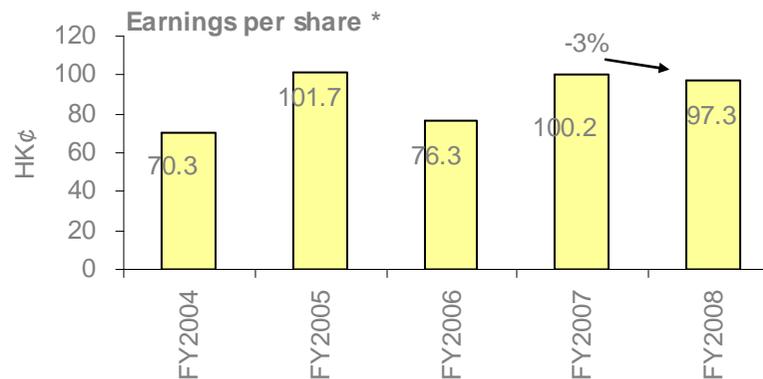
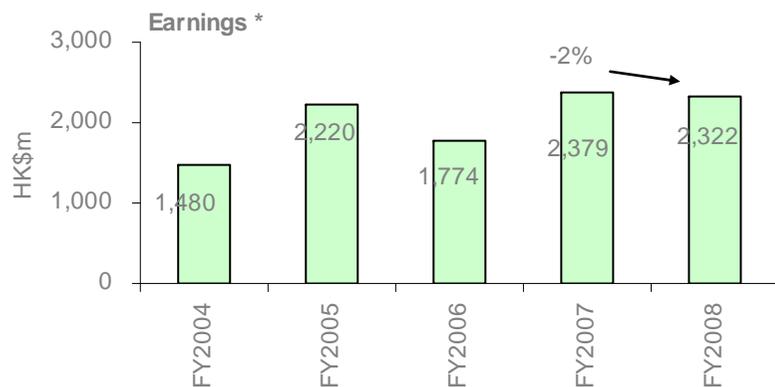
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Five-year Trend

■ Growth momentum moderated in 2008



* The discontinued petroleum business was not included from FY2006 onwards.

Notes: (1) Calculation is based on profit attributable to shareholders as reported in the annual report of 2004. Taken into account of prior year adjustments with the profit attributable to shareholders of 2004 restated, the payout ratio shall be restated to 38.8%.

(2) The chart has excluded the distribution of special dividends of HK\$1 per share in cash in 2006 and HK\$0.6 per share in cash in 2007.

(3) Calculation is based on profit attributable to shareholders less the disposal gain of the piped gas and chemical distribution businesses.

(4) Calculation is based on profit attributable to shareholders less the disposal gain of the petroleum distribution business in Hong Kong.

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Turnover Breakdown - by Divisions

Year end 31 Dec	FY2008 HK\$m	Prop (%)	FY2007 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	34,651	53	26,008	50	+33
Beverage	17,405	27	13,304	26	+31
Food processing and distribution	7,645	12	7,381	14	+4
Textile	4,829	7	4,713	9	+2
Investment property	434	1	375	1	+16
	64,964	100	51,781	100	+25
<u>Other businesses</u>					
Investment & others					
	64,964	100	51,781	100	+25
Less: inter-co transactions	(336)		(268)		+25
Turnover - continuing operations	64,628		51,513		+25
<u>Discontinued operation</u>					
Petroleum			10,610		
Turnover - total	64,628		62,123		+4

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Earnings Breakdown - by Divisions

Year end 31 Dec	FY2008 HK\$m	Prop (%)	FY2007 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	590	23	521	20	+13
Beverage	409	16	303	12	+35
Food processing and distribution	312	12	531	21	-41
Textile	74	3	144	6	-49
Investment property	754	30	648	25	+16
	2,139	84	2,147	83	-0
<u>Other businesses</u>					
Investment & others	396	16	429	17	-8
	2,535	100	2,576	100	-2
Net corporate interest & expenses	(213)		(197)		+8
Earnings - continuing operations	2,322		2,379		-2
<u>Discontinued operation</u>					
Petroleum			2,582		
Earnings - total	2,322		4,961		-53

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Underlying Net Profit Breakdown - by Divisions

Year end 31 Dec	FY2008 HK\$m	Prop (%)	FY2007 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	595	30	500	24	+19
Beverage	409	20	303	15	+35
Food processing and distribution	227	11	471	23	-52
Textile	40	2	122	6	-67
Investment property	339	17	240	12	+41
	1,610	80	1,636	79	-2
<u>Other businesses</u>					
Investment & others	396	20	429	21	-8
	2,006	100	2,065	100	-3
Net corporate interest & expenses	(213)		(197)		+8
Underlying net profit - continuing operations	1,793		1,868		-4
<u>Discontinued operation</u>					
Petroleum			183		
Underlying net profit - total	1,793		2,051		-13

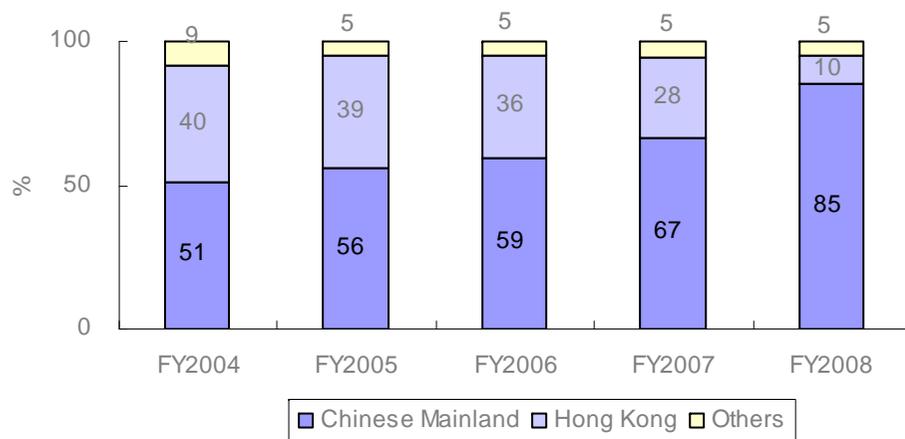
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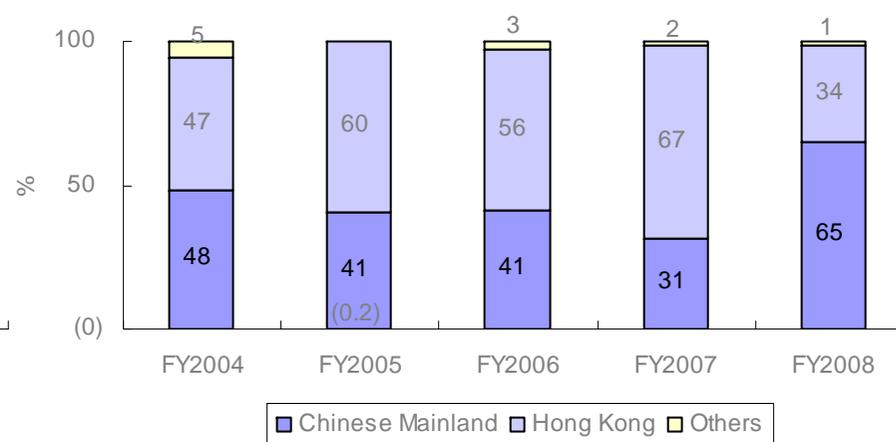
Geographical Breakdown of Turnover and Profit

- The proportion of turnover and profit before tax from mainland China rose to 85% and 65% respectively

Turnover



Profit before tax



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Operating Environment

Market in 2008

Mainland China

(nominal GDP growth 21.9%)

- Retail - retail sales grew 21.6% to RMB10.8tn
- Brewery - production volume grew 5.5% to 41.0m kl
- Textile - production of cotton yarns and fabrics increased by 7.7% and 6.0%

Hong Kong

(nominal GDP growth of 3.9%)

- Retail - retail sales surged 10.5% of which
 - supermarket sales increased by 11.1%
 - department store sales increased by 8.6%
 - Chinese drugs and herbs sales up 3.6%
- Food - locally produced and imported live pigs and cattle amounted to about 1.57m heads

CRE's business in 2008

- turnover of supermarkets up 25.8% in RMB terms
- turnover of brand fashion distribution up 34.0%
- brewery sales volume up 4.7% to 7.26m kl
- production of cotton yarns and fabrics decreased by 2.6% and 4.9% respectively *

- turnover of supermarkets up 6.7%
- turnover of Chinese Arts & Crafts down 6.4%
- turnover of CR Care up 7.5%
- distributed 0.68m heads of pig and cattle from mainland China into Hong Kong

* We replaced volume based low end machinery with high end ones focusing on quality, resulting in a slower volume growth than the overall market

Source: Census & Statistics Dept., HK SAR Government, National Bureau of Statistics of China

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Key Financial Data

- Healthy financial position with a net debt to equity ratio of 26% and strong operating cashflow
- Capex amounted to HK\$7.5bn, mostly incurred in beverage and retail

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% change
<u>P&L</u>			
Earnings	2,322	4,961	-53
Earnings - continuing operations	2,322	2,379	-2
Finance costs	595	503	+18
Interest income	212	291	-27
Effective tax rate (%) *	24.2	23.2	+1.0ppt
<u>Balance sheet</u>			
Total debt	14,060	12,447	+13
Net cash/(debt)	(6,463)	(4,004)	+61
Shareholders' equity	25,159	22,871	+10
Minority interests	9,339	7,293	+28

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Key Financial Data

Balance sheet (Cont'd)

Invested capital **	48,558	42,611	+14
Book NAV per share (HK\$)	10.53	9.59	+10
Gearing ratio (%)	18.7	13.3	+5.4ppt
Net debt to equity ratio (%)	25.7	17.5	+8.2ppt

Cashflow

EBITDA adj for associates' dividends ***	6,038	7,829	-23
Decrease / (increase) in working capital	82	973	-92
Capex	7,483	9,932	-25

Profitability ratios

ROE (%)	9.2	21.7	-12.5ppt
CFROI (%) ****	12.4	18.4	-5.9ppt

* Adjusted for petroleum disposal gain

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

*** Excluding associates' profits and adding back their dividends

**** Defined as "Adj EBITDA / Invested capital"

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Final Results 2008

Business Review

Francis Kwong
Deputy Managing Director

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Retail

- Total earnings rose by 13% to HK\$590m on a 33% rise in turnover, with a significantly higher profit contribution from brand fashion
- Supermarket accounted for 59% of total earnings

Retail business turnover and earnings breakdown

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% change
Turnover			
- Supermarket	31,139	23,188	+34
- Brand-fashion	2,719	2,029	+34
- Other retail stores	793	791	+0
	34,651	26,008	+33
Earnings			
- Supermarket	351	363	-3
- Brand-fashion	198	98	+102
- Other retail stores	41	60	-32
	590	521	+13

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Retail

1. Supermarket

- Turnover grew by 34% to HK\$31.1bn driven by self-operated store opening and same store growth
- Overall same store growth in constant currency terms of 10.8%, boosted by the 11.2% increase of the mainland operation
- Steady same store growth, stable gross margin and economies of scale accounted for the 31% EBITDA growth
- Earnings decreased by 3% due to distortion by dividend withholding tax provision, higher minority interests from Suguo's contribution and decline in profit from Hong Kong
- Suguo's earnings contribution after option expenses amounted to HK\$151m, compared with HK\$130m in FY2007
- We operated about 2,624 stores in mainland China and Hong Kong at the end of December 2008, of which 1,437 were self-operated and the rest franchised

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Retail

Supermarket turnover, EBITDA and earnings breakdown

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% change
Turnover			
- HK	2,422	2,270	+7
- China	28,717	20,918	+37
	31,139	23,188	+34
EBITDA			
- HK	241	266	-9
- China	1,133	787	+44
- option expenses	(0)	(2)	-100
	1,374	1,051	+31
Earnings			
- HK	153	171	-11
- China	198	194	+2
- option expenses	(0)	(2)	-100
	351	363	-3
EBITDA margin (%)			
- overall	4.4	4.5	-0.1ppt
- HK	9.9	11.7	-1.8ppt
- China	3.9	3.8	+0.1ppt
Net margin (%)			
- overall	1.1	1.6	-0.5ppt
- HK	6.3	7.5	-1.2ppt
- China	0.7	0.9	-0.2ppt

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Retail

- Rising same store growth for the past five years led by mainland operation

Same store growth trend (constant currency)

	FY2008	FY2007	FY2006	FY2005	FY2004
	%	%	%	%	%
Overall supermarket	+10.8	+9.5	+5.7	+3.6	+3.7
China	+11.2	+10.2	+6.7	+4.8	+5.9
Hong Kong	+5.7	+2.2	-0.9	-3.2	-5.0
Real growth * - China	+5.3	+5.4	+5.2	+3.0	+2.0
- Hong Kong	+1.4	+0.2	-2.9	-4.2	-4.6

* Same store growth minus inflation rate

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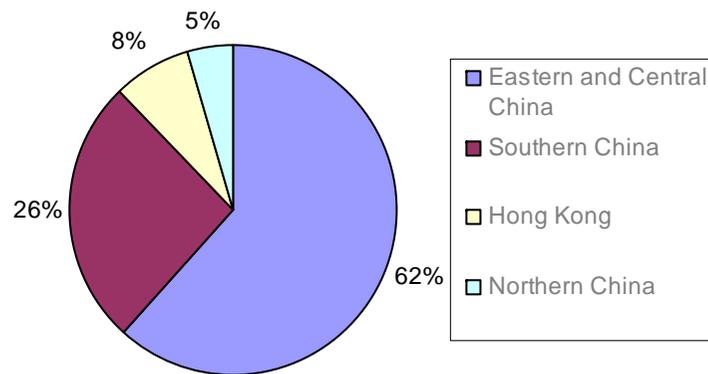


Retail

- Our major districts are eastern and southern China; whilst our major store formats are hypermarket and superstore

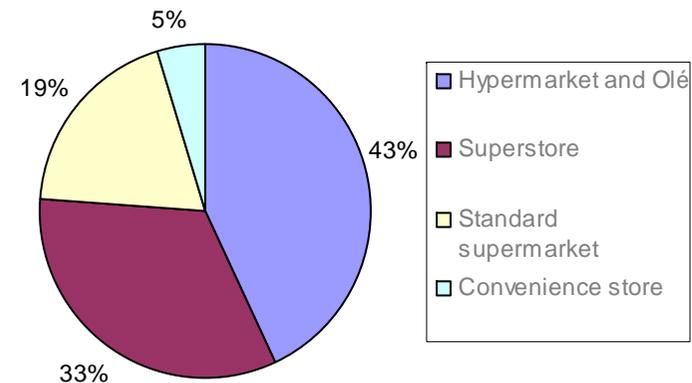
Turnover breakdown by geographical district

FY2008



Turnover breakdown by store format

FY2008



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Retail

2. Brand-fashion and Other Retail Stores

- Brand-fashion reported a 102% increase in net profit to HK\$198m, predominantly represented by the Esprit jv
- With new store opening, 7.0% same store growth and gross margin improvement, turnover and earnings attributable to CRE of the Esprit jv grew by 34% and 74% respectively
- With the sharp deterioration in the Hong Kong retail market in H2 2008, other retail stores, comprising CAC and CR Care, contributed earnings of HK\$41m, down 32%
- There was a slight same store decline in CAC and a lower gross margin in CR Care
- At the end of December 2008, we operated 5 CAC stores and 47 CR Care stores

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Beverage

- Both beer and water operations recorded strong turnover growth with overall profit increase of 35%

Breakdown of beverage turnover and earnings

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% <i>change</i>
Turnover			
- beer	16,048	12,345	+30
- water	1,357	959	+42
	17,405	13,304	+31
Attributable earnings to CRE			
- beer	298	239	+25
- water	111	64	+73
	409	303	+35

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Beverage

1. Beer Operation (con't)

- Strong earnings performance at Liaoning, Heiji and Zhejiang
- Sales volume of our national brand, SNOW, surged by 19% to about 6.1m kl, representing 84% of the total volume sold
- A new logo for SNOW has been rolled out, highlighting the Chinese culture of the brand
- Annual production capacity increased to 11.8m kl including the greenfield plants at Lanzhou (220,000 kl), Sanhe (440,000 kl), Nanjing (350,000 kl) and Yilan (200,000 kl) which were completed during the year
- A few greenfield plants are under construction including the one at Ningbo with a capacity of approximately 400,000 kl
- Four acquisitions were also announced this year in Anhui, Liaoning, Zhejiang and Shandong with a combined capacity of about 770,000 kl

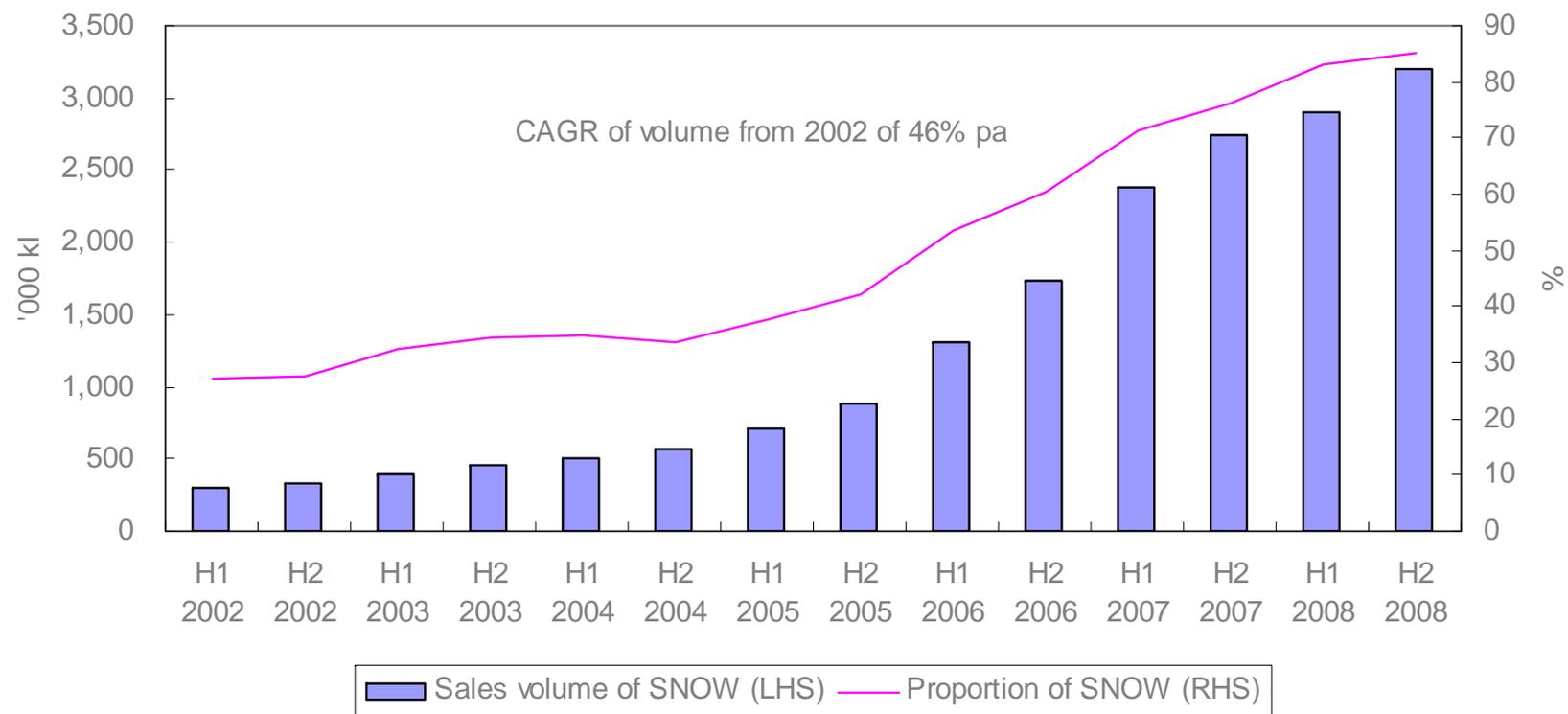
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Beverage

Sales volume of SNOW brand and its significance



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Beverage

Sales volume by brewery

Year end 31 Dec

	Province	District	No of breweries	FY2008 '000 k liter	FY2007 '000 k liter	% change
<i>I) Breweries owned prior to FY2007</i>						
Liaoning		North East	7	1,170	1,235	-5
Sichuan		South West	14	1,119	1,248	-10
Anhui		Central	6	822	816	+1
Heilongjiang / Jilin (incl Inner Mongolia)		North East	5	964	957	+1
Beijing / Tianjin / Hebei		North	3	365	443	-18
Hubei		Central	4	502	508	-1
Zhejiang		East	3	747	714	+5
Jiangsu		East	3	487	493	-1
Tibet		West	1	43	47	-9
Guangdong		South	1	200	148	+35
Fujian		South East	1	37	52	-29
Shanxi		North	1	111	50	+122
<i>II) Breweries owned since FY2007</i>						
Chuzhou (Shengli) / Wuhe (Wanpi)	Anhui	Central	2	73	85	-14
Morin Dawa (Batehan)	Inner Mongolia	North	1	122	71	+72
Guizhou (Blue Sword)	Guizhou	South West	1	88	50	+76
Huludao (Juhua) / Dandong (Yalujiang)	Liaoning	North East	2	183	75	+144
Yueyang (Xinghua)	Hunan	Central	1	57	20	+185
Lanzhou (greenfield)	Gansu	North West	1	122	2	+6,000
Sanhe (greenfield)	Hebei	North	1	72		na
Nanjing (greenfield)	Jiangsu	East	1	36		na
Yilan (greenfield)	Heilongjiang	North East	1	11		na
Adj: inter-co transactions				(195)	(252)	
others				125	172	
			60	7,261	6,935	+5
Existing breweries (incl sales in other districts)				6,498	6,631	-2.0

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Beverage

2. Purified Water Operation

- Turnover grew by 42% with sales volume rising 27% to 1,367,000 kl
- Attributable net profit to CRE increased by 73% to HK\$111m owing to strong sales volume growth, operational improvements and the full year contribution from the acquired minority interest in May 2007
- Average selling price increased by 2% to RMB886 per kl
- Approximately 61% of sales volume was bottle water and the balance 39% being barrel water
- A new marketing program was launched to raise C'estbon brand awareness nationally

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Food Processing and Distribution

- Turnover grew by 4% and earnings decreased by 41% to HK\$312m
- Excluding the HK\$85m profit from the disposal of shares in two A-share minority interests, underlying net profit decreased by 52%
- Opening of the live pigs imports market in Hong Kong has increased competition, resulting in lower sales quantity and gross margin, hence a considerable dip in operating profit of foodstuff distribution division
- High fuel prices and significant fluctuation in foreign exchange rates affected the marine fishing profitability of food processing division
- Operating profit from the pig farm in Henan and mainland meat processing projects in Shenzhen, Shanghai and Hangzhou reached HK\$113m, or an increase of 85%
- Including the non-operating income and other mainland projects, pre-tax profit from the mainland soared by 66% to HK\$311m, exceeding that of Hong Kong for the first time

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Textile

- Turnover rose by 2% but earnings fell by 49% to HK\$74m
- Excluding the disposal gain of non-core investments, which included the 10% stake in Yantai Atsugi CRC Stocking last year, and the effect of property revaluation, underlying net profit dropped by 67%
- Sharp shrinkage of overseas demand and falling average selling prices following the financial crisis had especially affected the Q4 2008 performance
- There was also a HK\$50m provision for impairment loss for certain dyeing assets
- Sales volume of cotton yarns decreased by 4% to 61,904 tonnes and that of fabrics increased by 7% to 206.4m meters
- The spinning and weaving division recorded a loss of HK\$55m against a profit HK\$47m in FY2007
- Earnings contribution from the garment division increased by 7% with a 7% increase in sales volume

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Textile

Turnover and earnings breakdown of the textile business

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% change
Turnover			
- Spinning and weaving	4,019	3,866	+4
- Garment	899	1,019	-12
- Others and inter-co transactions	(89)	(172)	-48
	4,829	4,713	+2
Earnings			
- Spinning and weaving	(55)	47	na
- Garment	47	44	+7
- Others and inter-co transactions	82	53	+55
	74	144	-49

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Investment Property

- The results included a HK\$415m net property revaluation gain and a HK\$52m decrease in deferred tax following the tax cut in HK
- Excluding the above, underlying net profit of investment properties increased by 20%, driven by higher contribution from JD Mall after the expiry of the rent free periods and satisfactory retail rental increase

Investment property business turnover and earnings breakdown

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m	% change
Turnover			
- Rental properties	414	372	+11
- Others	20	3	+567
	434	375	+16
Earnings			
- Rental properties (incl disposal gains)	337	239	+41
- Net revaluation gain on rental properties	415	408	+2
- Others	2	1	+100
	754	648	+16

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Investment Property

- Average occupancy rate of our Hong Kong retail properties was high at 93% as JD Mall has been gradually leased out
- Successful re-modelling of the tenant mix of Silvercord at Tsimshatsui will help secure a stable rental income stream this year

Occupancy rates of the major rental properties (av for the year)

Year end 31 Dec	Type	-----Occupancy rates % -----	
		FY2008	FY2007
Argyle Centre	Ret	100	100
Hennessy Road	Ret	98	96
Lok Sing	Ret	100	100
Nan Fung	Ret	99	96
Silvercord	Ret	100	100
Star House	Ret	100	100
JD Mall	Ret	64	30
Jiangmen (PRC)	Ret	70	72

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Other Businesses

Investment and Others

- Hong Kong and Yantian deepwater port operations reported relatively stable profit performance

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Final Results 2008

Prospects

Long Chen

Managing Director

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Prospects

- 2008 was not only a challenging year but also an affirmative year
- Supermarket operation has been adjusting its strategy to meet the change in consumer spending habits in economic downturn, whilst investing for the future, particularly on supply chain enhancement and store format innovation
- Steady increase in beer price, growing exposure to the higher end segments and an expanding distribution network will boost our brewery return in the long run
- Food business has firmly established a platform for future expansion in the major mainland cities, and marine fishing division will benefit from lower fuel costs this year
- Textile business has implemented further cost control measures, which include intermittent production suspension, reduced cotton inventory and tightened staff costs
- Our long-term success is embedded in our current market segments, growing and focused

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Appendix I - Calculation of Underlying Net Profit

Year end 31 Dec	FY2008 HK\$m	FY2007 HK\$m
Earnings - continuing operations	2,322	2,379
<i><u>Adjustments</u></i>		
Disposal of shares in Hunan New Wellful	28	50
Disposal of shares in Fortune Ng Fung Food (Hebei)	57	10
Disposal of non-core textile investments	35	10
Investment property revaluation *	409	441
	<hr/> 529	<hr/> 511
Underlying net profit - continuing operations	1,793	1,868
Earnings - discontinued operation		2,582
<i><u>Adjustment</u></i>		
Disposal of petroleum distribution business in Hong Kong		2,399
Underlying net profit - total	1,793	2,051

* Of which HK\$415m in FY2008 and HK\$408m in FY2007 is under Investment Property division

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Appendix II - Supermarket network - CR Vanguard

No of self-operated stores	31-Dec-08		30-Jun-08		31-Dec-07	
No of franchised stores						
I) Convenience stores						
- Hong Kong	11		6			
- Guangdong Province	18		14		8	
II) Standard supermarkets	29	0	20	0	8	0
- Hong Kong	97		97		98	
- Beijing + Tianjin	190		147		129	
- Jiangsu Province	124	4	121	4	121	4
- Guangdong Province	163	62	159	62	151	63
- Guangxi Province		1		1		
III) Superstores	574	67	524	67	499	67
- Beijing + Tianjin						
- Jiangsu Province	8		8		8	
- Zhejiang Province	37	30	39	44	38	44
- Guangdong Province	10		10		10	
IV) Hypermarkets	55	30	57	44	56	44
- Tianjin	2		2		2	
- Jiangsu Province	3		2		2	
- Zhejiang Province	9		6		5	
- Guangdong Province	31		30		29	
V) Olé	45		40		38	
- Hong Kong	1					
- Beijing	10		7		7	
- Guangdong Province	2		1		1	
	13		8		8	
Overall	716	97	649	111	609	111
	813		760		720	

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Appendix III - Supermarket network - Suguo

No of self-operated stores	31-Dec-08		30-Jun-08		31-Dec-07	
No of franchised stores						
<i>I) Convenience stores</i>						
- Jiangsu Province	349	20	334	15	314	8
- Anhui Province	77		69		44	
<i>II) Standard supermarkets</i>	426	20	403	15	358	8
- Jiangsu Province	98	892	94	865	90	884
- Anhui Province	26	152	24	144	16	139
- Shandong Province		18		17		20
- Henan + Hebei Provinces		8		9		10
<i>III) Superstores</i>	124	1,070	118	1,035	106	1,053
- Jiangsu Province	101		99		90	
- Anhui Province	17		17		16	
<i>IV) Hypermarkets</i>	118		116		106	
- Jiangsu Province	41		39		29	
- Anhui Province	10		9		7	
- Shandong Province	2		2		2	
	53		50		38	
Overall	721	1,090	687	1,050	608	1,061
	1,811		1,737		1,669	
Total of Vanguard + Suguo						
- Hong Kong	109	0	103	0	98	0
- China	1,328	1,187	1,233	1,161	1,119	1,172
	2,624		2,497		2,389	

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Appendix IV – Brand-fashion distribution in mainland China

	31-Dec-08		30-Jun-08		31-Dec-07	
No of self-operated stores						
No of franchised stores						
Esprit / Red Earth / Salon	347	745	306	670	268	579
ck Calvin Klein	14	26	11	19	10	14
ATMA					5	0
	361	771	317	689	283	593
Total	1,132		1,006		876	

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