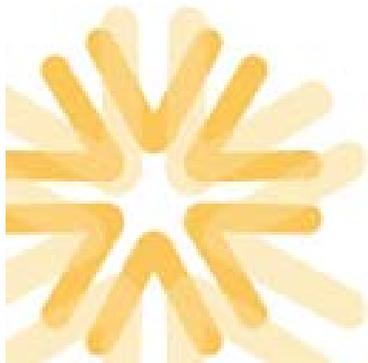


China Resources Enterprise, Limited
Financial and operational review
Interim results 2011

Strong Sustainable Growth

25 August 2011



Summary of recent major investments (up to now)

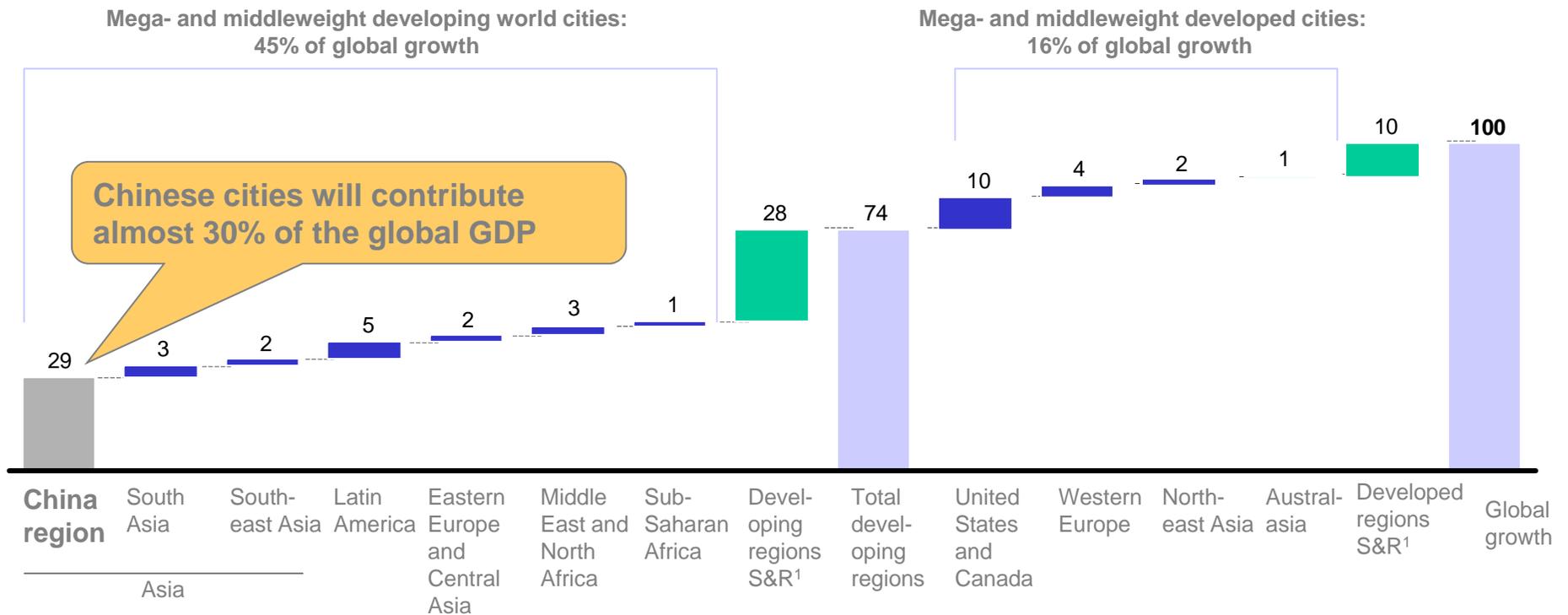
<i>Summary of major investments (up to now)</i>		
	<u>Asset acquired</u>	<u>HK\$bn (app.)</u>
<u>Retail</u>		
- Acquisition of Jiangxi Hongkelong Department Store	21 hypermarkets	4.4
- Co-operation of a property project in Harbin with CR Land	commercial space in the property	1.1
- Acquisition of "Sanjiu" drug retail chain	152 stores	0.1
<u>Beer</u>		
- Acquisition of 45% stake in Jiangsu Dafuhao Breweries and 100% stake in Shanghai Asia Pacific Brewery	Attributable capacity of 450,000kl	1.0
- Acquisition of remaining 55% stake in Hangzhou Xihu Beer and remaining 25% stake in Huzhou Brewery	Attributable capacity of 280,000kl	0.4
- Formation of JV in Guizhou Moutai Beer (70% stake)	Attributable capacity of 70,000kl	0.3
<u>Beverage</u>		
- Formation of JV with Kirin (60% stake; app. \$3bn will be injected to JV from Kirin)	3 factories will be injected; R&D capabilities	(1.8)
	Total	5.5

“Strong Sustainable Growth”

CRE

Strong growth in China

According to McKinsey, top 225 cities of China will contribute app. 30% of global GDP growth in the next 10-15 years.



1 S&R = small cities and rural areas.

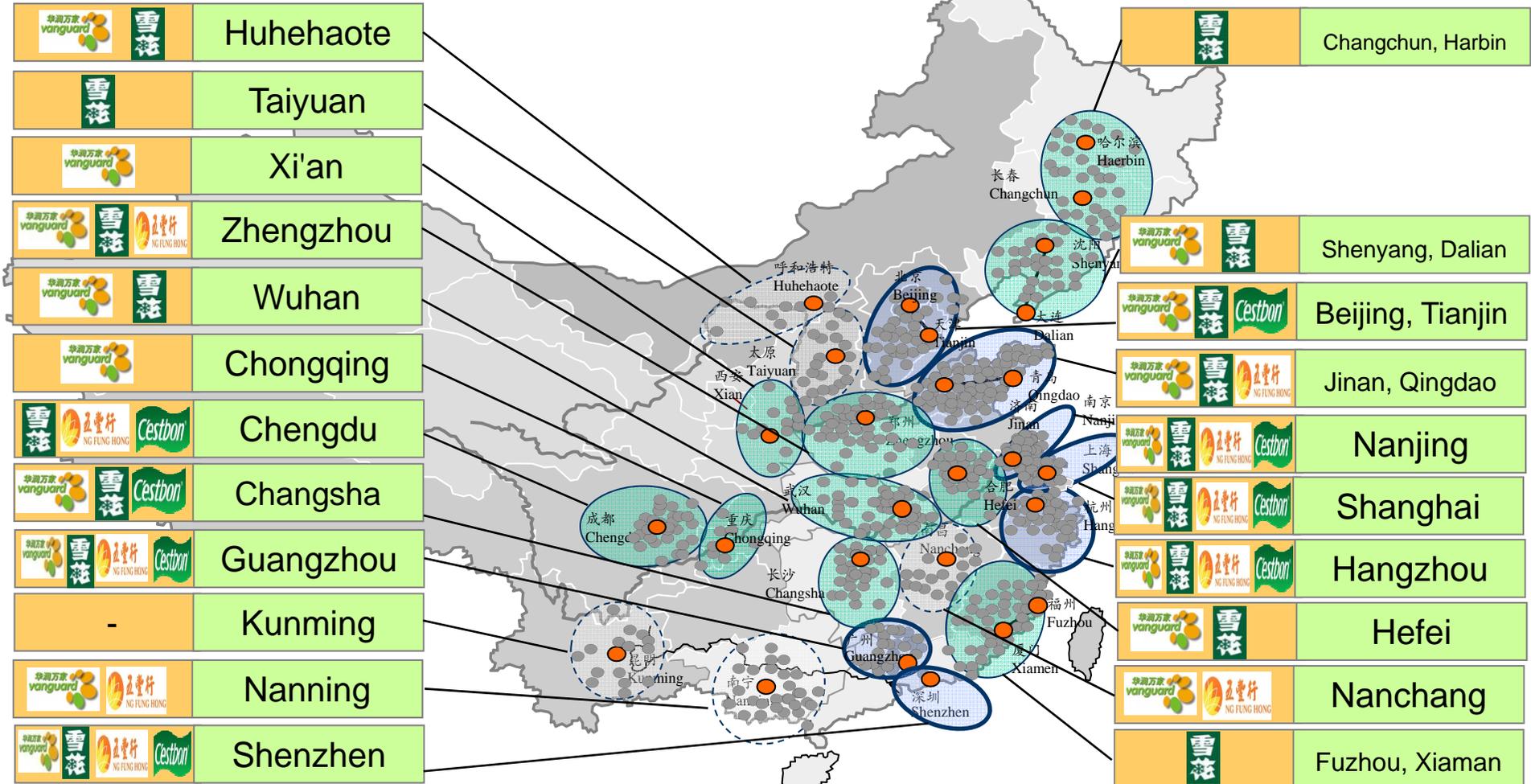
Source: McKinsey

Notation:



▪ **Better positioning to capture strong growth in China**

According to McKinsey, more than 90% of China's urban GDP in 2015 will come from 22 clusters.



Source: McKinsey and Company data

“Strong Sustainable Growth”

Turnover Breakdown - by Divisions

	H1 2011 HK\$m	Prop	H1 2010 HK\$m	Prop	change
<u>Core businesses</u>					
Retail	34,367	64%	26,892	65%	+28%
Beer	12,830	24%	10,043	24%	+28%
Food	4,855	9%	3,876	9%	+25%
Beverage	1,366	3%	896	2%	+52%
	53,418	100%	41,707	100%	+28%
Less: inter-co transactions	(188)		(137)		
Total – Core businesses	53,230		41,570		+28%
<u>Other businesses</u>					
Discontinued operation (Brand-fashion distribution - Esprit)	-		410		-100%
Turnover – total	53,230		41,980		+27%

“Strong Sustainable Growth”

Underlying Net Profit Breakdown - by Divisions

	H1 2011 HK\$m	Prop	H1 2010 HK\$m	Prop	change
<i>Core businesses</i>					
Retail	674	54%	546	51%	+23%
Beer	329	26%	258	24%	+28%
Food	187	15%	214	20%	-13%
Beverage	58	5%	53	5%	+9%
	1,248	100%	1,071	100%	+17%
Net corporate interest & expenses*	(41)		(50)		
Total – Core businesses	1,207		1,021		+18%
<i>Other businesses</i>					
Discontinued operation (Brand-fashion distribution - Esprit)	-		22		-100%
Underlying net profit - total	1,207		1,043		+16%
<i>Adjustment</i>					
Investment property revaluation	362		410		-12%
Gain on disposal of non-core business	-		2,979		-100%
Fair value adjustment on investment and others	-		(214)		-100%
Partial disposal of A-share investment in food business	-		25		-100%
	362		3,200		-88%
Earnings	1,569		4,243		-63%

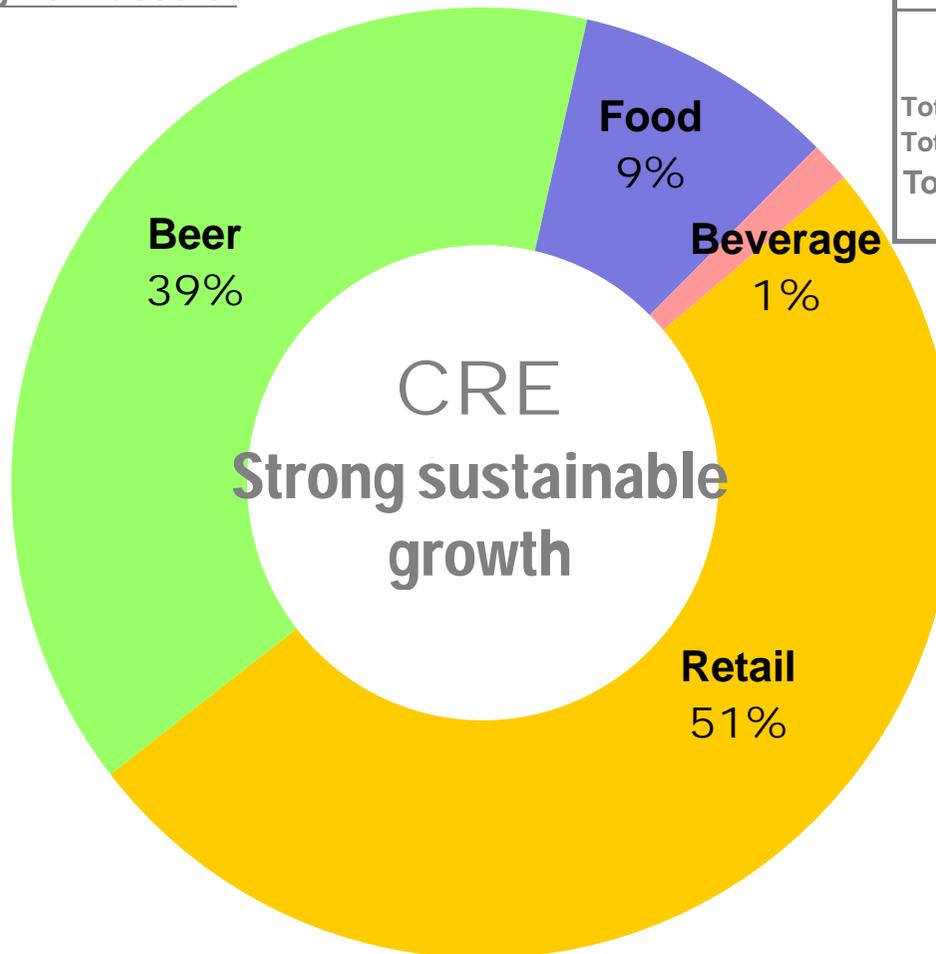
* Interest income was more than interest expense.

“Strong Sustainable Growth”

Segment assets

- Unique with four consumer businesses complementing each other

Distribution of segment assets:

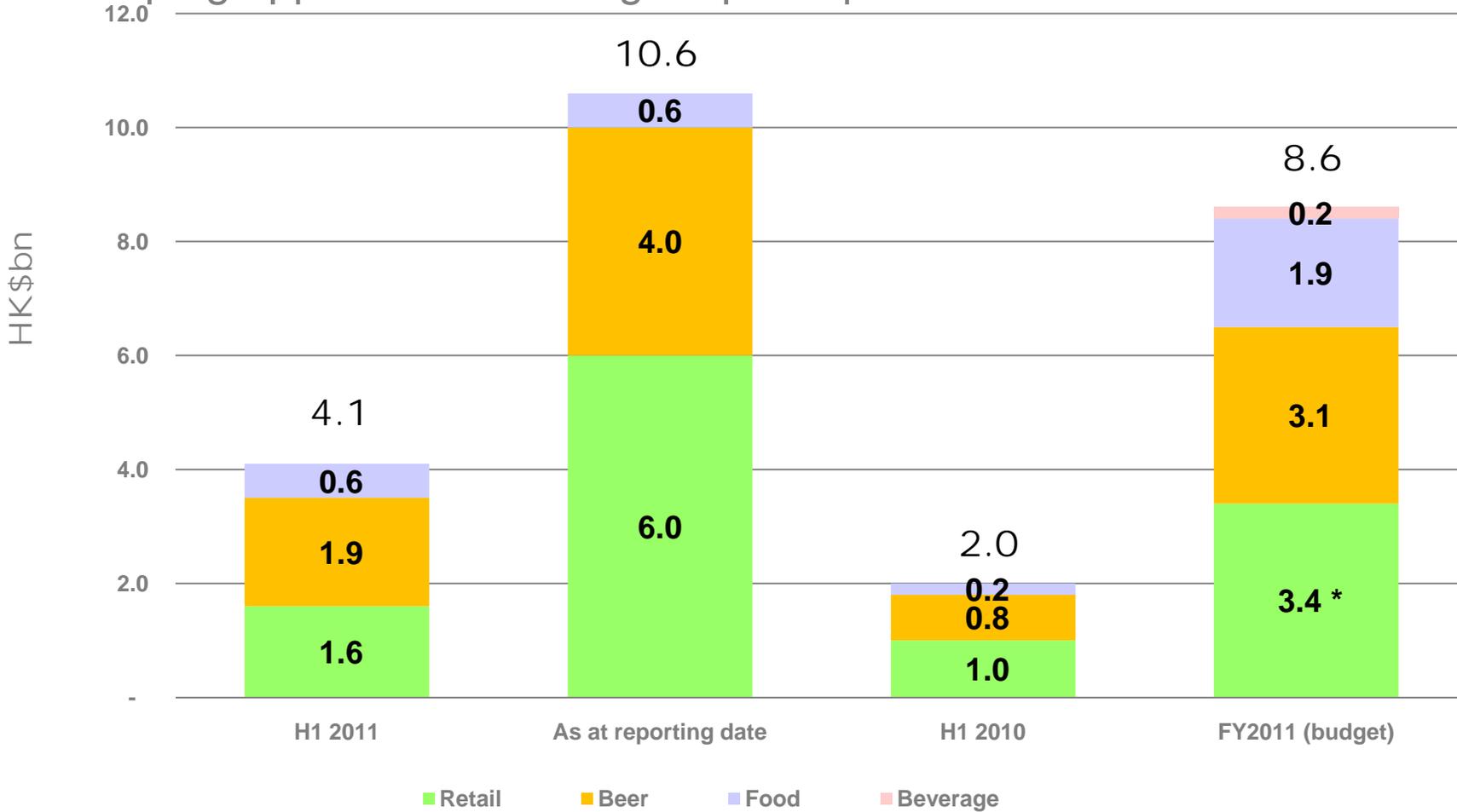


	<u>30 Jun 11</u>	<u>31 Dec 10</u>	<i>change</i>
	HK\$m	HK\$m	
Total assets	98,174	89,402	10%
Total liabilities	(54,941)	(48,113)	-14%
Total equity	43,233	41,289	5%

“Strong Sustainable Growth”

CAPEX

Grasping opportunities through rapid expansion



* The CAPEX amount excluded the acquisition of Hongkelong of HK\$4.4bn announced in early August 2011.

“Strong Sustainable Growth”

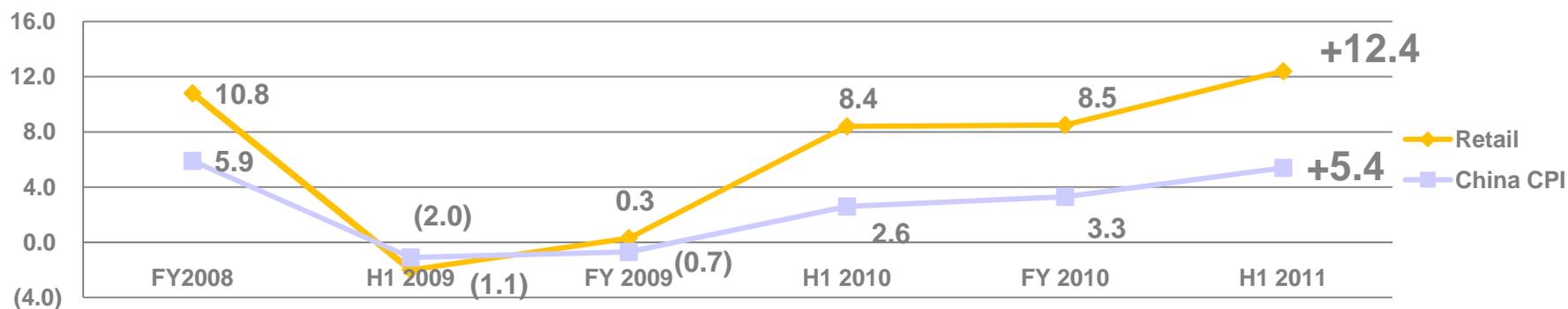
Retail

- Growth through: Multi-format with regional leadership

	Q2 2011 HK\$m	Q2 2010 HK\$m	change	H1 2011 HK\$m	H1 2010 HK\$m	change
Turnover	15,348	12,001	+28%	34,367	26,892	+28%
EBITDA (excl. revaluation of investment properties)	632	547	+16%	1,749	1,417	+23%
Underlying net profit (excl. revaluation of investment properties)	142	148	-4%	674	546	+23%
EBITDA margin (%) (excl. revaluation of investment properties)	4.1	4.6	-11%	5.1	5.3	-4%
Underlying net profit margin (%)	0.9	1.2	-25%	2.0	2.0	-

Driven by higher SSSG and network expansion, underlying net profit margin was maintained after absorption of higher input costs during the period.

SSSG of retail business:



“Strong Sustainable Growth”

Retail

Notation:

Retail shop no., [addition in past 12 months]	Region
	New region

■ Growth through: Multi-format with regional leadership

Geographical distribution of retail network

Having presence 23 out of 34 regions/cities (incl. autonomous regions, municipalities and SAR) in China

Northern areas

2, [2]	Inner Mongolia
2, [2]	Ningxia
37, [2]	Shaanxi
5, [-]	Gansu
1, [-]	Qinghai
17, [-]	Henan
7, [7]	Hubei

Southern areas

2, [2]	Chongqing
3, [3]	Hunan

Movement in retail shop number:

	Self-operated	Franchised	Total
30 Jun 10	1,969	979	2,948
Opening	706	85	791
Closing	(105)	(206)	(311)
30 Jun 11	2,570	858	3,428*

*Of which, 7 stores are located in Singapore and Malaysia.

“Strong Sustainable Growth”

Northern areas

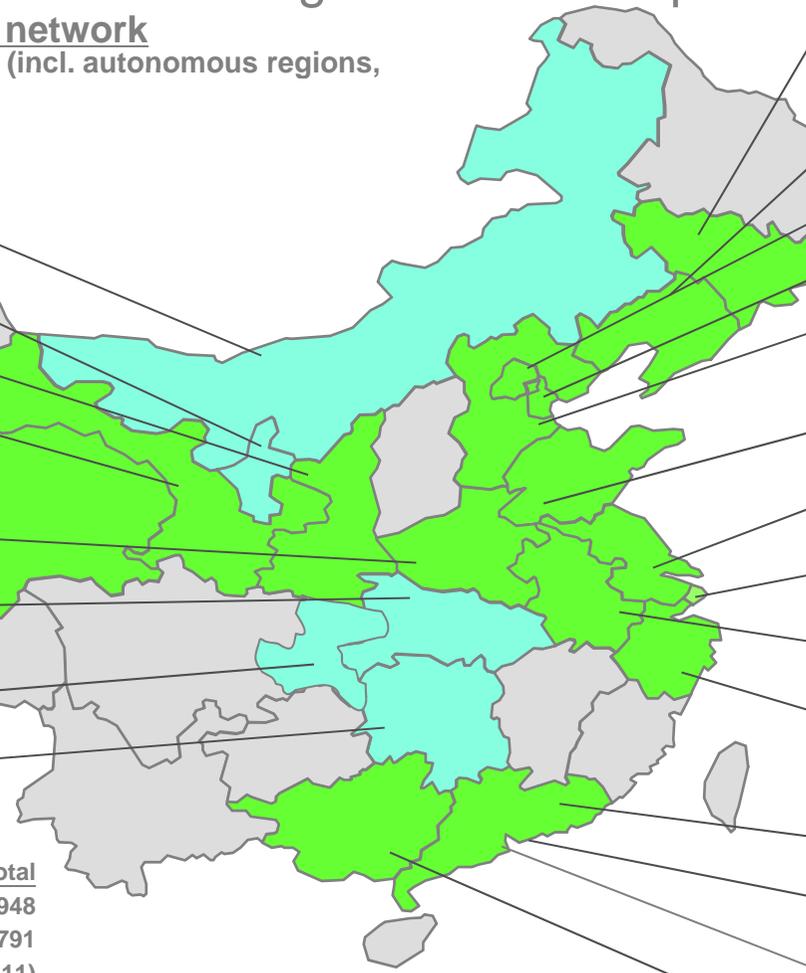
4, [2]	Jilin
14, [6]	Liaoning
98, [37]	Beijing
292, [25]	Tianjin
6, [-]	Hebei

Eastern areas

11, [-1]	Shandong
1,627, [46]	Jiangsu
8, [8]	Shanghai
355, [54]	Anhui
73, [-1]	Zhejiang

Southern areas

509, [122]	Guangdong
342, [152]	Hong Kong
4, [4]	Macau
2, [1]	Guangxi



Retail

- Growth through: Multi-format with regional leadership

Business model

Winning market share by

- Multiple-format store approach
- Multiple distribution centres (more than 12 D.C.)
- Trade-up strategy
- Innovative in format
- Regional focus



“Strong Sustainable Growth”

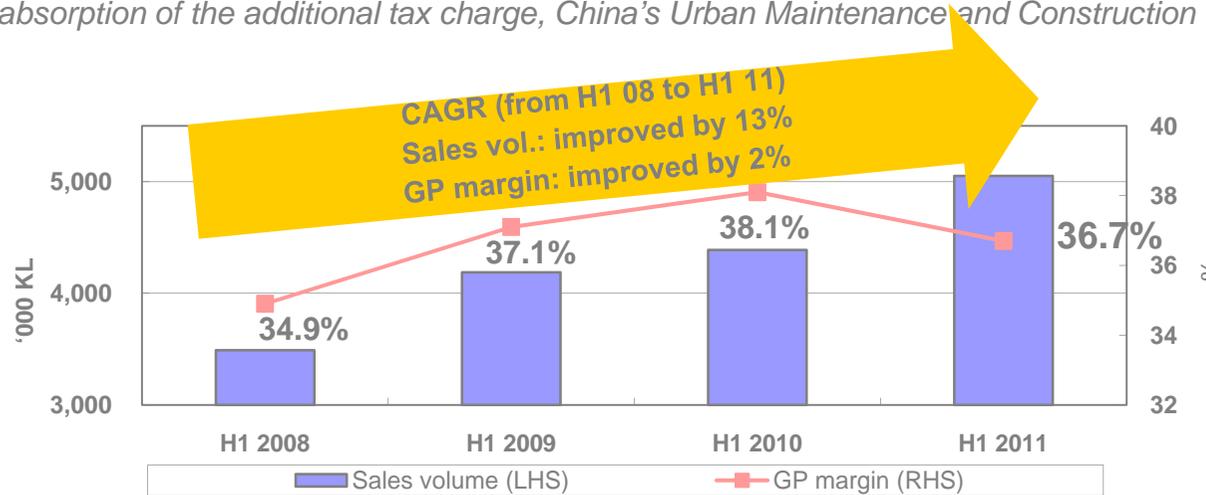
Beer (No.1 brand by volume in the world since 2008)



- Growth through: Solidifying market leader position

	Q2 2011 HK\$m	Q2 2010 HK\$m	change	H1 2011 HK\$m	H1 2010 HK\$m	change
Sales volume (million KL)	3.14	2.66	+18%	5.05	4.39	+15%
Turnover	7,928	5,963	+33%	12,830	10,043	+28%
EBITDA	1,229	841	+46%	1,709	1,335	+28%
Earnings (after 49% share to SABMiller)	309	239	+29%	329	258	+28%
EBITDA margin (%)	15.5	14.1	+10%	13.3	13.3	-
Net margin (%) (after MI)	3.9	4.0	-3%	2.6	2.6	-

Driven by increase in sales volume and rise in average selling price, the turnover and profitability have been improved amid the absorption of the additional tax charge, China's Urban Maintenance and Construction Tax and Education Surcharges.



Mainstream -----> Premium

Approximate selling price:

RMB3 RMB5 RMB8

“Strong Sustainable Growth”



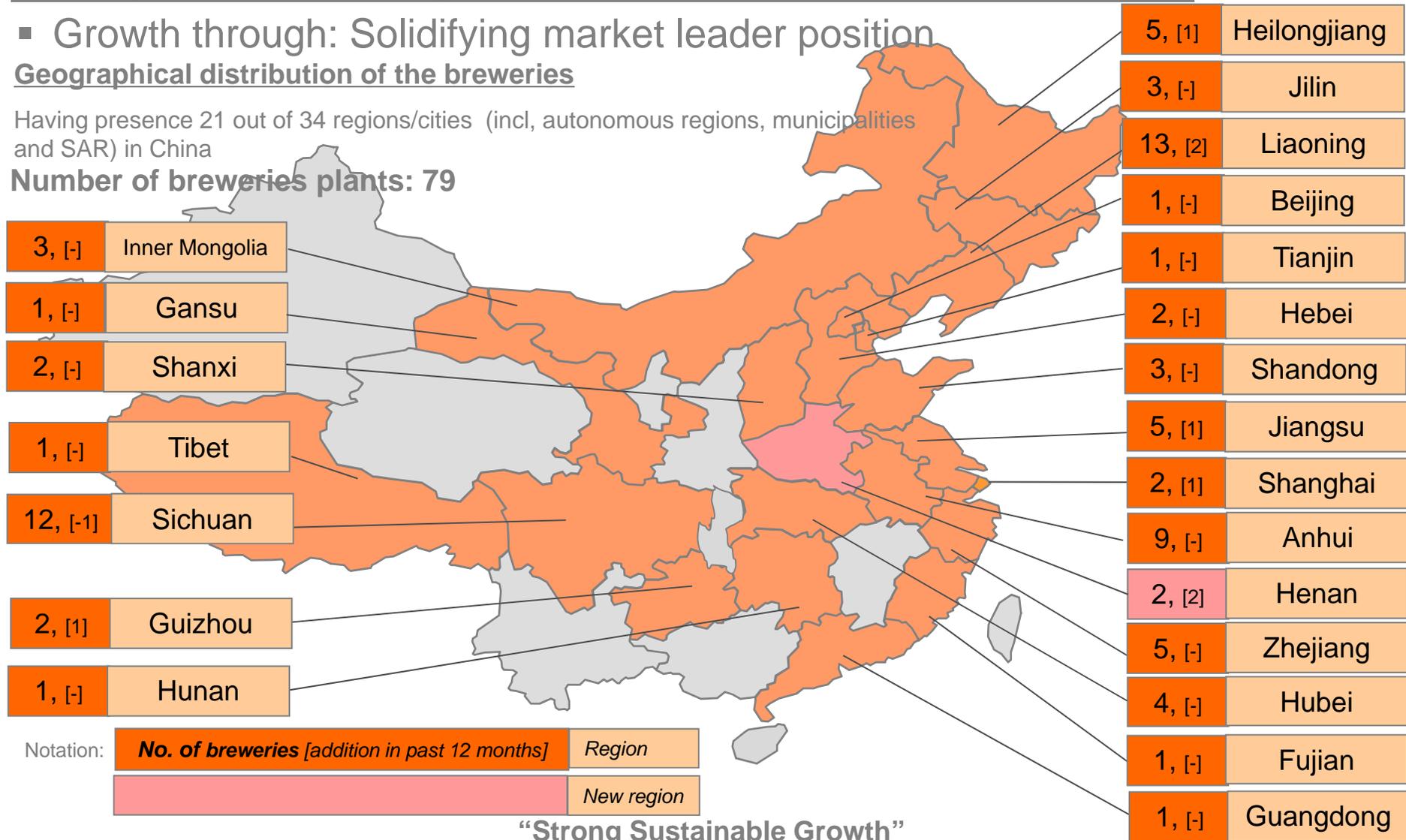
Beer (No.1 brand by volume in the world since 2008)

- Growth through: Solidifying market leader position

Geographical distribution of the breweries

Having presence 21 out of 34 regions/cities (incl, autonomous regions, municipalities and SAR) in China

Number of breweries plants: 79

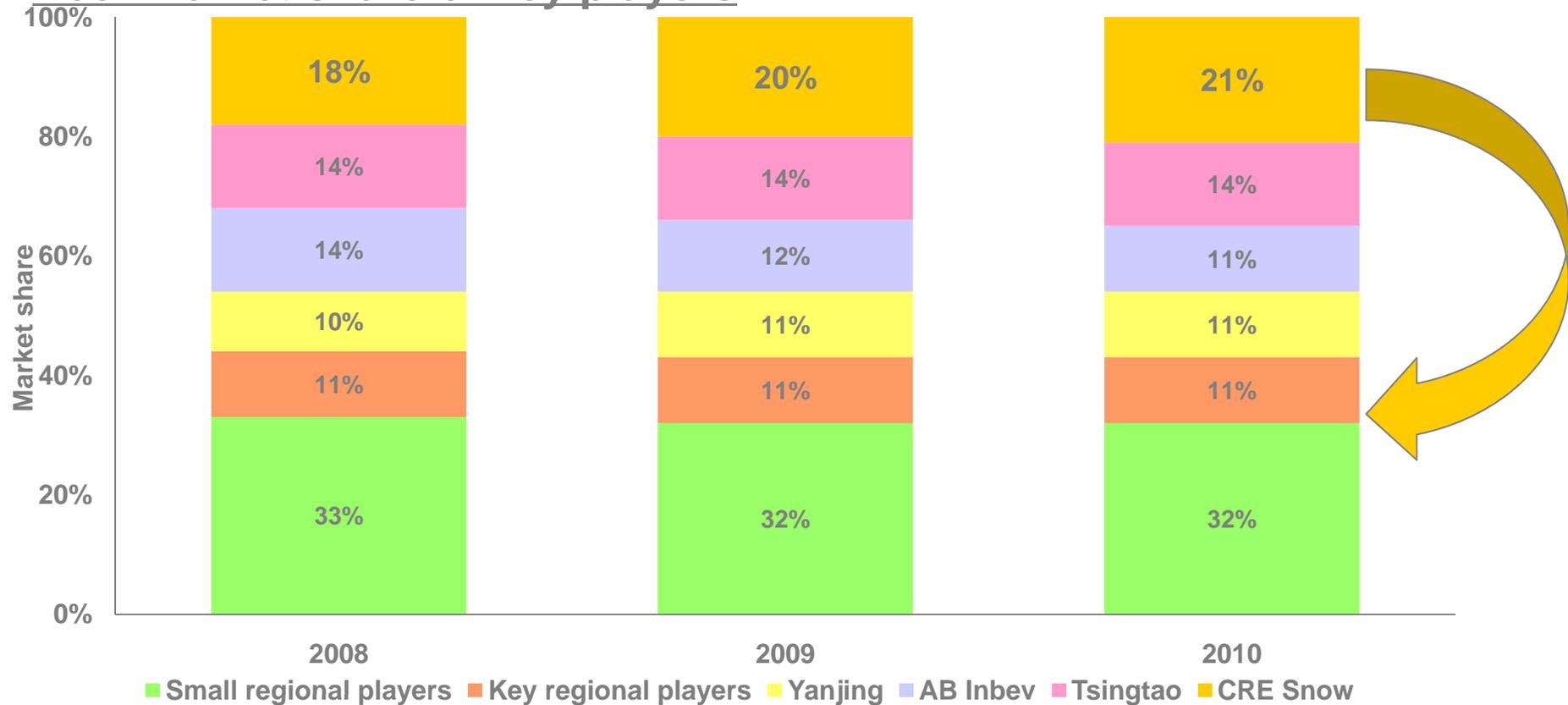


“Strong Sustainable Growth”

Beer (No.1 brand by volume in the world since 2008)

- Total market share of top 4 players was 57% in 2010, of which Snow has 21%

Beer market share of key players



Source: State Statistical Bureau and CR Snow

“Strong Sustainable Growth”

■ Growth through: Quality premium products

	Q2 2011 HK\$m	Q2 2010 HK\$m	change	H1 2011 HK\$m	H1 2010 HK\$m	change
Turnover	2,593	2,053	+26%	4,855	3,876	+25%
Underlying EBITDA	173	262	-34%	393	462	-15%
Underlying net profit	73	124	-41%	187	214	-13%
Underlying EBITDA margin (%)	6.7	12.8	-48%	8.1	11.9	-32%
Underlying net profit margin (%)	2.8	6.0	-53%	3.9	5.5	-29%

The decline in EBITDA and underlying net profit was mainly affected by higher input costs and lower consumers demands of meat.

Business Model

- One of the leading integrated food suppliers in China
- Increasing focus on China
- High food safety standard
- Product differentiation
- A variety of food supplies, including marine fishing in West Africa

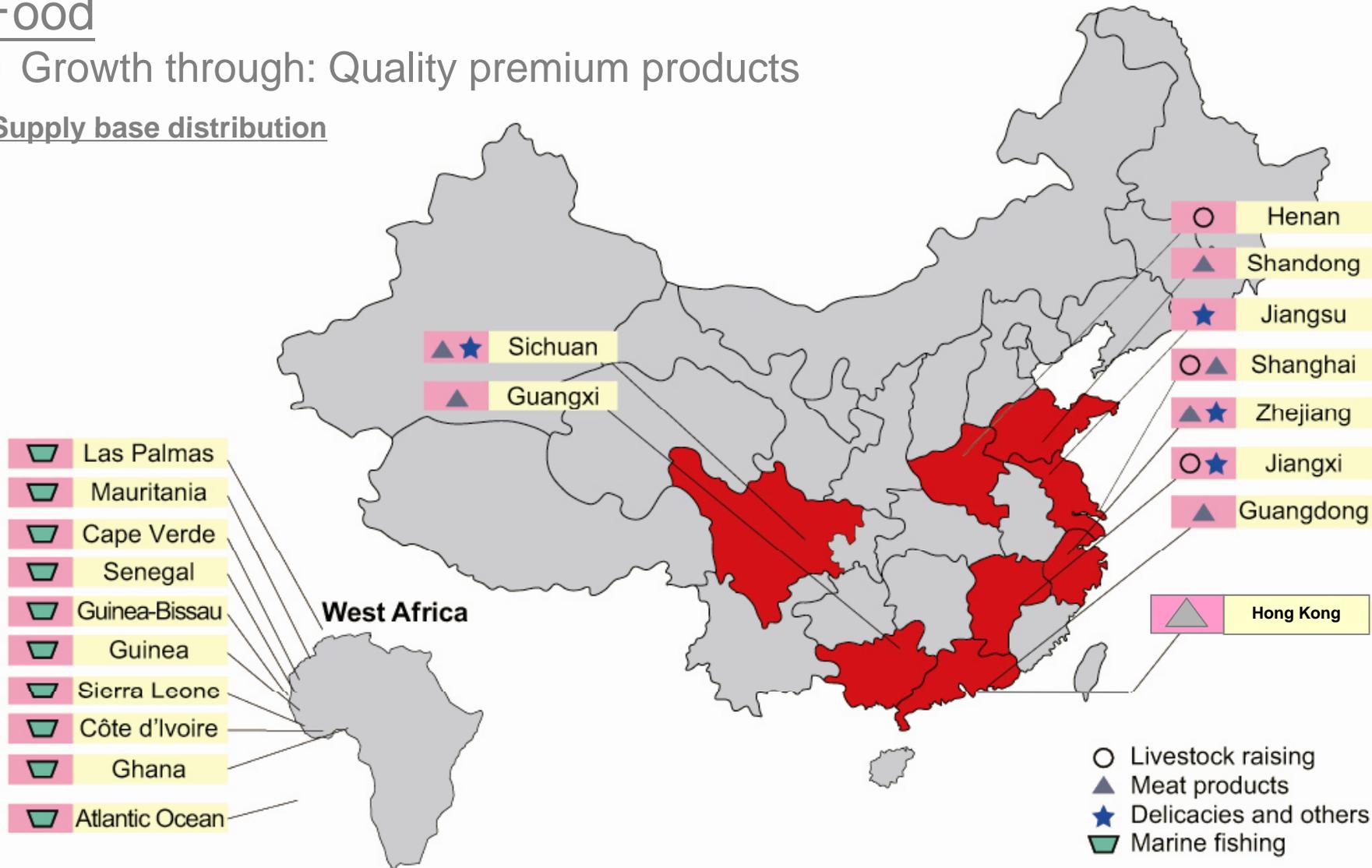


“Strong Sustainable Growth”

Food

- Growth through: Quality premium products

Supply base distribution



Source: Company data

“Strong Sustainable Growth”

Beverage



■ Growth through: strong partnership with Kirin

	Q2 2011 HK\$m	Q2 2010 HK\$m	change	H1 2011 HK\$m	H1 2010 HK\$m	change
Sales volume (million KL)	0.69	0.49	+40%	1.21	0.87	+40%
Turnover	799	516	+55%	1,366	896	+52%
EBITDA	76	69	+10%	97	83	+17%
Earnings	48	46	+4%	58	53	+9%
EBITDA margin (%)	9.5	13.4	-29%	7.1	9.3	-24%
Net margin (%)	6.0	8.9	-33%	4.2	5.9	-29%

Improvement in turnover was mainly supported by the increase in sales volume. Profitability was affected by the surge in raw material cost.



- wide distribution network
- rich experience in China retails
- successful co-operation with foreign players
- competitive advantage with other CR group companies



- strong R&D capability
- rich experience in beverage business
- a variety of products sold
- high technology on manufacture of beverage products

“Strong Sustainable Growth”

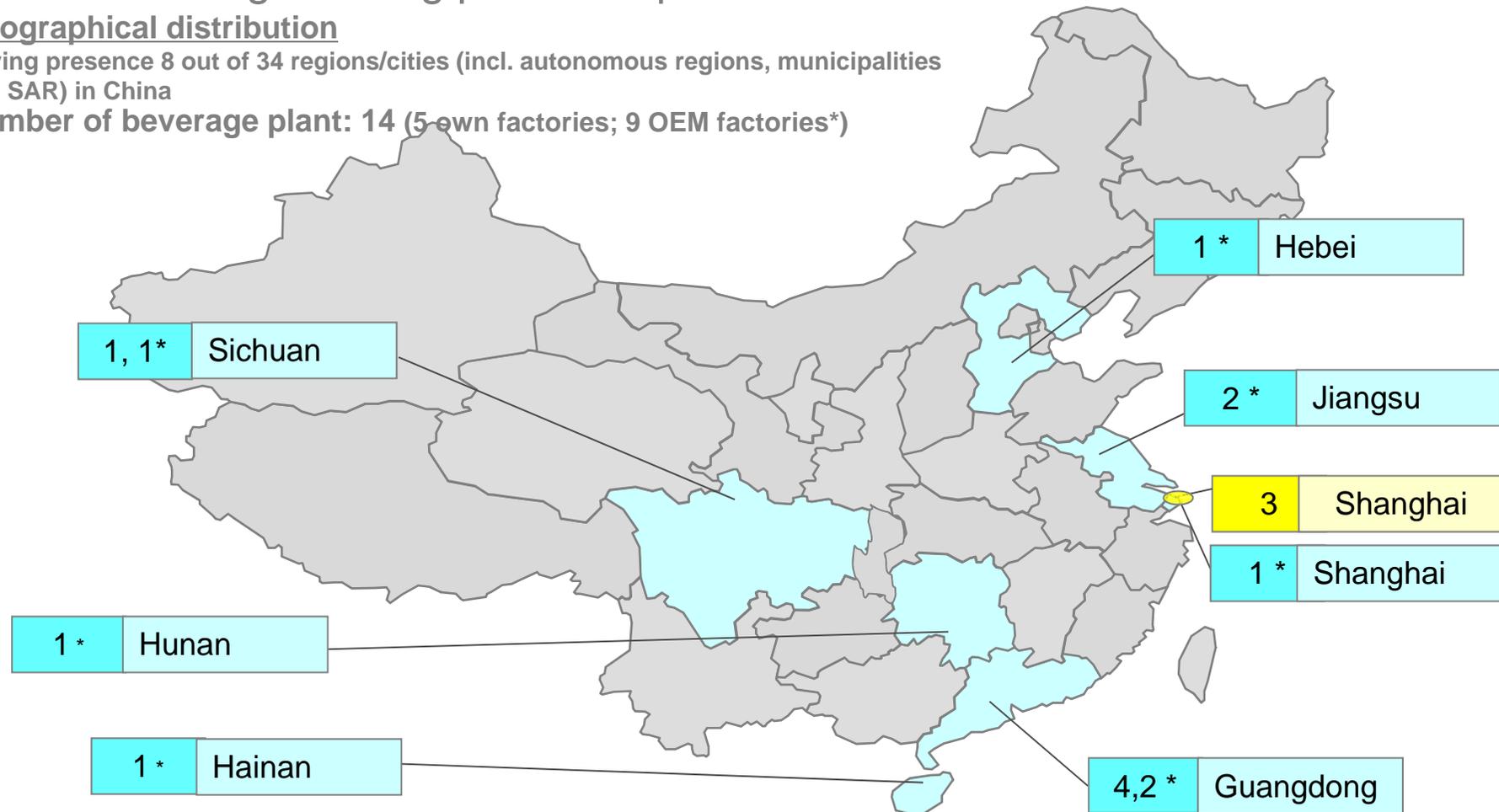
Beverage

- Growth through: strong partnership with Kirin

Geographical distribution

Having presence 8 out of 34 regions/cities (incl. autonomous regions, municipalities and SAR) in China

Number of beverage plant: 14 (5 own factories; 9 OEM factories*)



 Beverage plants to be injected upon formation of 60:40 joint venture with Kirin Holdings.

“Strong Sustainable Growth”

Appendix I – Details of Retail formats

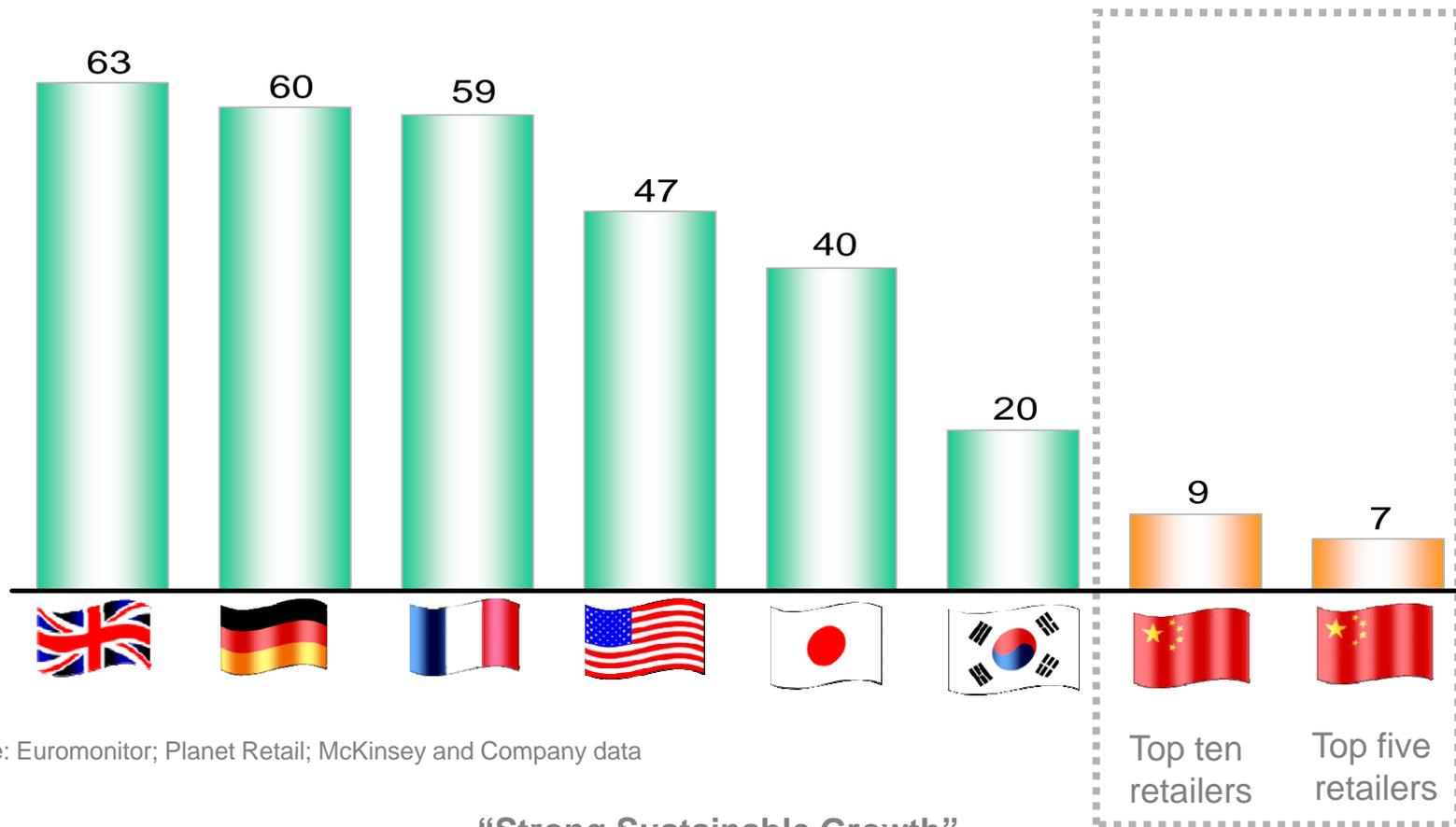
Format	Major brands	Average areas (sq.m)	30 Jun 11				31 Dec 10		30 Jun 10	
			% of turnover	App. Average GP margin	Self-operated	Franchised	Self-operated	Franchised	Self-operated	Franchised
I. Hypermarket	  	over 5,000	app.80%	19%	470	25	451	25	426	25
II. Standard supermarket		500 - 800	app.12%	21%	1,088	790	1,004	828	916	931
III. Convenience stores		30 - 120	app.3%	20%	730	32	623	27	544	23
IV. Ole', blt	 	4,000	app.1%	more than 25%	23	-	19	-	13	-
V. Pacific coffee		120	app.1%	more than 50%	111	11	100	9	-	-
VI. CAC and CR Care	 	various	app.2%	more than 45%	121	-	96	-	68	-
VII. Wine cellar, Health and beauty stores and others	 	200	app.1%	more than 25%	27	-	7	-	2	-
Total					2,570	858	2,300	889	1,969	979
					3,428		3,189		2,948	

“Strong Sustainable Growth”

Appendix II – Market share of Retail business

Lower market concentration in China than other developed countries:

Percentage of top 5 retailers to total grocery retail market share in the state:

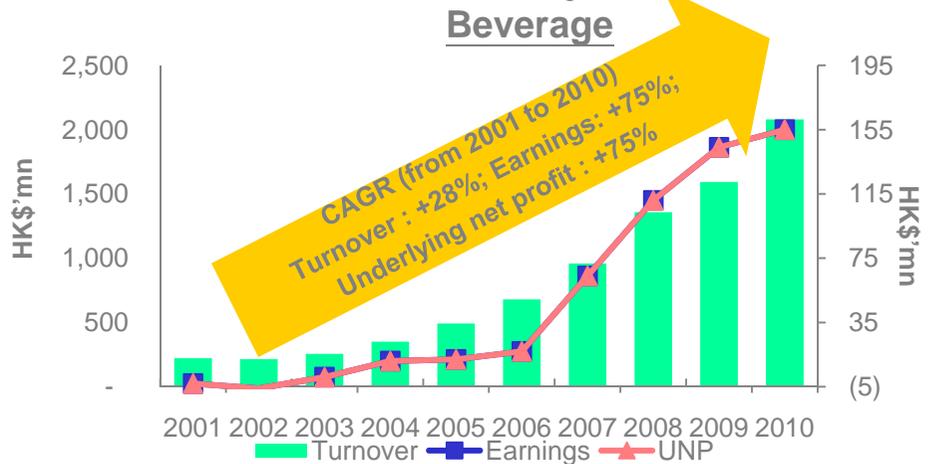
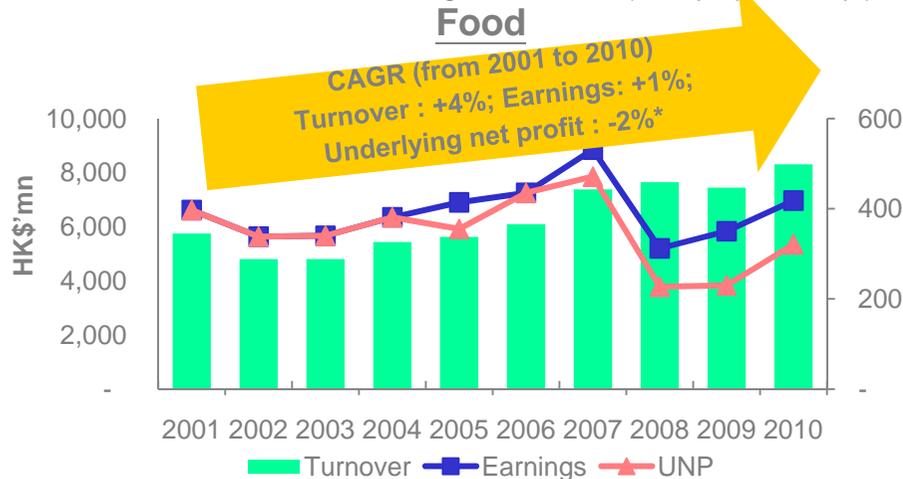
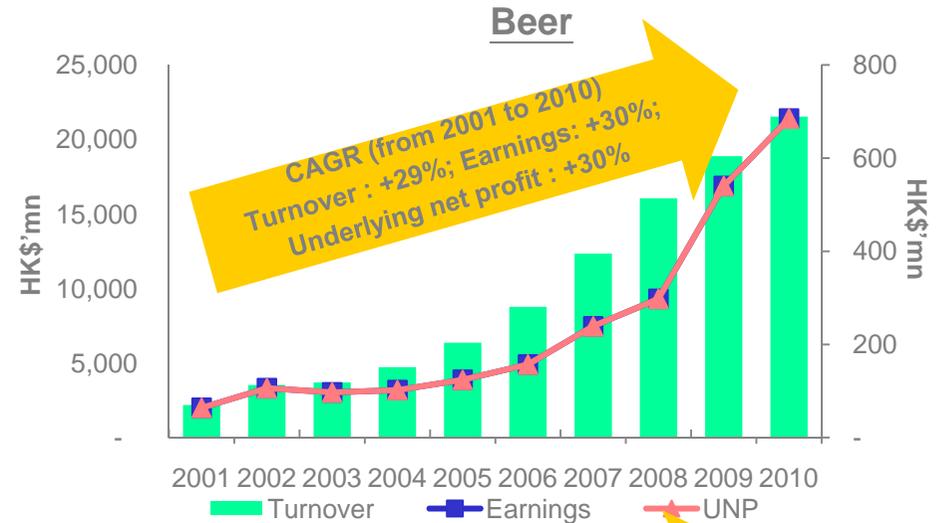


Source: Euromonitor; Planet Retail; McKinsey and Company data

“Strong Sustainable Growth”

Appendix IV – Historical track record of CRE

Strong growth momentum in each of core businesses



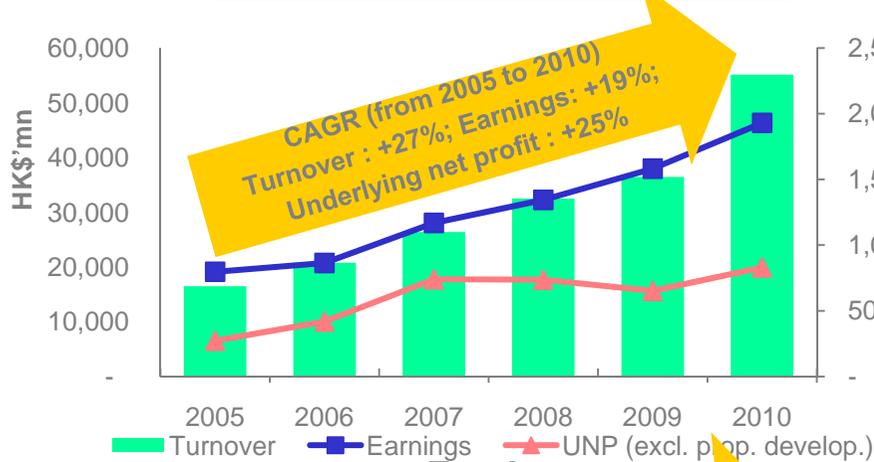
* Decline in CAGR of underlying net profit was mainly due to the open of HK live hogs market

“Strong Sustainable Growth”

Appendix IV – Historical track record of CRE (Cont'd)

Strong growth momentum in each of core businesses

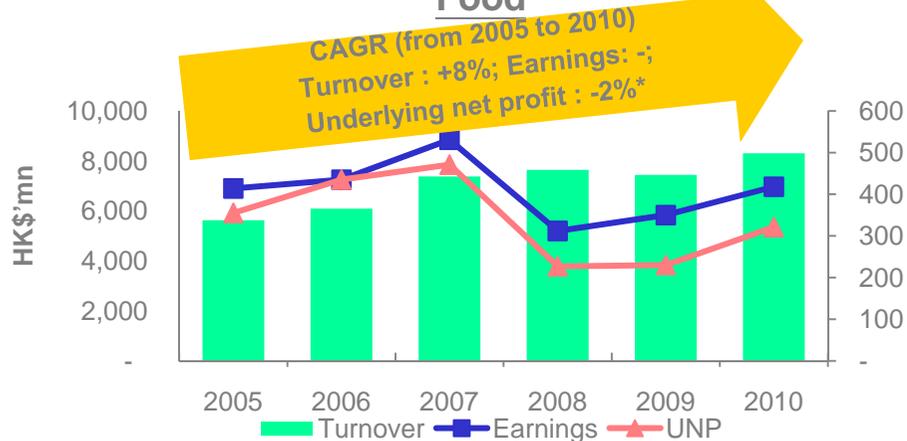
Retail (incl. investment property)



Beer



Food



Beverage



* Decline in CAGR of underlying net profit was mainly due to the open of HK live hogs market

“Enhanced Growth Platform”

Appendix V – CRE award



■ Highlights of accolades received

- | | |
|------------|--|
| Since 2002 | Produced quarterly financial and operational review on a voluntary basis. First conglomerate company among the constituent stocks in the Hang Seng Index to initiate such a move |
| 2005-2010 | Named one of the outstanding enterprises among blue-chip companies in Hong Kong by <i>Economic Digest</i> |
| 2005-2009 | Rated one of the companies with the best corporate governance in China by <i>FinanceAsia</i> |
| 2006-2010 | Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by <i>Corporate Governance Asia</i> |
| 2009-2010 | Ranked the second largest retail organization for China in Retail Asia-Pacific Top 500 Awards by <i>Retail Asia Publishing</i> |
| 2009 | Received 6 best awards for overall corporate governance, disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, investor relations and investor relations officer in Hong Kong region and 4 awards in Asia region by <i>Asiamoney</i> |
| 2009 | Selected as Most progress in investors relations and Best investor relations for a corporate transaction in IR Magazine Hong Kong and Taiwan Awards 2009 by <i>IR Magazine</i> |
| 2009 | Named one of top ten companies among 146 listed companies in Hong Kong in "The HKIoD Corporate Governance Score-card 2009" by <i>Hong Kong Institute of Directors</i> |

“Strong Sustainable Growth”

Appendix V – CRE award (Cont'd)

■ Highlights of accolades received

2009 -2010	Selected as one of the companies receiving "The Platinum Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations" by <i>The Asset</i>
2010	Received the Caring Company Logo 2009/2010 from Caring Company Scheme organized by The Hong Kong Council of Social Service
2010 – 2011	Mr. Chen Lang was selected as one of winners in China of Asian Corporate Director Recognition Awards by <i>Corporate Governance Asia</i>
2010 - 2011	Received "CAPITAL Outstanding China Enterprise Award-Consumer Goods" in The CAPITAL Outstanding China Enterprise Awards from <i>CAPITAL</i>
2010	Received silver award for cover photo/design in the category of food distributors, processors & wholesalers in International Annual Report Competition Awards from MerComm, Inc.
2006/2010	Honored as one of the Awardees in the Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)" in the "Directors Of The Year Awards 2010" by the Hong Kong Institute of Directors
2010	Selected as one of the 13 listed companies receiving "The Excellence of Listed Enterprise Awards 2010" by <i>Capital Weekly</i>

“Strong Sustainable Growth”

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