



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

股份代號 Stock Code: 00291

A Winning Formula

for Long Term Growth

$$[(\text{Shopping Cart} + \text{Beer} + \text{Piggy Bank} + \text{H}_2\text{O}) \times \text{Heart}^n]$$

X 291

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Financial and operational review

Final Results 2011

21 March 2012



Results Summary

▪ Winning formula for long-term growth

	Q4 2011	Q4 2010	change	2011	2010	change	
	HK\$m	HK\$m		HK\$m	HK\$m		
Turnover	26,139	20,711	+26%	110,164	87,138	+26%	
Underlying net profit of core businesses**	-	66	100%	1,889	1,894	-	
Earnings	400	373	+7%	2,832	5,674	-50%	+5%*
EPS (HK¢) – Basic				118	237	-50%	+5%*
– Core businesses				118	129	-9%	
DPS (HK¢) – basic				47	52	-10%	
– final				32	38	-16%	
– interim				15	14	+7%	
Dividend payout ratio(from core businesses) (%)				40	40	-	
ROE (%) – Core businesses***				7.8	10.0	-22%	
Net cash				2,980	1,996	+49%	

* Full-year earnings grew by 5% when the gain on disposal of Esprit business in Sep ytd 2010 (\$2,979m) was excluded.

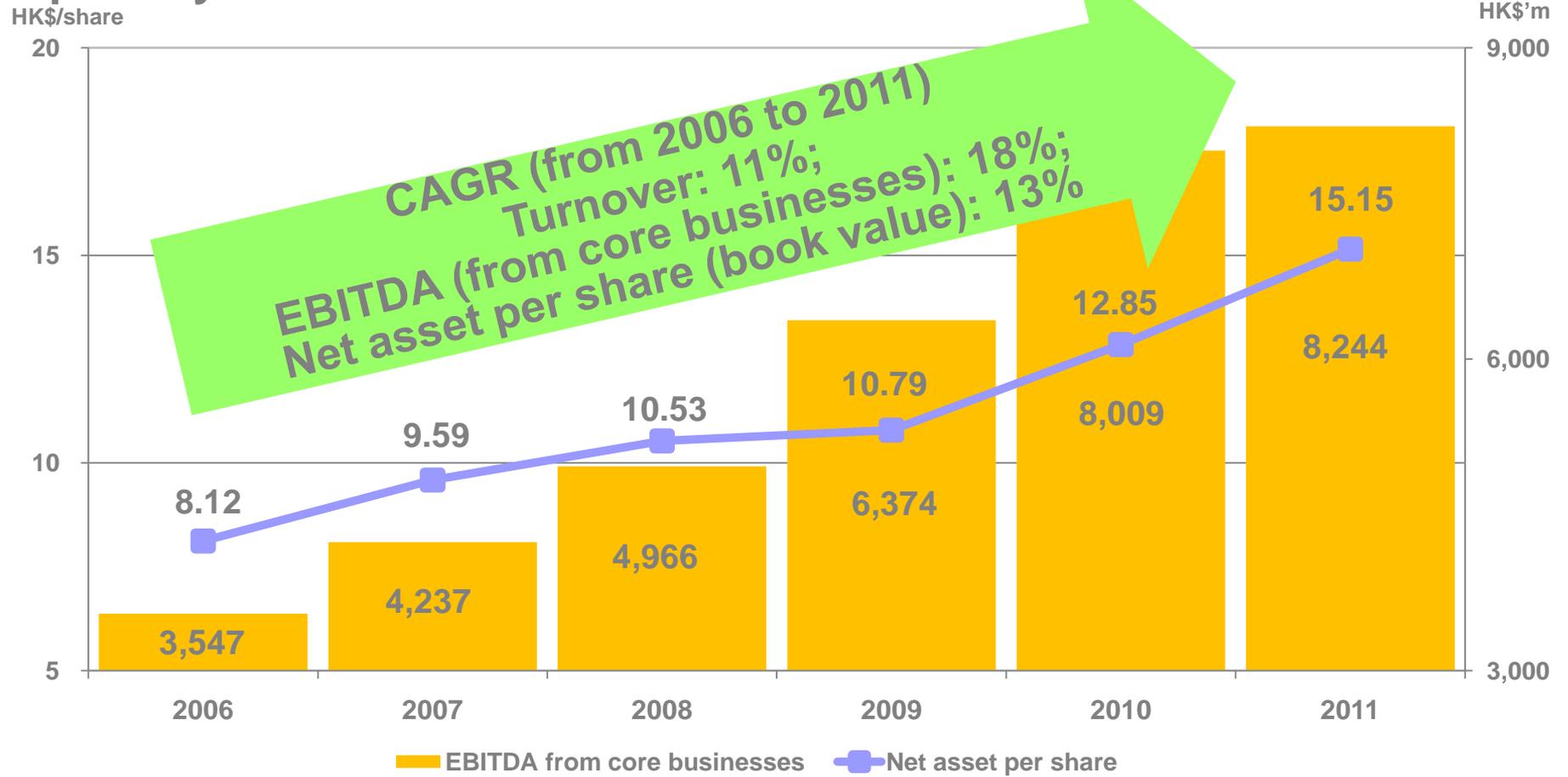
** Earnings from core businesses excluding the after-tax effect of asset revaluation and major disposal of non-core assets/investments and after accounted for net corporate interest & expenses

*** ROE was mainly affected by the partial disposal (40%) of interests in beverage business to Kirin in 2011 and disposal of Esprit in 2010.

"A Winning Formula for Long Term Growth"

Results Summary

- Increasing market share and net asset without share dilution in past 6 years



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Turnover Breakdown - by Divisions

	Q4 2011 HK\$m	Prop	Q4 2010 HK\$m	Prop	Change	FY 2011 HK\$m	Prop	FY 2010 HK\$m	Prop	change
<i>Core businesses</i>										
Retail	18,052	69%	14,332	69%	+26%	70,088	63%	55,140	63%	+27%
Beer	4,585	17%	3,719	18%	+23%	26,689	24%	21,535	25%	+24%
Food	2,968	11%	2,309	11%	+29%	10,706	10%	8,306	10%	+29%
Beverage	650	3%	430	2%	+51%	3,112	3%	2,080	2%	+50%
	26,255	100%	20,790	100%	+26%	110,595	100%	87,061	100%	+27%
Less: inter-co transactions	(116)		(79)			(431)		(333)		
Core businesses – total	26,139		20,711		+26%	110,164		86,728		+27%
<i>Other businesses</i>										
Discontinued operation (Brand-fashion distribution - Esprit)	-		-		-	-		410		N/A
Turnover – total	26,139		20,711		+26%	110,164		87,138		+26%

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Underlying Net Profit Breakdown - by Divisions

	Q4 2011 HK\$m	Prop	Q4 2010 HK\$m	Prop	change	FY 2011 HK\$m	Prop	FY 2010 HK\$m	Prop	change
Core businesses										
Retail	77	265%	116	127%	-34%	808	59%	830	42%	-3%
Beer	(78)	(269%)	(99)	(109%)	+21%	785	27%	685	34%	+15%
Food	24	83%	56	6%	-57%	263	10%	321	16%	-18%
Beverage	6	21%	18	10%	-67%	126	4%	155	8%	-19%
	29	100%	91	100%	-68%	1,982	100%	1,991	100%	-
Net corporate int. & expenses*	(29)		(25)			(93)		(97)		
Total – Core businesses	-		66		-68%	1,889		1,894		-
Other businesses										
Investment & others	-		1		N/A	-		1		N/A
Discontinued operation (Brand-fashion distribution - Esprit)	-		-		-	-		22		N/A
Underlying net profit - total	-		67		N/A	1,889		1,917		-1%
Adjustment										
Investment property revaluation	400		477		-16%	937		1,103		-15%
Gain on disposal of non-core business	-		-		-	-		2,979		N/A
Fair value adjustment on investment	-		(205)		N/A	-		(419)		N/A
Partial disposal of A-share investment	-		34		N/A	6		94		-94%
	400		306		+31%	943		3,757		-75%
Earnings - total	400		373		-18%	2,832		5,674		-50%

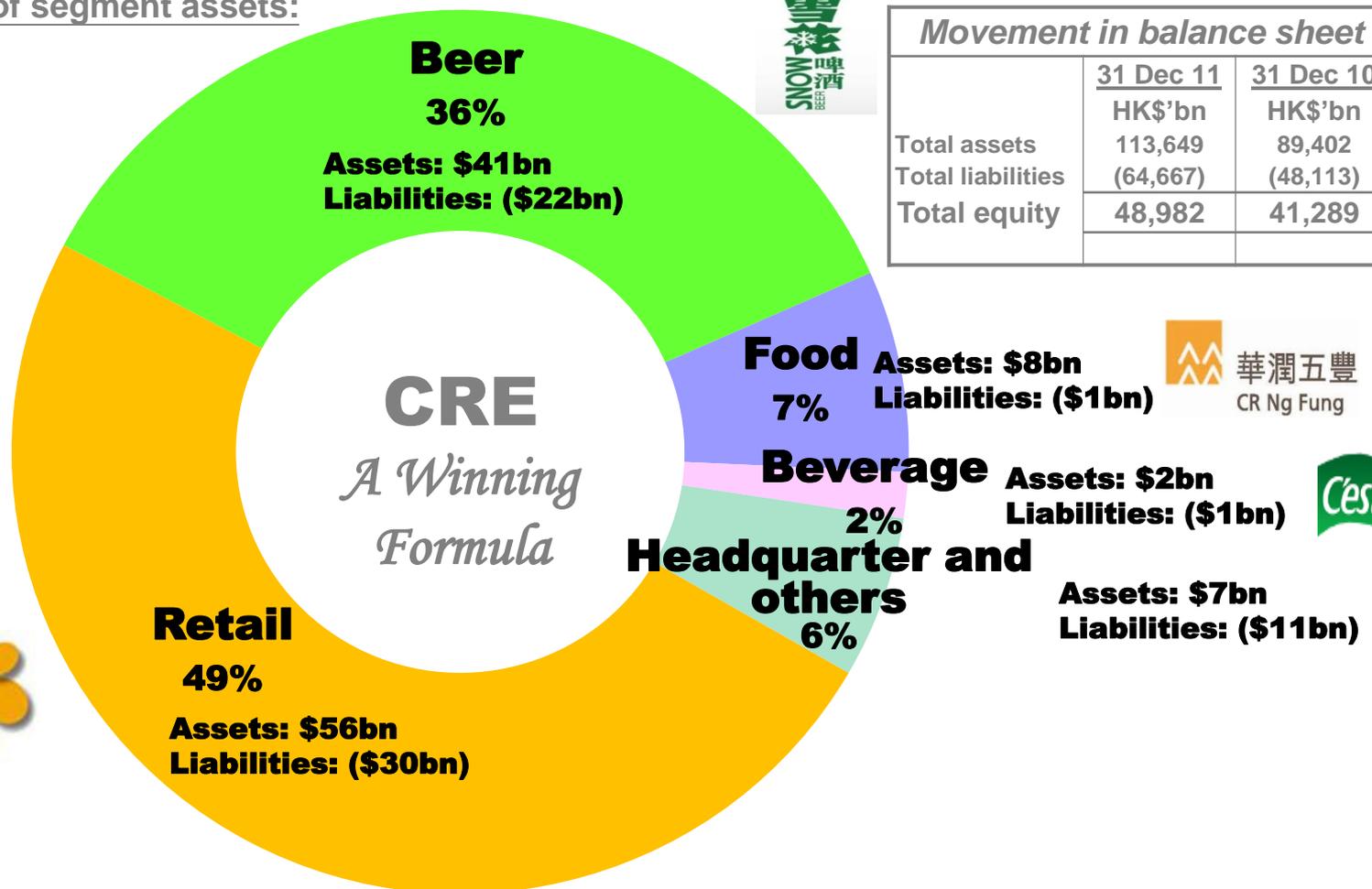
* Interest income exceeded interest expense.

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Segment assets

- Unique with four consumer businesses complementing each other

Distribution of segment assets:



Movement in balance sheet items

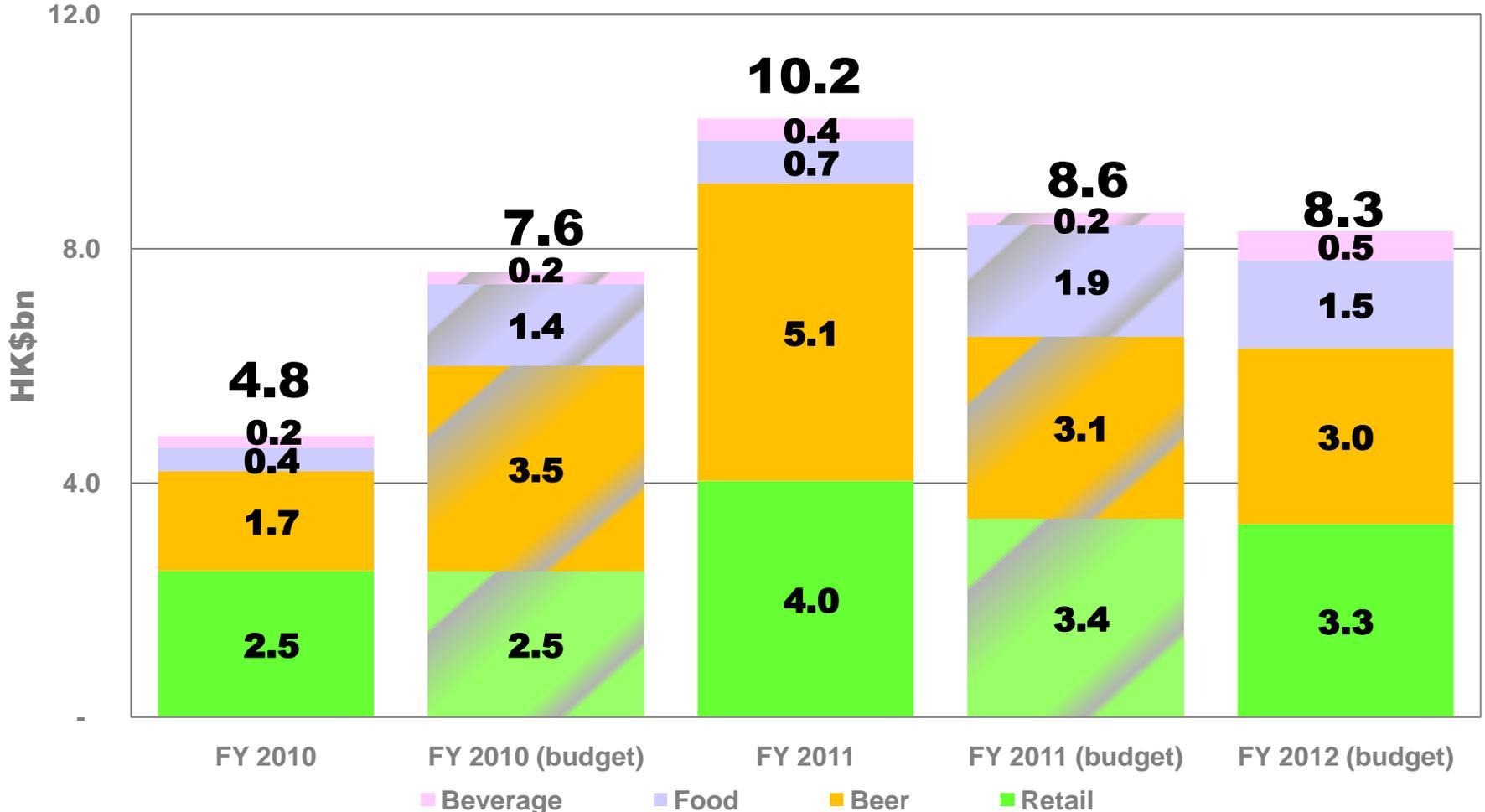
	31 Dec 11	31 Dec 10	change
	HK\$'bn	HK\$'bn	
Total assets	113,649	89,402	+27%
Total liabilities	(64,667)	(48,113)	(+34%)
Total equity	48,982	41,289	+19%



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CAPEX

- Grasping opportunities through rapid expansion



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

- Growth through: Solidifying market leader position

	Q4 2011 HK\$m	Q4 2010 HK\$m	change	FY 2011 HK\$m	FY 2010 HK\$m	change
Sales volume (million KL)	1.63	1.48	+10%	10.24	9.28	+10%
Turnover	4,585	3,719	+23%	26,689	21,535	+24%
EBITDA	70	113	-38%	3,497	3,141	+11%
Earnings (after 49% share to SABMiller)	(78)	(99)	+21%	785	685	+15%
EBITDA margin (%)	1.5	3.0	-50%	13.1	14.6	-10%
Net margin (%) (after MI)	(1.7)	(2.7)	+37%	2.9	3.2	-9%

The profitability was mainly affected by the absorption of raw material pressure and the additional tax charge, China's Urban Maintenance and Construction Tax and Education Surcharges ("CCT").



Mainstream



Mid-end



Premium

Approximate retail selling price: RMB3

RMB5

RMB8

Sales volume contribution: >70%

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21%

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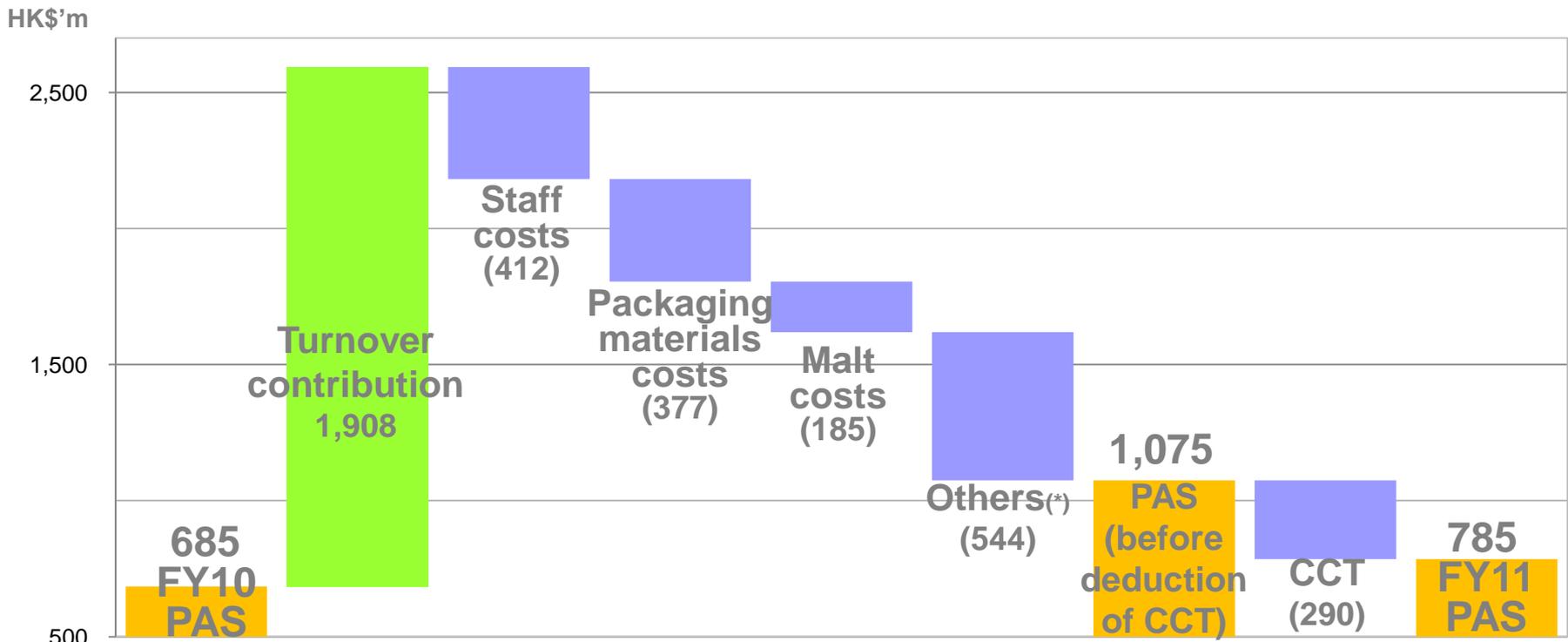


Beer (*No.1 brand by volume in the world since 2008*)

- Growth through: Solidifying market leader position

*Profitability was improved after the absorption of CCT through the **change of product mix and effective cost management.***

Reconciliation of underlying net profit (after 49% to SABMiller) of beer business



(*) Others included consumption tax, promotion and advertising expenses, depreciation and amortization and others.

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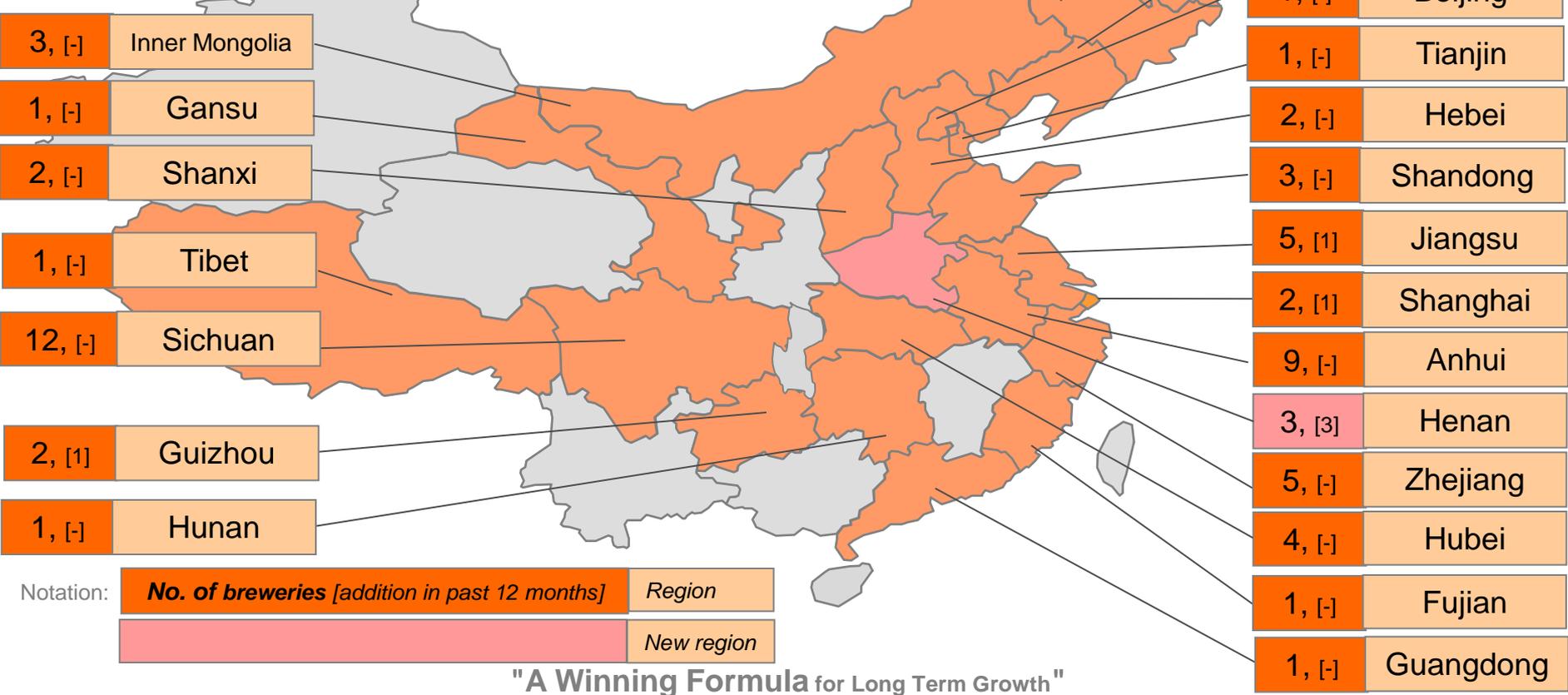
Beer (No.1 brand by volume in the world since 2008)

■ Growth through: Solidifying market leader position

Geographical distribution of the breweries

Having presence in 22 out of 34 regions/cities (incl., autonomous regions, municipalities and SAR) in China

Number of breweries plants: 80



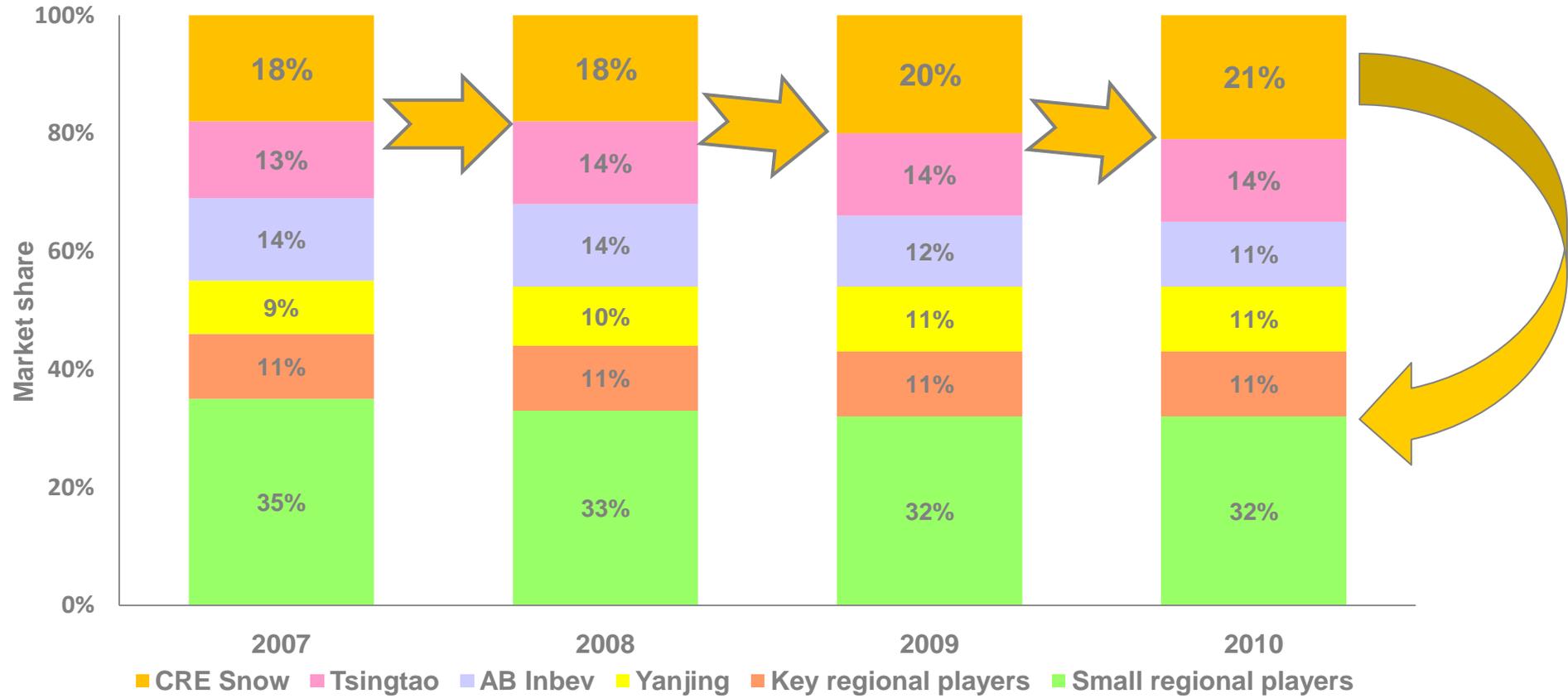
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Beer (No.1 brand by volume in the world since 2008)

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

Beer market share of key players

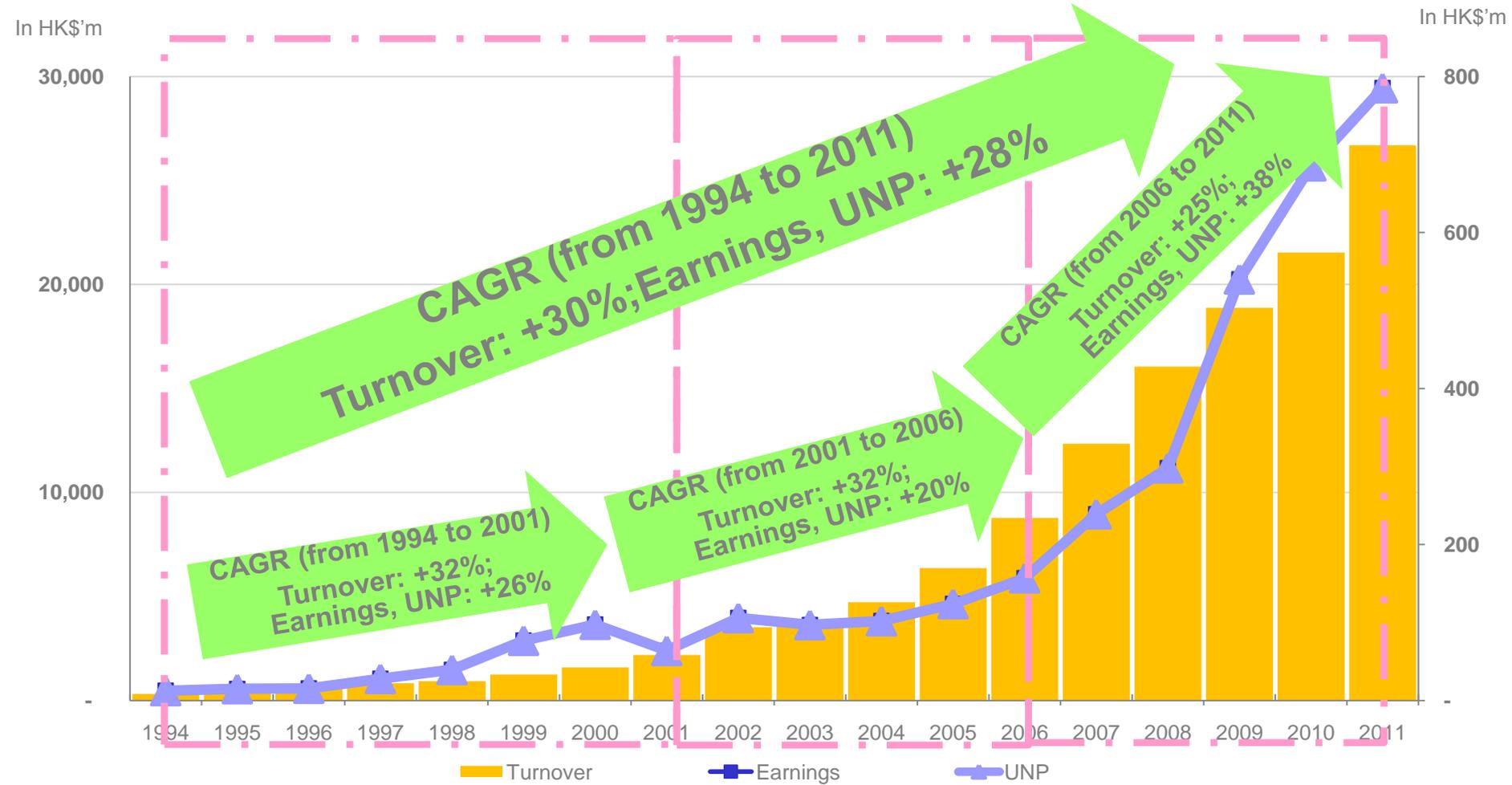


Source: State Statistical Bureau and CR Snow "A Winning Formula for Long Term Growth"



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

- Strong robust growth in both turnover and profitability



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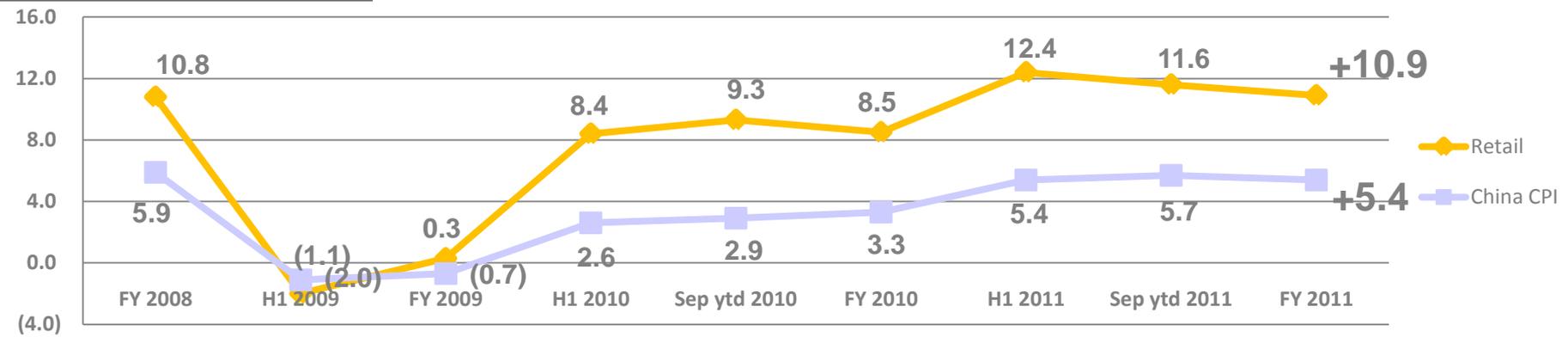
Retail

■ Growth through: Multi-format with regional leadership

	Q4 2011 HK\$m	Q4 2010 HK\$m	change	FY 2011 HK\$m	FY 2010 HK\$m	change
Turnover	18,052	14,332	+26%	70,088	55,140	+27%
Underlying EBITDA #	529	538	-2%	2,831	2,543	+11%
Underlying net profit #	77	116	-34%	808	830	-3%
Underlying EBITDA margin (%) #	2.9	3.8	-24%	4.0	4.6	-13%
Underlying net profit margin (%) #	0.4	0.8	-50%	1.2	1.5	-20%

The profitability was mainly affected by the absorption of higher input costs during the year.

SSSG of retail business:



excluded the revaluation of investment property

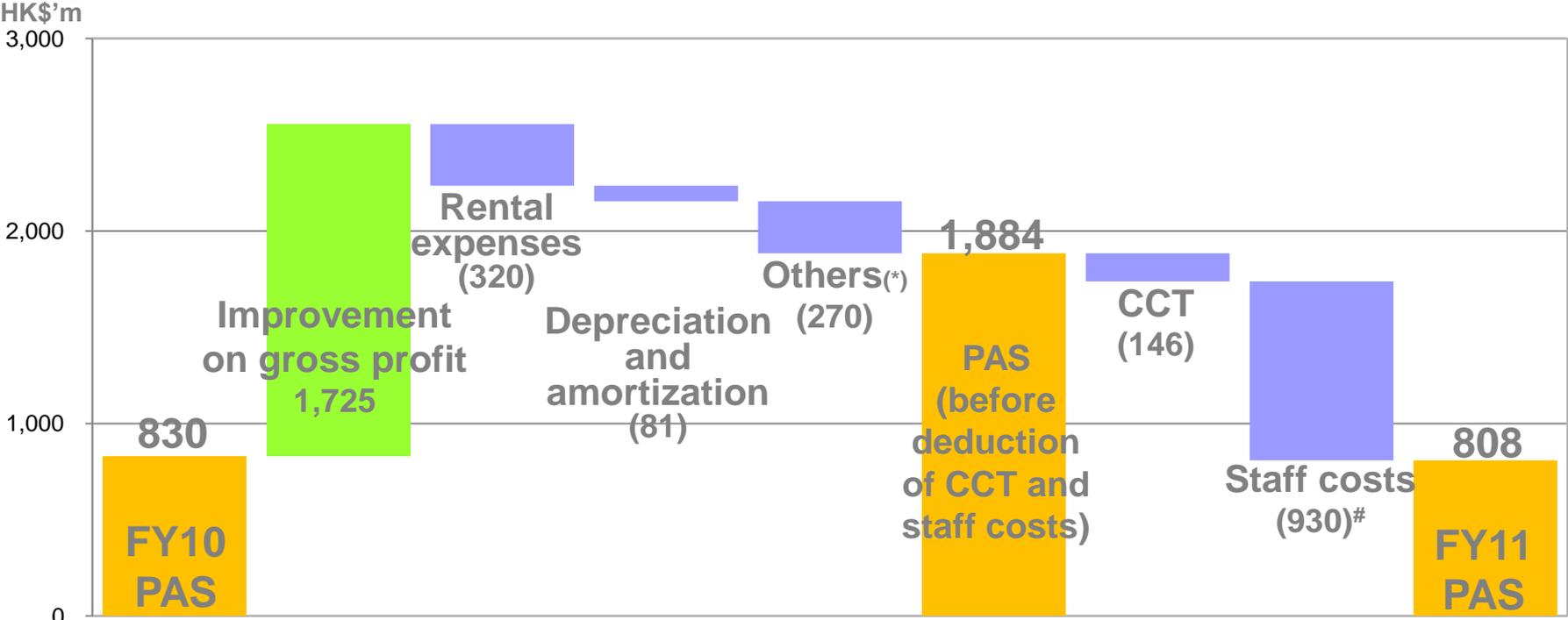
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Retail

- Growth through: Multi-format with regional leadership

*Profitability was maintained with the absorption of the pressure on **staff costs** and **China's Urban Maintenance and Construction Tax and Education Surcharges ("CCT")** which was beneficial for long-term growth.*

Reconciliation of underlying net profit of retail business (excl. revaluation of investment properties)



Staff costs increased by more than 45% during the year.

(*) Others included promotion and advertising expenses, utilities expenses and others.

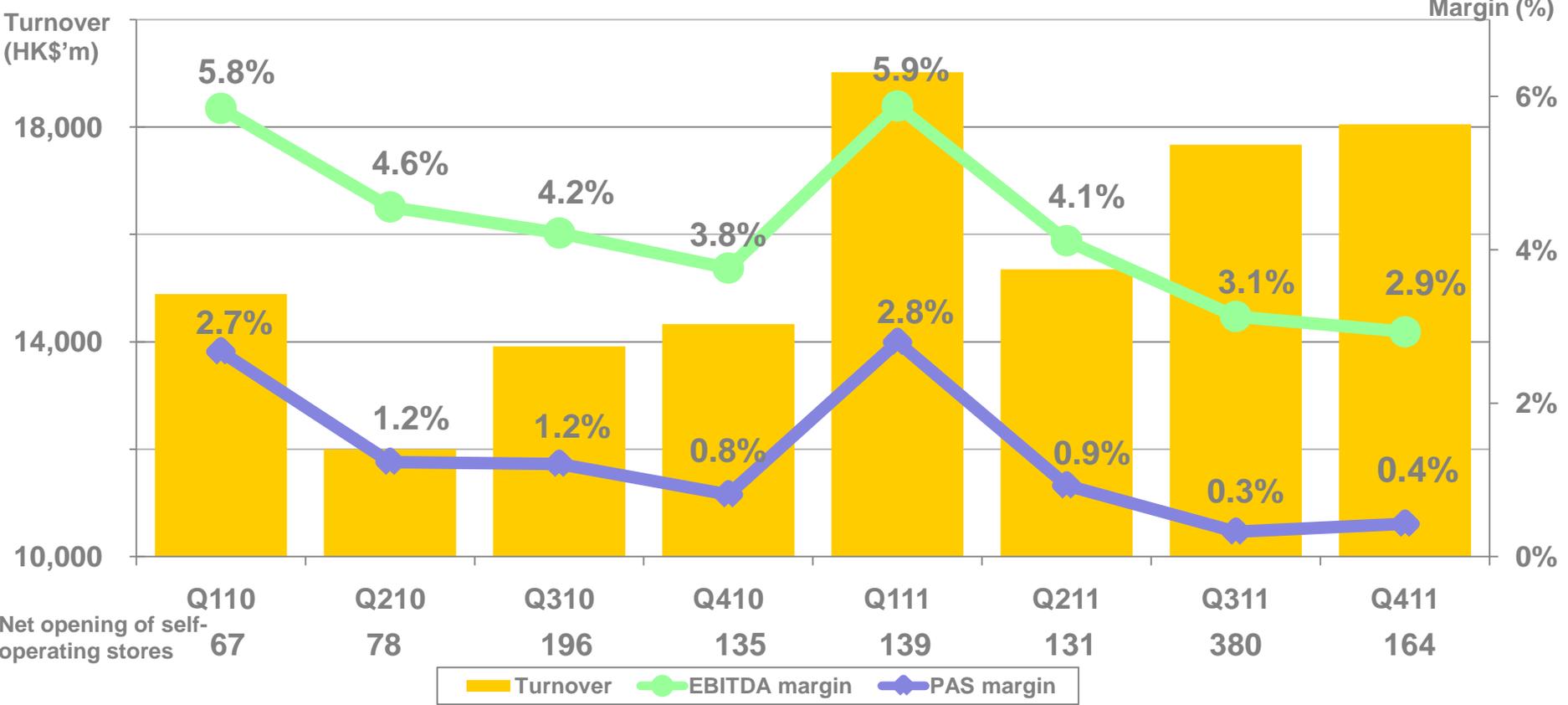
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Retail

▪ Growth through: Multi-format with regional leadership

Margin in Q411 was at *comparable level* with Q311.

Margin trend analysis on retail (excl. revaluation of investment properties)



Net opening of self-operating stores: Q110 (67), Q210 (78), Q310 (196), Q410 (135), Q111 (139), Q211 (131), Q311 (380), Q411 (164)

Turnover (Yellow Bar) | EBITDA margin (Green Line) | PAS margin (Blue Line)

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Notation:

Retail shop no. (no. of hypermarket) [addition in past 12 months]

Region

New region

Retail

■ Growth through: Multi-format with regional leadership

Geographical distribution of retail network

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

Northern areas

2 (2) [-]	Inner Mongolia
3 (3) [2]	Ningxia
42 (35) [6]	Shaanxi
6 (6) [1]	Gansu
1 (1) [-]	Qinghai
17 (8) [-]	Henan
48 (2) [47]	Hubei

Southern areas

6 (1) [6]	Chongqing
3 (2) [3]	Hunan

Movement in retail shop number:

	Self-operated	Franchised	Total
31 Dec 10	2,300	889	3,189
Opening	771	82	853
Closing	(119)	(118)	(237)
Acquired	162	-	162
31 Dec 11	3,114	853	3,967*

*Of which, 10 stores are located in Singapore and Malaysia.

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Northern areas

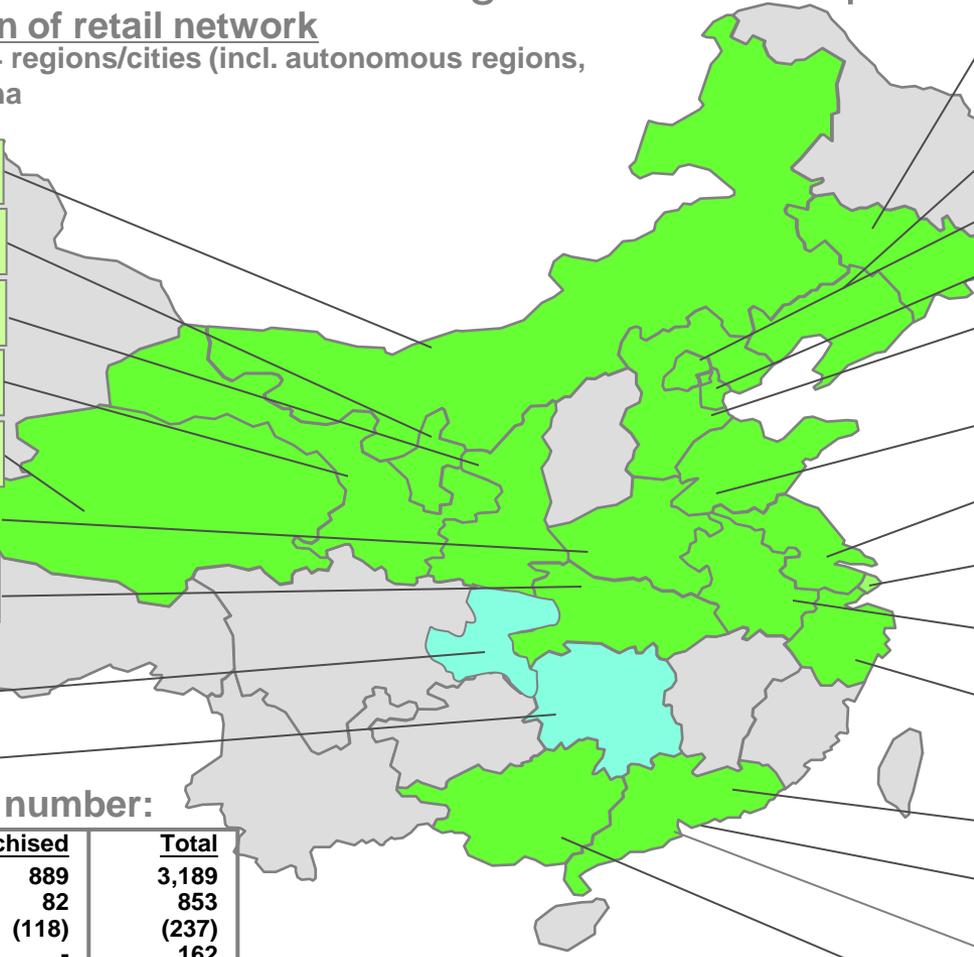
4 (4) [-]	Jilin
16 (12) [6]	Liaoning
127 (24) [48]	Beijing
314 (21) [33]	Tianjin
8 (8) [2]	Hebei

Eastern areas

35 (3) [23]	Shandong
1,806 (204) [248]	Jiangsu
24 (-) [18]	Shanghai
445 (51) [107]	Anhui
102 (44) [24]	Zhejiang

Southern areas

573 (59) [136]	Guangdong
367 (-) [60]	Hong Kong
5 (-) [2]	Macau
3 (3) [2]	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



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Retail



- Growth through: Multi-format with regional leadership

In a shopping mall

6 formats in Guangzhou

Taikoo Hui (Swire properties):



5 formats in Beijing

Galleria (CR Land):



In a city

5 formats in Nanjing:



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■ Growth through: Quality premium products

	Q4 2011 HK\$m	Q4 2010 HK\$m	change	FY 2011 HK\$m	FY 2010 HK\$m	change
Turnover	2,968	2,309	+29%	10,706	8,306	+29%
Underlying EBITDA	91	158	-43%	639	771	-17%
Underlying net profit	24	56	-57%	263	321	-18%
Underlying EBITDA margin (%)	3.1	6.8	-54%	6.0	9.3	-35%
Underlying net profit margin (%)	0.8	2.4	-67%	2.5	3.9	-36%

The 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

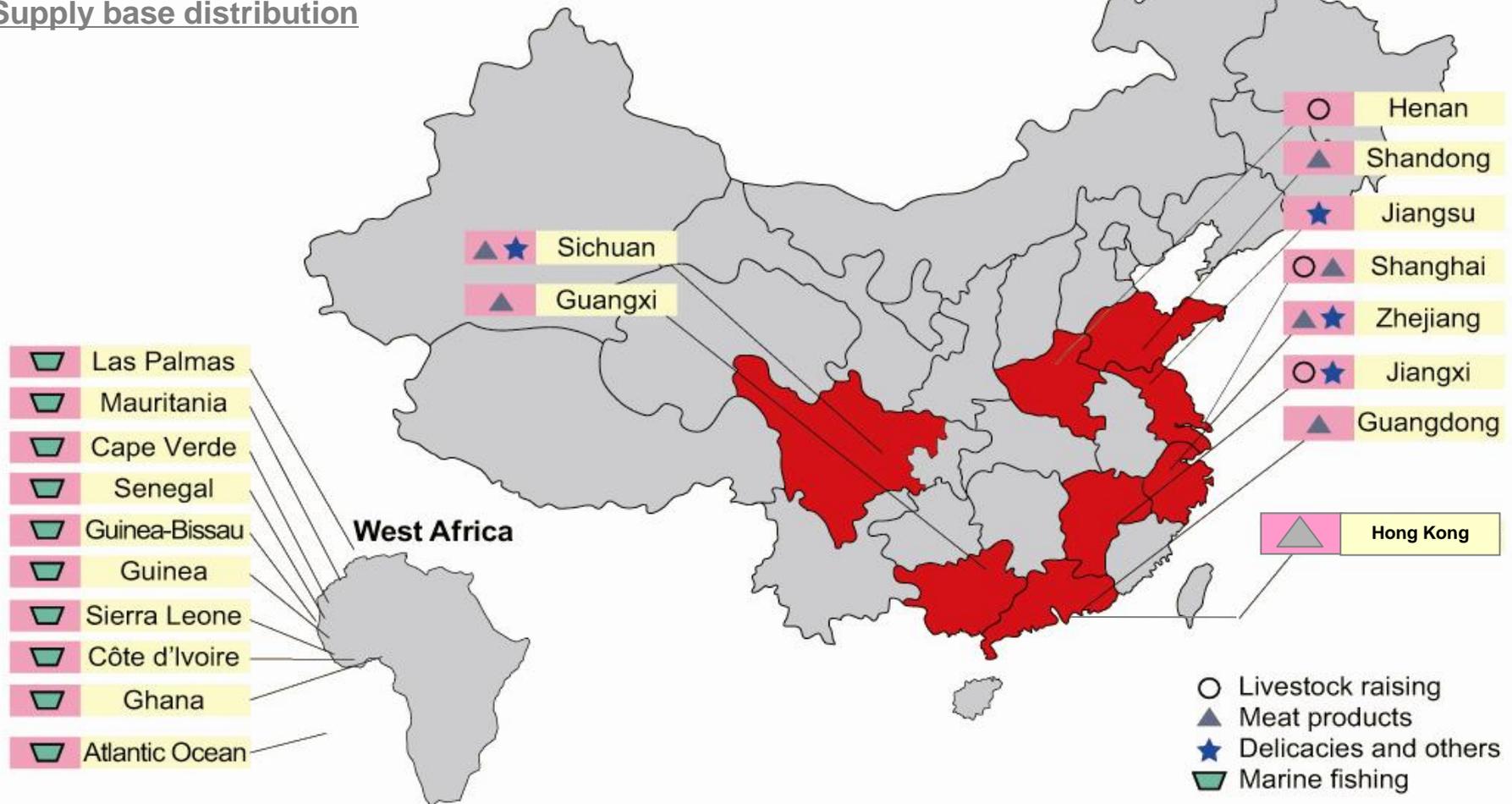


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Food

■ Growth through: Quality premium products

Supply base distribution



Source: Company data

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Beverage



■ Growth through: strong partnership with Kirin

	Q4 2011 HK\$m	Q4 2010 HK\$m	change	FY 2011 HK\$m	FY 2010 HK\$m	change
Sales volume (million KL)	0.54	0.37	+46%	2.64	1.96	+35%
Turnover	650	430	+51%	3,112	2,080	+50%
EBITDA	27	35	-23%	243	229	+6%
Earnings (after 40% share to Kirin since Aug 2011)	6	18	-67%	126	155	-19%
EBITDA margin (%)	4.2	8.1	-48%	7.8	11.0	-29%
Net margin (%) (after MI)	0.9	4.2	-79%	4.0	7.5	-47%

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



KIRIN

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



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Beverage

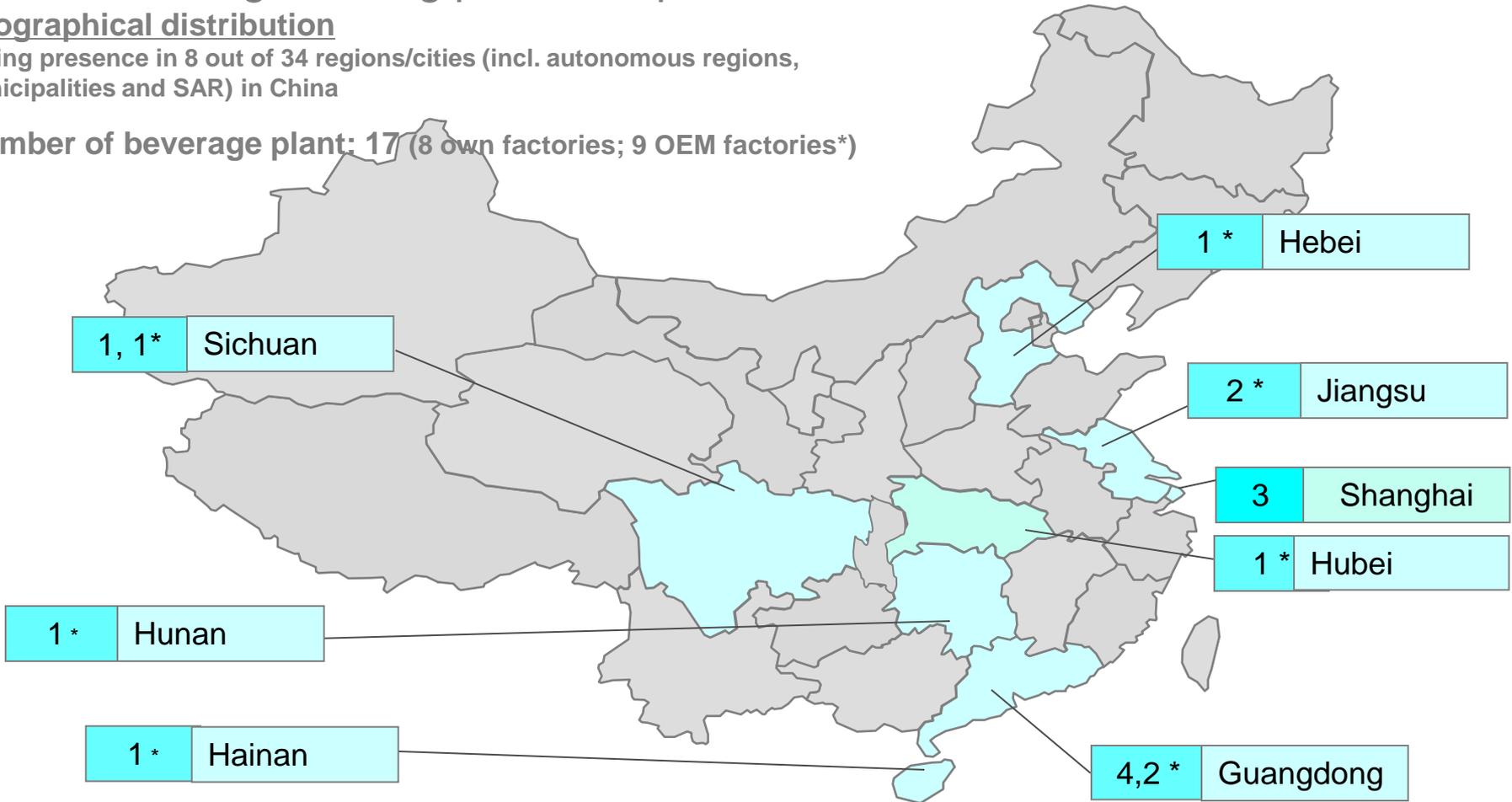


■ Growth through: strong partnership with Kirin

Geographical distribution

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

Number of beverage plant: 17 (8 own factories; 9 OEM factories*)



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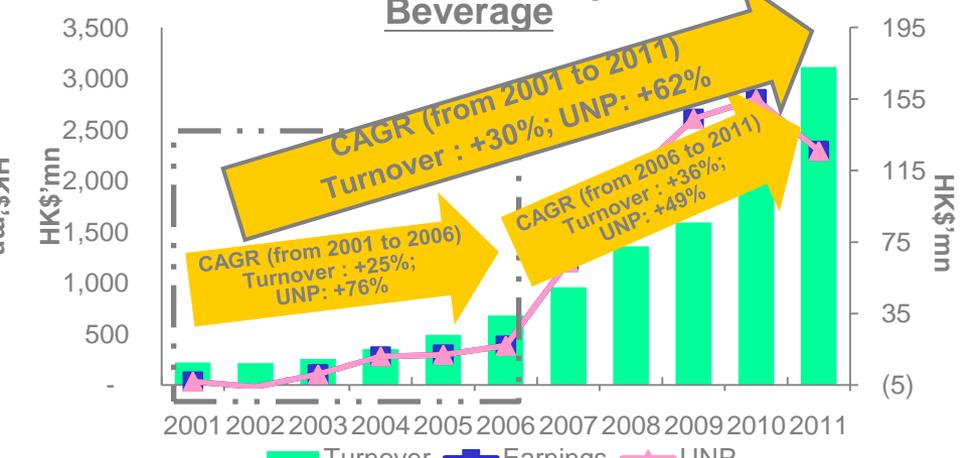
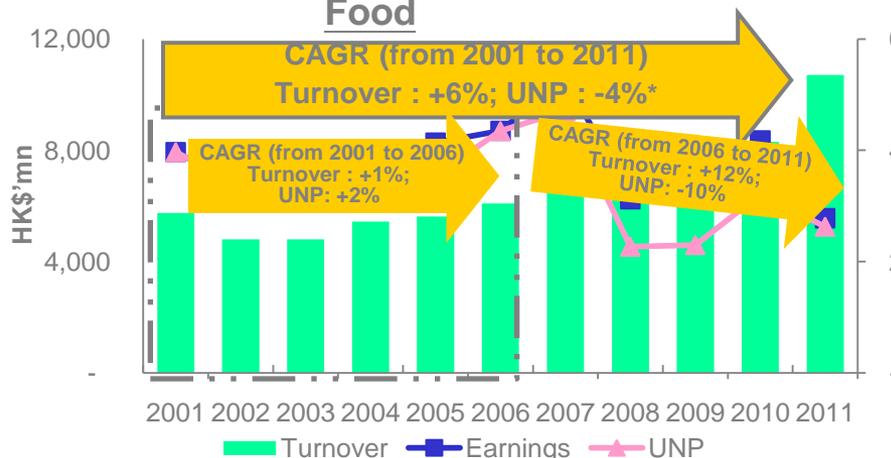
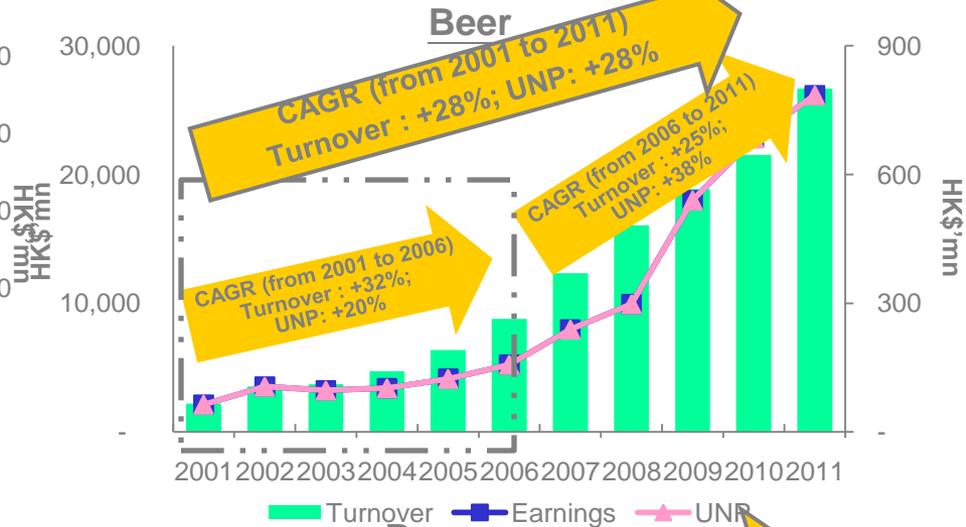
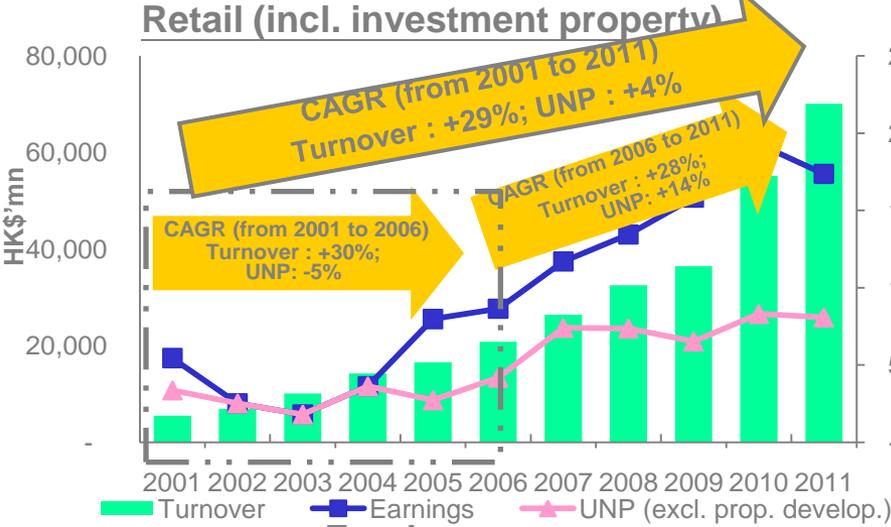
Appendix I – Details of Retail formats

Format	Major brands	Average areas (sq.m)	31 Dec 11				31 Dec 10		
			% of turnover	App. Average GP margin	Self-operated	Franchised	Self-operated	Franchised	
I. Hypermarket		over 5,000	app.78%	19%	493	16	451	25	
II. Standard supermarket		500 - 800	app.11%	22%	1,177	782	1,004	828	
III. Convenience stores		30 - 120	app.4%	21%	925	39	623	27	
IV. Ole', blt		4,000	app.2%	more than 25%	27	-	19	-	
V. Pacific coffee		120	app.1%	more than 50%	158	16	100	9	
VI. CAC and CR Care		various	app.2%	more than 30%	129	-	96	-	
VII. Health and beauty stores		200	Less than 1%	more than 30%	176	-	5	-	
VII. Wine cellar and others		200	app.2%	Various	29	-	2	-	
Total						3,114	853	2,300	889
						3,967		3,189	

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Appendix II – Historical track record of CRE

Strong growth momentum in each of core businesses



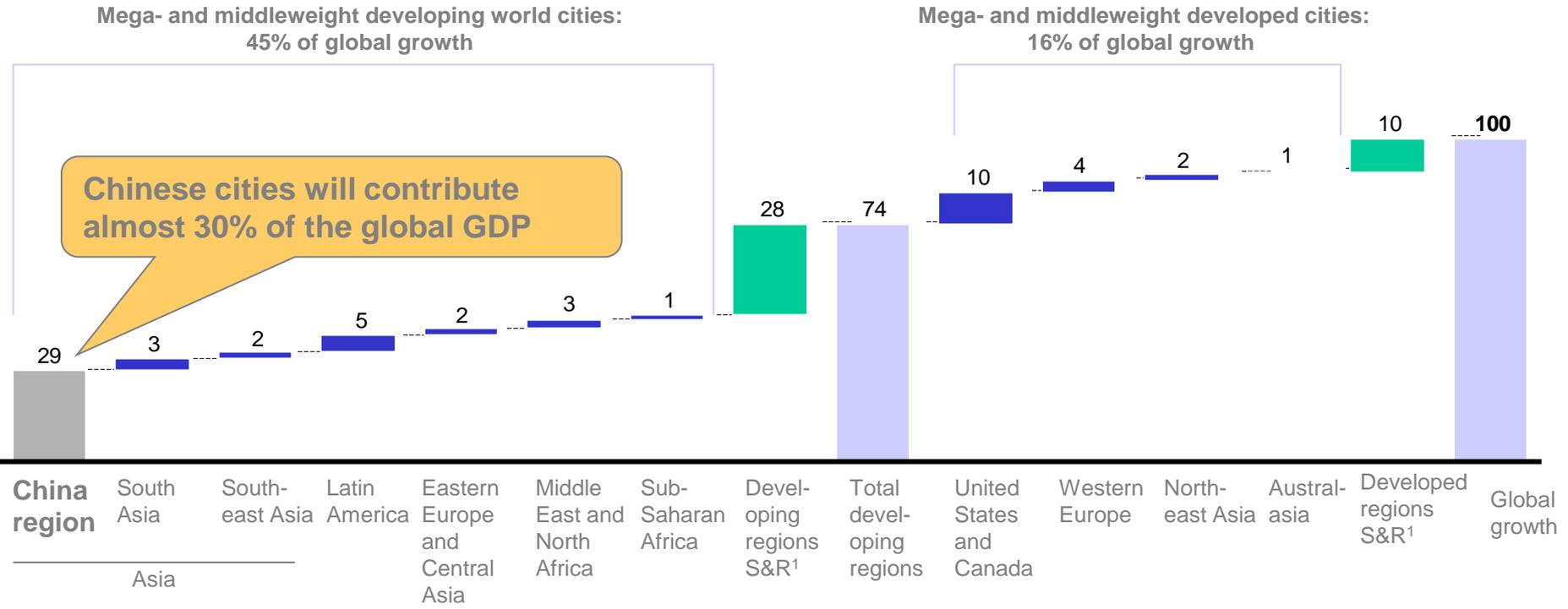
* Decline in CAGR of underlying net profit was mainly due to the open of HK live hogs market

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Appendix III – Strong growth in China

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

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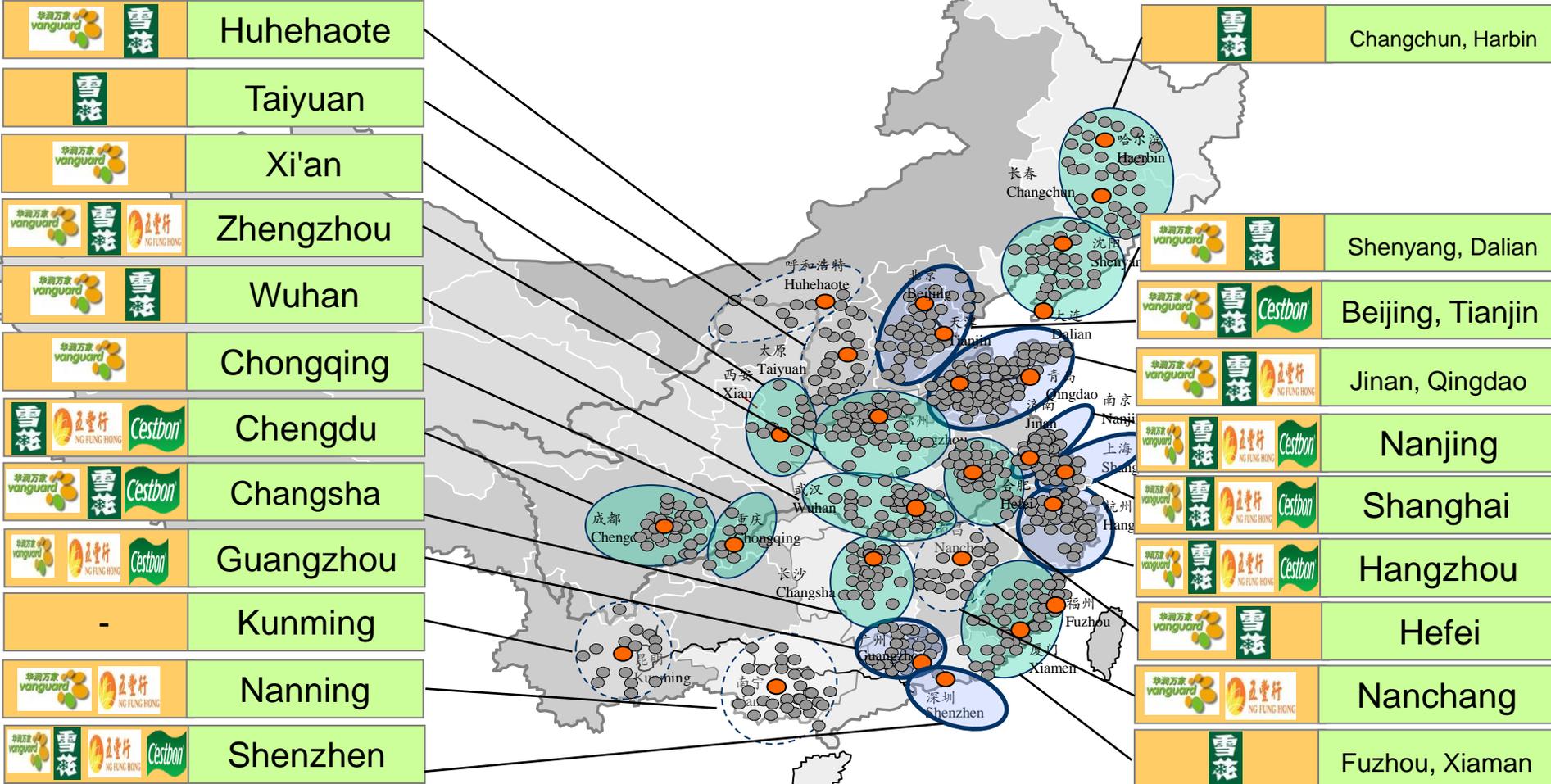
Appendix IV – Better position for CRE

Notation: CRE's presence Cluster's hub city

Expected cluster size: Small Sizable Mega

■ 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.



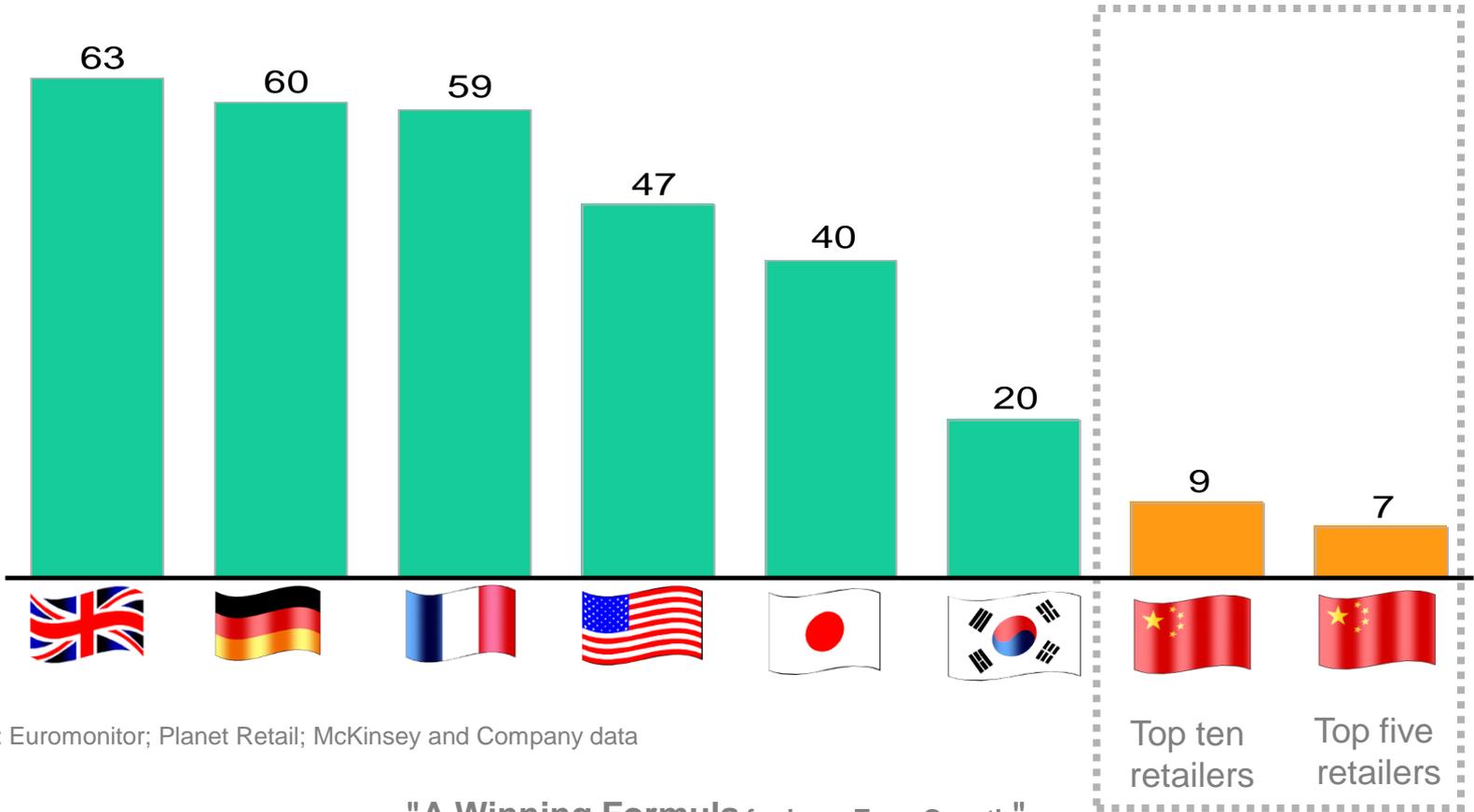
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Source: McKinsey and Company data

Appendix V – 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:

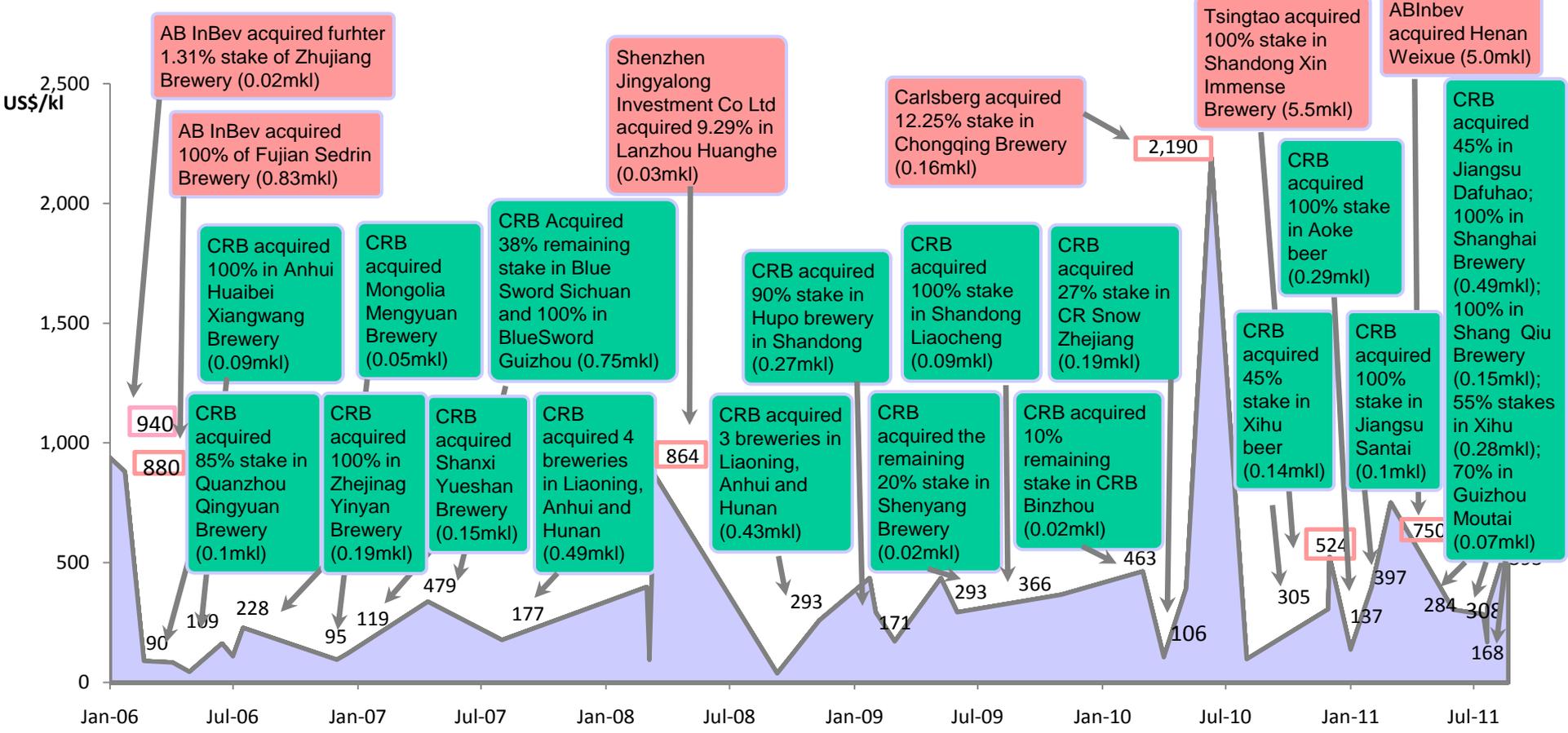


Source: Euromonitor; Planet Retail; McKinsey and Company data

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Appendix VI – Historical major M&As in beer business

Strong bargaining power and lower acquisition cost on M&A



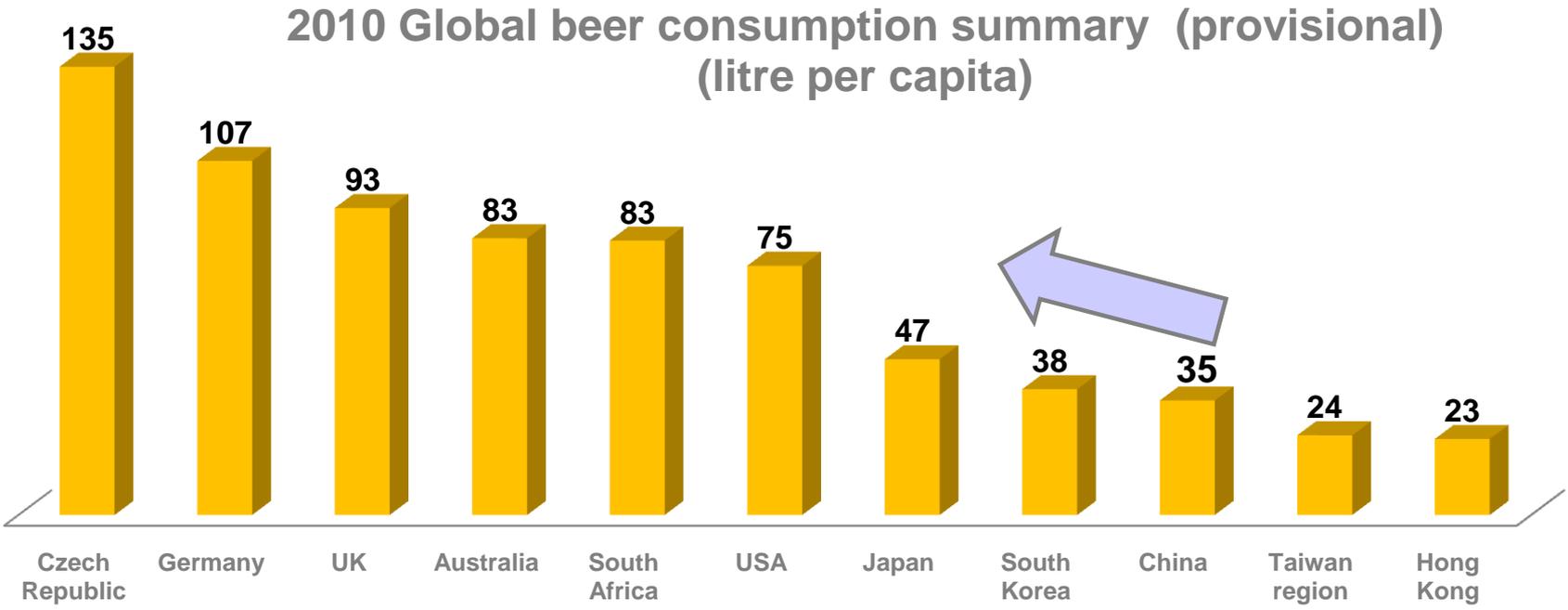
■ Acquisitions related to CRB
 ■ Acquisitions not related to CRB

Source: Deutsche bank and Company data

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Appendix VII – Global beer consumption summary

Beer consumption per capita in China increased from 16 litres in 1998 to 35 litres in 2010 (provisional).



Source: Canadean

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Appendix VIII – CRE awards



■ 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
- 2005-2011 Named one of the outstanding enterprises among blue-chip companies in Hong Kong by *Economic Digest*
- 2005-2009 Rated one of the companies with the best corporate governance in China by *FinanceAsia*
- 2006-2011 Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by *Corporate Governance Asia*
- 2009-2011 Ranked one of the top three retail organization for China in Retail Asia-Pacific Top 500 Awards by *Retail Asia Publishing*
- 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 *Asiamoney*
- 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 *IR Magazine*
- 2009 Named one of top ten companies among 146 listed companies in Hong Kong in "The HKIoD Corporate Governance Score-card 2009" by *Hong Kong Institute of Directors*

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Appendix VIII – CRE awards (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 <i>The Hong Kong Council of Social Service</i> |
| 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- 2011 | Received awards for cover photo/design in the categories of food distributors, processors & wholesalers, manufacturing & Distributing and Multi-Industry – Products & Services in International Annual Report Competition Awards from <i>MerComm, Inc.</i> |
| 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 <i>Hong Kong Institute of Directors</i> |
| 2010 | Selected as one of the 13 listed companies receiving "The Excellence of Listed Enterprise Awards 2010" by <i>Capital Weekly</i> |
| 2010–2011 | Selected as one of the companies receiving "Global Chinese Business 1000 – Outstanding Performance Award" by <i>Yazhou Zhoukan</i> |

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