

China Resources Enterprise, Limited Financial and business review Q3 2009

Focus and Opportunities



19 November 2009



- Profitability
- Three core businesses:
 - Retail
 - Beverage
 - Food processing and distribution
- Asset rationalization to acquire Homeworld





Results Highlights (Compared with Sep ytd 2008)

■ Turnover rose by 9% to HK\$54,811m. Earnings and EBITDA increased by 2% and 12% to HK\$2,201m and HK\$5,919m respectively. Further, underlying net profit of core businesses boosted 14% to HK\$1,597m.

Retail

■ Turnover increased by 8% to HK\$28,377m. Total retail earnings reduced by 33% to HK\$339m mainly due to increases in promotional activities.

Beverage

■ Turnover and underlying results were strong reporting 20% and 80% improvement to HK\$17,265m and HK\$803m respectively. Sales volume of beer was up 16% to approximately 7.1m kl which was mainly attributable to increasing popularity among people born in 80's and migrant workers returning to home places.



Results Highlights (Compared with Sep ytd 2008)

Food processing and distribution

• Underlying net profit of food business increased by 2% to HK\$184m mainly due to better performance of marine fishing and core China food processing business.

Investment property

Excluding the effect of property revaluation and change in tax rate in H1 2008, underlying net profit of investment properties increased by 34% to HK\$285m which was mainly attributable to rental income of new tenancy agreements from Silvercord in Tsimshatshui.



Results Summary

Solid performance under difficult environment

	Sep ytd 2009	Sep ytd 2008	change
	HK\$m	HK\$m	
		1	
Turnover	54,811	50,141	+9%
Earnings	2,201	2,159	+2%
Underlying net profit *	1,644	1,633	+1%
EPS (HK¢)	92	90	+2%
EBITDA	5,919	5,265	+12%
ROE (%)	8.2	8.6	-5%
Net gearing ratio (%)	6.0	10.4	-42%

^{*} Earnings excluding the after-tax effect of investment property revaluation and major disposals of non-core assets/investments which led to aggregate gains of HK\$557m and HK\$526m in Sep ytd 2009 and Sep ytd 2008 respectively



Turnover Breakdown - by Divisions

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Core businesses					
Retail	28,377	52%	26,206	52%	+8%
Beverage	17,265	31%	14,404	29%	+20%
Food processing and distribution	5,462	10%	5,802	11%	-6%
Investment property	407	1%	325	1%	+25%
	51,511	94%	46,737	93%	+10%
Other businesses					
Textile	3,509	6%	3,687	7%	-5%
	55,020	100%	50,424	100%	+9%
Less: inter-co transactions	(209)		(283)		-26%
Turnover - total	54,811	-	50,141	-	+9%

Earnings Breakdown - by Divisions

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Core businesses					
Retail	339	15%	506	22%	-33%
Beverage	803	35%	447	19%	+80%
Food processing and distribution	299	13%	265	12%	+13%
Investment property	710	31%	700	30%	+1%
	2,151	94%	1,918	83%	+12%
Other businesses					
Textile	(85)	(4%)	90	4%	na
Investment & others	239	10%	305	13%	-22%
	2,305	100%	2,313	100%	-
Net corporate interest & expenses	(104)		(154)		-32%
Earnings - total	2,201		2,159		+2%



Underlying Net Profit Breakdown - by Divisions

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Core businesses					
Retail	325	19%	503	28%	-35%
Beverage	803	46%	447	25%	+80%
Food processing and distribution	184	10%	181	10%	+2%
Investment property	285	16%	264	15%	+8%
	1,597	91%	1,395	78%	+14%
Other businesses					
Textile	(88)	(5%)	87	5%	na
Investment & others	239	14%	305	17%	-22%
	1,748	100%	1,787	100%	-2%
Net corporate interest & expenses	(104)		(154)		-32%
Underlying net profit * - total	1,644	-	1,633		+1%

^{*} Earnings excluding the after-tax effect of investment property revaluation and major disposals of non-core assets/investments which led to aggregate gains of HK\$557m and HK\$526m in Sep ytd 2009 and Sep ytd 2008 respectively

EBITDA Breakdown - by Divisions

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Core businesses					
Retail	1,422	24%	1,541	29%	-8%
Beverage	2,710	45%	1,858	35%	+46%
Food processing and distribution	586	10%	508	9%	+15%
Investment property	876	14%	796	15%	+10%
	5,594	93%	4,703	88%	+19%
Other businesses					
Textile	184	3%	376	7%	-51%
Investment & others	216	4%	262	5%	-18%
	5,994	100%	5,341	100%	+12%
Net corporate interest & expenses	(75)		(76)		-1%
EBITDA * - total	5,919		5,265		+12%

^{*} EBITDAs above are 100% interests and include associates' profits



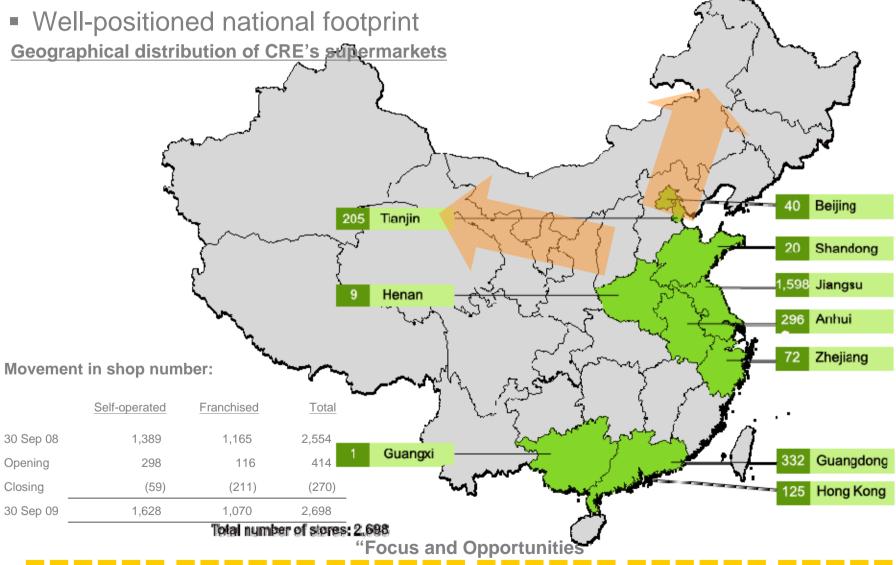
Retail business turnover and earnings breakdown

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Turnover					
- Supermarket	25,884	91%	23,644	91%	+9%
- Brand-fashion	1,977	7%	1,935	7%	+2%
- Other retail stores	516	2%	627	2%	-18%
	28,377	100%	26,206	100%	+8%
Earnings					
- Supermarket	247	73%	324	64%	-24%
- Brand-fashion	96	28%	135	27%	-29%
- Other retail stores	(4)	(1%)	47	9%	Na
	339	100%	506	100%	-33%

[&]quot;Focus and Opportunities"



Retail





Well-positioned national footprint

Supermarket turnover, EBITDA and earnings breakdown

Supermarket turnover, EDITDA and earnings breakdown								
	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change			
Turnover								
- HK	1,733	7%	1,850	8%	-7%			
- China	24,151	93%	21,794	92%	+11%			
	25,884	100%	23,644	100%	+9%			
EBITDA	,		,					
- HK	168	15%	202	18%	-17%			
- China	973	85%	892	82%	+9%			
	1,141	100%	1,094	100%	+4%			
Earnings	, , , , , ,		.,					
- HK	91	37%	135	42%	-33%			
- China	156	63%	189	58%	-17%			
Jiiiia	247	100%	324	100%	-24%			
EBITDA margin (%)	271	10070	324	10070	-27/0			
- overall	4.4		4.6		-4%			
- HK	9.7		10.9		-11%			
- China	4.0		4.1		-2%			
Net margin (%)								
- overall	1.0		1.4		-29%			
- HK	5.3		7.3		-27%			
- China	0.6		0.9		-33%			
	"Focus and Op	portunities"	3.0					



Well-positioned national footprint

Sep ytd 2009 decline in same store sales was due to negative CPI (-1.1%), downturn in economy and the high base of last year

Same store sales growth trend (constant currency)

<u>Jame Store Saiso growth trong (Sometant Sairtonsy)</u>	Sep ytd 2009 %	FY2008 %	FY2007 %
Overall supermarket	-2.0	+10.8	+9.5
China	-1.8	+11.2	+10.2
Hong Kong	-5.2	+5.7	+2.2

China CPI: Sep ytd 2009: -1.1%; Sep ytd 2008 +7.0%

Hong Kong CPI: Sep ytd 2009: +0.2%; Sep ytd 2008: +5.0%



Well-positioned national footprint

Supermarket business model

Winning market share by

- Regional focus
- Multiple-format store approach
- Multiple distribution centres
- Trade-up strategy
- Acquisitions of Homeworld





Beverage

Substantial improvement

Breakdown of beverage turnover and earnings

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Turnover					
- beer	15,950	92%	13,370	93%	+19%
- purified water	1,315	8%	1,034	7%	+27%
	17,265	100%	14,404	100%	+20%
Attributable earnings to CRE					
- beer	661	82%	361	81%	+83%
- purified water	142	18%	86	19%	+65%
	803	100%	447	100%	+80%



Beverage

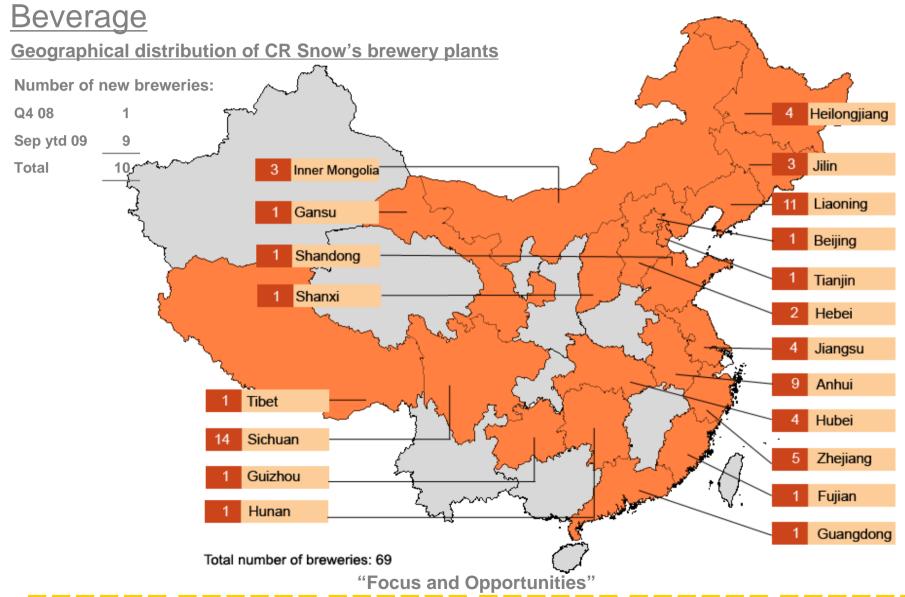
Substantial improvement

Performance of existing and new brewery operations

	Sep ytd 2009	Prop	Sep ytd 2008	Prop	change
	HK\$m		HK\$m		
Turnover					
- Existing breweries	14,467	91%	13,004	97%	+11%
- New breweries (Note)	1,483	9%	366	3%	+305%
	15,950	100%	13,370	100%	+19%
Attributable earnings to CR Snow					
- Existing breweries (incl overheads and others)	1,365	105%	797	112%	+72%
- New breweries (Note)	(69)	(5%)	(85)	(12%)	-18%
	1,296	100%	712	100%	+82%
Net margin					
- Existing breweries	9.4		6.1		+54%
- New breweries (Note)	(4.7)		(23.2)		-80%
	8.1		5.3	-	+53%

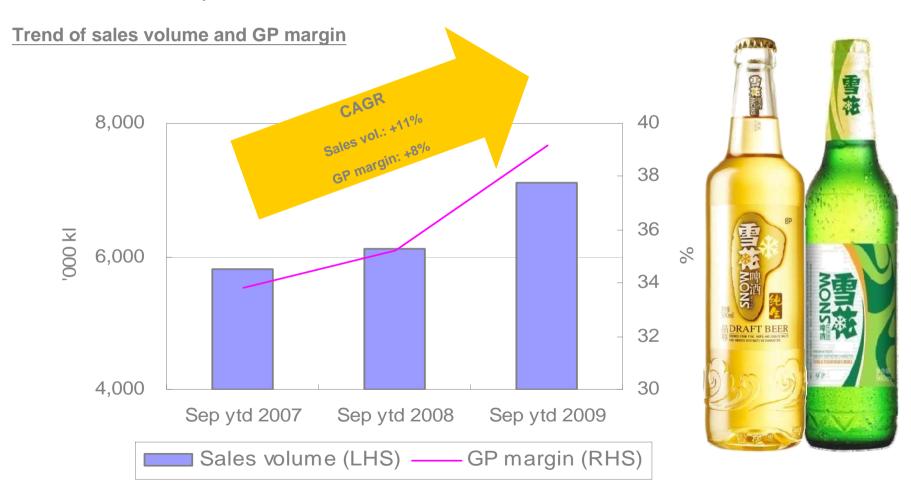
Note: New breweries are those owned after 1 January 2008 Sep ytd 09: 13 new breweries; Sep ytd 08: 3 new breweries







Substantial improvement





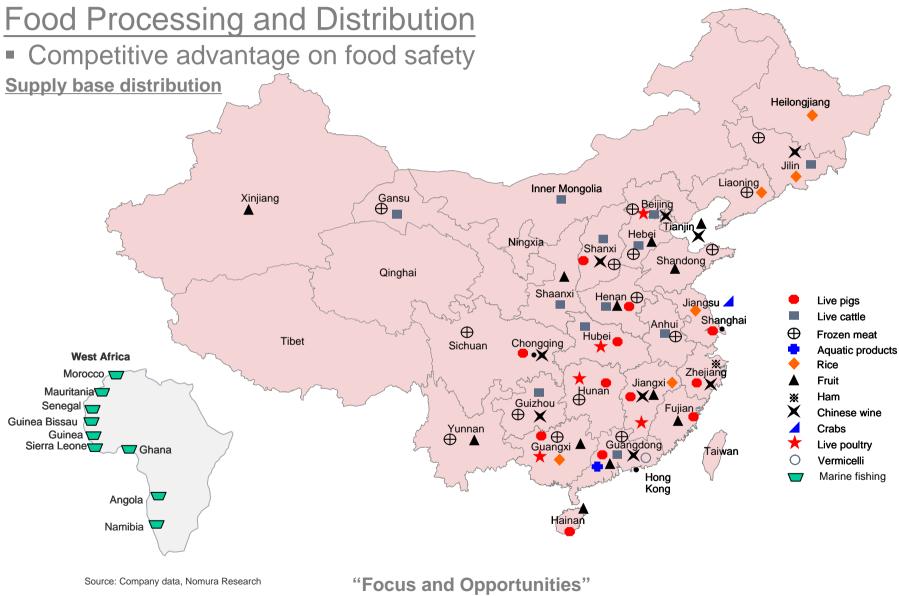
Food Processing and Distribution

Competitive advantage on food safety

<u>Turnover</u>	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Foodstuff distribution (mainly in Hong Kong)	2,096	38%	2,510	43%	-16%
Marine fishing	1,087	20%	1,209	21%	-10%
Food processing in China	1,995	37%	1,843	32%	+8%
Hong Kong abattoir operation and others	284	5%	240	4%	+18%
	5,462	100%	5,802	100%	-6%
<u>Earnings</u>	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Earnings Foodstuff distribution (mainly in Hong Kong)	2009	Prop	2008	Prop 24%	change -61%
	2009 HK\$m		2008 HK\$m		
Foodstuff distribution (mainly in Hong Kong)	2009 HK\$m	8%	2008 HK\$m 64	24%	-61%
Foodstuff distribution (mainly in Hong Kong) Marine fishing	2009 HK\$m 25 54	8% 18%	2008 HK\$m 64 (7)	24% (3%)	-61% na

^{*} Included partial disposal of A shares in Sep ytd 2009 amounting to HK\$115m (Sep ytd 2008: HK\$85m) "Focus and Opportunities"







Food Processing and Distribution

Competitive advantage on food safety

Food Business Model

- One of the leading integrated food suppliers in China
- Increasing focus on China
- High food safety standard on pig supply
- A variety of food supplies, including marine fishing in West Africa
- Expanding "Ng Fung" brand's presence in China







Appendix I - Calculation of Underlying Net Profit

	Sep ytd 2009	Sep ytd 2008	change
	HK\$m	HK\$m	
Earnings	2,201	2,159	+2%
Adjustments			
Partial disposal of shares in Hunan New Wellful	(43)	(28)	+54%
Partial disposal of shares in Fortune Ng Fung Food (Hebei)	(72)	(57)	+26%
Investment property revaluation	(442)	(441)	-
	(557)	(526)	+6%
Underlying net profit - total	1,644	1,633	+1%



Appendix II – Quarterly Turnover Breakdown - by Divisions

	Q3 2009 HK\$m	Prop	Q3 2008 HK\$m	Prop	change
Core businesses					
Retail	9,391	47%	8,876	48%	+6%
Beverage	7,049	35%	6,230	34%	+13%
Food processing and distribution	1,957	10%	1,981	10%	-1%
Investment property	141	1%	120	1%	+18%
	18,538	93%	17,207	93%	+8%
Other businesses					
Textile	1,298	7%	1,226	7%	+6%
	19,836	100%	18,433	100%	+8%
Less: inter-co transactions	(72)		(98)		-27%
Turnover - total	19,764		18,335		+8%



Appendix II – Quarterly Earnings Breakdown - by Divisions

	Q3 2009 HK\$m	Prop	Q3 2008 HK\$m	Prop	change
Core businesses					
Retail	63	6%	124	17%	-49%
Beverage	462	43%	301	42%	+53%
Food processing and distribution	88	8%	25	3%	+252%
Investment property	389	36%	134	19%	+190%
	1,002	93%	584	81%	+72%
Other businesses					
Textile	(18)	(1%)	24	3%	na
Investment & others	88	8%	115	16%	-23%
	1,072	100%	723	100%	+48%
Net corporate interest & expenses	(29)		(52)		-44%
Earnings - total	1,043		671		+55%



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