

China Resources Enterprise, Limited  
Financial and business review  
Q3 2009

**Focus and Opportunities**

19 November 2009



## Focus and opportunities

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



## “Focus and Opportunities”

- ## Retail

- ## Beverage

- ## “Focus and Opportunities”

## 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.

“Focus and Opportunities”

Sep ytd 2009	Sep ytd 2008	<i>change</i>
HK\$m	HK\$m	

\* 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

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	30%
65-74	35%
75-84	40%
85+	5%

## “Focus and Opportunities”

## “Focus and Opportunities”

\* 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

8



\* EBITDAs above are 100% interests and include associates' profits

## Retail business turnover and earnings breakdown

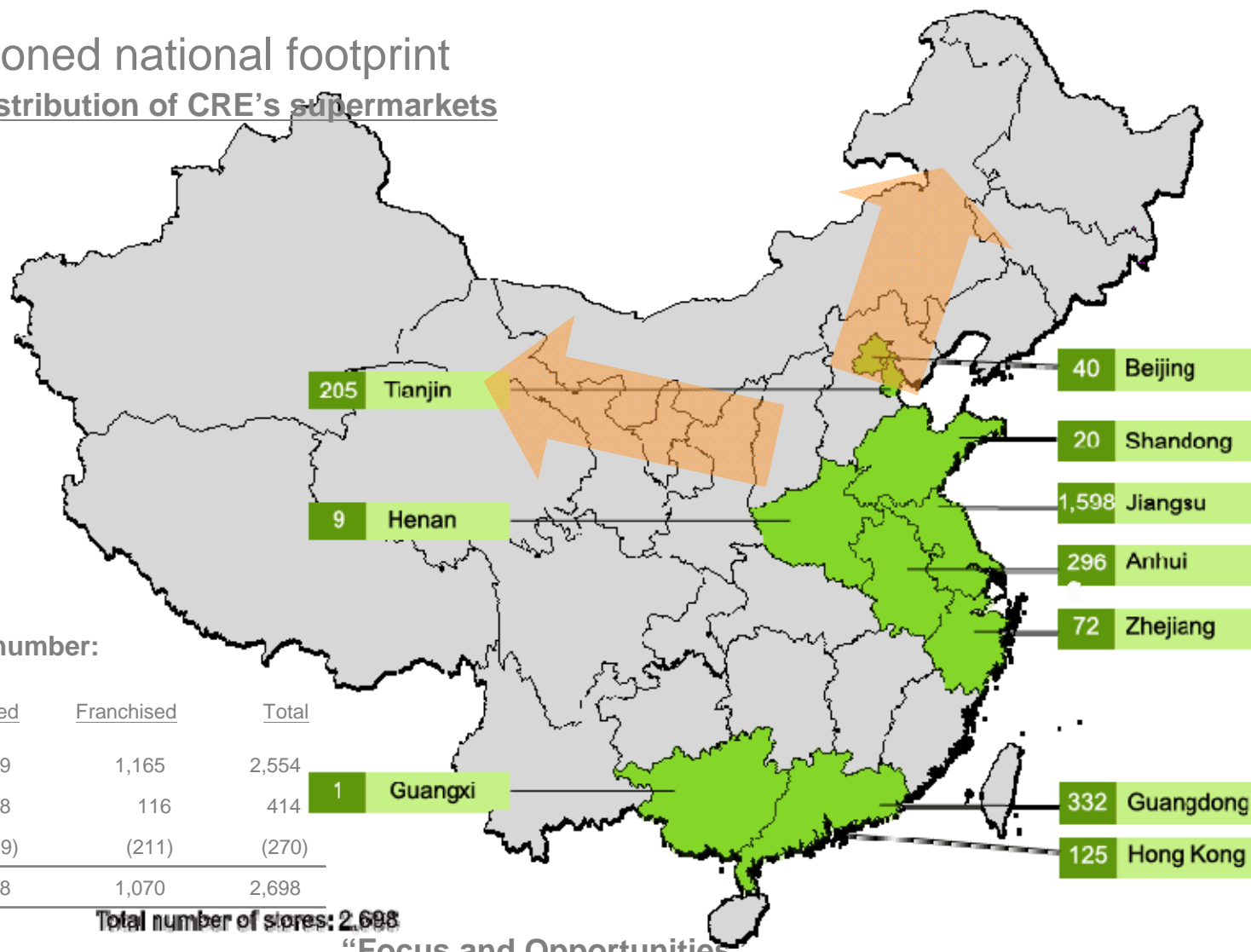
	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
<b>Turnover</b>					
- Supermarket	25,884	91%	23,644	91%	+9%
- Brand-fashion	1,977	7%	1,935	7%	+2%
- Other retail stores	516	2%	627	2%	-18%
	28,377	100%	26,206	100%	+8%
<b>Earnings</b>					
- Supermarket	247	73%	324	64%	-24%
- Brand-fashion	96	28%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

“Focus and Opportunities”

## Retail

- Well-positioned national footprint

### Geographical distribution of CRE's supermarkets



### **Movement in shop number:**

	Self-operated	Franchised	Total
30 Sep 08	1,389	1,165	2,554
Opening	298	116	414
Closing	(59)	(211)	(270)
30 Sep 09	1,628	1,070	2,698

Total number of stores: 2,698

“Focus and Opportunities”

## Retail

- Well-positioned national footprint

### Supermarket turnover, EBITDA and earnings breakdown

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

“Focus and Opportunities”

## Retail

- 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)

	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%

### “Focus and Opportunities”

## Retail

- 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



“Focus and Opportunities”

## Beverage

- Substantial improvement

### Breakdown of beverage turnover and earnings

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

“Focus and Opportunities”

## Performance of existing and new brewery operations

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

16

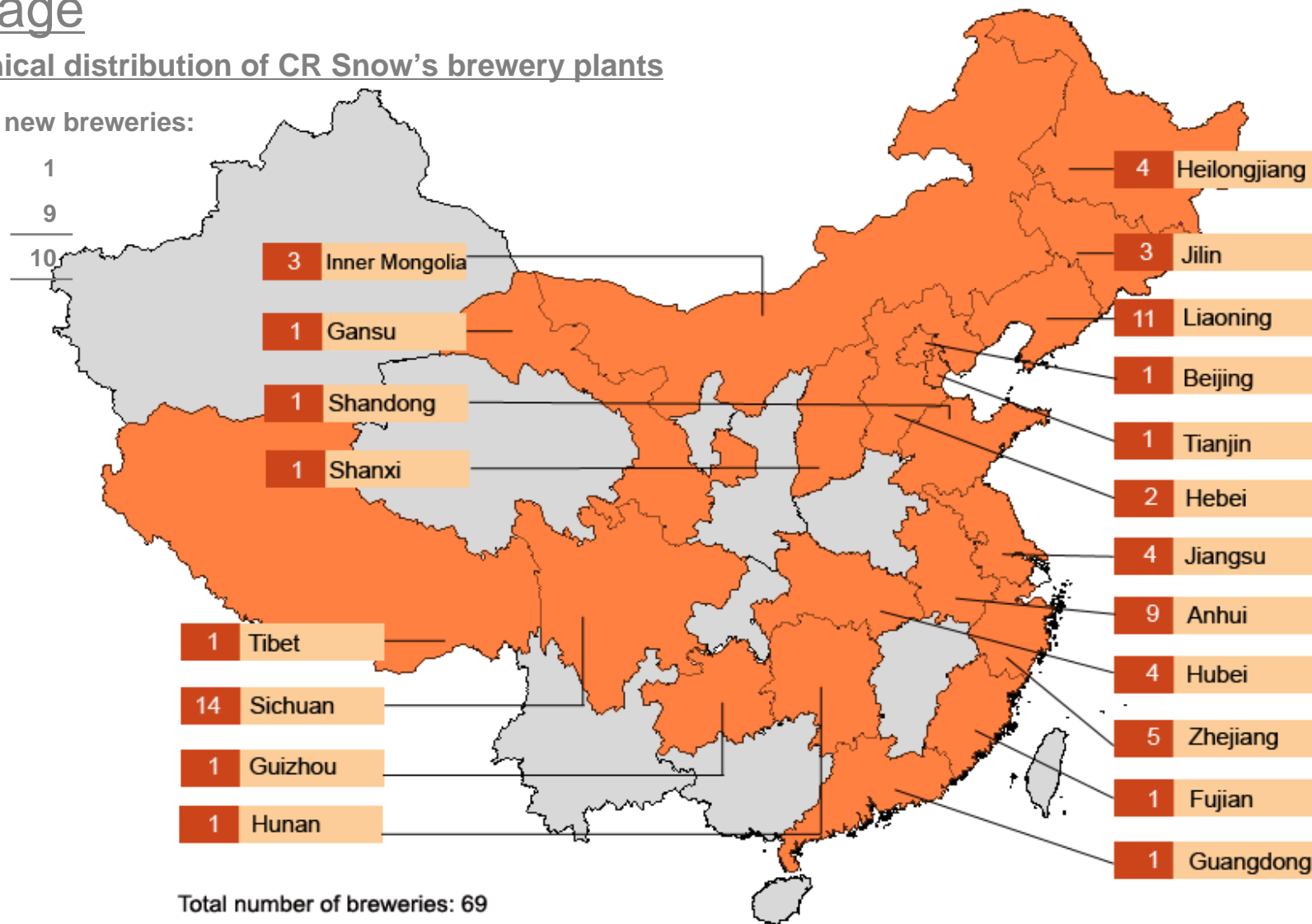


# Beverage

## Geographical distribution of CR Snow's brewery plants

Number of new breweries:

Q4 08	1
Sep ytd 09	9
Total	10

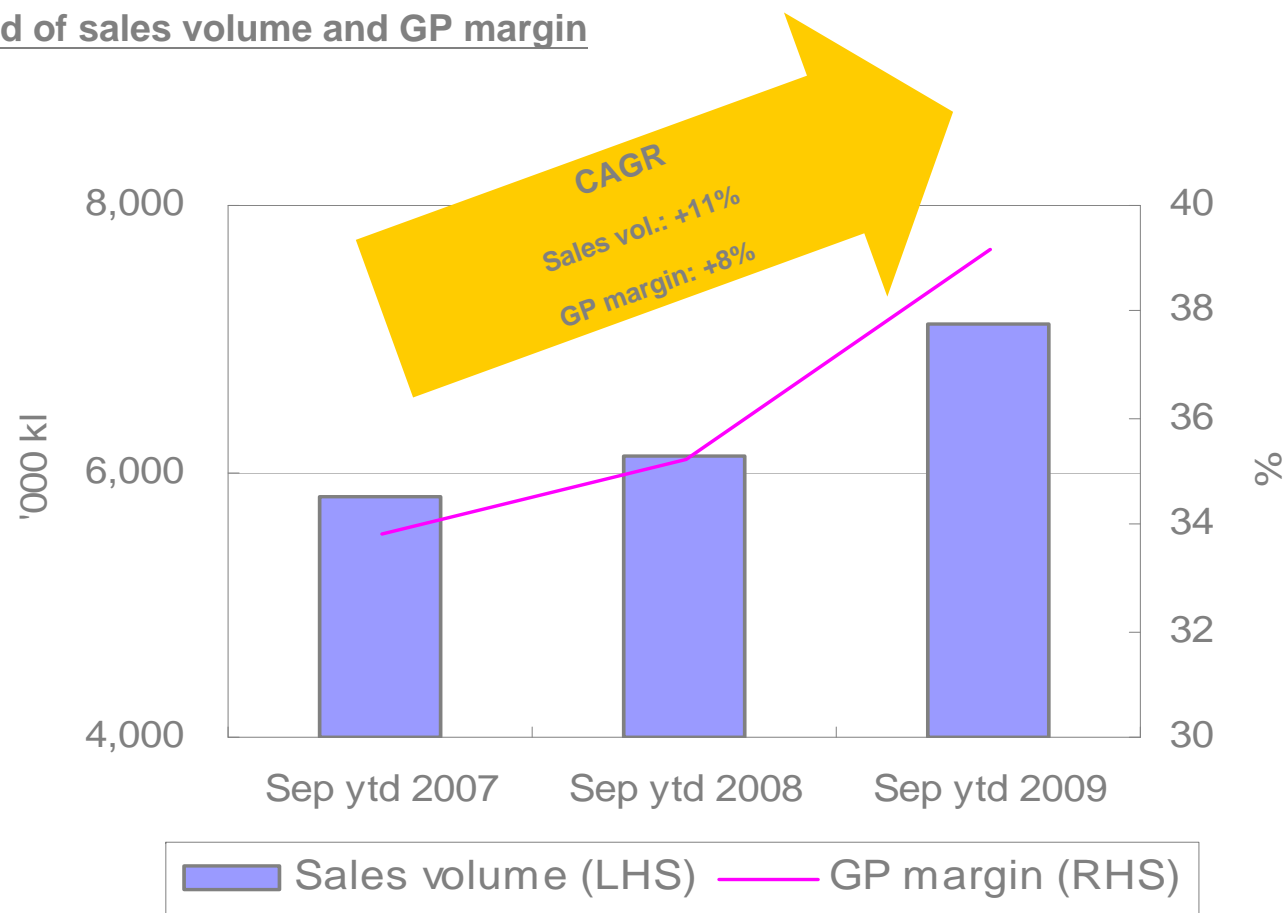


“Focus and Opportunities”

## Beverage

- Substantial improvement

### Trend of sales volume and GP margin



“Focus and Opportunities”

## Food Processing and Distribution

- Competitive advantage on food safety

### Turnover

	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%

### Earnings

	Sep ytd 2009 HK\$m	Prop	Sep ytd 2008 HK\$m	Prop	change
Foodstuff distribution (mainly in Hong Kong)	25	8%	64	24%	-61%
Marine fishing	54	18%	(7)	(3%)	na
Food processing in China	65	22%	75	29%	-13%
Hong Kong abattoir operation and others*	155	52%	133	50%	+17%
	299	100%	265	100%	+13%

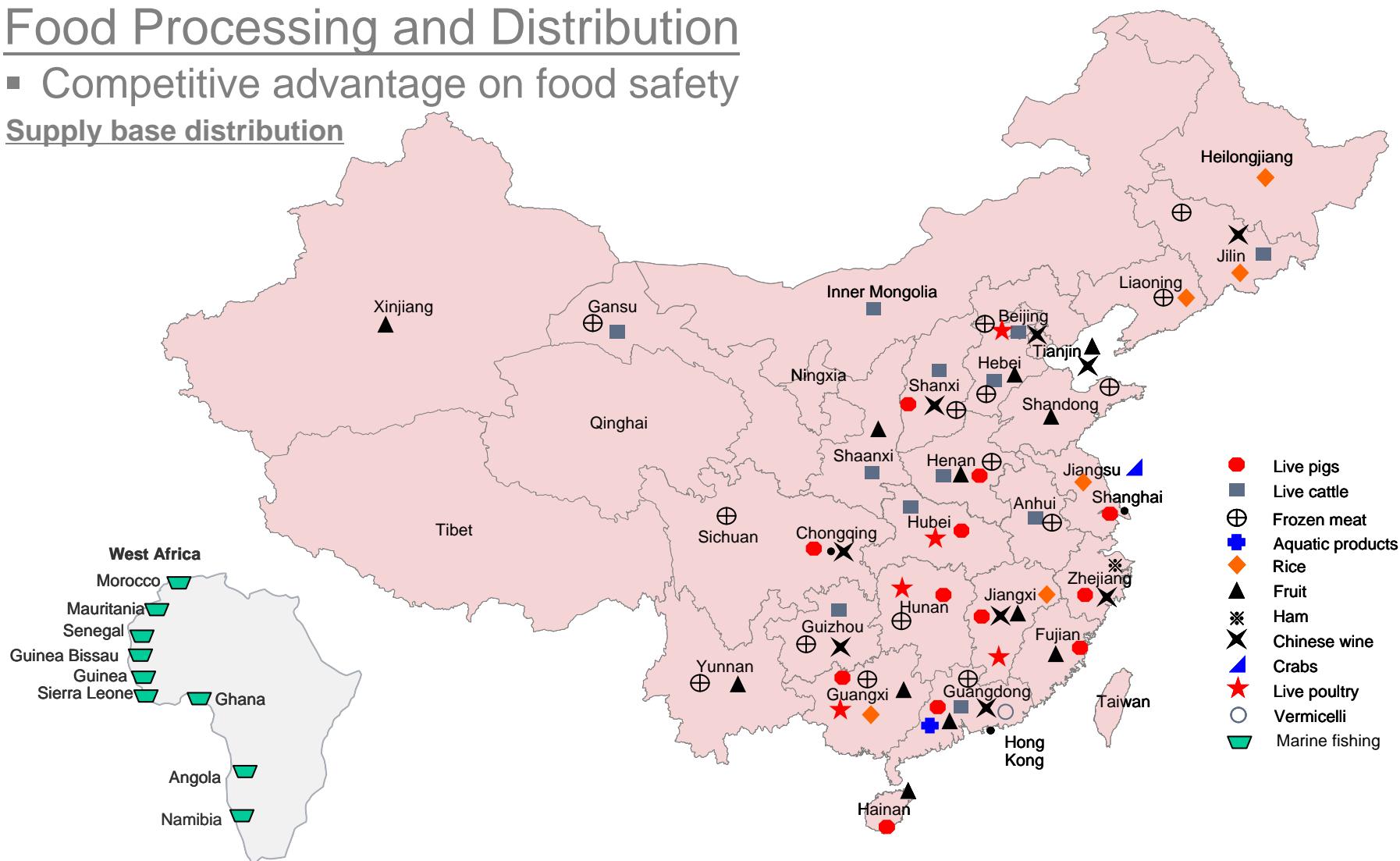
\* Included partial disposal of A shares in Sep ytd 2009 amounting to HK\$115m (Sep ytd 2008: HK\$85m)

“Focus and Opportunities”

# Food Processing and Distribution

■ Competitive advantage on food safety

Supply base distribution



Source: Company data, Nomura Research

“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



“Focus and Opportunities”

## Appendix I - Calculation of Underlying Net Profit

	Sep ytd 2009 HK\$m	Sep ytd 2008 HK\$m	<i>change</i>
Earnings	2,201	2,159	+2%
<b><u>Adjustments</u></b>			
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)	-
	<hr/> (557)	<hr/> (526)	+6%
Underlying net profit - total	1,644	1,633	+1%

“Focus and Opportunities”

## Appendix II – Quarterly Turnover Breakdown - by Divisions

	Q3 2009 HK\$m	Prop	Q3 2008 HK\$m	Prop	change
<b><u>Core businesses</u></b>					
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%
<b><u>Other businesses</u></b>					
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%

“Focus and Opportunities”

## Appendix II – Quarterly Earnings Breakdown - by Divisions

	Q3 2009 HK\$m	Prop	Q3 2008 HK\$m	Prop	change
<b><u>Core businesses</u></b>					
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%
<b><u>Other businesses</u></b>					
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%

“Focus and Opportunities”



This presentation and subsequent discussion may contain forward-looking statements that are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of China Resources Enterprise, Limited about its business and the industry and markets in which it operates. These forward-looking statements include, without limitation, statements relating to revenues, earnings and stock performance. The words “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict” and similar expressions are also intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, development outcomes, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks, which are beyond the control of China Resources Enterprise, Limited and are difficult to predict. Consequently, actual results could differ materially from those expressed or forecasted in the forward-looking statements.

25