

China Resources Enterprise, Limited  
Financial and operational review  
Q3 2010

**Enhanced Growth Platform**

18 November 2010



Q3 2010	Q3 2009	change	Sep ytd 2010	Sep ytd 2009	change
HK\$m	HK\$m		HK\$m	HK\$m	
24,447	19,764	+24%	66,427	54,811	+21%
1,058	1,043	+1%	5,301	2,201	+141%
829	601	+38%	1,900	1,502	+26%
			221	92	+140%
2,810	2,564	+10%	9,786	5,919	+65%
			17.6	8.2	+115%
			(14.7) net cash	6.0	-345%

**Net gearing ratio = (bank debts – cash)/total equity**

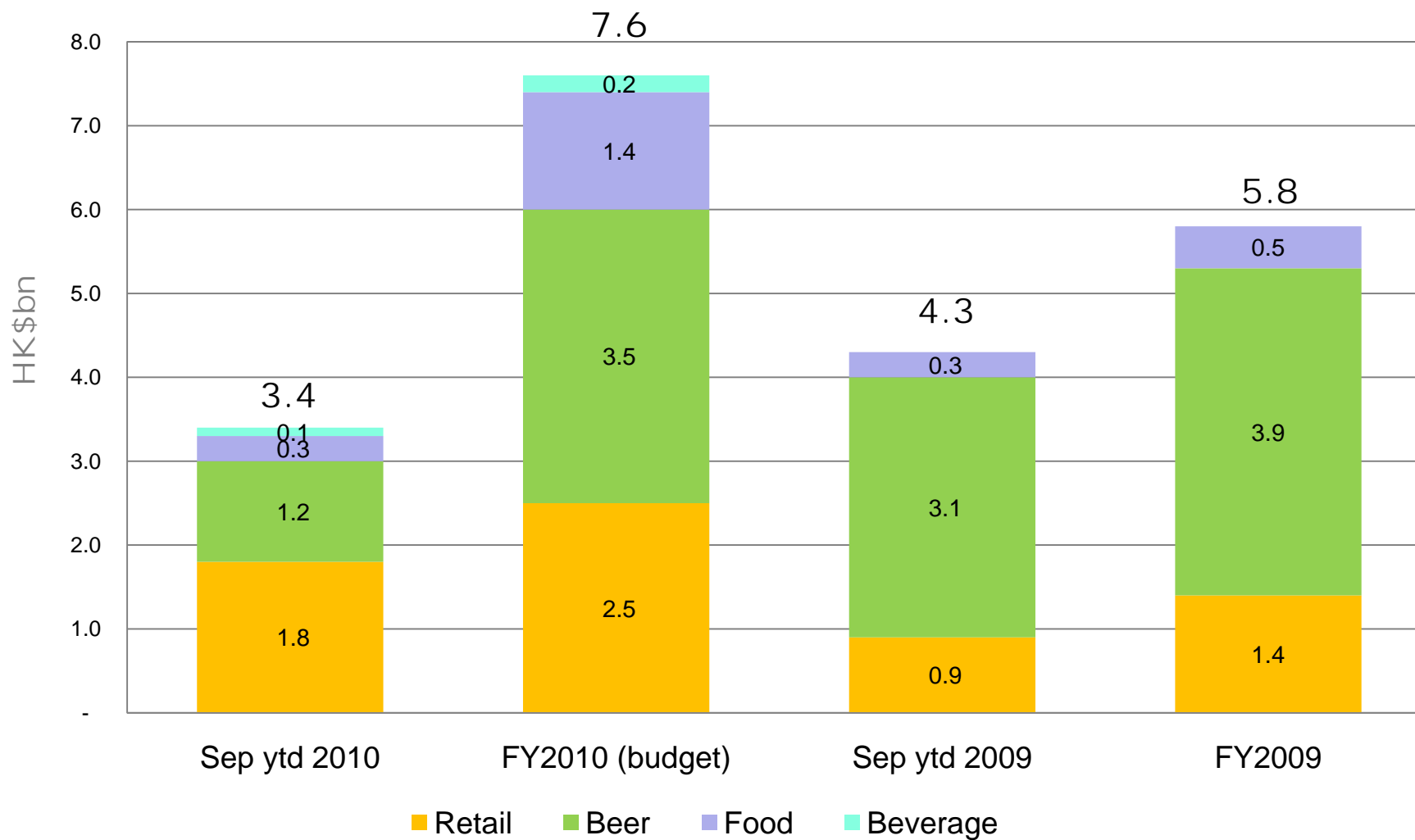
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## “Enhanced Growth Platform”

## “Enhanced Growth Platform”

\* Earnings excluding the after-tax effect of asset revaluation and major disposals of non-core assets/investments

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## “Enhanced Growth Platform”

A donut chart illustrating the composition of the CRE Consumer goods business. The chart is divided into four segments: Retail (50%, orange), Beer (40%, green), Food processing and distribution (9%, purple), and Beverage (1%, cyan). The center of the chart contains the text 'CRE Consumer goods business'.

Sector	Percentage
Retail	50%
Beer	40%
Food processing and distribution	9%
Beverage	1%

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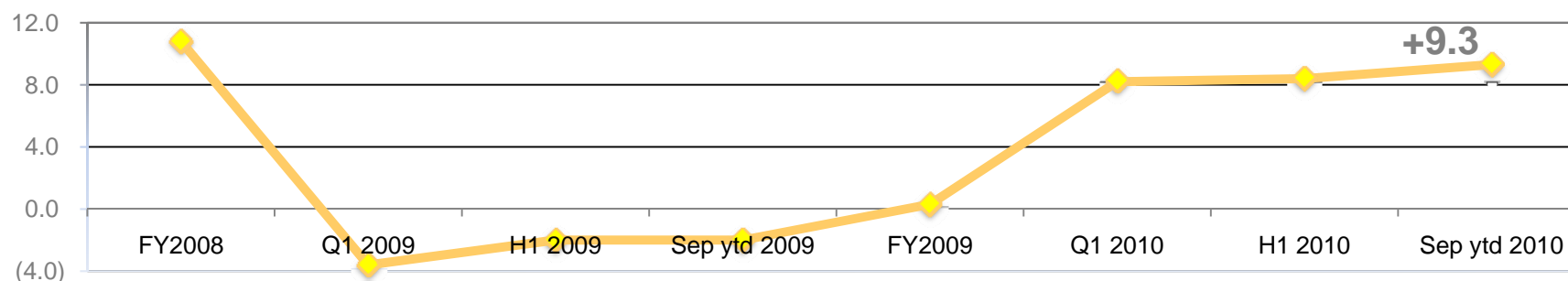
## Retail

- National expansion strategy with regional leadership and multi-format synergy

### Retail performance

	Q3 2010 HK\$m	Q3 2009 HK\$m	change	Sep ytd 2010 HK\$m	Sep ytd 2009 HK\$m	change
Turnover	13,916	8,918	+56%	40,808	26,890	+52%
EBITDA	847	783	+8%	2,760	2,025	+36%
Earnings	383	414	-7%	1,338	954	+40%
Underlying net profit	168	100	+68%	714	515	+39%
EBITDA margin (%)	6.1	8.8	-31%	6.8	7.5	-9%
Net margin (%)	2.8	4.6	-39%	3.3	3.5	-6%
Underlying net profit margin	1.2	1.1	+9%	1.7	1.9	-11%

### SSSG of retail business:



China CPI: Sep ytd 2010: +2.9% (Sep ytd 2009 : -1.1%)

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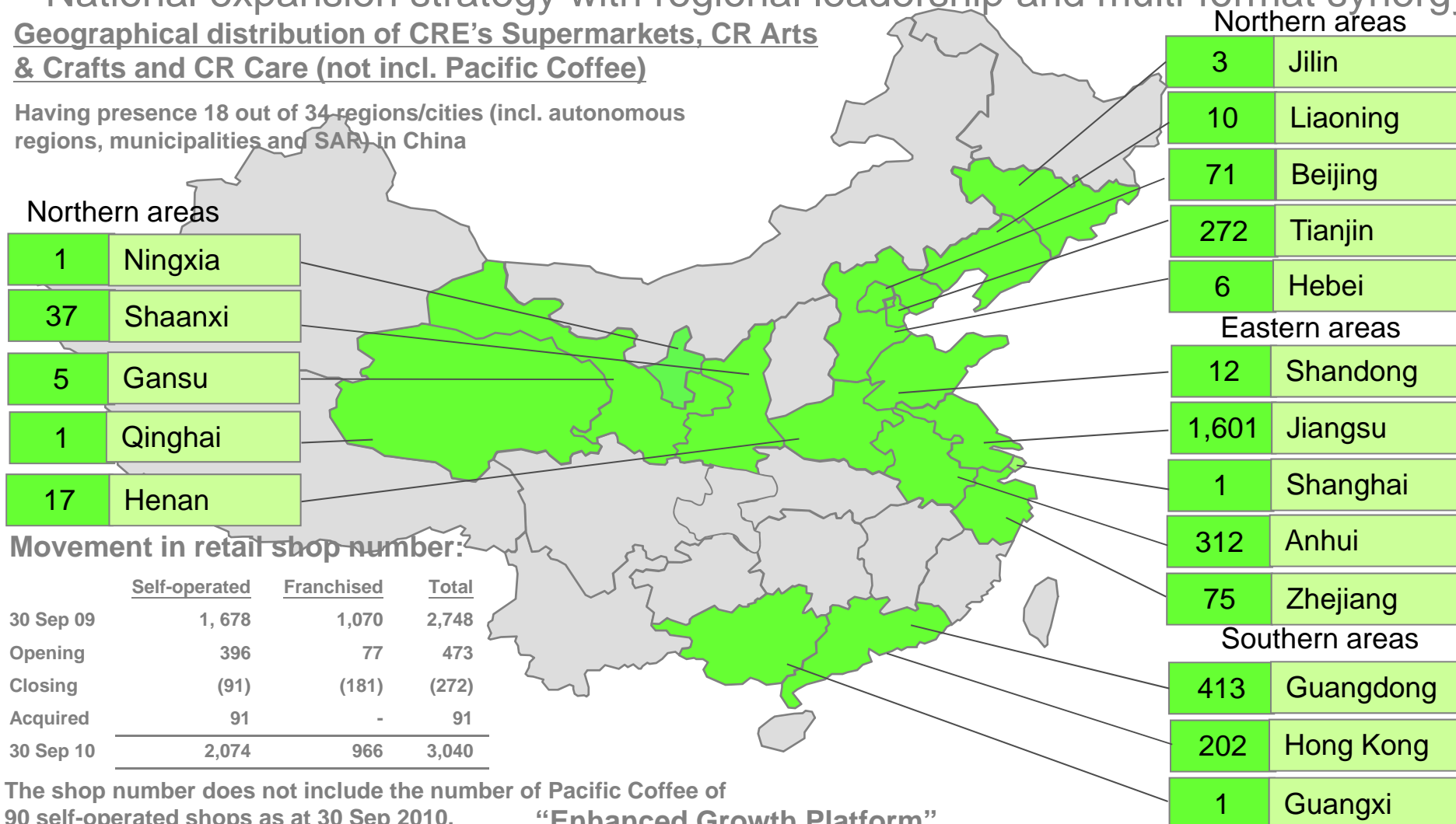


## Retail

- National expansion strategy with regional leadership and multi-format synergy

### Geographical distribution of CRE's Supermarkets, CR Arts & Crafts and CR Care (not incl. Pacific Coffee)

Having presence 18 out of 34 regions/cities (incl. autonomous regions, municipalities and SAR) in China



## Retail

- National expansion strategy with regional leadership and multi-format synergy

### Business model

#### *Winning market share by*

- Multiple-format store approach
- Multiple distribution centres (10 D.C.)
- Trade-up strategy
- Innovative in format
- Regional focus



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- CRE**  
**as retail market leader in China**
- Initiate mergers and acquisitions**  
- New growth engine
- Continue to promote format innovation**  
- match market preference
- Establish core competence**  
- Outstanding operation to sustain long term growth
- synergy

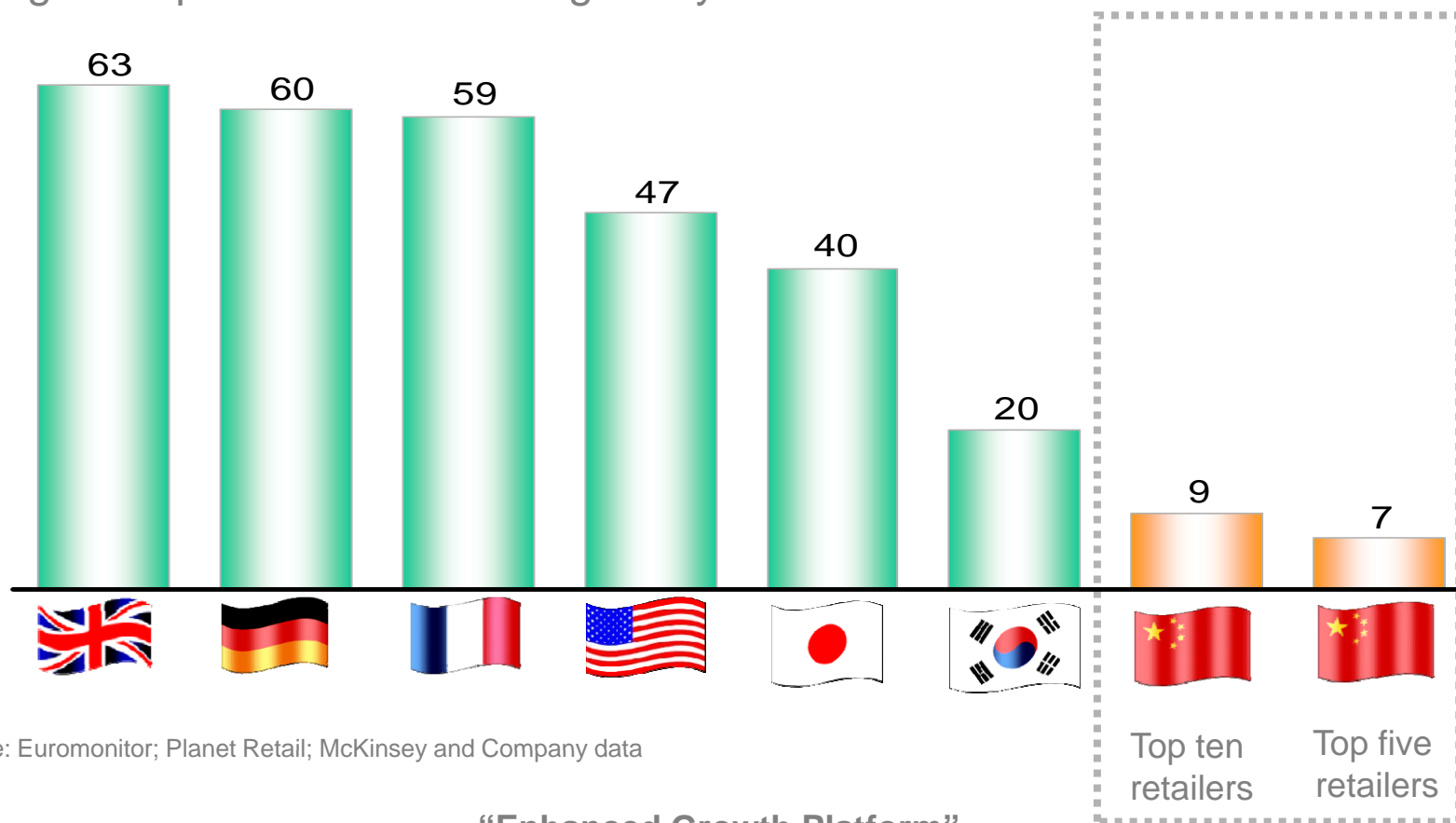
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## Retail

- National expansion strategy with regional leadership and multi-format synergy

### Lower market concentration in China than other developed countries:

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

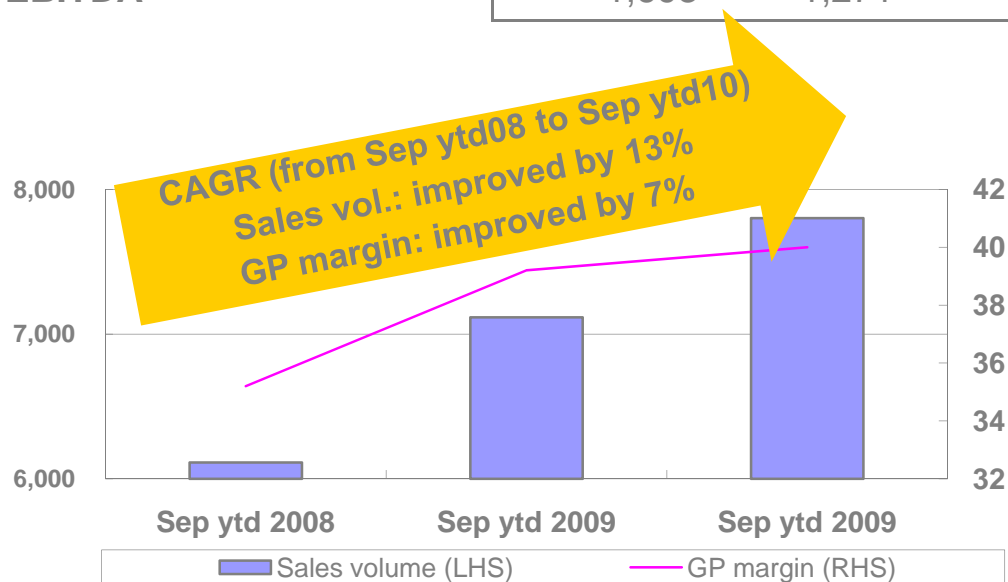


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## Beer (No.1 brand by volume in the world)

- Market leader with strong nationwide coverage in China

	Q3 2010 HK\$m	Q3 2009 HK\$m	change	Sep ytd 2010 HK\$m	Sep ytd 2009 HK\$m	change
Sales volume (million KL)	3.4	2.9	+16%	7.8	7.1	+10%
SNOW volume (million KL)	3.1	2.6	+22%	7.1	6.1	+15%
Turnover	7,773	6,476	+20%	17,816	15,950	+12%
Earnings	526	404	+30%	784	661	+19%
EBITDA	1,693	1,271	+33%	3,028	2,494	+21%



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

- Market leader with strong nationwide coverage in China

### Geographical distribution

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

Number of breweries/plants: 71

3 Inner Mongolia

1 Gansu

2 Shanxi

1 Tibet

12 Sichuan

1 Guizhou

1 Hunan

4 Heilongjiang

3 Jilin

11 Liaoning

1 Beijing

1 Tianjin

2 Hebei

3 Shandong

4 Jiangsu

1 Shanghai

9 Anhui

4 Hubei

5 Zhejiang

1 Fujian

1 Guangdong

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

- Total market share of top 4 players was 57% in 2009, of which Snow has 20%

### Beer market share of key players



Source: State Statistical Bureau and CR Snow

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## Food

- Competitive advantage on wide sourcing and distribution network

	Q3 2010	Q3 2009	change	Sep ytd 2010	Sep ytd 2009	change
	HK\$m	HK\$m		HK\$m	HK\$m	
Turnover	2,121	1,957	+8%	5,997	5,462	+10%
EBITDA	192	178	+8%	685	585	+17%
Earnings	87	88	-1%	327	299	+9%
Underlying net profit	51	39	+31%	265	184	+44%

Note: Increase in turnover and earnings were mainly due to better performance in meat business.

## Business Model

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



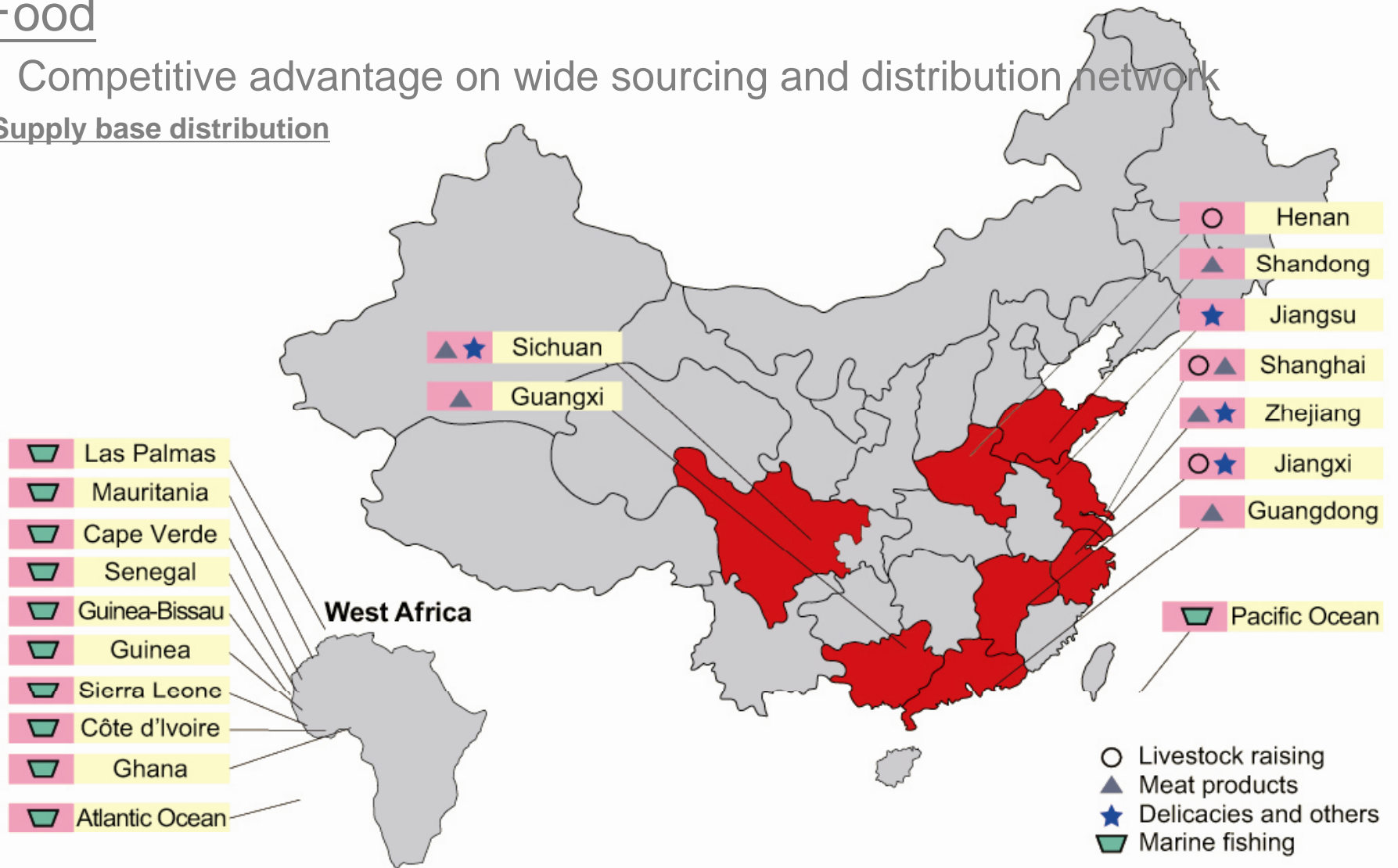
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## Food

- Competitive advantage on wide sourcing and distribution network

### Supply base distribution



Source: Company data

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## Beverage

- Solid momentum for nationwide expansion in China



	Q3 2010	Q3 2009	change	Sep ytd 2010	Sep ytd 2009	change
	HK\$m	HK\$m		HK\$m	HK\$m	
Turnover	754	573	+32%	1,650	1,315	+26%
EBITDA	112	94	+19%	194	216	-10%
Earnings	84	58	+45%	137	142	-4%

Note: Strong growth of sales volume in Q3 helped mitigate the impact of the launch of new product, O Pa on EBITDA and earnings.



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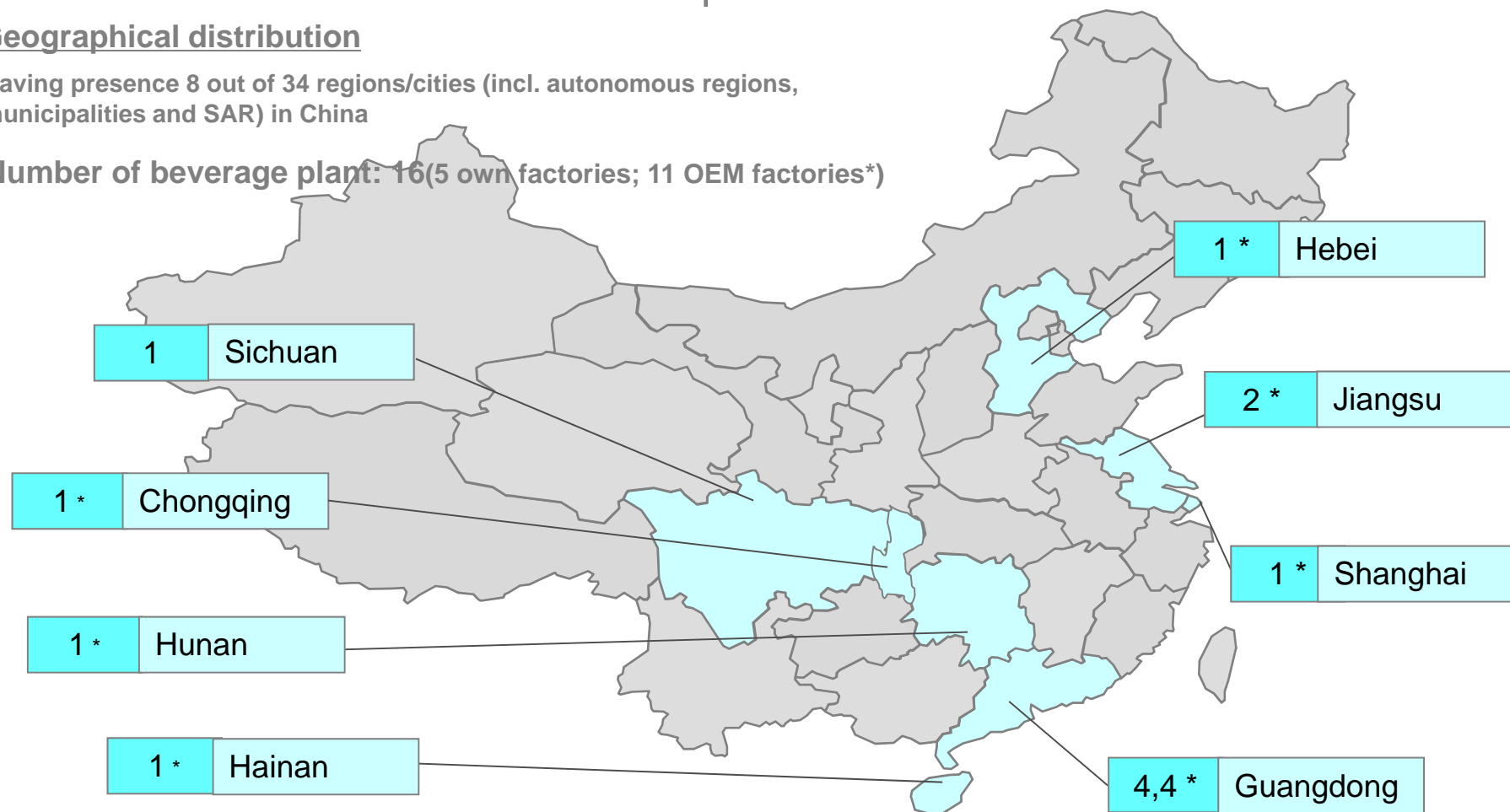
## Beverage

- Solid momentum for nationwide expansion in China

### Geographical distribution

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

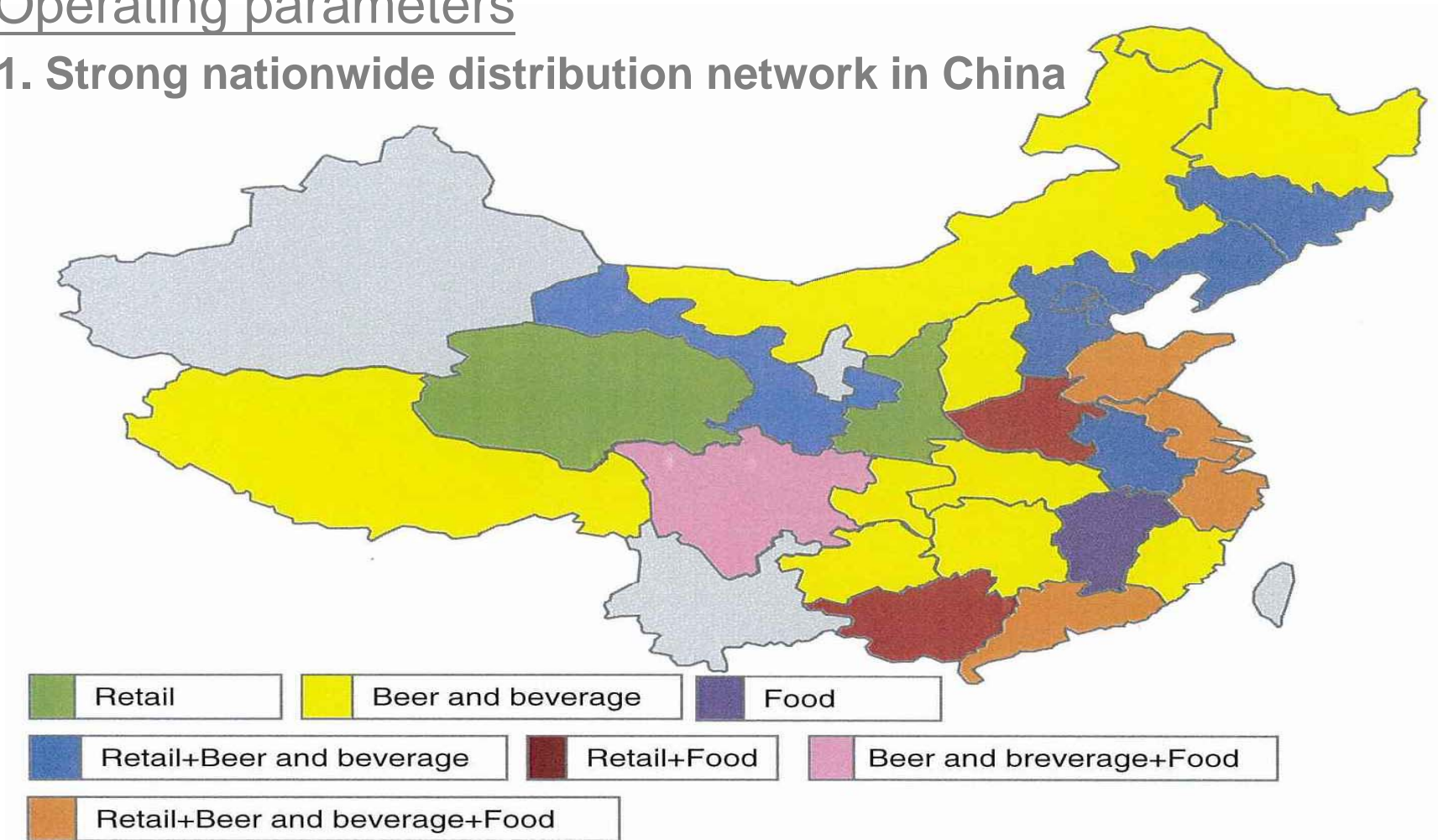
Number of beverage plant: 16(5 own factories; 11 OEM factories\*)



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## Operating parameters

### 1. Strong nationwide distribution network in China



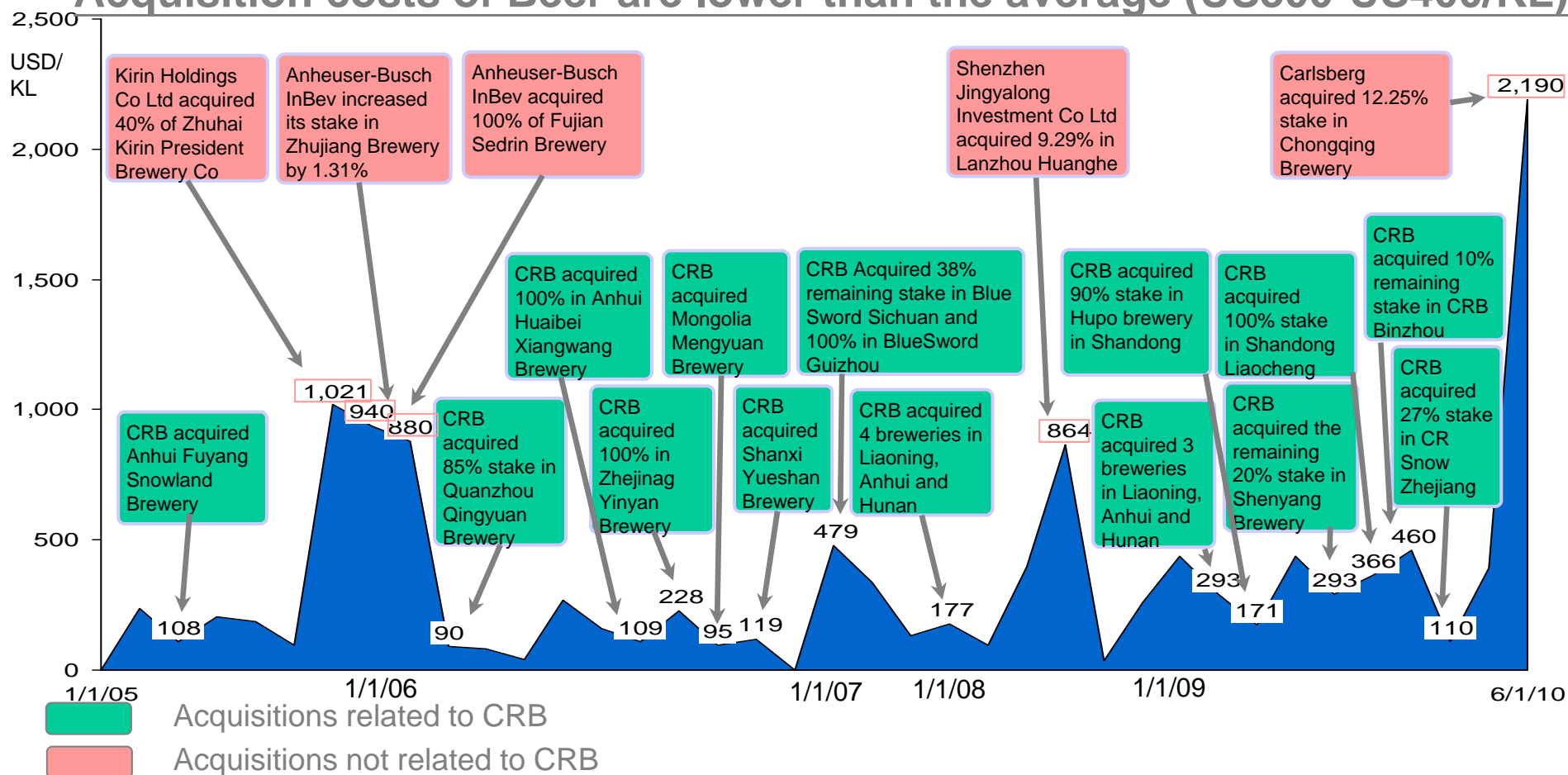
\* Out of 34 regions (including autonomous regions, municipalities and SARs), our distribution network covers 29 regions.

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## Operating parameters

### 2. Strong bargaining power and lower acquisition cost on M&A

Acquisition costs of Beer are lower than the average (US300-US400/KL)



Source: Deutsche bank and Company data "Enhanced Growth Platform"

## Appendix I - Calculation of Underlying Net Profit

	Sep ytd 2010 HK\$m	Sep ytd 2009 HK\$m	change
Earnings	5,301	2,201	+141%
<b><u>Adjustments</u></b>			
Gain on disposal of non-core business – brand fashion distribution	(2,979)	-	n/a
Investment property revaluation	(626)	(442)	+42%
Partial disposal of A share investment in food business	(60)	(115)	-48%
Fair value adjustment on option for HIT	214	-	n/a
	<hr/> (3,451)	<hr/> (557)	+520%
Underlying net profit - total	1,850	1,644	+13%

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## “Enhanced Growth Platform”

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

2004-2005	Ranked the first among conglomerates on a Corporate Governance poll conducted by <i>Euromoney</i>
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2005-2009	Named one of the outstanding enterprises among blue-chip companies in Hong Kong by <i>Economic Digest</i>
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2005-2009      Rated one of the companies with the best corporate governance in China by *FinanceAsia*

2006	Honored as an Awardee in the Board Category in the "Directors Of the Year Awards" by Hong Kong Institute of Directors
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2006-2009	Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by <i>Corporate Governance Asia</i>
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2008 Rated one of the Leaders in the "CSR Survey of HSI Constituent Companies" by *Oxfam Hong Kong*

2009 Ranked the second largest 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 <i>Asiamoney</i>
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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*

2009	Selected as one of the 20 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>
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## Appendix III – CRE award (Cont'd)

### ■ Highlights of accolades received

2010	Received the Caring Company Logo 2009/2010 from Caring Company Scheme organized by The Hong Kong Council of Social Service
2010	Ranked number 857 in Global 2000 from Forbes
2010	Selected as one of the 10 Chinese companies receiving Asia's Best Companies for Corporate Governance 2010 and Mr. Chen Lang was selected as one of the 3 winners in China of 1 <sup>st</sup> Asian Corporate Director Recognition Awards 2010 from Corporate Governance Asia
2010	Received "CAPITAL Outstanding China enterprise Award – Consumer Goods" in The 5 <sup>th</sup> CAPITAL Outstanding China Enterprise Awards from CAPITAL

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