

China Resources Enterprise, Limited
Financial and operational review
Interim results 2010

Enhanced Growth Platform

26 August 2010



Results Highlights

Enhanced Growth Platform

- Overall growth from core businesses

Core businesses:

- Retail
- Beer
- Beverage
- Food processing and distribution

Overall



| | H1 2010 HK\$m | H1 2009 HK\$m | change |
|----------|------------------|------------------|--------|
| Turnover | 41,980 | 35,047 | +20% |
| Earnings | 4,243 | 1,158 | +266% |
| EBITDA | 6,976 | 3,355 | +108% |

“Enhanced Growth Platform”

| H1 2010 | H1 2009 | <i>change</i> |
|---------|---------|---------------|
| HK\$m | HK\$m | |
| 26,892 | 17,972 | +50% |
| 955 | 540 | +77% |
| 1,913 | 1,242 | +54% |

Note: Earnings growth was mainly due to contribution from stores acquired, better performance from existing stores and properties revaluation.

| H1 2010 | H1 2009 | <i>change</i> |
|---------|---------|---------------|
| HK\$m | HK\$m | |
| 10,043 | 9,474 | +6% |
| 258 | 257 | - |
| 1,335 | 1,223 | +9% |

Note: Sales volume increased by 5% to approximately 4.4m kl.

“Enhanced Growth Platform”

| | H1 2010 | H1 2009 | change |
|-----------------|---------|---------|--------|
| | HK\$m | HK\$m | |
| Turnover | 896 | 742 | +21% |
| Earnings (Note) | 53 | 84 | -37% |
| EBITDA (Note) | 83 | 122 | -32% |

Note: Earnings and EBITDA declined because of the launch of new product, O Pa.

| | H1 2010 | H1 2009 | change |
|-----------------|---------|---------|--------|
| | HK\$m | HK\$m | |
| Turnover (Note) | 3,876 | 3,505 | +11% |
| Earnings (Note) | 240 | 211 | +14% |
| EBITDA | 493 | 407 | +21% |

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

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| | H1 2010 | H1 2009 | change |
|------------------------|----------|---------|--------|
| | HK\$m | HK\$m | |
| Turnover | 41,980 | 35,047 | +20% |
| Earnings | 4,243 | 1,158 | +266% |
| Underlying net profit* | 1,043 | 966 | +8% |
| EPS (HK¢) | 177 | 48 | +269% |
| DPS (HK¢) | 14 | 14 | - |
| EBITDA | 6,976 | 3,355 | +108% |
| ROE (%) | 14.5 | 4.5 | +222% |
| Net gearing ratio (%) | 8.4 | (12.5) | -167% |
| | net cash | | |

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

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“Enhanced Growth Platform”

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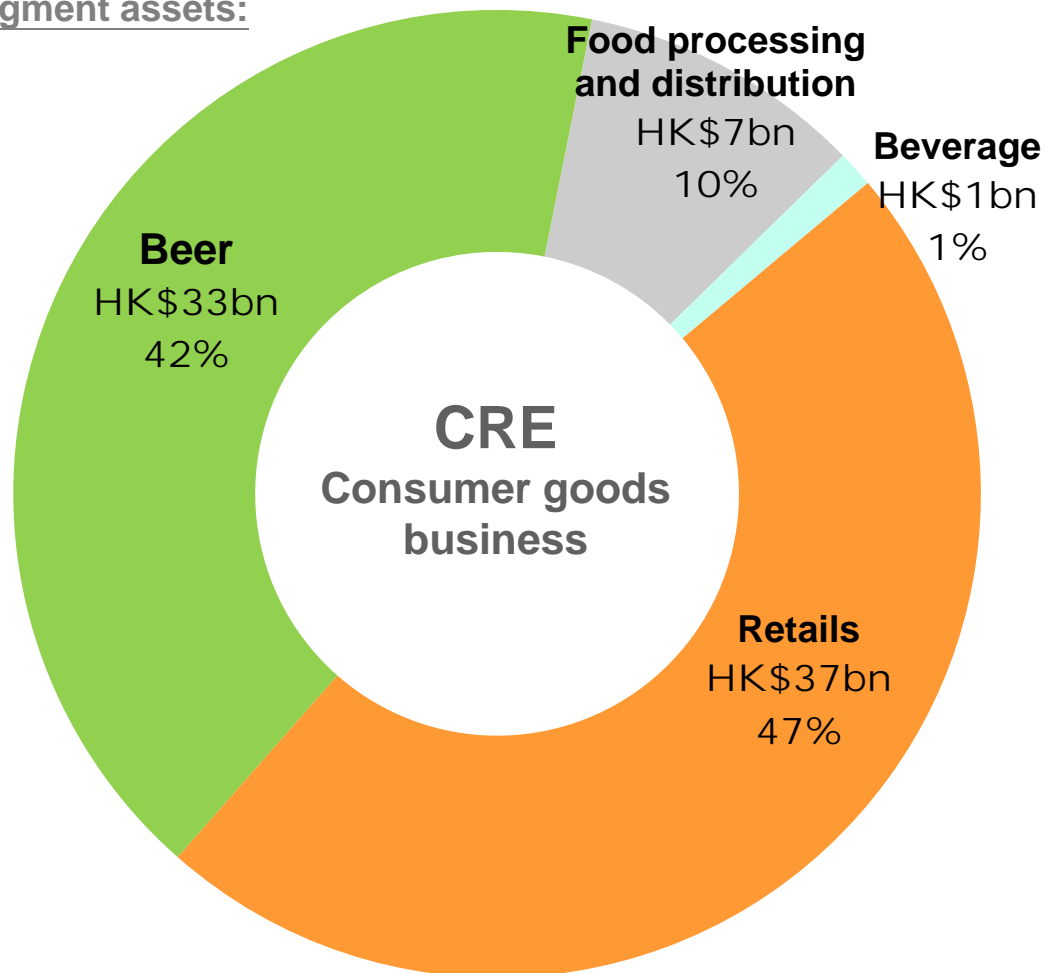
* Earnings excluding the after-tax effect of asset revaluation and major disposals of non-core assets/investments which led to aggregate gains of HK\$3,200m and HK\$192m in H1 2010 and H1 2009 respectively (Appendix I)

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Segment assets

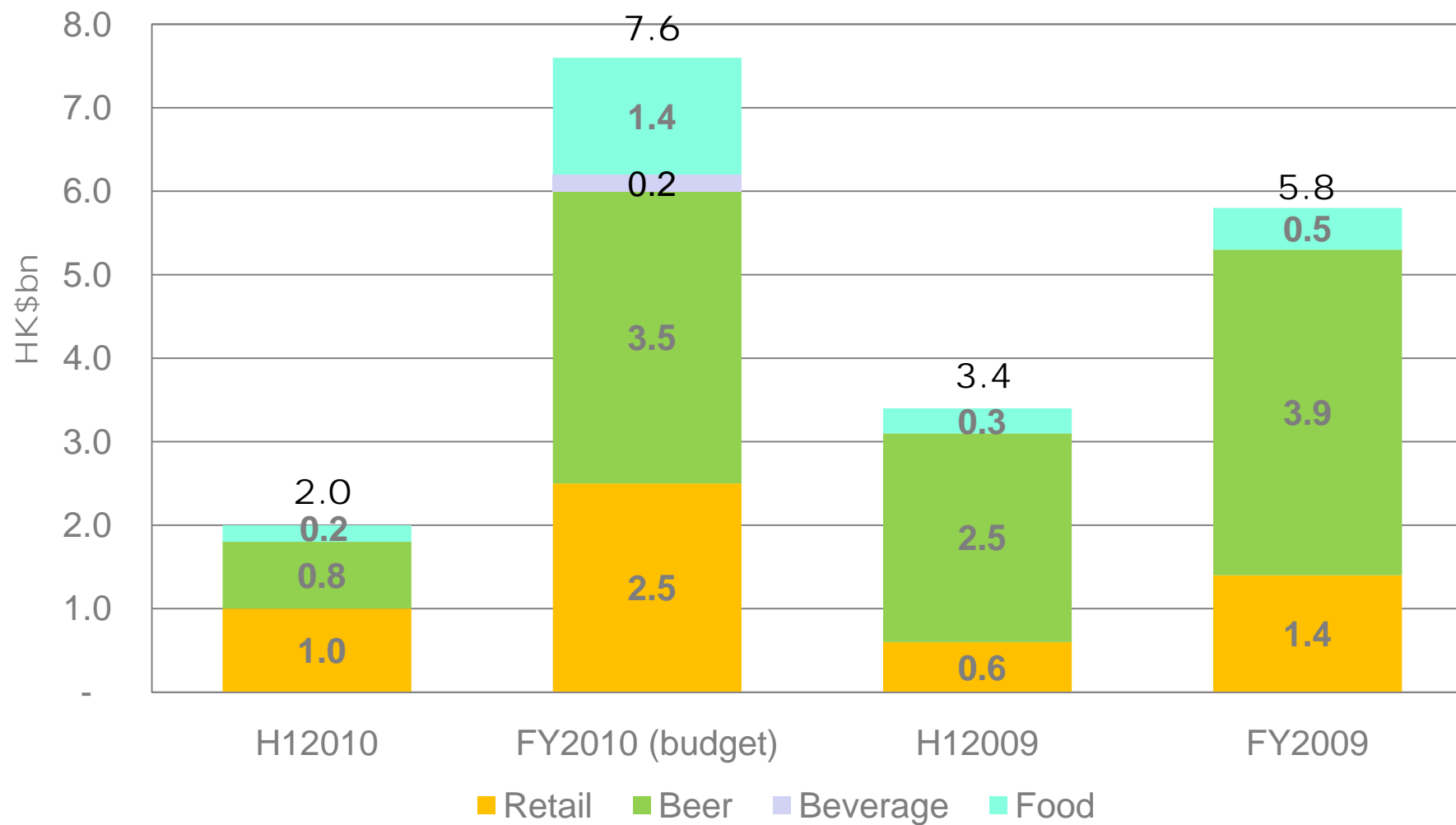
Distribution of segment assets:



Total segment assets: HK\$78bn

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CAPEX



“Enhanced Growth Platform”

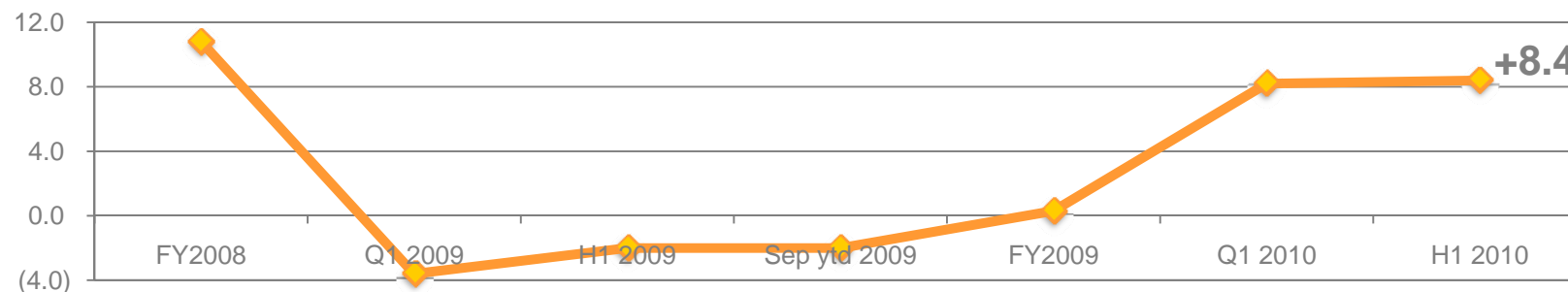
Retail

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

Retail performance

| | H1 2010 HK\$m | H1 2009 HK\$m | <i>change</i> |
|-------------------|------------------|------------------|---------------|
| Turnover | 26,892 | 17,972 | +50% |
| EBITDA | 1,913 | 1,242 | +54% |
| Earnings | 955 | 540 | +77% |
| EBITDA margin (%) | 7.1 | 6.9 | +3% |
| Net margin (%) | 3.6 | 3.0 | +20% |

SSSG of retail business:



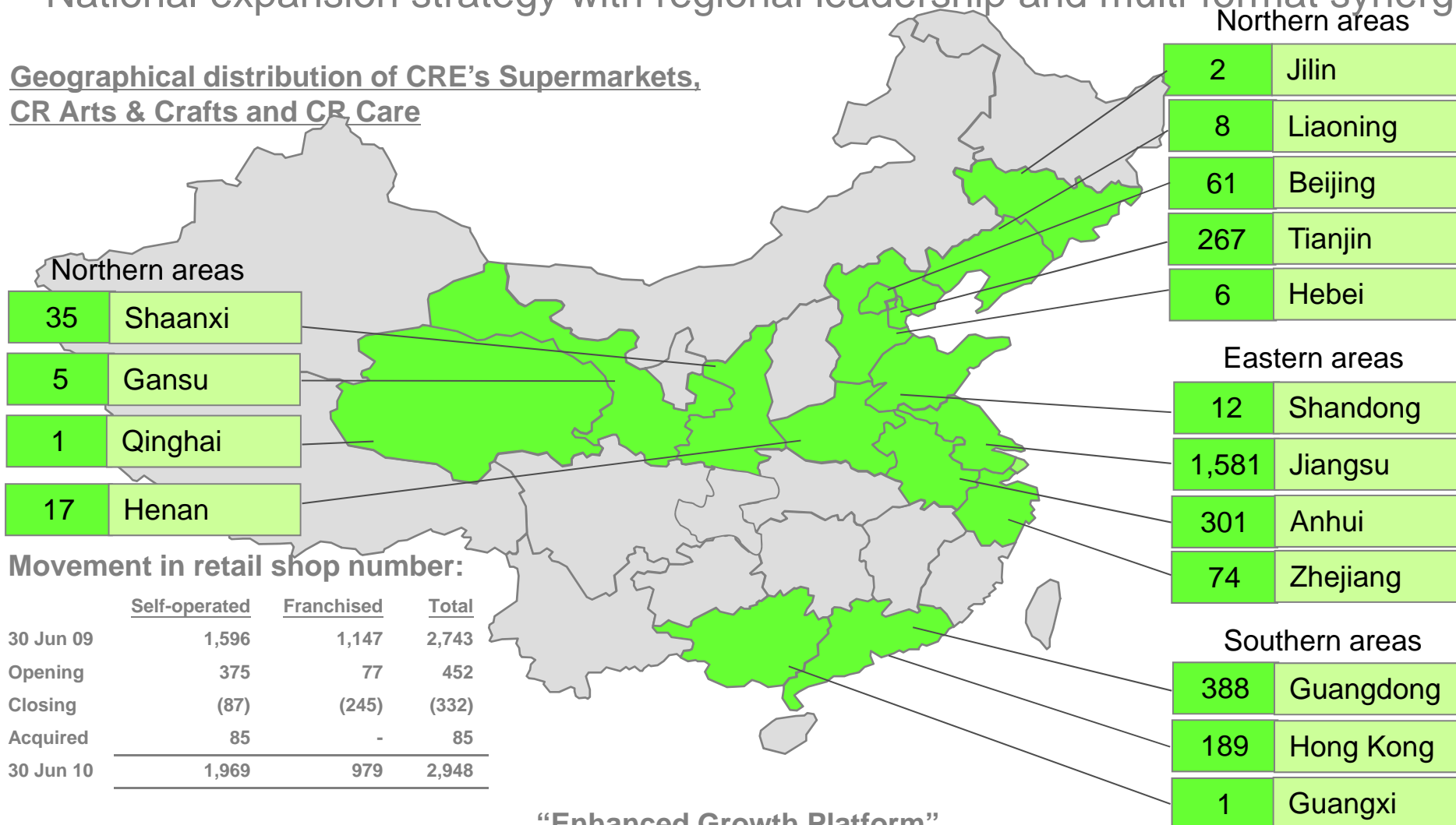
China CPI: H1 2010: +2.6%; H1 2009 -1.1%

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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



“Enhanced Growth Platform”

Retail

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

Certain valuable products in Chinese Arts and Crafts:



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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



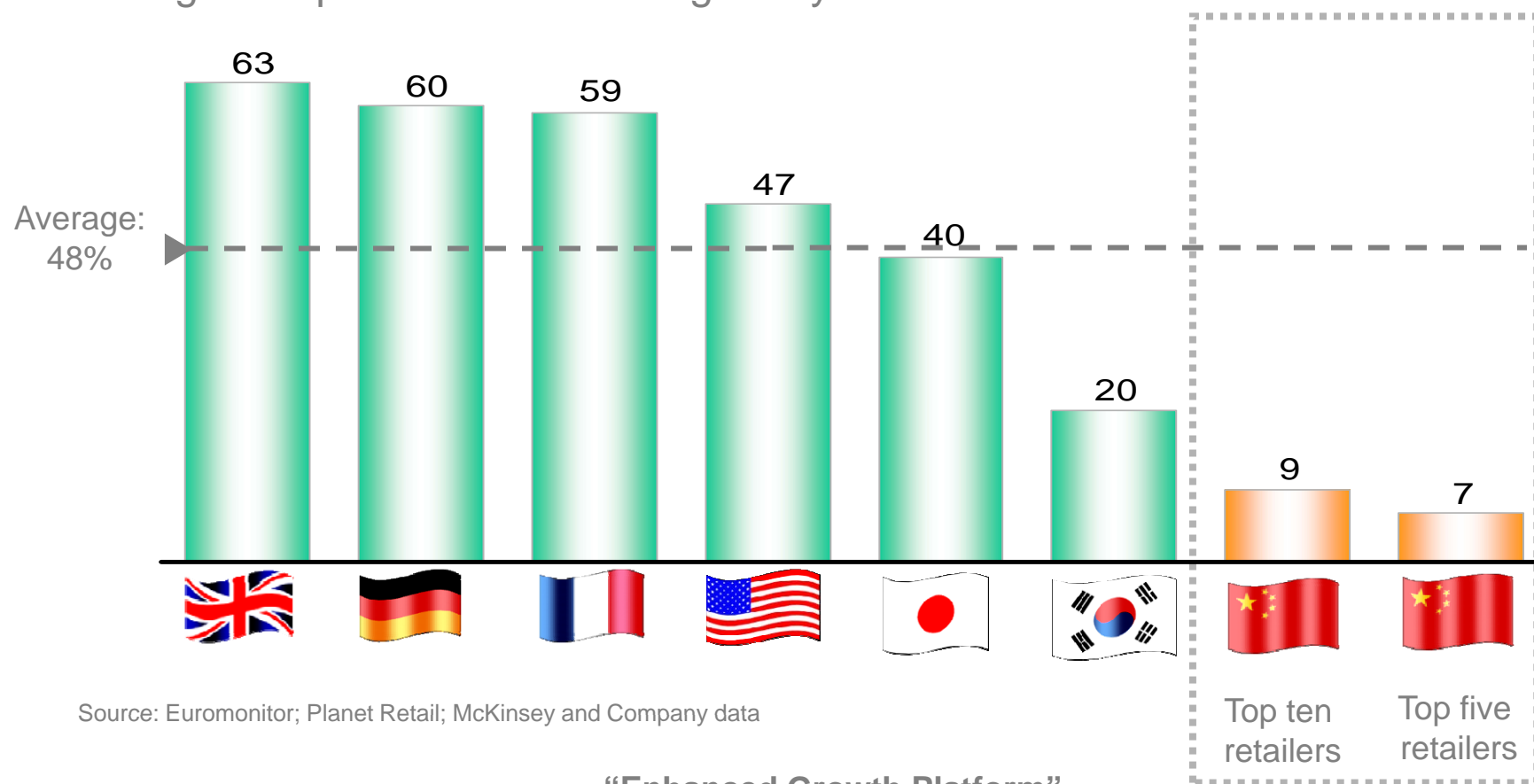
“Focused Platform For Further Expansion”

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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Retail

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



“Enhanced Growth Platform”

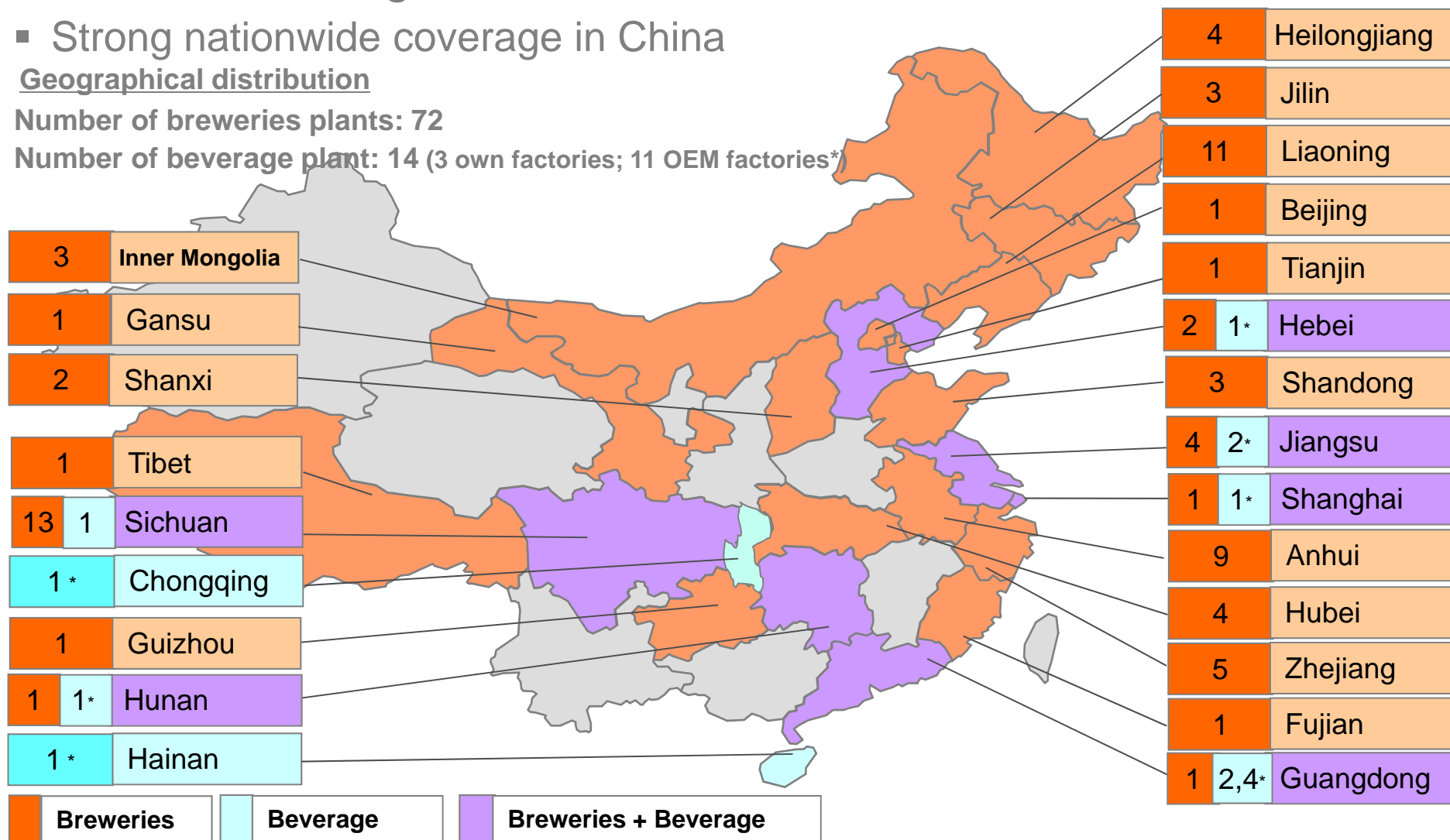
Beer and Beverage

- Strong nationwide coverage in China

Geographical distribution

Number of breweries plants: 72

Number of beverage plant: 14 (3 own factories; 11 OEM factories*)



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Beer

- Strong momentum as market leader

Performance of existing and new brewery operations



H1 2010 Prop H1 2009 Prop change
HK\$m HK\$m

Turnover

- Existing breweries
- New breweries (Note)

| | | | | |
|--------|------|-------|------|-------|
| 9,113 | 91% | 9,333 | 99% | -2% |
| 930 | 9% | 141 | 1% | +560% |
| 10,043 | 100% | 9,474 | 100% | +6% |

Attributable earnings to CR Snow

- Existing breweries (incl. overheads and others)
- New breweries (Note)

| | | | | |
|------|-------|------|------|-------|
| 593 | 117% | 541 | 107% | +10% |
| (87) | (17%) | (37) | (7%) | +135% |
| 506 | 100% | 504 | 100% | - |

Attributable earnings to CRE

258 257 -

Net margin

- Existing breweries
- New breweries (Note)

| | | |
|-------|--------|------|
| 6.5 | 5.8 | +12% |
| (9.4) | (26.2) | -64% |
| 5.0 | 5.3 | -6% |

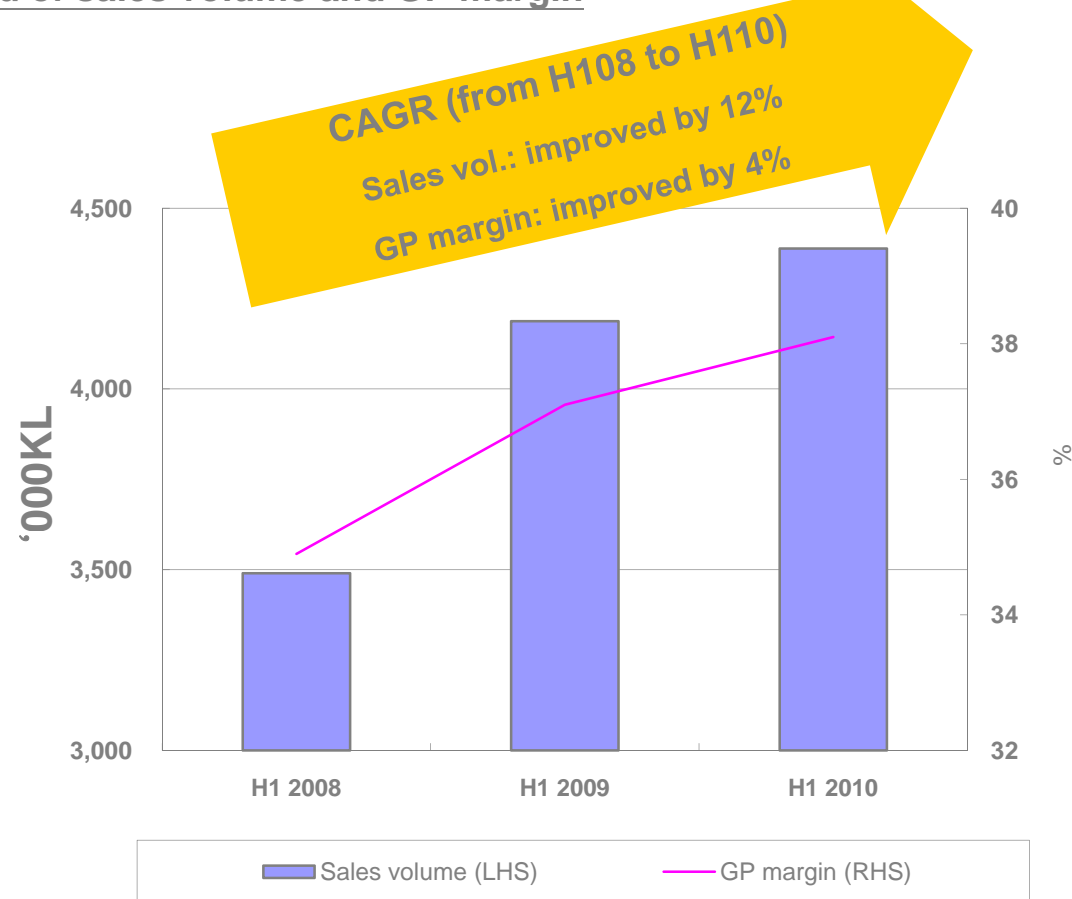
Note: New breweries are those owned after 1 January 2009
H1 2010: 13 new breweries; H1 2009: 7 new breweries

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

- Strong momentum as market leader

Trend of sales volume and GP margin

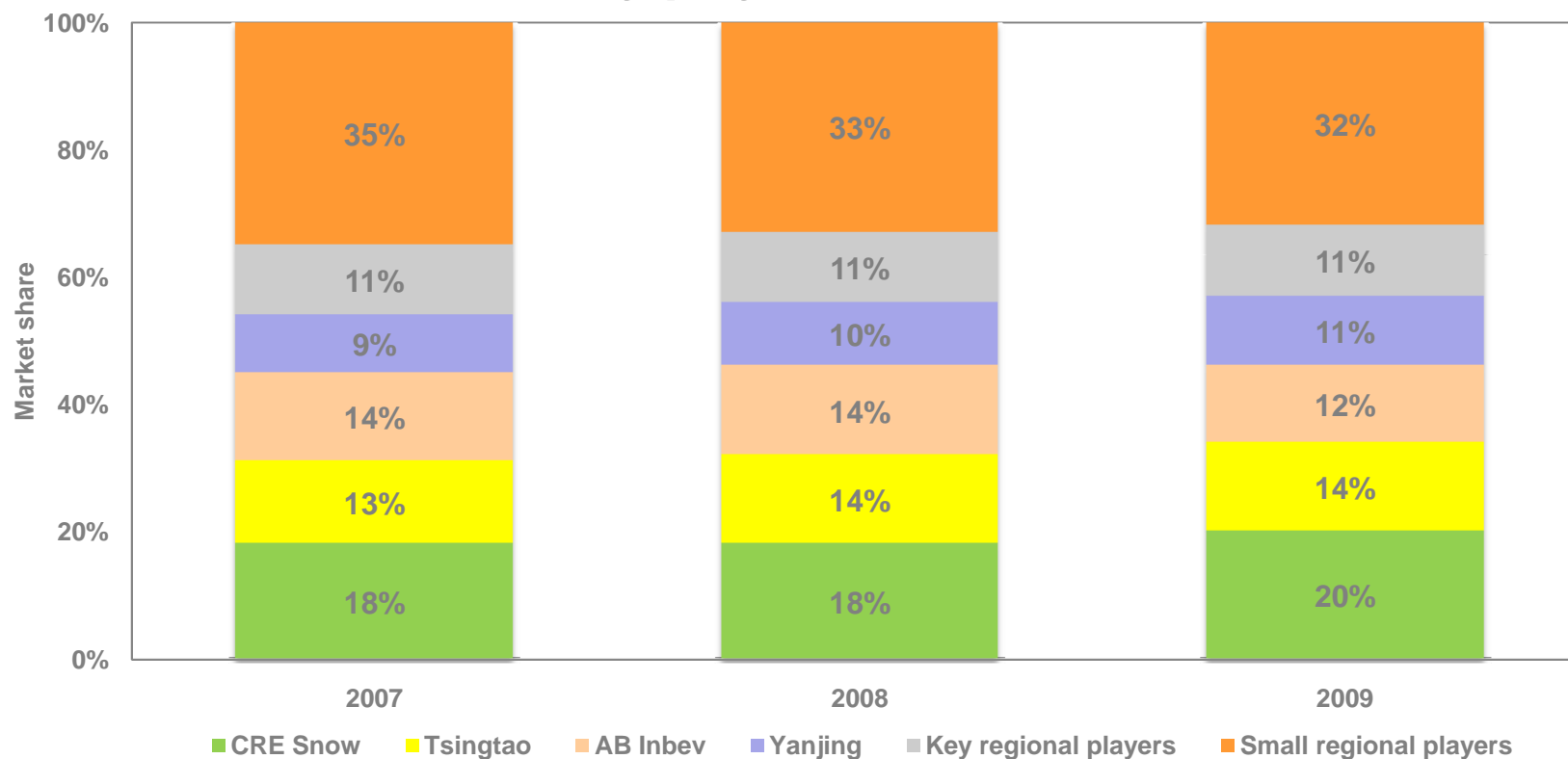


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Beer (No.1 brand by volume in the world)

- 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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Beverage

- Large growth potential for nationwide expansion

Turnover and earnings breakdown

| | H1 2010 HK\$m | H1 2009 HK\$m | <i>change</i> |
|-----------------------|------------------|------------------|---------------|
| Turnover | 896 | 742 | +21% |
| Attributable earnings | 53 | 84 | -37% |
| Net margin | 5.9% | 11.3% | -48% |

The decline in earnings in H1 2010 was mainly arising from expenses incurred for new product – "O Pa".



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- ## Turnover

Earnings

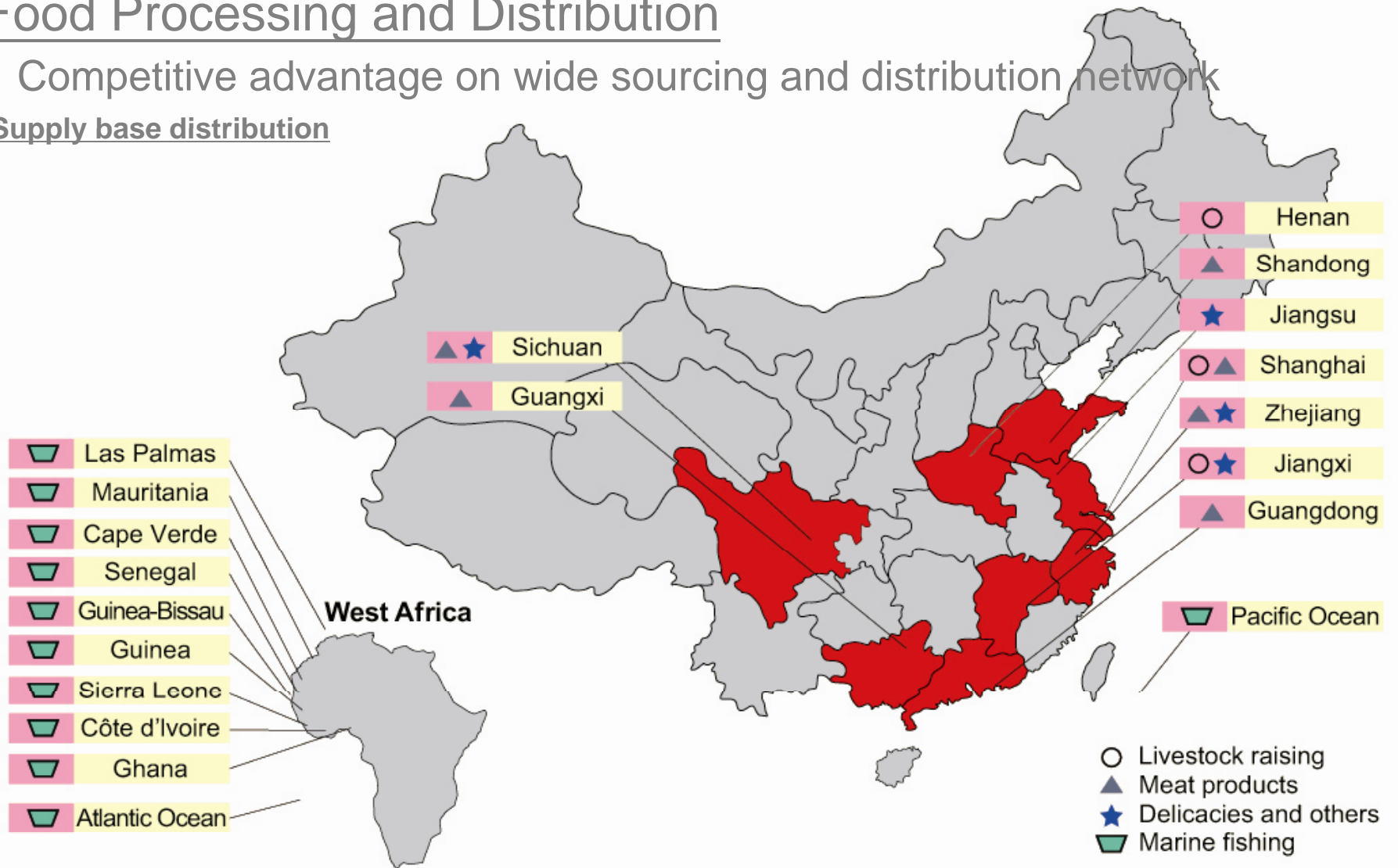
* Others mainly included exceptional items, such as partial disposal of A shares and property revaluation in H12010 amounting HK\$26m (H1 2009: HK\$66m)

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Food Processing and Distribution

- Competitive advantage on wide sourcing and distribution network

Supply base distribution



Source: Company data

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Food Processing and Distribution

- Competitive advantage on wide sourcing and distribution network

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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Appendix I - Calculation of Underlying Net Profit

| | H1 2010 HK\$m | H1 2009 HK\$m | <i>change</i> |
|--|------------------|------------------|---------------|
| Earnings | 4,243 | 1,158 | +266% |
| <u>Adjustments</u> | | | |
| Gain on disposal of non-core business – brand fashion distribution | (2,979) | - | n/a |
| Investment property revaluation | (410) | (126) | +225% |
| Partial disposal of A share investment in food business | (25) | (66) | -62% |
| Fair value adjustment on option for HIT | 214 | - | n/a |
| | <hr/> (3,200) | <hr/> (192) | +1567% |
| Underlying net profit - total | 1,043 | 966 | +8% |

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Appendix II - Supermarket network

| No of self-operated stores | | 30 Jun 10 | | 31 Dec 09 | | 30 Jun 09 | |
|----------------------------|-----------------|-----------|-----|-----------|-------|-----------|-------|
| No of franchised stores | | | | | | | |
| Average areas | | | | | | | |
| I) Convenience stores | 30 - 120 sq.m | 544 | 23 | 512 | 19 | 482 | 18 |
| II) Standard supermarkets | 500 - 800 sq.m | 916 | 931 | 870 | 1,036 | 767 | 1,099 |
| III) Hypermarkets | over 5,000 sq.m | 426 | 25 | 380 | 25 | 286 | 30 |
| IV) Olé, BLT | 4,000 sq.m | 13 | - | 10 | - | 13 | - |
| V) Wine cellar | | 2 | - | - | - | - | - |
| Overall | | 1,901 | 979 | 1,772 | 1,080 | 1,548 | 1,147 |
| | | 2,880 | | 2,852 | | 2,695 | |

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Appendix III – Future in China

- China is now refining scale of urbanization, over the next 20 years...

| | |
|--|---|
| How much will China urban population increase against today? | It is expected to increase by 350million, surpassing the total population of the US |
| How many cities in China will have population above 1million? | It is expected more than 200 cities will have population above 1million. Currently, only 35 European cities have this kind of scale |
| How many new skyscrapers will be built? | More than 50,000 skyscrapers will be built, which is equal to building 10 New York cities |
| How many new large scale railway transportation systems will be built? | 170 new large scale railway systems will be built. Now, only 70 systems were built in Europe |
| In 2025, approximate 2/3 of the population will live in cities in China..... |it is equivalent to 1billion people |

Source: data from Population statistics ; China urbanization model; McKinsey and Company data

“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

“Enhanced Growth Platform”

| | |
|------|--|
| 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> |
| 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> |

| | |
|------|--|
| 2010 | Received the Caring Company Logo 2009/2010 from Caring Company Scheme organized by The Hong Kong Council of Social Service |
|------|--|

| | |
|------|--|
| 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 st Asian Corporate Director Recognition Awards 2010 from Corporate Governance Asia |
|------|--|

| | |
|------|--|
| 2010 | Received "CAPITAL Outstanding China enterprise Award – Consumer Goods" in The 5 th CAPITAL Outstanding China Enterprise Awards from CAPITAL |
|------|--|

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