

China Resources Enterprise, Limited
Financial and operational review
Q1 2010

Focus for Success

24 May 2010



Three core businesses:

- Retail
- Beverage
- Food processing and distribution

Overall

- Turnover rose by 25% to HK\$21,514m. Earnings and EBITDA increased by 794% and 289% to HK\$3,727m and HK\$5,409m respectively. Further, underlying net profit boosted 41% to HK\$517m.



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Retail

- Turnover increased by 52% to HK\$14,891m. Total retail earnings rose by 112% to HK\$597m mainly due to revaluation of investment properties, contribution of stores acquired and better performance from existing stores. EBITDA also increased by 72% to HK\$1,110m

Beverage

- Turnover and earnings reported 13% and 53% growth to HK\$4,460m and HK\$26m respectively. Sales volume of beer was up 10% to approximately 1.7m kl. EBITDA rose by 45% to HK\$508m.

Food processing and distribution

- Turnover of food business improved by 5% to HK\$1,823m, earnings remained at HK\$116m. EBITDA increased by 3% to HK\$229m.

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- | | Q12010 | Q12009 | change |
|------------------------|--------|--------|--------|
| | HK\$m | HK\$m | |
| Turnover | 21,514 | 17,173 | +25% |
| Earnings | 3,727 | 417 | +794% |
| Underlying net profit* | 517 | 366 | +41% |
| EPS (HK¢) | 156 | 17 | +818% |
| EBITDA | 5,409 | 1,392 | +289% |
| ROE (%) | 12.6 | 1.6 | +688% |
| Net gearing ratio (%) | 5.2 | (16.3) | +132% |

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

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* 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\$3,210m and HK\$51m in Q1 2010 and Q1 2009 respectively (Appendix I)

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- ## Turnover, EBITDA and earnings breakdown

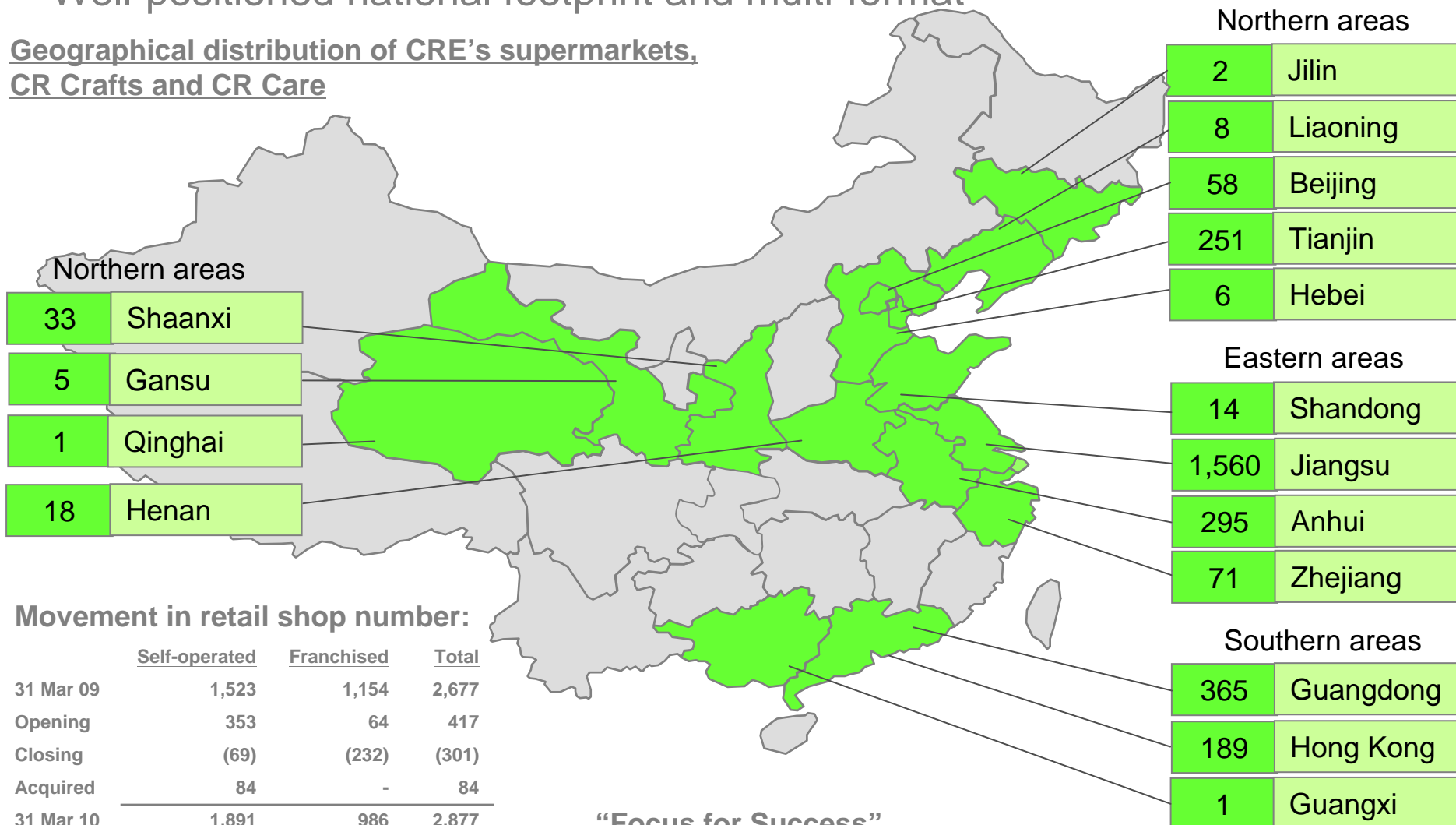
	Q1 2010 HK\$m	Prop	Q1 2009 HK\$m	Prop	change
Turnover					
- HK	983	7%	879	9%	+12%
- China	13,908	93%	8,941	91%	+56%
	14,891	100%	9,820	100%	+52%
EBITDA					
- HK	454	41%	180	28%	+152%
- China	656	59%	467	72%	+40%
	1,110	100%	647	100%	+72%
Earnings					
- HK	362	61%	125	44%	+190%
- China	235	39%	156	56%	+51%
	597	100%	281	100%	+112%
EBITDA margin (%)					
- overall	7.5		6.6		+14%
- HK	46.2		20.5		+125%
- China	4.7		5.2		-10%
Net margin (%)					
- overall	4.0		2.9		+38%
- HK	36.9		14.2		+160%
- China	1.7		1.7		

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Retail

- Well-positioned national footprint and multi-format

Geographical distribution of CRE's supermarkets, CR Crafts and CR Care



Retail

- Well-positioned national footprint and multi-format

Same stores sales growth in recovery

Same store sales growth trend (constant currency)

	Q1 2010 %	FY2009 %	FY2008 %	FY2007 %
Overall retail	+8.2	+0.3	+10.8	+9.5
China	+8.1	+0.8	+11.2	+10.2
Hong Kong	+9.1	-5.5	+5.7	+2.2

China CPI: Q1 2010: +2.2%; Q1 2009 -0.6%

Hong Kong CPI: Q1 2010: +1.9%; Q1 2009: +1.7%

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Retail

- Well-positioned national footprint and multi-format

Business model

Winning market share by

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



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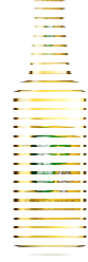
Beverage

- Strong momentum as market leader

Turnover and earnings breakdown

	Q1 2010 HK\$m	Prop	Q1 2009 HK\$m	Prop	change
Turnover					
- beer	4,080	91%	3,640	93%	+12%
- non-alcoholic beverage	380	9%	290	7%	+31%
	4,460	100%	3,930	100%	+13%
Attributable earnings to CRE					
- beer	19	73%	(4)	-24%	+575%
- non-alcoholic beverage	7	27%	21	124%	-66%
	26	100%	17	100%	+53%

The decline in earnings of non-alcoholic beverage operation in Q1 2010 was mainly arising from expenses incurred for new product – "O Pa"



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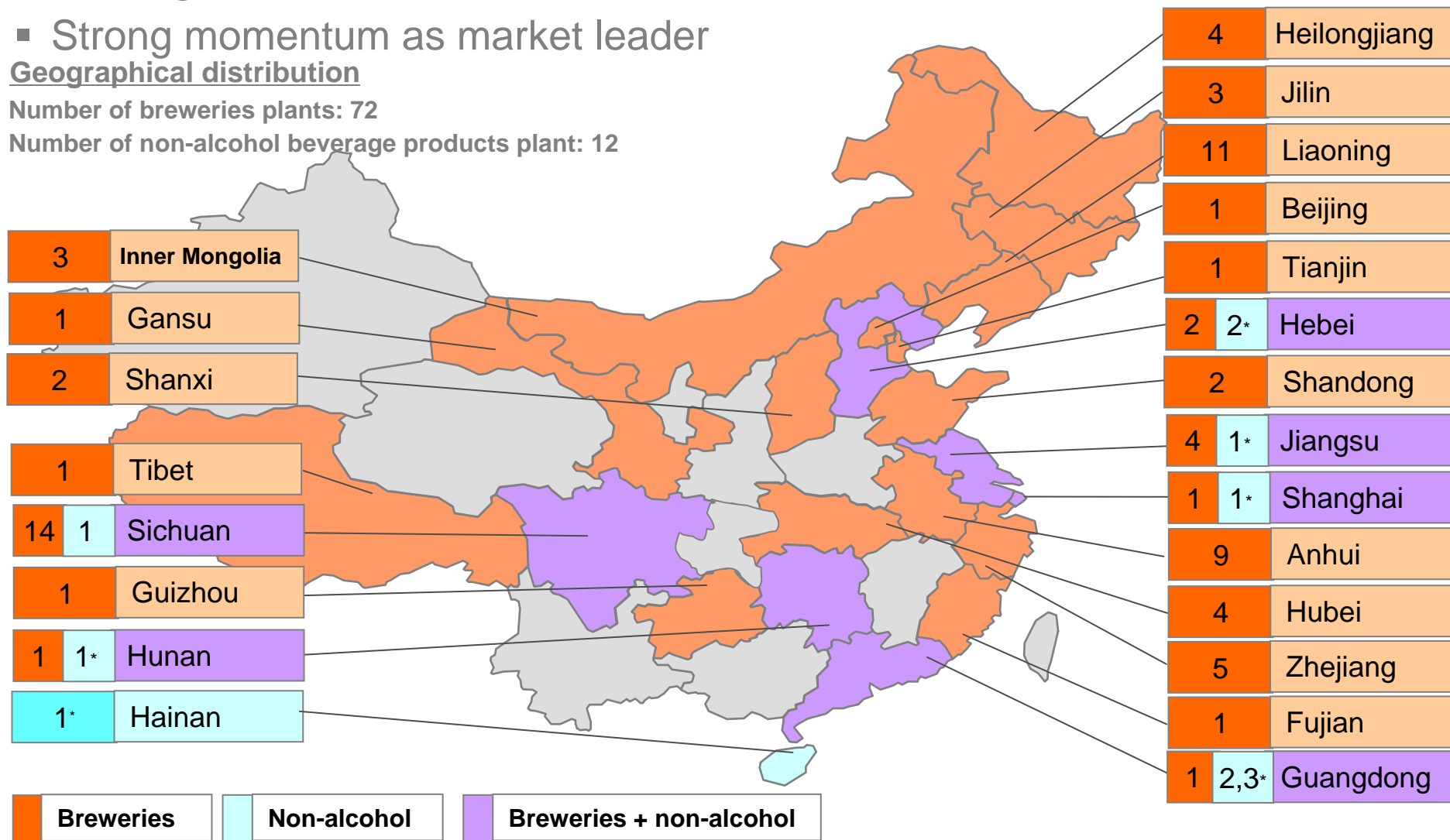
Beverage

- Strong momentum as market leader

Geographical distribution

Number of breweries plants: 72

Number of non-alcohol beverage products plant: 12



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Beer

- Strong momentum as market leader

Performance of existing and new brewery operations

	Q1 2010 HK\$m	Prop	Q1 2009 HK\$m	Prop	change
Turnover					
- Existing breweries	3,787	93%	3,614	99%	+5%
- New breweries (Note)	293	7%	26	1%	+1027%
	4,080	100%	3,640	100%	+12%
Attributable earnings to CR Snow					
- Existing breweries (incl overheads and others)	120	316%	(1)	14%	+12100%
- New breweries (Note)	(82)	(216%)	(6)	86%	-1267%
	38	100%	(7)	100%	+643%
Net margin					
- Existing breweries	3.2		-		
- New breweries (Note)	(28.0)		(23.1)		
	0.9		(0.2)		

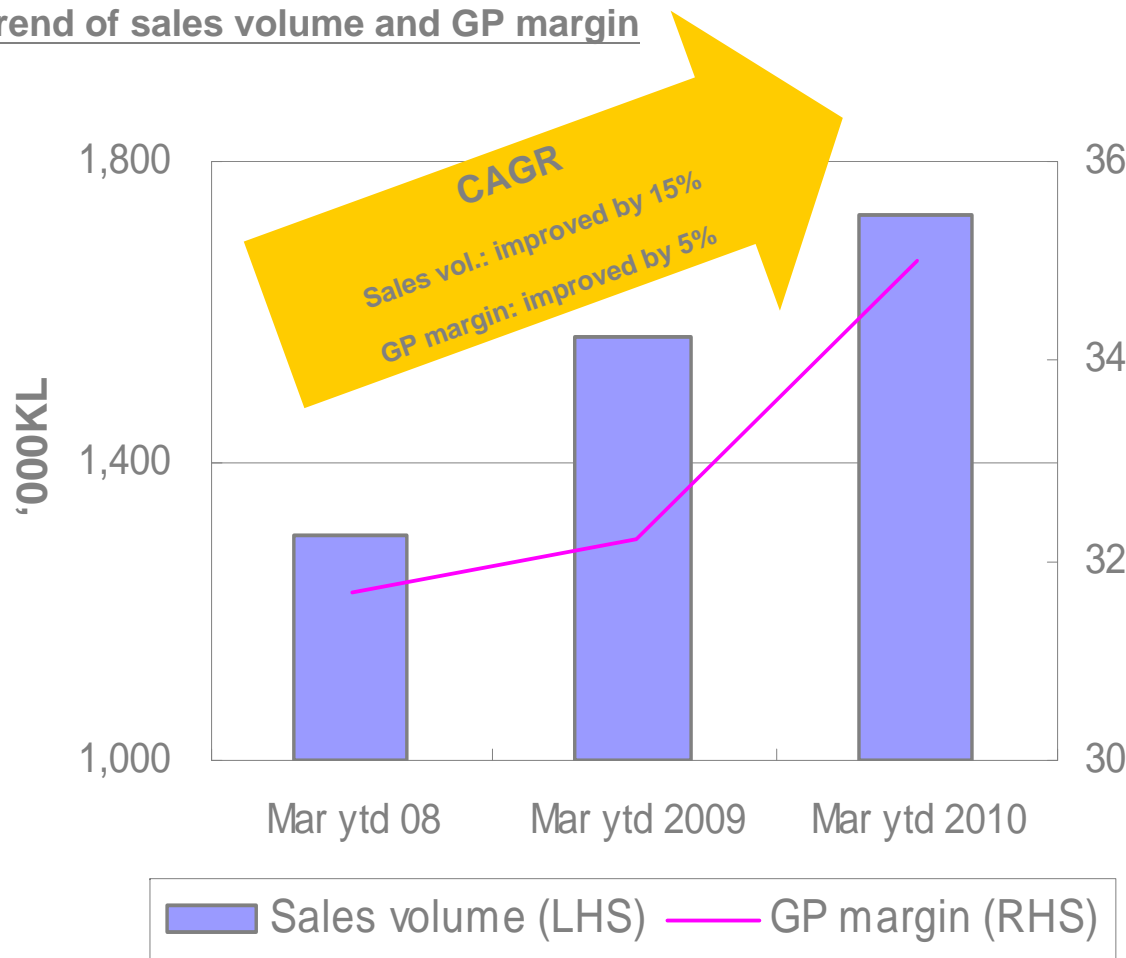
Note: New breweries are those owned after 1 January 2009
Q1 2010: 12 new breweries; Q1 2009: 2 new breweries

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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 market share of key players

Source: State Statistical Bureau and CR Snow

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- ## Turnover

Earnings

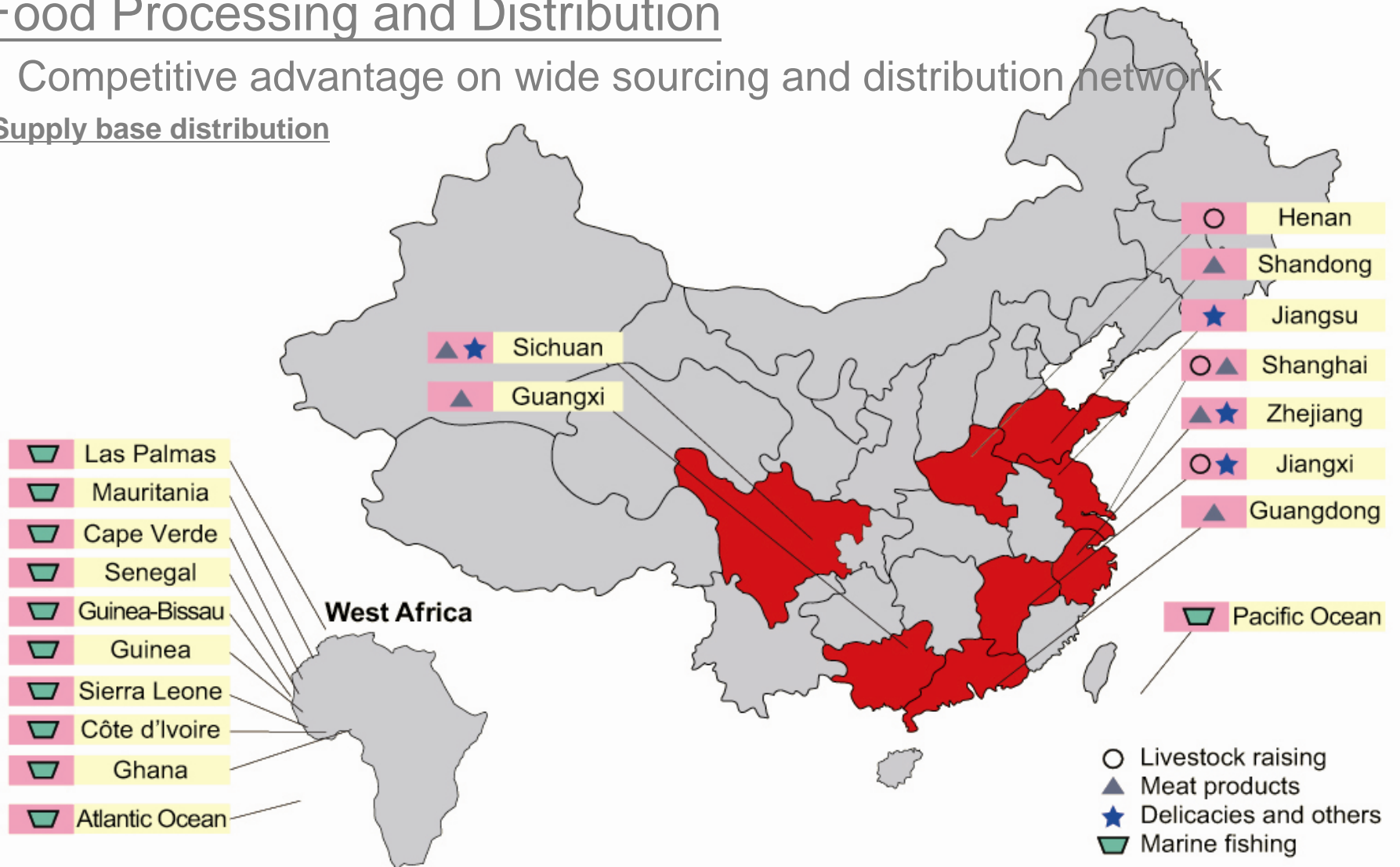
* Exceptional items included partial disposal of A shares and property revaluation in 2010 amounting to HK\$26m (Q1 2009: HK\$40m)

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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 on pig supply
- A variety of food supplies, including marine fishing in West Africa
- Product differentiation



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Appendix I - Calculation of Underlying Net Profit

	Q1 2010 HK\$m	Q1 2009 HK\$m	change
Earnings	3,727	417	+794%
<u>Adjustments</u>			
Partial disposal of shares in Hunan New Wellful	9	21	-57%
Partial disposal of shares in Fortune Ng Fung Food (Hebei)	16	19	-16%
Investment property revaluation	200	11	+1718%
Gain on disposal of non-core business – brand fashion distribution	2,985	-	n/a
	<u>3,210</u>	<u>51</u>	<u>+6194%</u>
Underlying net profit - total	517	366	+41%

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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

2005-2009	Named one of the outstanding enterprises among blue-chip companies in Hong Kong by <i>Economic Digest</i>
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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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