

China Resources Enterprise, Limited

Financial and operational review

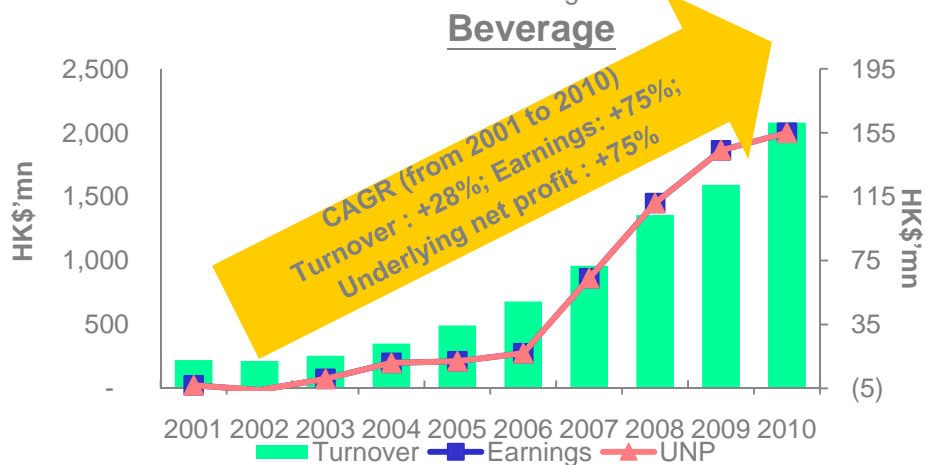
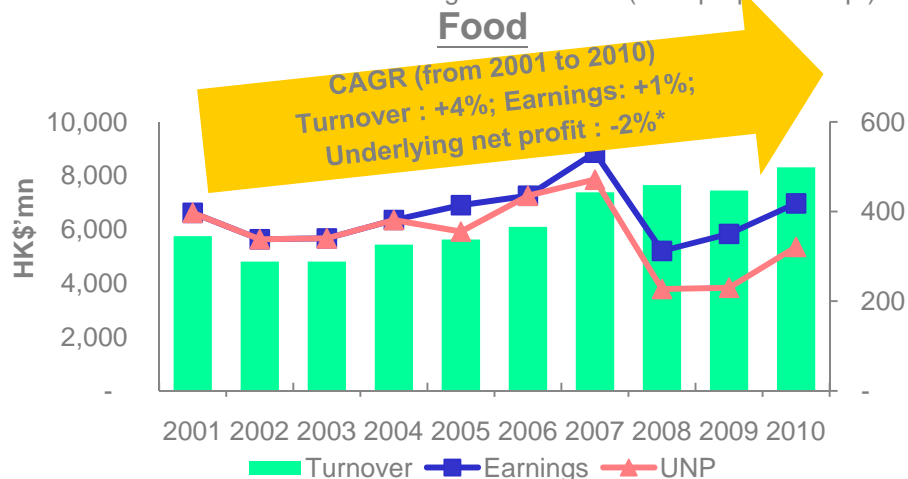
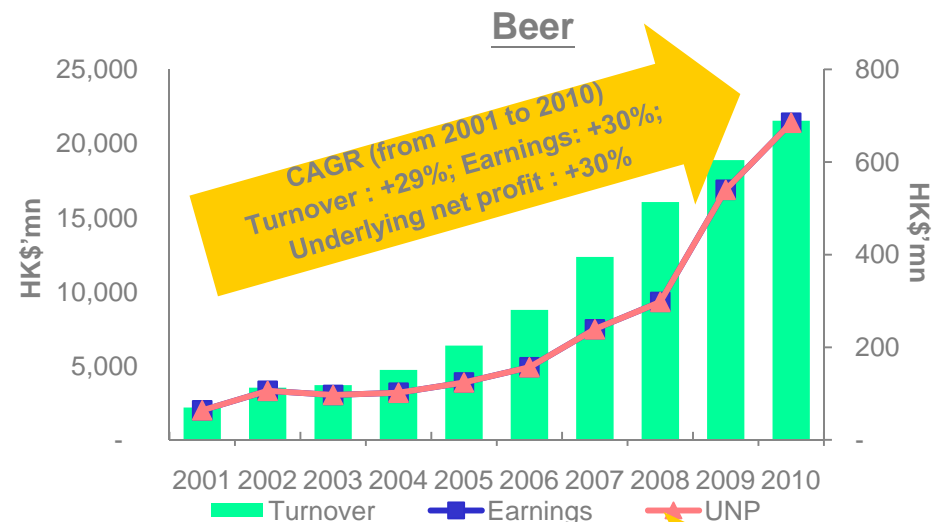
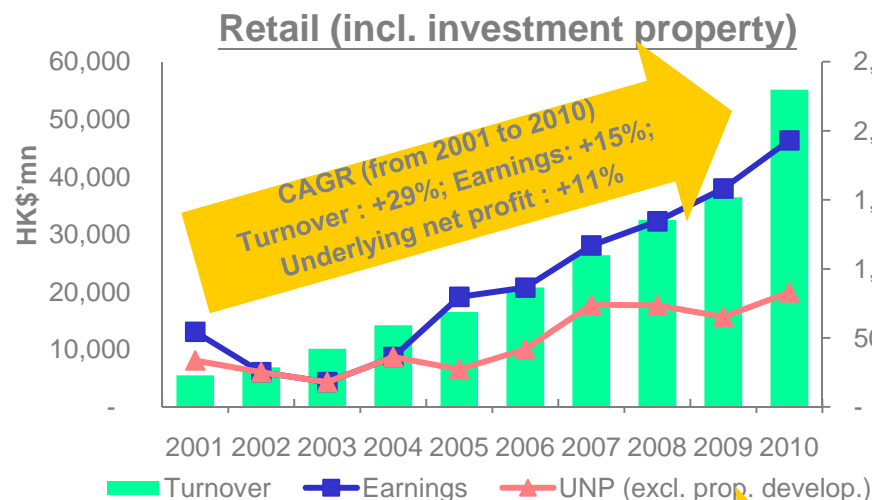
Q1 2011

Enhanced Growth Platform

19 May 2011



Strong growth momentum in each of core businesses



* Decline in CAGR of underlying net profit was mainly due to the open of HK live hogs market

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	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Turnover	26,671	21,514	+24%
Earnings*	826	3,727	-78%
Underlying net profit of core businesses**	660	491	+34%
EPS (HK¢) – Basic	34	156	-78%
– Core businesses	34	30	+13%
EBITDA – Core businesses	2,013	1,828	+10%
ROE (%) – Core businesses	2.6	2.4	+8%
Net gearing ratio (%)***	6.7	5.2	
	Net Cash	Net Cash	

** Earnings from core businesses excluding the after-tax effect of asset revaluation and major disposal of non-core assets/investments and after accounted for net corporate interest & expenses

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Other businesses

Turnover - total

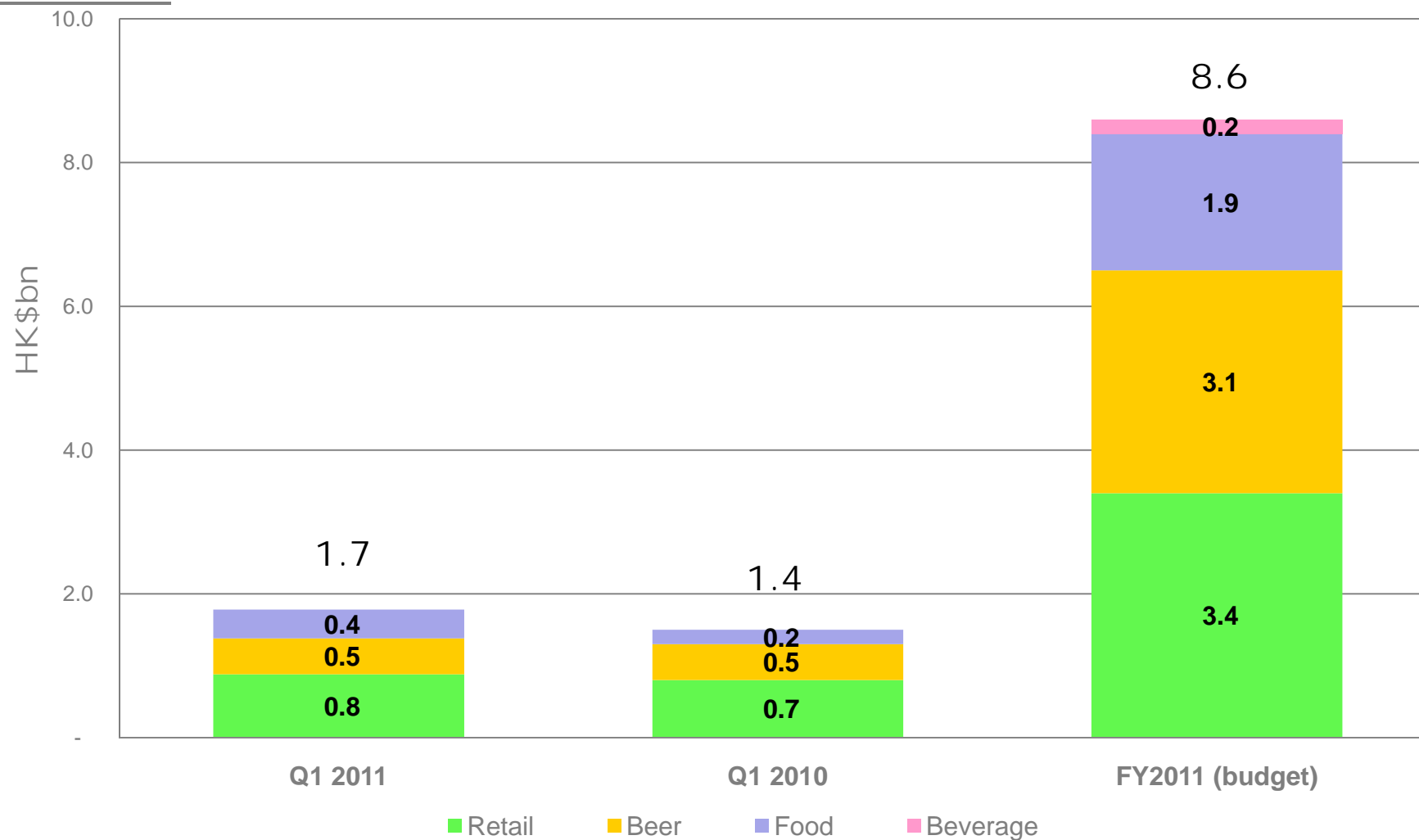
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* Earnings excluding the after-tax effect of asset revaluation and major disposal of non-core assets/investments

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CAPEX



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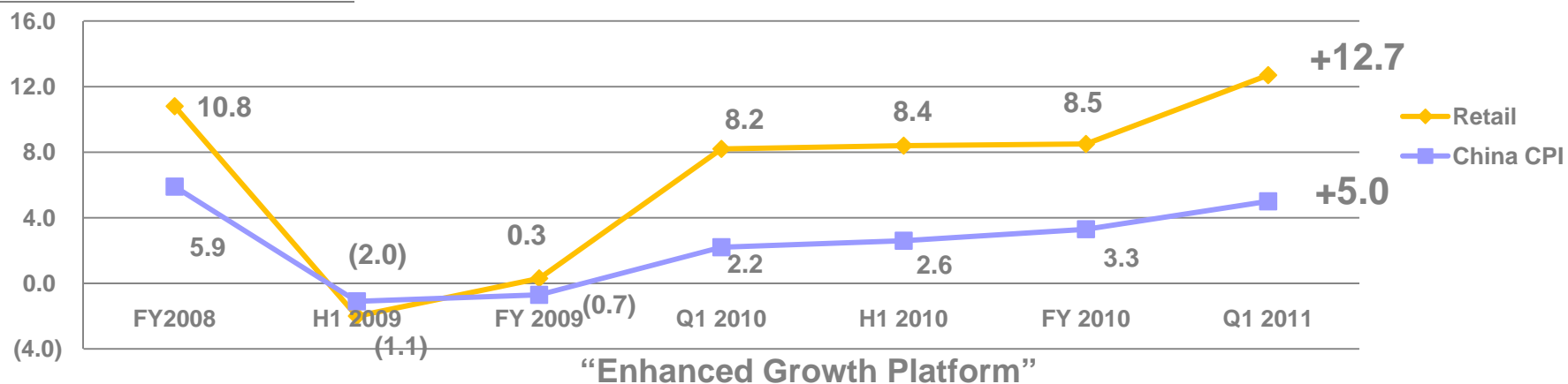
Retail

- Quality expansion platform: Multi-format with regional leadership

	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Turnover	19,019	14,891	+28%
EBITDA (excl. revaluation of investment properties)	1,117	870	+28%
Underlying net profit (excl. revaluation of investment properties)	532	398	+34%
EBITDA margin (%) (excl. revaluation of investment properties)	5.9	5.8	+2%
Underlying net profit margin (%)	2.8	2.7	+4%

The increase in underlying net profit margin was mainly beneficial from the increase in SSSG.

SSSG of retail business:



Retail

Notation:

Retail shop no., [addition in past 12 months]

Region

New region

- Quality expansion platform: Multi-format with regional leadership

Geographical distribution of retail network

Having presence 22 out of 34 regions/cities (incl. autonomous regions, municipalities and SAR) in China

Northern areas

2, [2]	Inner Mongolia
2, [2]	Ningxia
35, [2]	Shaanxi
5, [-]	Gansu
1, [-]	Qinghai
17, [-1]	Henan
5, [5]	Hubei

Southern areas

1, [1]	Chongqing
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Movement in retail shop number:

	Self-operated	Franchised	Total
31 Mar 10	1,891	986	2,877
Opening	618	89	707
Closing	(78)	(182)	(260)
31 Mar 11	2,431	893	3,324*

*Of which, 6 stores are located in Singapore and Malaysia. “Enhanced Growth Platform”

4, [2]	Jilin
10, [2]	Liaoning
90, [32]	Beijing
288, [37]	Tianjin
6, [-]	Hebei
Eastern areas	
11, [-3]	Shandong
1,593, [33]	Jiangsu
6, [6]	Shanghai
355, [60]	Anhui
76, [5]	Zhejiang
Southern areas	
486, [117]	Guangdong
320, [135]	Hong Kong
3, [3]	Macau
2, [1]	Guangxi

Retail

- Quality expansion platform: Multi-format with regional leadership

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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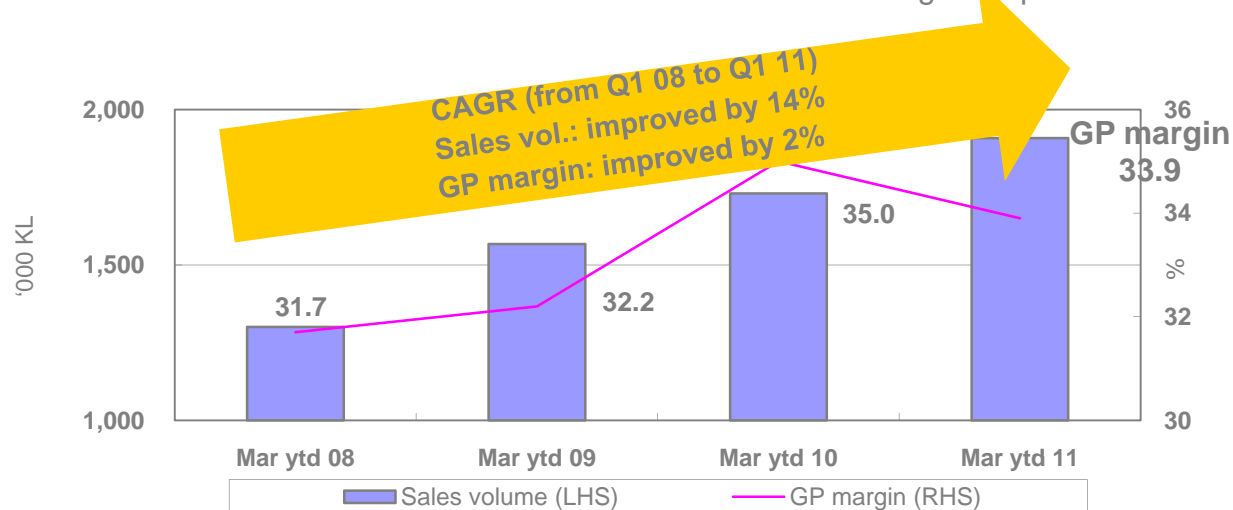
Beer (No.1 brand by volume in the world since 2008)



- Quality expansion platform: Market leader position

	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Sales volume (in million KL)	1.91	1.73	+10%
Turnover	4,902	4,080	+20%
EBITDA	480	494	-3%
Earnings (after 49% share to SABMiller)	20	19	+5%
EBITDA margin (%)	9.8	12.1	-19%
Net margin (%) (after MI)	0.4	0.5	-20%

The increase momentum in sales volume maintained whereas the profitability was affected by the additional tax charge, China's Urban Maintenance and Construction Tax and Education Surcharges imposed.



Mainstream -----> Premium

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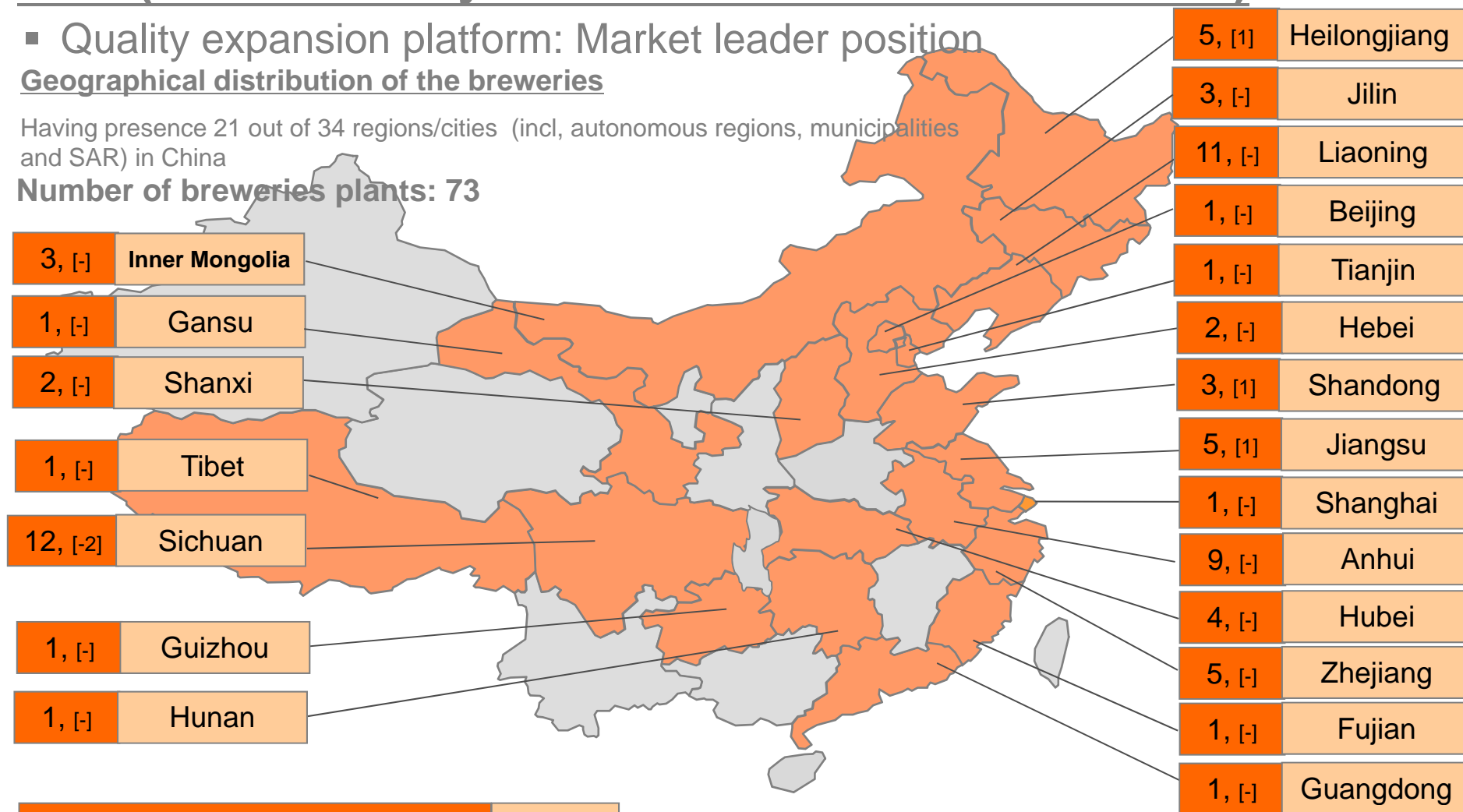
Beer (No.1 brand by volume in the world since 2008)

- Quality expansion platform: Market leader position

Geographical distribution of the breweries

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

Number of breweries plants: 73



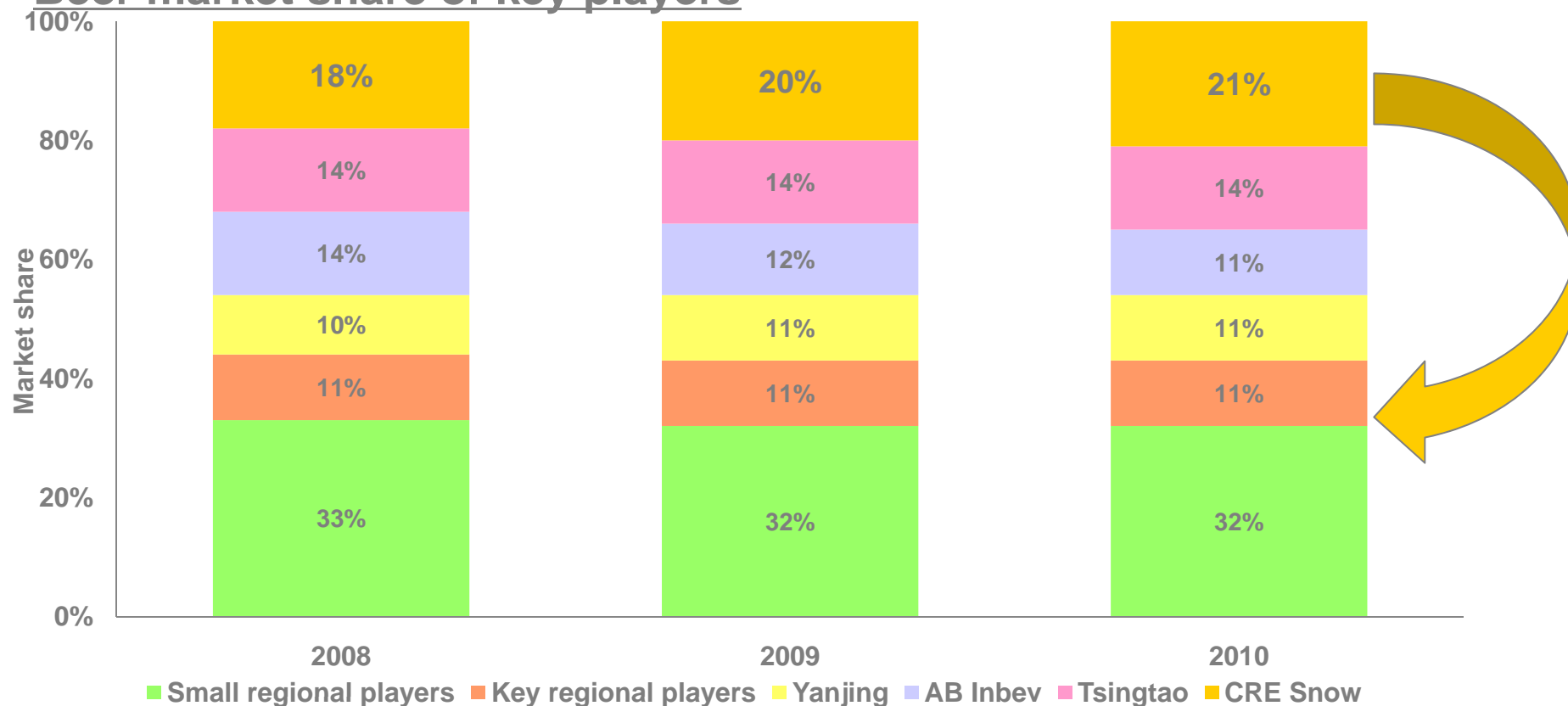
No. of breweries [addition in past 12 months]	Region
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Beer (No.1 brand by volume in the world since 2008)

- Total market share of top 4 players was 57% in 2010, of which Snow has 21%

Beer market share of key players



Source: State Statistical Bureau and CR Snow

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■ Quality expansion platform: premium products

	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Turnover	2,262	1,823	+24%
Underlying EBITDA	220	200	+10%
Underlying net profit	114	90	+27%
Underlying EBITDA margin (%)	9.7	11.0	-12%
Underlying net profit margin (%)	5.0	4.9	+2%

The increase in turnover and underlying net profit was mainly arising from better performance of meat businesses (both China and Hong Kong).

Business Model

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

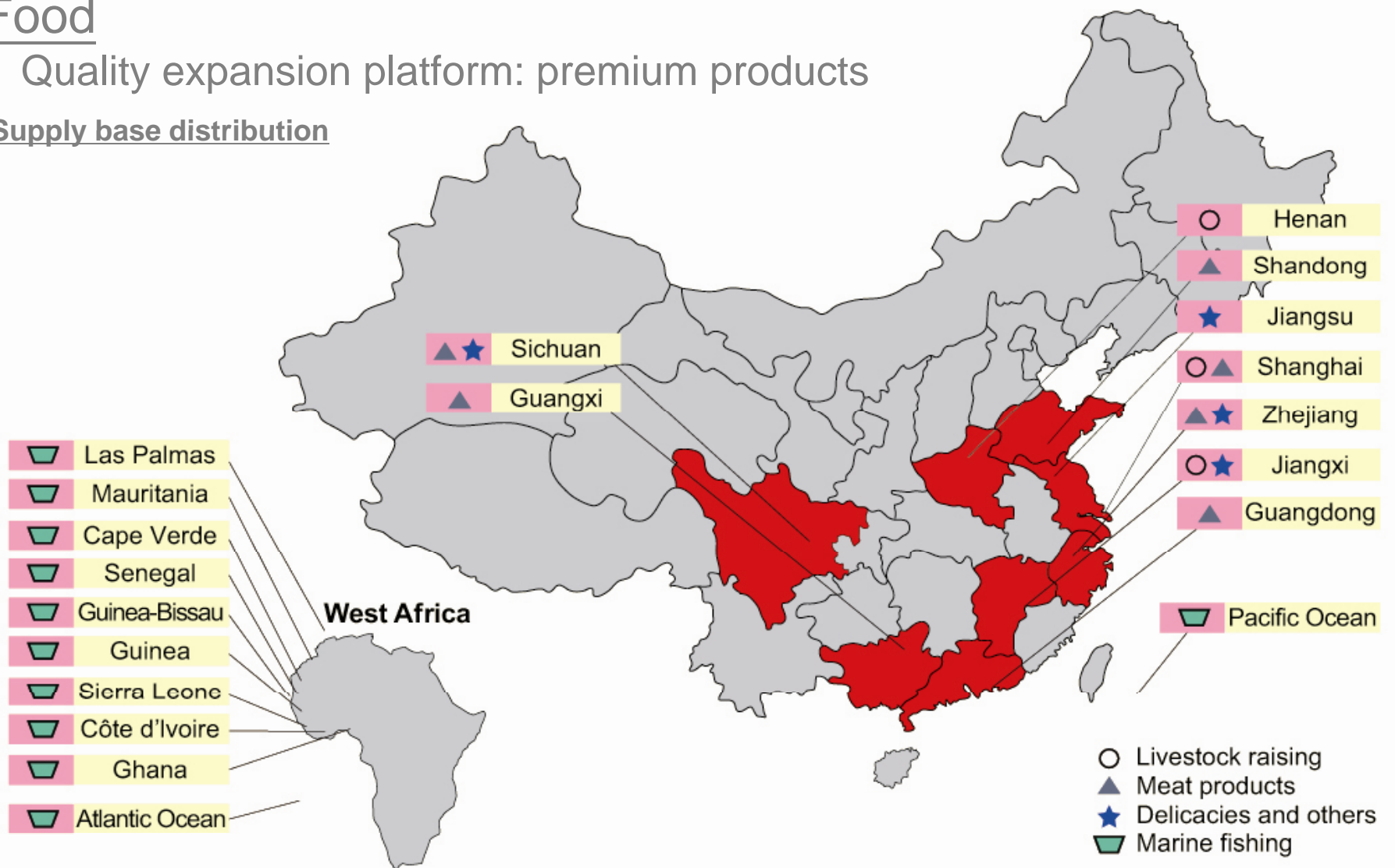


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Food

- Quality expansion platform: premium products

Supply base distribution



Source: Company data

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Beverage

- Quality expansion platform: untapped potential



	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Turnover	567	380	+49%
Sales volume (million KL)	0.52	0.37	+40%
EBITDA	21	14	+50%
Earnings	10	7	+43%
EBITDA margin (%)	3.7	3.7	-
Net margin (%)	1.8	1.8	-

Improvement in profitability was mainly due to the increase in sales volume.



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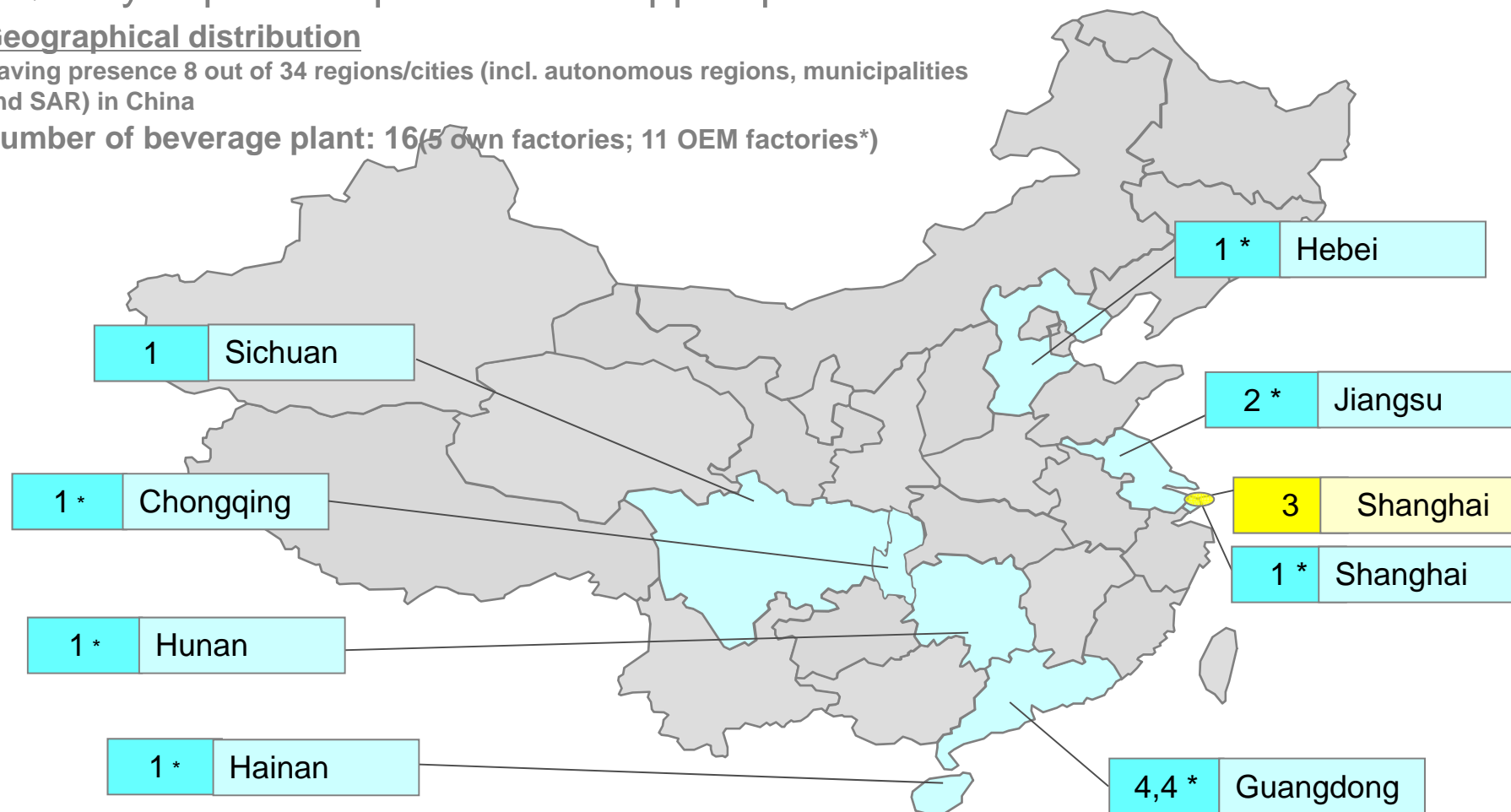
Beverage

■ Quality expansion platform: untapped potential

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*)



● Beverage plants to be injected upon formation of 60:40 joint venture with Kirin Holdings.

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Appendix I - Calculation of Underlying Net Profit

	Q1 2011 HK\$m	Q1 2010 HK\$m	change
Earnings	826	3,727	-78%
<u>Adjustments</u>			
Gain on disposal of non-core business – brand fashion distribution	-	(2,985)	n/a
Investment property revaluation	(166)	(200)	-17%
Partial disposal of A-share investments in food business	-	(25)	n/a
	<u>(166)</u>	<u>(3,210)</u>	-95%
Adjusted underlying net profit - total	660	517	+28%

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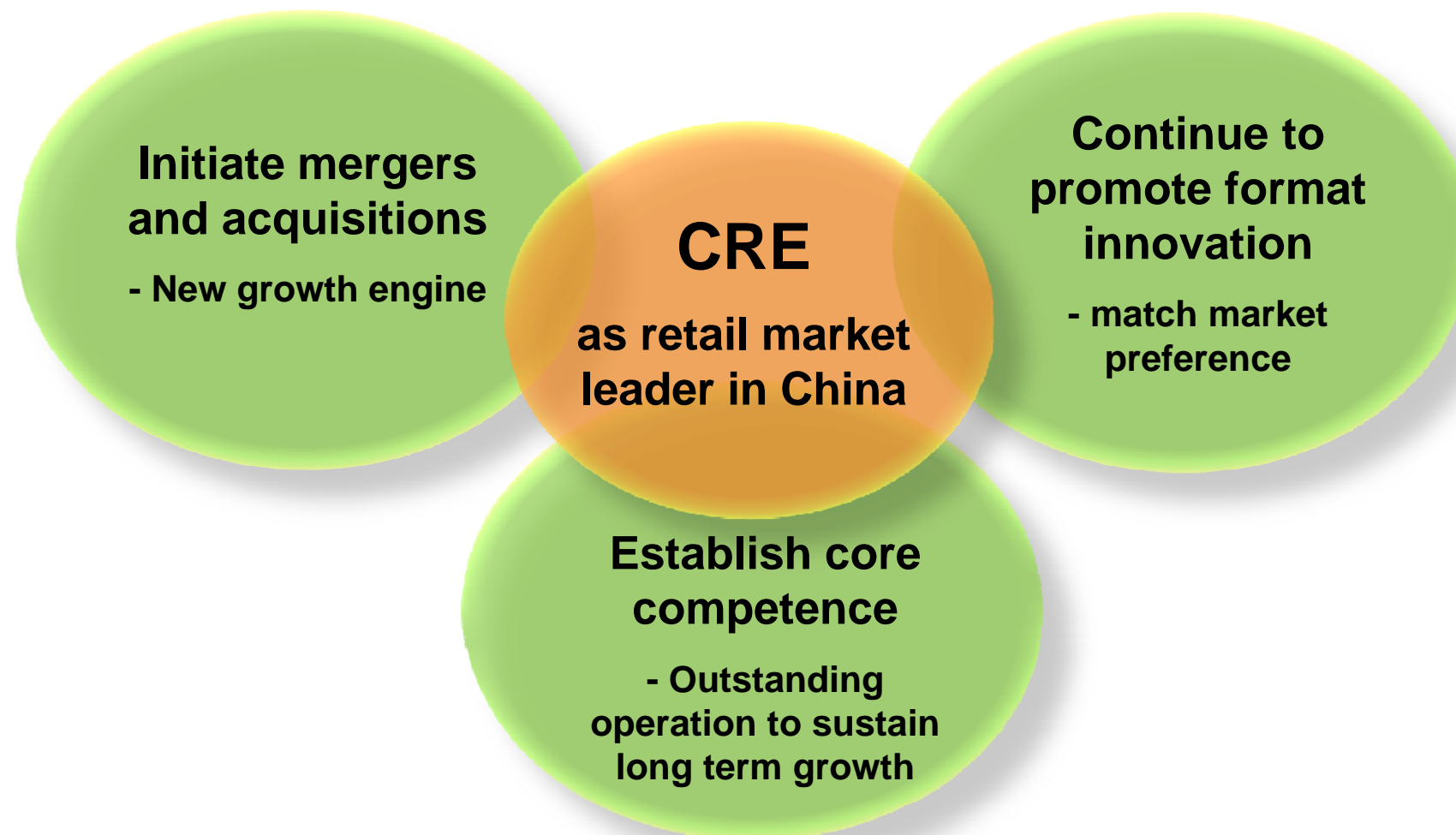
Appendix II – Retail network

No of self-operated stores		31 Mar 11		31 Dec 10		31 Mar 10	
No of franchised stores	% of turnover	Self-operated	Franchised	Self-operated	Franchised	Self-operated	Franchised
		Format (Average areas)					
I) Hypermarkets (over 5,000 sq.m)	app. 80%	457	25	451	25	397	25
II) Standard supermarkets (500 - 800 sq.m)	app. 11%	1,064	829	1,004	828	904	940
III) Olé, BLT (4,000 sq.m)	app. 1%	22	-	19	-	11	-
IV) Convenience stores (30 - 120 sq.m)	app. 3%	663	30	623	27	523	21
V) Pacific Coffee	0%	101	9	100	9	-	-
VI) CAC and CR care	app. 2%	101	-	96	-	55	-
VII) Wine cellar, Health and beauty stores and others	app. 3%	23	-	7	-	1	-
Overall		2,431	893	2,300	889	1,891	986
		3,324		3,189		2,877	

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Appendix II – Retail network

- Quality expansion platform: Multi-format with regional leadership



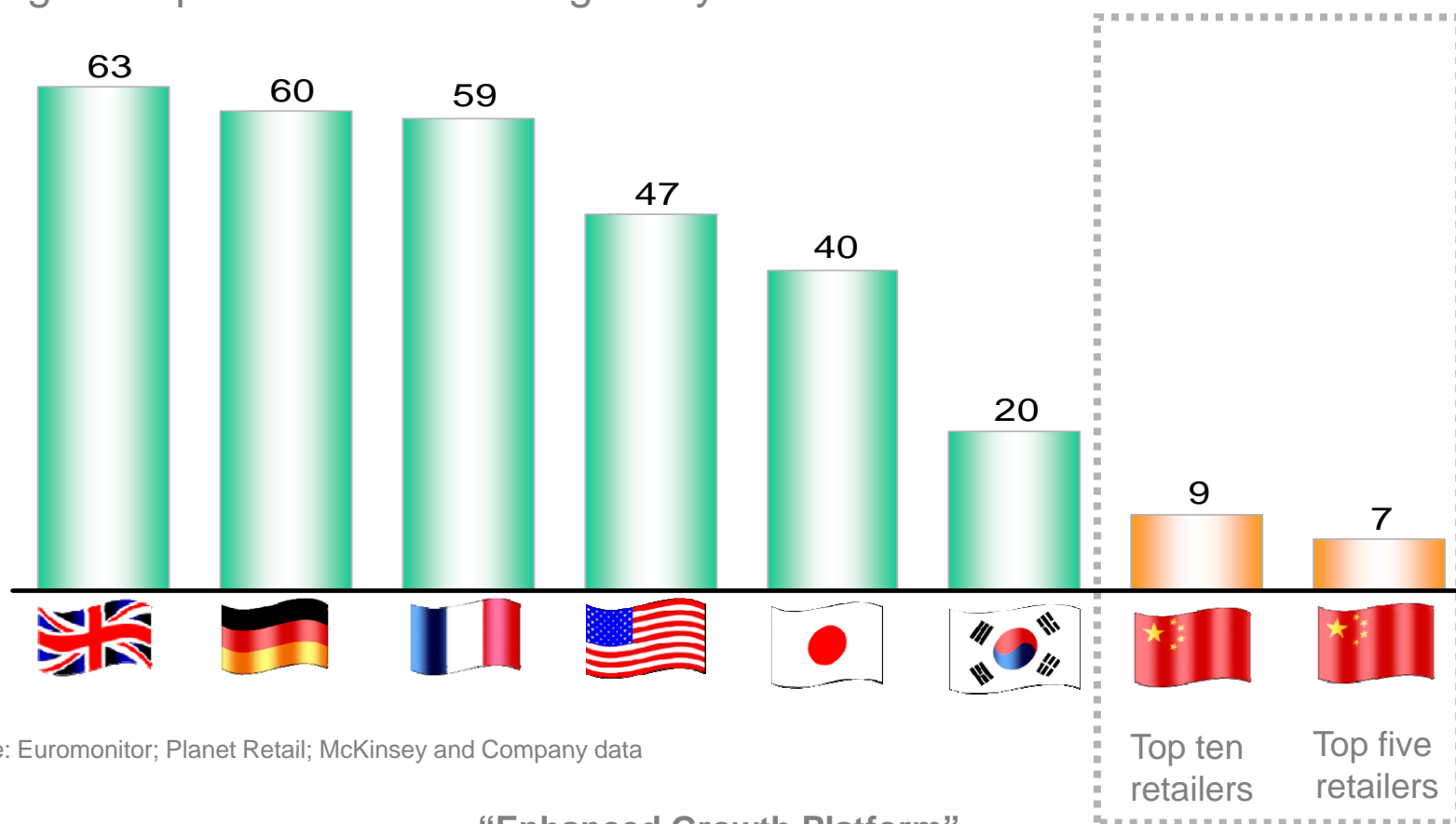
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Appendix II – Retail network

- Quality expansion platform: Multi-format with regional leadership

Lower market concentration in China than other developed countries:

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

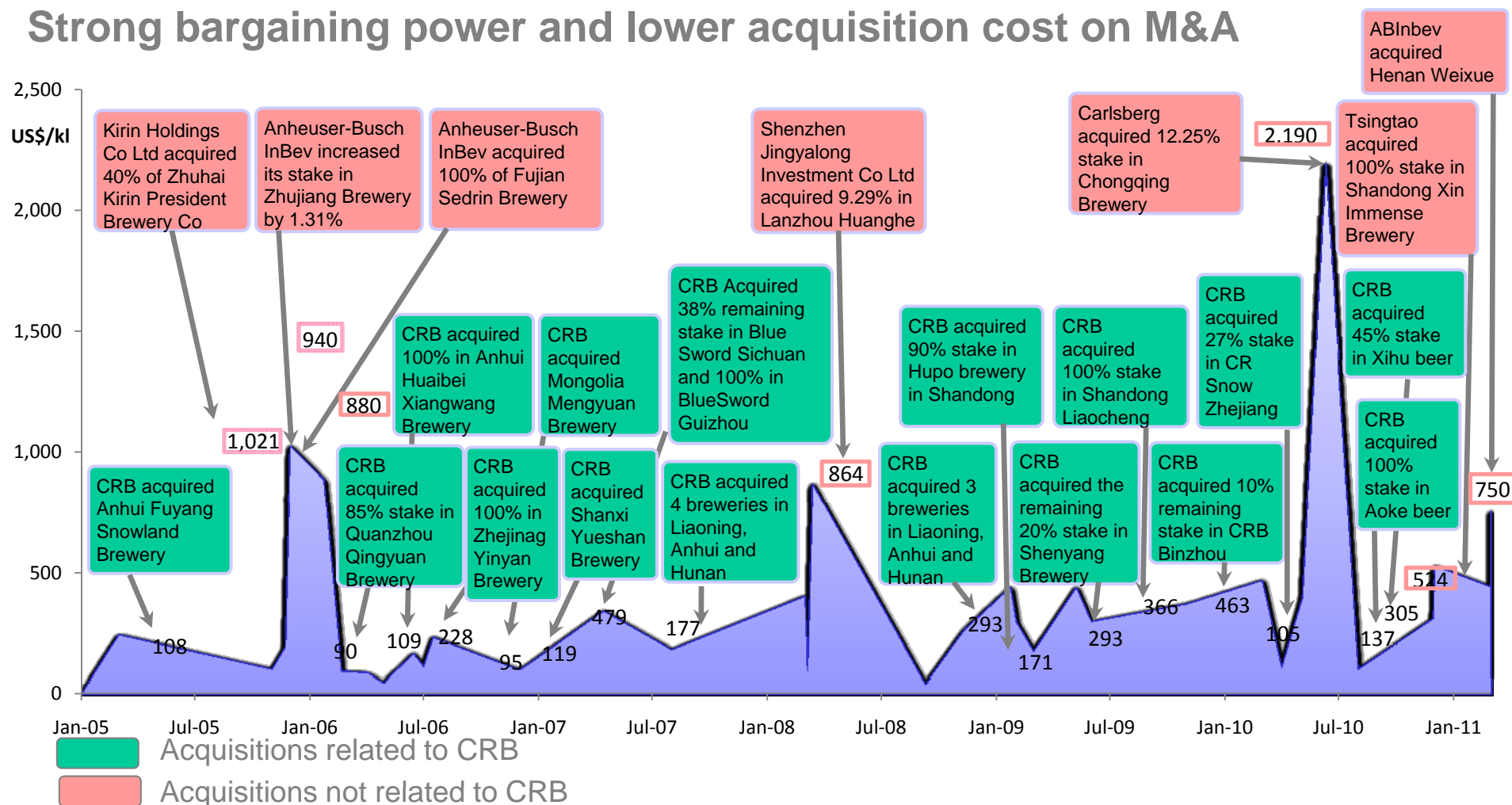


Source: Euromonitor; Planet Retail; McKinsey and Company data

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Appendix III – Recent major historical M&A in beer business

Strong bargaining power and lower acquisition cost on M&A



Source: Deutsche bank and Company data

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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

2005-2010	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*

2006-2010	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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2009-2010 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 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 *IR Magazine*

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>
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2009 -2010	Selected as one of the 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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2010	Mr. Chen Lang was selected as one of the 3 winners in China of 1 st Asian Corporate Director Recognition Awards 2010 by <i>Corporate Governance Asia</i>
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2010	Received silver award for cover photo/design in the category of food distributors, processors & wholesalers in International Annual Report Competition Awards from MerComm, Inc.
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2010	Selected as one of the 13 listed companies receiving "The Excellence of Listed Enterprise Awards 2010" by <i>Capital Weekly</i>
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2010	Selected as one of the 17 companies receiving "Global Chinese Business 1000 – Outstanding Performance Award" by <i>Yazhou Zhoukan</i>
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2010	Received Overall Best companies in Asia for Corporate Governance, 3 best awards in Asia region (ex-Japan) for disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment and 6 awards in Hong Kong region 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 by <i>Asiamoney</i>
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2010 Awarded as Asia's best CEO (Investor Relations) – Mr. Chen Lang, Asia's best CFO (Investor Relations) – Mr. Frank Lai, Best Investor relations professional – Mr. Vincent Tse, Best investor relations and best environmental responsibility by *Corporate Governance Asia*

2011 Ranked number 981 in Global 2000 from Forbes

2011	Received "The Largest Capitalization Company Award" in Mainland Enterprises Listed in Hong Kong Ranking 2010 by <i>Yazhou Zhoukan</i>
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