

China Resources Enterprise, Limited
Global Roadshow 2005

From Vision to Reality

29 April 2005





Agenda

Part I – Prospering with Concerted Efforts

- Introduction of CRE and FY2004 Results Highlights pp.3 – pp.10

Part II – Brewery: Ready for the Next Phase of Growth

- Development of the Mainland Beer Market pp.11 – pp.20
- Background of CR Snow pp.21 – pp.24
- Branding Strategies pp.25 – pp.33
- Distribution Network pp.34 – pp.35
- A New Phase with Profitability Focus pp.36 – pp.37
- Peer Comparison pp.38 – pp.39
- Appendix pp.40 – pp.45
- Disclaimer pp.46

“From Vision to Reality”



Part I – Prospering with Concerted Efforts

“From Vision to Reality”





Target and Strategy

- Our target is to become the largest consumer company in China with business focus on retail, food, brewery and textile
- To maximize the operational synergies among various core businesses, CRE is committed to a unique retail-led distribution model
- Under this model, food, brewery and textile operations will form part of the supply chain for the retail operation, and they will grow synergistically together



Market Presence of Our Businesses

- Our major businesses already have top ranking positions

	Measuring parameter	Market position
Supermarket	Turnover of HK\$9.7bn in China and HK\$2.3bn in Hong Kong in FY2004 (via 1,825 stores of which 809 stores are self-operated)	The second largest local operator in China after Lianhua Supermarket (consensus turnover estimate HK\$11.2bn for FY2004) and the third largest in Hong Kong after PARKnSHOP and Wellcome
Brewery	Sales volume of 3.13m kl in FY2004 of which 34% was Snow, our national brand	The second largest brewer in China after Tsingtao Brewery (market estimated sales volume of 3.66m kl in FY2004, of which about 30% was branded "Tsingtao")

“From Vision to Reality”



Market Presence of Our Businesses

	Measuring parameter	Market position
Food	Imported 1.9m heads of pig and cattle from China into Hong Kong in FY2004	Largest livestock distributor in Hong Kong with a market share of about 83% in live pig and cattle
Textile	Total spinning and weaving capacity of about 1 million spindles, 10,000 looms, 12 printing and dyeing lines	One of the five largest textile and garment companies in China
Petroleum	Storage capacity of 370,000 cubic meters	Largest wholesaler of oil in Hong Kong with about 60% market share in fuel oil

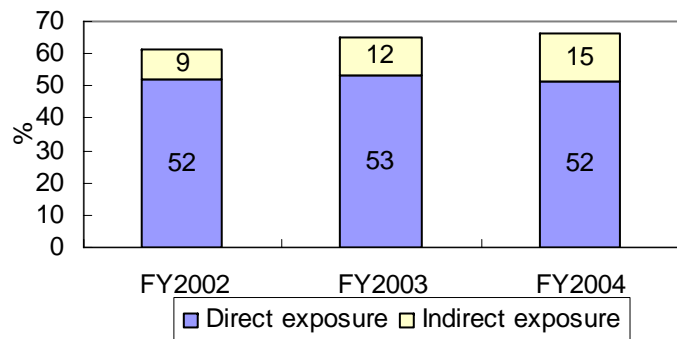
“From Vision to Reality”



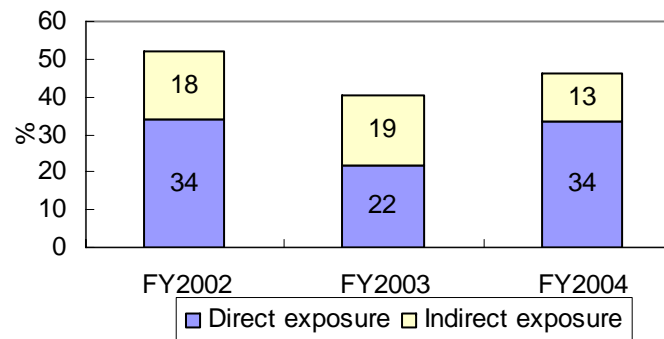
Rising Exposure to the Mainland and HK Consumer Market

- About two-thirds of our turnover and half of our earnings are now consumer-related
- Direct exposure via our retail, beverage and food divisions and indirect exposure through some of the businesses of our textile, property and petroleum divisions

Proportion of consumer-related turnover



Proportion of consumer-related earnings



“From Vision to Reality”





FY2004 Results Highlights

- Turnover rose by 36% to a record HK\$47bn
- Earnings grew by 10% to HK\$1,603m with most businesses showing encouraging operational improvements
- Final dividend of HK16¢ proposed, bringing the full year dividend to HK27¢, a 13% growth from last year, and payout ratio reaching 36%
- Retail business turned around and contributed HK\$83m earnings compared with a loss of HK\$99m in FY2003
- Earnings contribution from beverage increased by 15% with a 24% growth in beer sales volume
- Petroleum business reported a 19% recurring profit growth and, similar to FY2003, there was attractive profit from disposal of assets
- Food distribution business reported a 17% profit growth and two mainland strategic investments were floated
- Textile business was impacted by cotton price fluctuations but the operating loss was offset by a gain arising from factory relocation

“From Vision to Reality”



Turnover Breakdown – by Divisions

Year end 31 Dec	FY2004 HK\$m	Prop (%)	FY2003 HK\$m	Prop (%)	% change
Petroleum and chemicals	18,681	40	12,565	36	+49
Retail	13,898	29	9,827	28	+41
Food processing and distribution	5,434	12	4,801	14	+13
Beverage	5,079	11	3,950	11	+29
Textile	3,851	8	3,202	9	+20
Property	307	1	280	1	+10
Investment & others *		0	180	1	-100
	47,250	100	34,806	100	+36
Less: inter-co transactions	(172)		(151)		+14
Turnover	47,078		34,655		+36

* The turnover contribution in FY2003 was from the concrete business which was restructured and distributed as dividend in specie in July 2003

“From Vision to Reality”



Earnings Breakdown – by Divisions

Year end 31 Dec	FY2004 HK\$m	Prop (%)	FY2003 HK\$m	Prop (%)	% change
Petroleum and chemicals *	525	30	424	27	+24
Retail	83	5	(99)	(6)	na
Food processing and distribution	396	23	340	22	+17
Beverage	113	6	98	6	+15
Textile	7	0	166	11	-96
Property	311	18	279	18	+12
Investment & others	320	18	368	23	-13
	<u>1,754</u>	<u>100</u>	<u>1,576</u>	<u>100</u>	+11
Net corporate interest & expenses	<u>(151)</u>		<u>(120)</u>		+26
Earnings	1,603		1,455		+10
Earnings ex-asset disposal profit *	1,363		1,270		+7

* In FY2004, there was a HK\$240m profit from the disposal of a 30% stake in Qingdao Qirun which operates some oil storage facilities in Qingdao. In FY2003, there was a net gain of HK\$185m from the disposal of our interest in the aviation fuel facility held through a jointly controlled entity.

“From Vision to Reality”





Part II – Brewery: Ready for the Next Phase of Growth

“From Vision to Reality”





Development of the Mainland Beer Market

- Broadly speaking, there are four phases of development since 1900, weeding out the financially weak brewers

Different phases of development

Stage	1	2	3		4
	Exploration Phase	Development Phase	Initial High Growth Phase	Final High Growth Phase	Steady Phase
Period	1900~1949	1950~1978	1979~1988	1988~1997	1998~2004
Sales volume at y/e (kl)	Just under 10,000	around 400,000	6.48m	18.67m	28.75m
CAGR (%)		+134	+154	+13	+7
Number of enterprises	10	under 300	813	696	around 400

Source: China Statistical Yearbook, China Beer Industry Association, CR Snow

“From Vision to Reality”

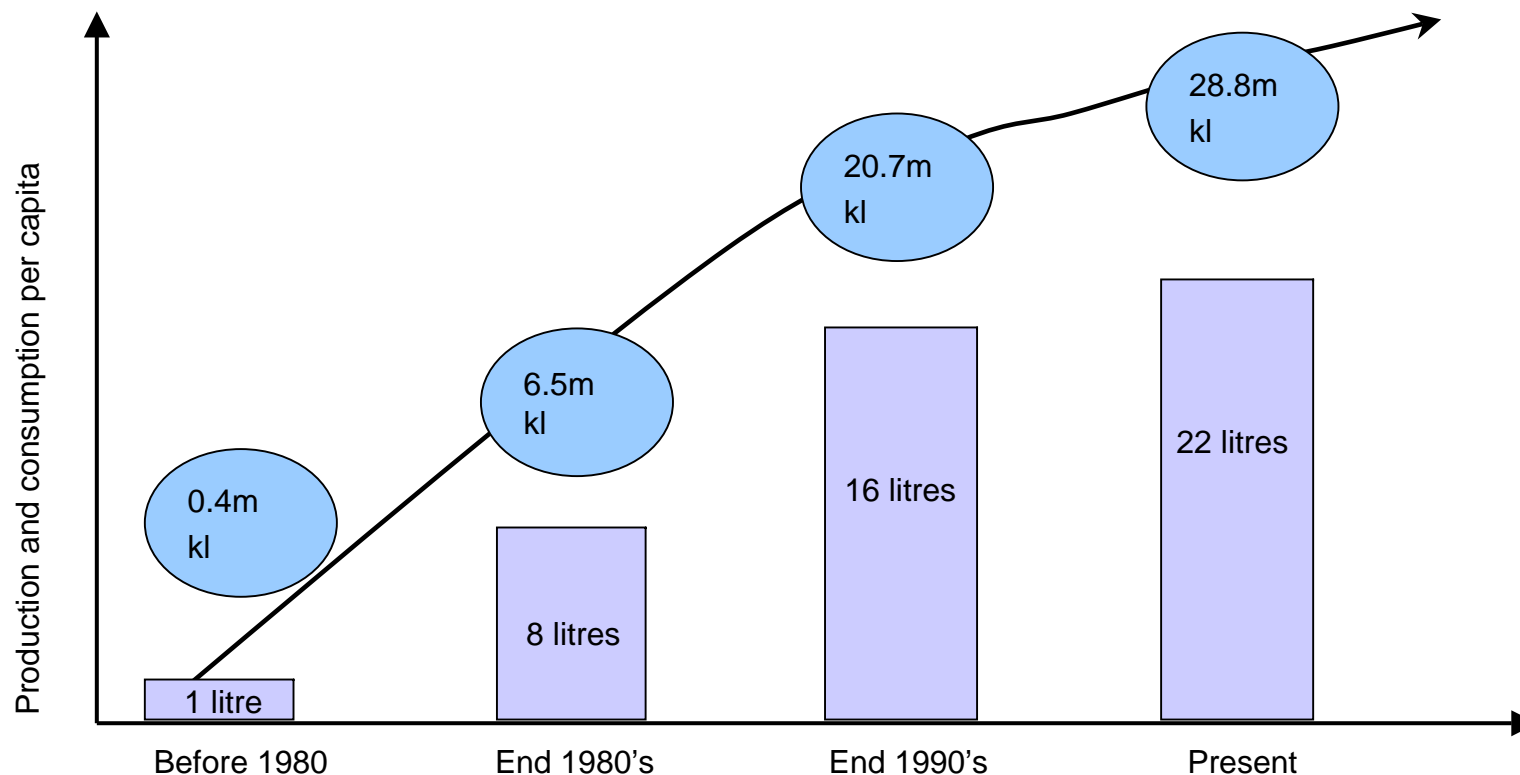




Development of the Mainland Beer Market

- The beer market has grown rapidly over the last two decades and is now in a steady phase with beer itself gaining popularity

Rapid growth since the 1990s



Source: China Statistical Yearbook, China Beer Industry Association

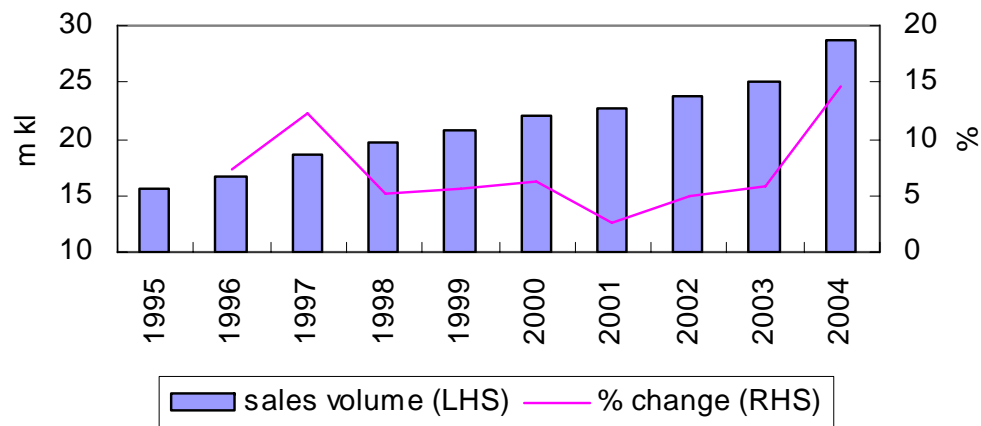
“From Vision to Reality”



Development of the Mainland Beer Market

- Mainland beer market has grown at a CAGR of 7.1% for the past 10 years to over 28m kl in 2004 and has surpassed US as the world's largest beer market
- Demand has been boosted by the rise in income per capita, which was averaged at approximately 9% per annum during the same period

Steady growth in consumption at present



Source: China Statistical Yearbook, China Beer Industry Association

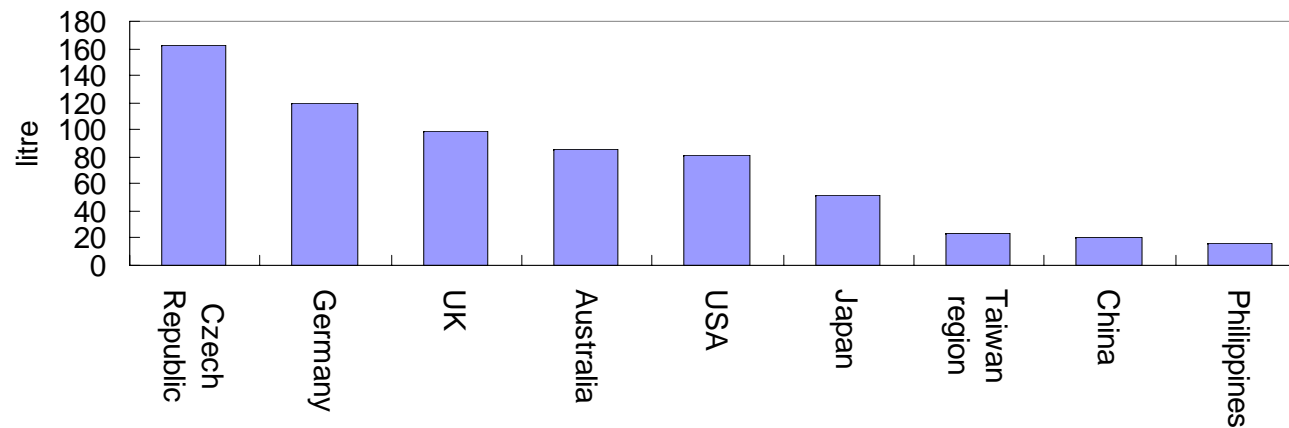
“From Vision to Reality”



Development of the Mainland Beer Market

- Mainland beer consumption per capita is still low versus other countries

Global per capita beer drinking in 2003



Source: Canadean

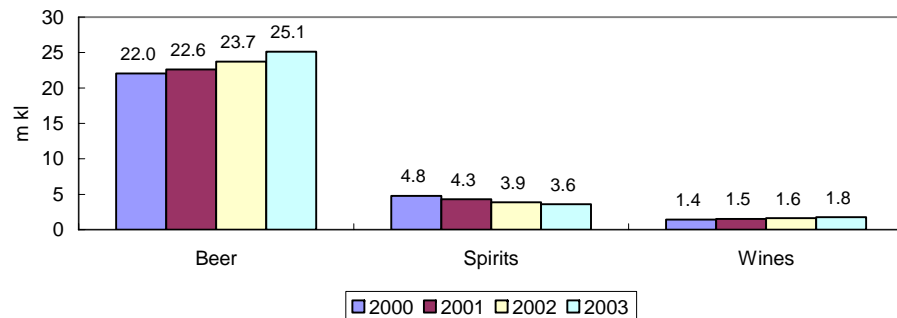
“From Vision to Reality”



Development of the Mainland Beer Market

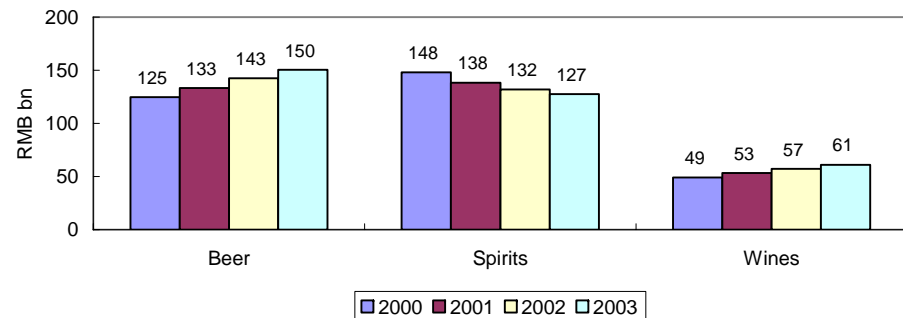
- Beer is gaining market share in the alcoholic drinks sector
- In terms of sales volume, the market share of beer increased from 78% in 2000 to 83% in 2003, whilst in terms of consumer spending, it rose from 39% to 44% during the same period, mainly at the expense of spirits

Breakdown of the mainland alcoholic market - by sales volume



Source: China Statistical Yearbook, China Beer Industry Association, Euromonitor

Breakdown of the mainland alcoholic market - by consumer spending



Source: Euromonitor

“From Vision to Reality”



Development of the Mainland Beer Market

- With the exception of Yanjing and Xuejin, all the top 10 brewers are now owned by foreign companies

Top 10 brewers in China

Ranking	Brewer	2003 sales volume '000 kl	Approximate no of breweries	Geographic coverage	Major regions	Notes
1	Tsingtao (青島)	3,260	50	17 provinces and cities	Shandong, Jiangsu, Guangdong, Shanxi, Fujian	Anheuser Busch currently holds 9.91% stake
2	CR Snow (華潤雪花)	2,532	29*	11 provinces and cities	North-east China, Sichuan, Anhui, Wuhan, Beijing Tianjin region, Jiangsu, Zhejiang, Tibet	SABM has a 49% stake
3	Yanjing (燕京)	2,203	17	10 provinces and cities	Beijing, Jiangxi, Hunan, Shandong, Guangxi	
4	Lion Diversified (金獅)	1,309	11	5 provinces and regions	Zhejiang, Hubei	Interbrew acquired an approximate 50% stake in 2003
5	Harbin (哈爾濱)	1,149	13	4 provinces and regions	North-east China	Anheuser Busch acquired full ownership in 2004
6	Jinxing (金星)	940	10	5 provinces and regions	Henan	Mainland newspaper mentioned that Anheuser Busch had acquired 30% stake in 2004
7	Chongqing (重慶)	910	16	6 provinces and regions	Sichuan, Chongqing, Zhejiang, Jiangsu	Scottish and Newcastle acquired 19.5% stake in 2003 (listed company).
8	Zhujiang (珠江)	880	8	3 provinces and regions	Guangdong	Interbrew acquired 24% stake in 2002
9	Xuejin (雪津)	580	1	1 province	Fujian	
10	Huiquan (惠泉)	410	1	1 province	Fujian	Yanjing has increased its stake to 52.37% in H2 2004

Source: Annual Reports, China Beer Industry Association, CR Snow, CRE

*CR Snow has 37 breweries at the end of FY2004

“From Vision to Reality”

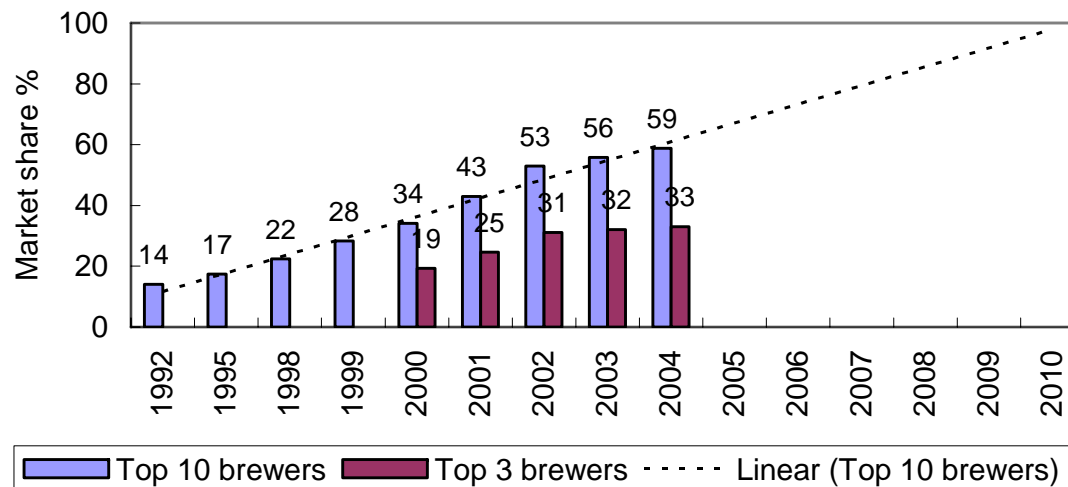




Development of the Mainland Beer Market

- Market consolidation is taking effect with the top 10 accounted for about 59% of the market in 2004, compared with 14% in 1992
- Market share of the top three has increased from 19% in 2000 to around 33% in 2004

Market share of the top brewers in China



Source: Annual Reports, China Statistical Yearbook, CR Snow

“From Vision to Reality”



Development of the Mainland Beer Market

- International brewers have teamed up with local brewers but, with the exception of CR Snow, most of these joint ventures were formed in the last three years

List of JV with the international brewers

Enterprise	Tsingtao	CR Snow	Lion Diversified	Harbin	Zhujiang	Chongqing	Jinxing	Kingway
JV partner	Anheuser Busch	SABMiller	Interbrew	Anheuser Busch	Interbrew	Scottish & Newcastle	Anheuser Busch	Heineken
JV date	Oct-02	Nov-94	Sep-03	Jun-04	Nov-02	Dec-03	H2 2004	Jan-04
Stake %	10	49	50	100	24	20	30	21

Source: Annual Reports, CR Snow, News Reports

“From Vision to Reality”





Development of the Mainland Beer Market

Recent transactions in the mainland beer market (pricing based on production capacity)

China		US\$/hl
Harbin Brewery HK IPO	Jun 02	28.4
Interbrew increases stake in Zhujiang Beer	Nov 02	20.6
Guangdong Brewery Sale to Parent	Feb 03	17.5
Anheuser-Busch Convertible Bond in Tsingtao	Feb 03	19.8
Harbin Brewery Placement	Mar 03	38.8
SAB Miller buys 29.7% in Harbin Brewery	Jul 03	22.5
Tsingtao buys 45% in Hunan Brewery	Aug 03	21.8
Interbrew buys 50% of Lion interests in China	Sep 03	42.0
Scottish & Newcastle acquired 19.51% stake of Chongqing Brewery	Nov 03	35.8
Lion Nathan buys 70% in Hua Xia brewery	Dec 03	31.9
Heineken buys 21% in Guangdong Brewery	Jan 04	63.0
Anheuser-Busch buys 29.1% stake in Harbin Brewery	May 04	36.6
CRB buys 70% in Qianjiang Brewery	Jun 04	20.0
CRB buys 90% in Anhui Longjin Brewery	Jun 04	12.0
Interbrew S.A. buys 70% stake of Zhejiang Shiliang Brewery	Jun 04	38.0
Anheuser-Busch buys 70.9% stake in Harbin Brewery	Jul 04	55.2
Carlsberg and the Danish Industrialization Fund for Developing Countries (IFU) acquire 50% of the Lanzhou Huanghe Enterprise Group's operations in the Gansu and Qinghai provinces	Jul-04	17.0
CRB buys approximately 100% in Lion Nathan's China operation	Oct 04	30.0
InBev acquires the remaining 45% interest in Hunan Debier Brewery	Nov-04	31.1
Average		30.6

Source: Citigroup Smith Barney

“From Vision to Reality”

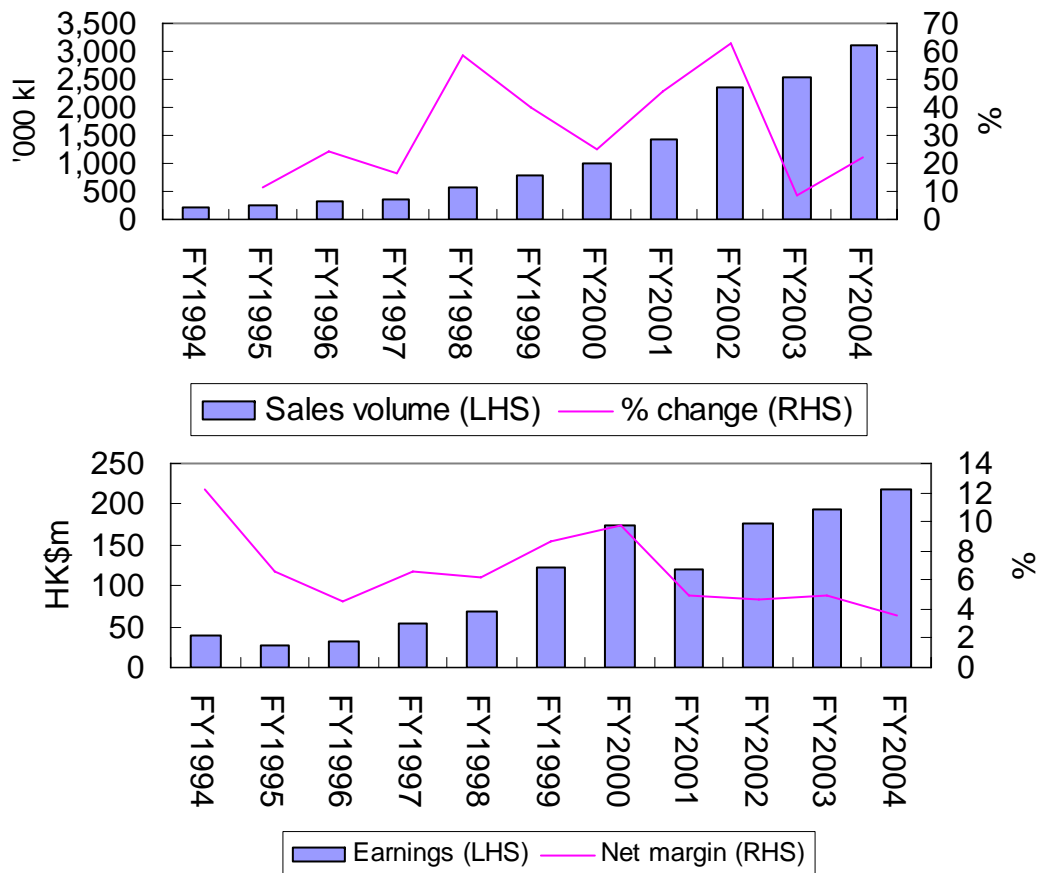




Background of CR Snow

- A 51/49 joint venture between CRE and SABMiller formed in 1994 with CRE responsible for day-to-day management

Sales and earnings trend of CR Snow since 1994



“From Vision to Reality”



Background of CR Snow

- Largest in China in terms of production capacity and the second largest in terms of sales volume but the gap with Tsingtao has been narrowing

Sales volume by brewery

Year end 31 Dec	Province	Area	No of breweries	FY2004 '000 k litre	FY2003 '000 k litre	% change
<i>I) Breweries acquired prior to FY2003</i>						
Shenyang	Liaoning	North East	3	417	419	-0
Dalian	Liaoning	North East	2	184	165	+11
Jilin	Jilin	North East	1	216	220	-2
Tianjin		North	1	135	115	+17
Anshan	Liaoning	North East	1	86	84	+3
Anhui	Anhui	Central	2	244	235	+4
New Three Star	Heilongjiang	North East	1	268	172	+56
Liaoyang Meiyue	Liaoning	North East	1	22	24	-5
Blue Sword	Sichuan	South West	12	789	712	+11
Changchun Snow Leopard	Jilin	North East	1	76	73	+5
Wuhan Dongxihu	Hubei	Central	2	295	259	+14
Panjin	Liaoning	North East	1	46	33	+41
<i>II) Breweries acquired since FY2003</i>						
Beijing		North	1	57	21	+171
Shuining (part of Blue Sword)	Sichuan	South West	1	12		
Qianjiang	Zhejiang	East	1	177		
Longjin	Anhui	Central	2	80		
Jiangsu	Jiangsu	East	3	32		
Qamdo	Tibet	West	1			
			37	3,134	2,532	+24
Existing breweries				2,793	2,512	+11

“From Vision to Reality”





Background of CR Snow

- In FY2004, CR Snow's earnings grew by 15% to about HK\$221m attributable to rise in sales volume, higher sales of premium beer and initial contributions from the newly acquired Qianjiang and Longjin
- Turnover soared 29% with beer sales volume increasing 24%, of which 11% was organic, to 3.13m kl, representing a market share of 11%
- Average selling price rose by 3.4% to about HK\$1,500 per kl and gross margin was relatively stable despite the increase in raw material costs
- Annual production capacity amounted to about 5.52m kl at the end of December 2004, up 35% from FY2003
- Excluding the breweries acquired from FY2003 onwards, utilisation rate was about 67%
- There were 4 unprofitable breweries and the acquisition of Lion Nathan's breweries was completed in October and ran initial loss of HK\$20m was recorded in Q4 2004, a low season

“From Vision to Reality”



Background of CR Snow

- We paid reasonable prices for new breweries

Major breweries acquired in 2004

Month	Brewery	Stake %	Province	Production capacity k litres	Sales volume in FY2003 k litres
June	Zhejiang Qianpi	70	Zhejiang	480,000	240,000
June	Anhui Longjin	90	Anhui	280,000	140,000
October	Chinese brewing interests of Lion Nathan	approx 100	Jiangsu	516,000	219,000 *
December	Zhejiang Xiling (the relocated plant)	70	Zhejiang	200,000	na
				<hr/>	
				1,476,000	599,000

* For the year ended 30 September 2004

Note: The above acquisitions have excluded the greenfield brewery to be built in Dongguan which has an ultimate production capacity of 300,000 k litres

“From Vision to Reality”





Branding Strategies

- A three-tier strategy for national, district and fighter brands

Tier	Brand	Future development
National brand	Snow (雪花)	Extensive investment to develop the brand for the long term
District brands	New3star (新三星), Haden (華丹), Löwen (黑獅), Leedo (麗都), Singo (行吟閣), Bluesword (藍劍), Anshan (鞍山), Dalian (大連), Shengquan(聖泉) etc	Steady investment to ensure stable growth but the number of brands may be reduced
Fighter brands	Tianjin (天津), ChuTan (楚天), YaTai (亞太) etc	No additional investment, gradually phasing out

“From Vision to Reality”





Branding Strategies

- CR Snow's top 10 brands in 2004

	Sales volume '000 k litres	Prop of total volume sold %
Snow (雪花) incl. Shenyang (瀋陽)	1,074	34
Bluesword (藍劍)	383	12
Singo (行吟閣)	265	8
New3star (新三星)	218	7
Haden (華丹)	182	6
Zhonghua (中華)	132	4
Shengquan (聖泉)	100	3
Green leaf (綠葉)	80	3
Löwen (黑獅)	72	2
Greensword (綠劍)	63	2
		<hr/> 82
Shenyang (瀋陽)	177	6

“From Vision to Reality”

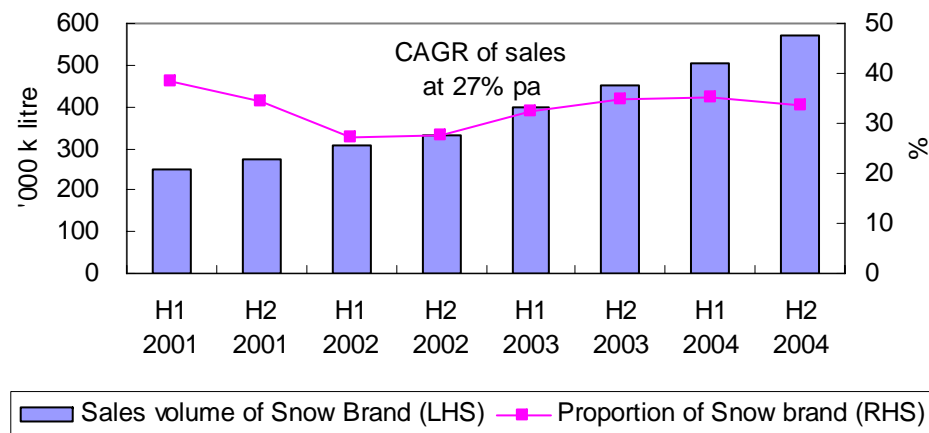




Branding Strategies

- The national branding programme for Snow was only launched in early 2002 but its CAGR has been averaged at 27% for four years
- Approximately 1,074,000 kl of Snow was sold in FY2004, representing 34% of the total volume
- About two-thirds of Snow were sold outside Liaoning, its home, and 13% in districts where we do not have brewery, reflecting its rapid penetration

Sales volume of Snow brand (including Shenyang sub-brand) and its significance



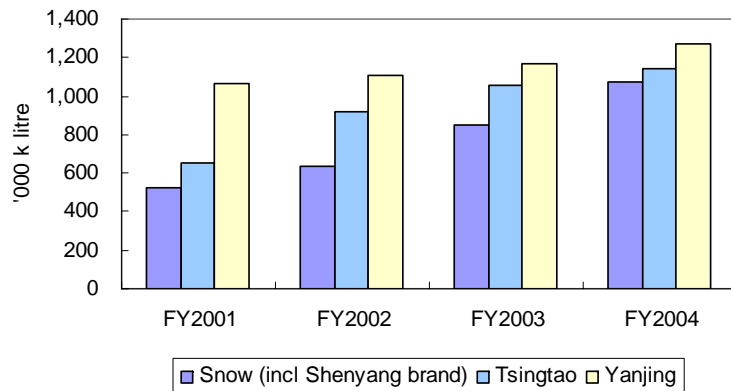
“From Vision to Reality”



Branding Strategies

- Strictly speaking, there is no real national brand in mainland China whereas three brands, Tsingtao, Yanjing and Snow, have sales volume of more than 1m kl with extensive geographical coverage and are well poised to become national brands
- Sales volume of Snow increased 27% last year compared with an estimated 12% of Tsingtao brand and 9% of Yanjing brand
- Its CAGR of 27% between FY2001 and FY2004 was higher than the 22% of Tsingtao brand and 6% of Yanjing brand

Sales growth of leading national beer brands



“From Vision to Reality”



Branding Strategies

- Market positioning of Snow
 - Target customers - aged 25 to 35, the new generation just grown up
 - Pricing - mainstream to top end in five tiers (with a retail price range of approximately RMB 2.5 -15 per bottle) but the focus is on the middle to upper end
 - Market positioning - association with life's progression
 - Sentimental attachment - satisfaction, achievements, happiness, spirits associated with the memorable growth story of the new generation (暢享成長)



Branding Strategies

- Snow has five tiers in terms of wholesale pricing

Segmentation of Snow

Grade	Wholesale price (incl VAT)
High End	RMB 6,406-12,500/kl
Mid End	RMB 4,219-6,405/kl
Mainstream High End	RMB 2,813-4,218/kl
Mainstream	RMB 1,953-2,812/kl
Mainstream Low End	RMB 1,641-1,952/kl

“From Vision to Reality”



Branding Strategies

International brands in terms of sales volume

Ranking	Brand	Owner	2003 '000 kl	Share %
1	Budweiser	A-B	4,759	3.3
2	Bud Light	A-B	4,443	3.1
3	Corona	Grupo Modelo	2,828	2.0
4	Skol	AmBev	2,448	1.7
5	Heineken	Heineken	2,212	1.5
6	Coors Light	Coors	2,116	1.5
7	Miller Lite	SABMiller	1,952	1.4
8	Asahi Super Dry	Asahi	1,934	1.3
9	Brahma Chopp	AmBev	1,916	1.3
10	Busch	A-B	1,324	0.9
11	Natural	A-B	1,222	0.8
12	Yanjing	Yanjing	1,164	0.8
13	Amstel	Heineken	1,096	0.8
14	Tsingtao	Tsingtao	1,060	0.7
15	Guinness	Diageo	1,036	0.7
16	Carlsberg	Carlsberg	1,011	0.7
17	Foster's	Foster's	1,011	0.7
18	Castle	SABMiller	981	0.7
19	Baltika	BBH	962	0.7
20	Antarctica	AmBev	958	0.7
	Top 20		36,433	25.3
	Others		107,366	74.7
	World Volumes		143,798	100.0
	Top 20 share (%)		25	

Source: CR Snow, Tsingtao, Yanjing Presentations and Annual Reports, Canadean, Merrill Lynch

“From Vision to Reality”



Branding Strategies

- Snow has high brand value given its large sales volume and fast growth

Brand value of national brands

National Brand	FY2003 sales volume '000 kl	yoy chg %	FY2004 sales volume '000 kl	yoy chg %	Brand value (1) RMB bn	Brand value (2) RMB bn	Market cap of the listed company RMB bn **
Tsingtao	1,060	+15	1,187	+12 *	16.9	11.2	9.4
Yanjing	1,164	+5	1,270	+9	10.0	10.2	7.7
Snow (incl Shenyang brand)	849	+33	1,074	+27	na	na	na

Note: Brand value (1) is from World Brand Laboratory for the top 500 brands in China released in June 2004

Brand value (2) is from Beijing Brand Appraisal Company (北京名牌資產評估有限公司) released in December 2004

* Growth rate of Tsingtao brand in H1 2004

** At 1 April 2005

“From Vision to Reality”





Branding Strategies

Reasons why Snow should have at least a comparable brand value

- It is the fastest growing national brand both in FY 2004 (27%) and between FY2001 – FY2004 (27% compound)
- It has a unique brand positioning, associating the brand with “life’s progression”
- It has rapid national penetration with every district brewery of CR Snow being capable of producing Snow
- It has favourable distribution network underpinned by CR Snow’s district dominance and acquisition spree
- CR Snow is committed to marketing with selling and distribution expenses representing approximately 17% of turnover, higher than most others

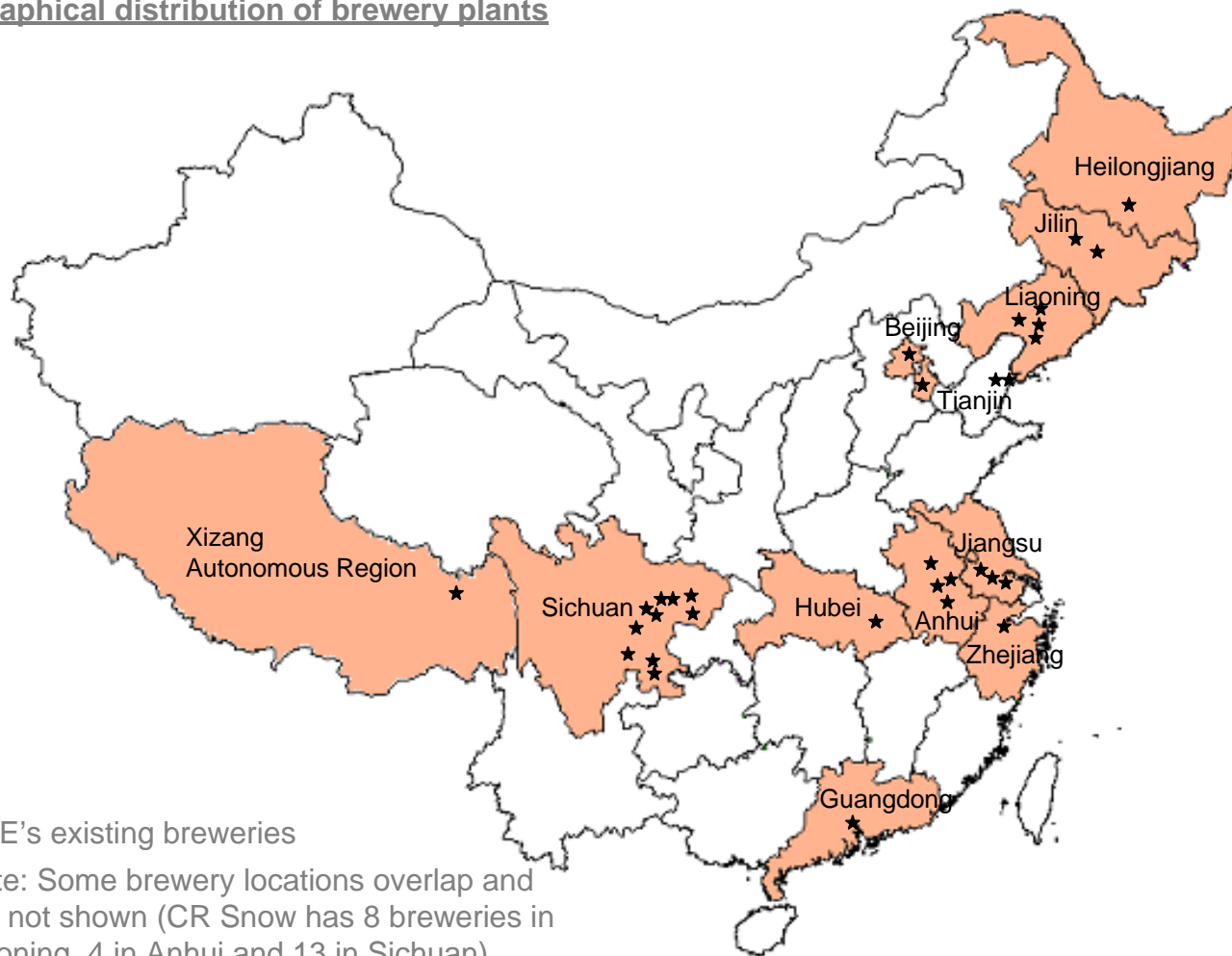
“From Vision to Reality”





Distribution Network

Geographical distribution of brewery plants



CRE's existing breweries

Note: Some brewery locations overlap and are not shown (CR Snow has 8 breweries in Liaoning, 4 in Anhui and 13 in Sichuan)

“From Vision to Reality”



Distribution Network

■ We aim for district dominance

Market Share For Key Regions

Province	Cities/regions	2004 CR Snow sales ('000 kl)	2004 market sales ('000 kl)	CR Snow market share (%)
Anhui	Hefei	89	109	82
	Hefei City Area	67	71	95
	Entire Province	294	1,250	24
Heilongjiang	Harbin	178		
	Harbin City Area	120	279	43
	Entire Province	271	1,600	17
Hubei	Wuhan	178	200	89
	Entire Province	293	1,230	24
Jilin	Changchun	114	150	76
	Changchun City Area	75		
	Jilin	85	110	77
	Jilin City Area	49		
	Entire Province	293	780	38
Liaoning	Dalian	156	228	68
	Dalian City Area	128	180	71
	Shenyang	290	371	78
	Shenyang City Area	262	300	87
	Entire Province	724	1,660	44
Sichuan	Chengdu	234	260	90
	Chengdu City Area	152	170	89
	Mianyang	50	60	83
	Mianyang City Area	22	23	96
	Entire Province	676	980	69
Tianjin	Tianjin	148	370	40
	Tianjin City Area	135	175	77
	Entire City	148	370	40

Source: CR Snow

“From Vision to Reality”



A New Phase with Profitability Focus

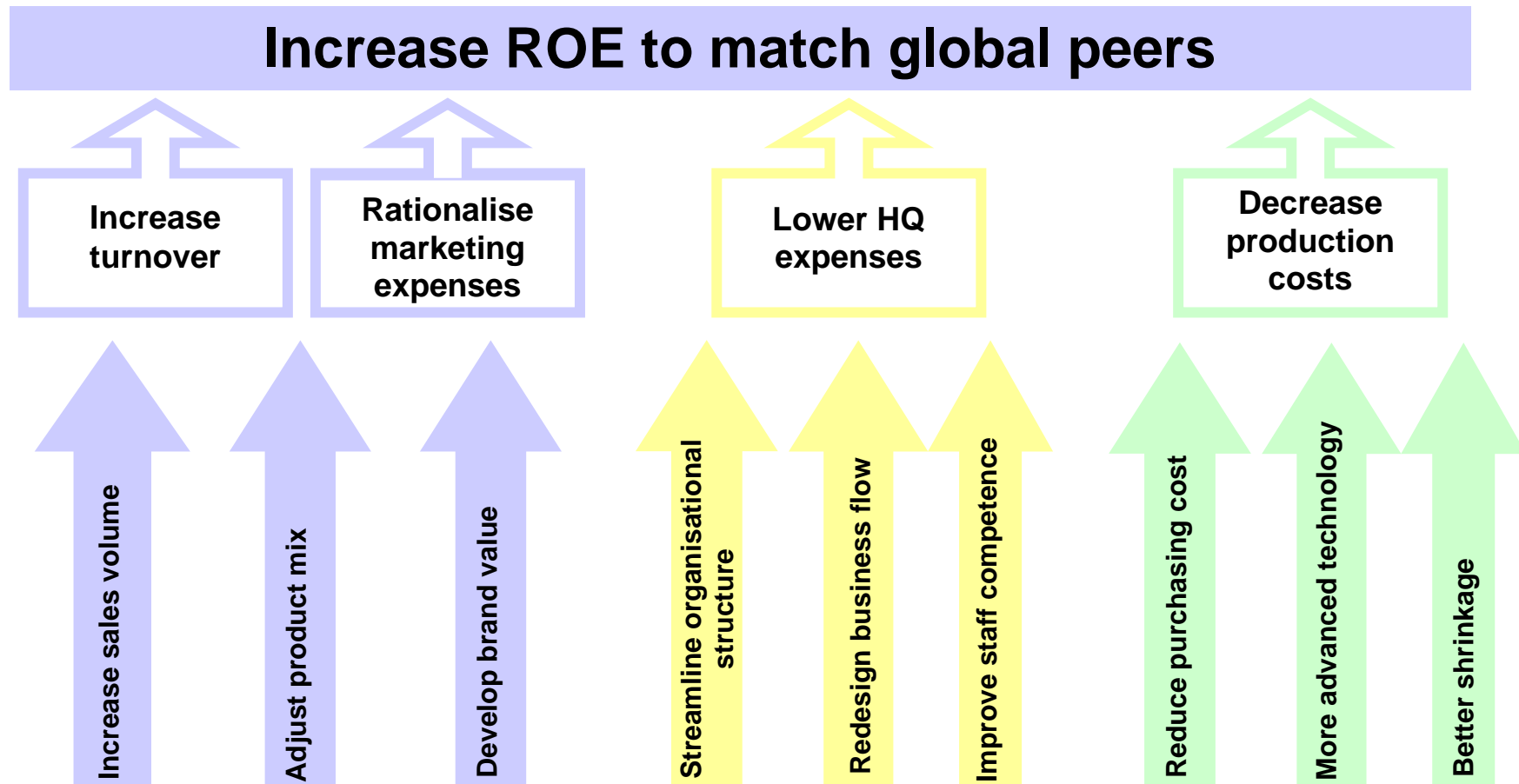
- Looking ahead for the next five years, we believe the mainland beer market will have the following features:
 - Market consolidation will continue and the top three brewers will account for about half of the market
 - Competition will become more rational with a gradual improvement in profitability
 - Brand marketing will be more emphasized
 - There will be one or two real national brands emerged
 - More international brands will enter the market but mid-stream beer will see the highest volume growth
- CR Snow has positioned itself for the next phase of growth with a fast growing national brand targeting the mid-stream, a well articulated national distribution network and dominant market presence in the key districts

“From Vision to Reality”



A New Phase with Profitability Focus

- We will focus on ROE and are going to implement the following measures to improve profitability



“From Vision to Reality”



Peer Comparison

Strengths

- Ability to expand at low cost
- Regional dominance and extensive distribution network
- Centralised management
- Fast growing national brand, Snow
- Capability to turn around loss making breweries
- Strong financial support from CRE and SABM

Weaknesses

- Average utilization rate is low
- Low penetration in key cities like Beijing, Shanghai and Guangzhou
- Snow is young and has to build up popularity
- Not yet national coverage

Threats

- M&A price has been fuelled by foreign brewers
- Sizeable acquisition targets are rare
- Price competition remains fierce
- Recent rise in raw material prices
- Greenfield investments may aggravate oversupply situation

Opportunities

- A rapidly growing beer market with potential increase in consumption per capita
- Mainstream segment is the fastest growing segment
- Market consolidation leads to pricing and margin improvements
- There is not yet a real national brand
- Further geographical expansion offers growth prospects
- Economic development will reduce consumption seasonality

“From Vision to Reality”



Peer Comparison

- High valuation for CR Snow using the listed peers as benchmark

Peer comparison using current share prices and FY2003 operational data

	Tsingtao HK\$m	Yanjing HK\$m	Kingway HK\$m	CR Snow HK\$m	CR Snow HK\$m
<u>Performance:</u>	<u>FY2003</u>	<u>FY2003</u>	<u>FY2003</u>	<u>FY2003</u>	<u>FY2004</u>
Beer sales volume (kl)	3,260,000	2,203,040	269,724	2,532,194	3,134,471
Beer production capacity (kl)	4,940,000	3,010,000	395,200	4,205,906	5,518,261
Turnover	6,311	2,778	685	3,950	5,079
EBITDA	990	602	234	835	905
Earnings	230	227	105	192	221
Net margin (%)	3.6	8.2	15.3	4.9	4.4
ROE (%)	5.6	6.1	8.3	5.9	6.4
<u>Valuation:</u>					
Share price (@1/4/2005)	HK\$8.25	RMB12.29	HK\$2.85	na	na
Market cap	9,405	7,710	3,596	na	na
EV	10,600	8,209	3,317	na	na
PER (x)	40.8	33.9	34.2	na	na
EV/EBITDA (x)	10.7	13.6	14.2	na	na
EV per hectolitre on capacity (US\$/hl)	27.5	35.0	107.6	na	na

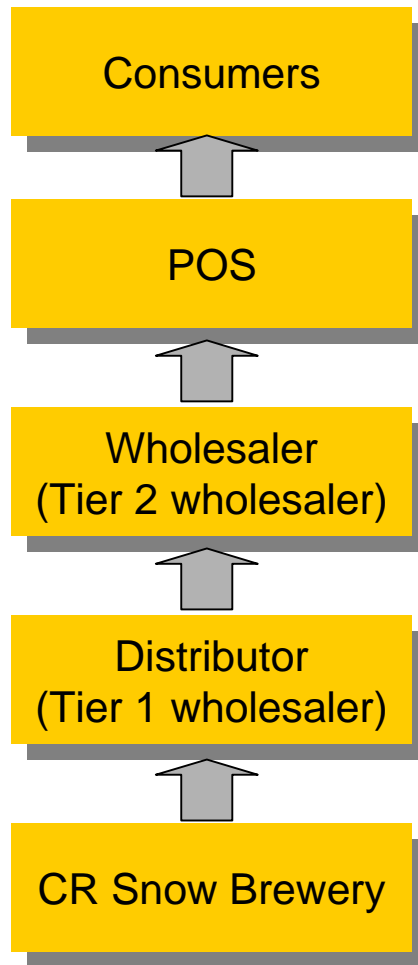
Value of CR Snow using peers' :-	Lowest	Highest
- PER	6,526	7,861
- EV/EBITDA	8,941	11,856
- EV/hl	9,025	35,300
- Average	8,164	18,339

“From Vision to Reality”



Appendix I – Distribution Network

1. Traditional



Features:

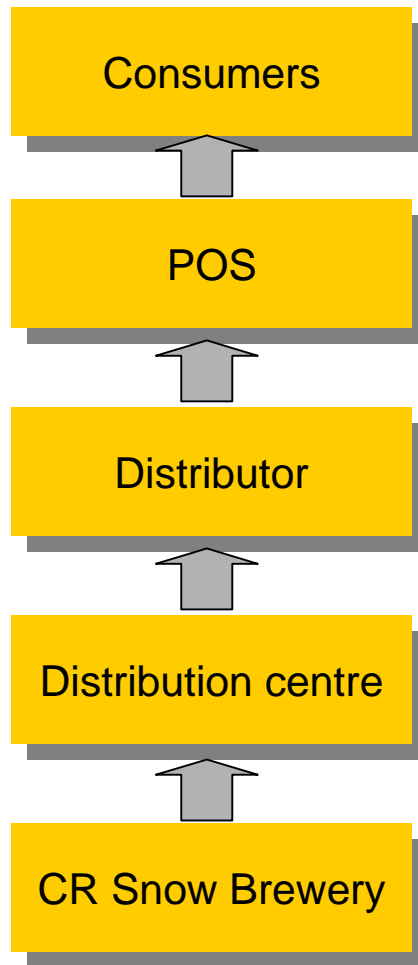
- Representing Approximately 20% sales of Snow
- Significance Declining
- Target Cities 2nd & 3rd tier cities

“From Vision to Reality”



Appendix I – Distribution Network

2. In-depth



Features:

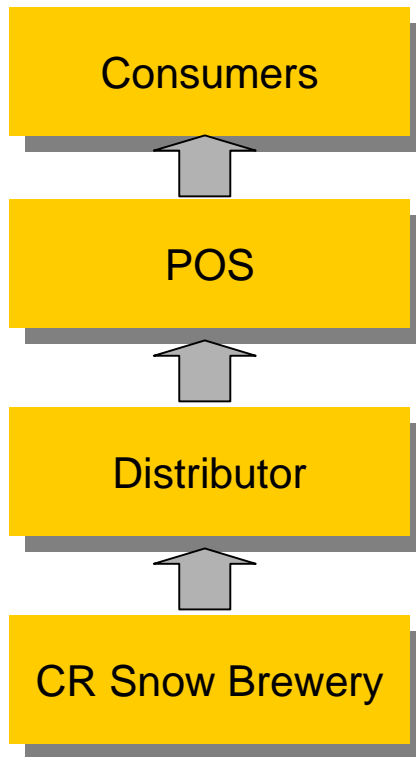
Representing	Approximately 35% sales of Snow
Significance	Growing
Target Cities	Major cities and big 2 nd tier cities

“From Vision to Reality”



Appendix I – Distribution Network

3. Franchised



Features:

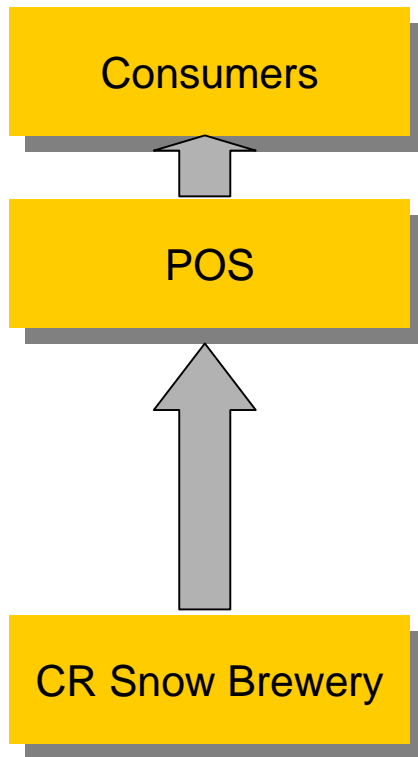
- Representing Approximately 10% sales of Snow
- Significance Growing
- Target Cities Major cities and big 2nd tier cities

“From Vision to Reality”



Appendix I – Distribution Network

4. Direct



Features:

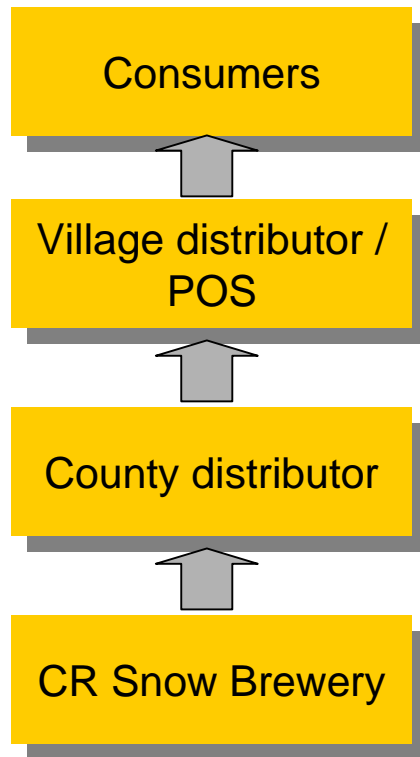
Representing	Approximately 10% sales of Snow
Significance	Growing
Target Cities	Hotels, restaurants, nightclubs etc in the major cities and big 2 nd tier cities

“From Vision to Reality”



Appendix I – Distribution Network

5. Rural



Features:

Representing	Approximately 25% sales of Snow
Significance	Growing
Target Cities	Major rural areas

“From Vision to Reality”



Appendix II – Snow's Poster



“From Vision to Reality”



Disclaimer

Data and information contained in this presentation is provided for informational purposes only. Neither China Resources Enterprise, Limited nor any of its subsidiaries shall be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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, exploration and development outcomes, estimates of proved reserves, 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.