

China Resources Enterprise, Limited

Financial and Operational Review

Q3 2007

19 November 2007





Q3 2007 Review Highlights

- For the first nine months of 2007, earnings rose by 138% to HK\$4,502m
- Underlying net profit was up 18% to HK\$1,750m driven by the 46% profit growth of the core businesses
- Excluding the turnover contribution of the discontinued petroleum business, turnover grew by 27% to HK\$38.8bn
- Earnings contribution from retail business increased by 127% to HK\$400m with robust growth in all divisions
- Beverage business reported a 62% earnings growth to HK\$366m with beer sales volume up 34%
- Earnings of food business increased by 14% to HK\$381m and textile business continued to report improved results
- For the third quarter of 2007, earnings grew by 21% to HK\$765m and underlying net profit increased by 18% to HK\$693m
- Core businesses reported a 70% rise in earnings and a 69% rise in underlying net profit in the last quarter

Summary of Q3 2007 Results



Turnover Breakdown - by Divisions

Year end 31 Dec	Sep ytd 2007 HK\$m	Prop (%)	Sep ytd 2006 HK\$m	Prop (%)	% <i>change</i>
<u>Core businesses</u>					
Retail	18,930	38	14,903	30	+27
Beverage	10,878	22	7,664	15	+42
Food processing and distribution	5,360	11	4,517	9	+19
Textile	3,526	7	3,329	7	+6
Investment property	277	1	260	1	+7
<u>Other businesses</u>					
Petroleum and related products	10,610	21	19,044	38	-44
	49,581	100	49,717	100	-0
Less: inter-co transactions	(194)		(149)		+30
Turnover	49,387		49,568		-0
Turnover from core businesses	38,971	79	30,673	62	+27



Earnings Breakdown - by Divisions

Year end 31 Dec	Sep ytd 2007 HK\$m	Prop (%)	Sep ytd 2006 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	400	9	176	9	+127
Beverage	366	8	226	11	+62
Food processing and distribution	381	8	335	16	+14
Textile	111	2	55	3	+102
Investment property	485	10	562	27	-14
<u>Other businesses</u>					
Petroleum and related products	2,576	55	387	19	+566
Investment & others	325	7	308	15	+6
	4,644	100	2,049	100	+127
Net corporate interest & expenses	(142)		(154)		-8
Earnings	4,502		1,895		+138
Earnings from core businesses	1,743	38	1,354	66	+29

Summary of Q3 2007 Results



Underlying Net Profit Breakdown - by Divisions

Year end 31 Dec	Sep ytd 2007 HK\$m	Prop (%)	Sep ytd 2006 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	384	20	168	10	+129
Beverage	366	19	226	14	+62
Food processing and distribution	367	19	335	20	+10
Textile	97	5	54	3	+80
Investment property	170	9	164	10	+4
<u>Other businesses</u>					
Petroleum and related products	183	10	387	24	-53
Investment & others	325	17	308	19	+6
	1,892	100	1,642	100	+15
Net corporate interest & expenses	(142)		(154)		-8
Underlying net profit	1,750		1,488		+18
Underlying net profit from core businesses	1,384	73	947	58	+46

Summary of Q3 2007 Results



Retail

- Encouraging profit growth among all retail divisions with net margin expansion

Retail business turnover and earnings breakdown

Year end 31 Dec	Sep ytd 2007 HK\$m	Sep ytd 2006 HK\$m	% change
Turnover			
- Supermarket	16,967	13,308	+27
- Brand-fashion	1,391	1,107	+26
- Other retail stores	572	487	+17
	18,930	14,903	+27
Earnings			
- Supermarket	274	133	+106
- Brand-fashion	85	25	+240
- Other retail stores	41	19	+116
	400	176	+127



Retail

Supermarket turnover, EBITDA and earnings breakdown

Year end 31 Dec	Sep ytd 2007 HK\$m	Sep ytd 2006 HK\$m	% change
Turnover			
- HK	1,684	1,740	-3
- China	15,282	11,568	+32
	16,967	13,308	+27
EBITDA			
- HK	173	170	+2
- China	625	427	+46
- option expenses	(2)	(6)	-67
	797	591	+35
Earnings			
- HK	112	101	+11
- China	163	38	+329
- option expenses	(2)	(6)	-67
	274	133	+106
EBITDA margin (%)			
- overall	4.7	4.4	+0.3ppt
- HK	10.3	9.7	+0.6ppt
- China	4.1	3.7	+0.4ppt
Net margin (%)			
- overall	1.6	1.0	+0.6ppt
- HK	6.7	5.8	+0.9ppt
- China	1.1	0.3	+0.8ppt

Summary of Q3 2007 Results



Retail

- Accelerating same store growth in China

Same store growth trend

	Sep ytd 2007 %	FY2006 %	FY2005 %	FY2004 %	FY2003 %
China (in HK\$)	+16.2	+9.6	+5.9	+5.9	+0.7
- CR Vanguard	+18.0	+9.2	+3.0	+0.9	-4.0
- Suguo	+14.2	+10.1	+10.0	+14.6	+7.8
Hong Kong (in HK\$)	+1.7	-0.9	-3.2	-5.0	-1.6
Overall supermarket (in HK\$)	+14.6	+8.2	+4.4	+3.7	+0.1
China (in constant currency)	+10.6	+6.7	+4.8	+5.9	+0.7
Overall supermarket (in constant currency)	+9.7	+5.6	+3.6	+3.7	+0.1

Summary of Q3 2007 Results





Beverage

- Strong earnings growth at the existing breweries

Performance of existing and new brewery operations

Year end 31 Dec	Sep ytd 2007 HK\$m	Sep ytd 2006 HK\$m	% change
Turnover			
- Existing breweries (incl inter-co transactions)	9,092	7,007	+30
- New breweries	1,034	125	+727
	10,127	7,132	+42
Attributable earnings to CR Snow			
- Existing breweries (incl overheads & others)	723	453	+60
- New breweries	(67)	(25)	+168
	656	428	+53

Note: New breweries are defined as those owned since FY2006

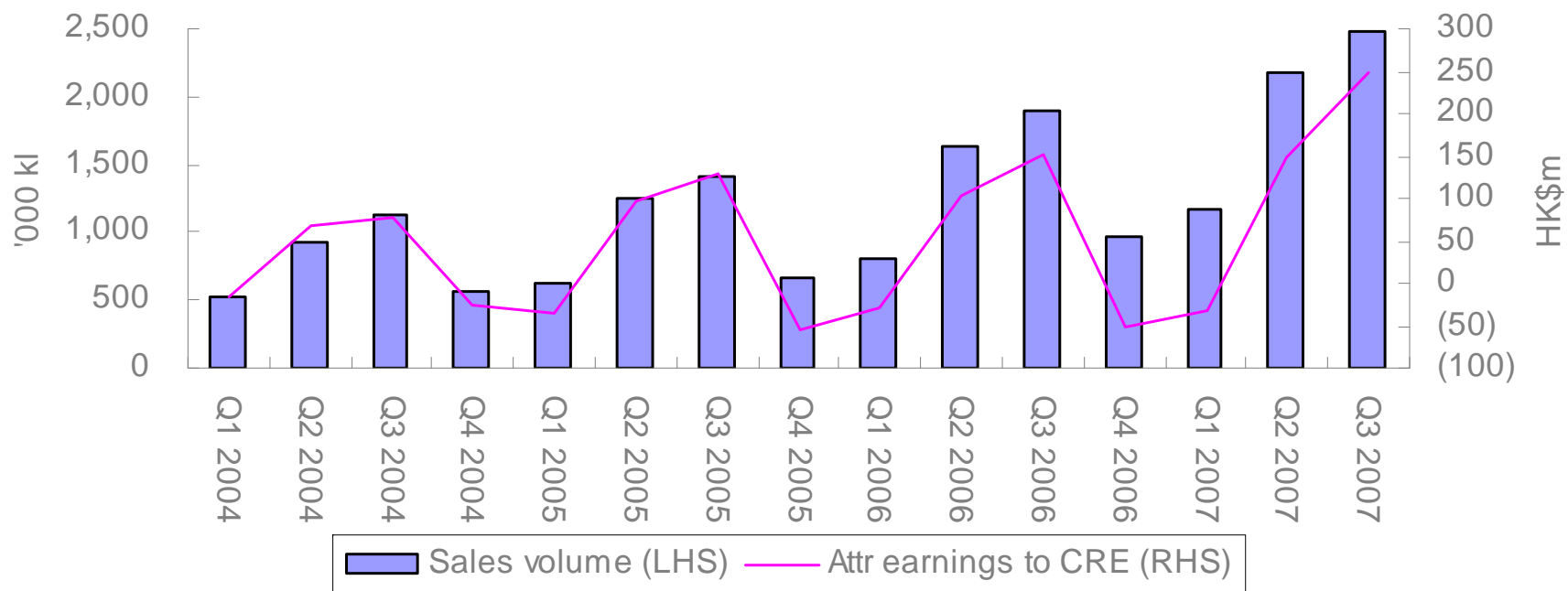
Summary of Q3 2007 Results





Beverage

Seasonality of sales volume and profitability



Summary of Q3 2007 Results



Appendix I - Calculation of Underlying Net Profit

Year end 31 Dec	Sep ytd 2007 HK\$m	Sep ytd 2006 HK\$m
Earnings	4,502	1,895
<i>Adjustments</i>		
Disposal of petroleum distribution business in Hong Kong	2,393	
Disposal of shares in Hunan New Wellful	14	
Disposal of an associated textile company	9	
Investment property revaluation *	336	394
Property disposals		13
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	2,752	407
Underlying net profit	1,750	1,488

* Of which HK\$315m in Sep ytd 2007 and HK\$385m in Sep ytd 2006 is under Investment Property division



Appendix II – Quarterly Performance

Turnover Breakdown – by Divisions

Year end 31 Dec	Q3 2007 HK\$m	Prop (%)	Q3 2006 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	6,493	45	4,993	28	+30
Beverage	4,595	32	3,319	18	+38
Food processing and distribution	1,919	13	1,629	9	+18
Textile	1,208	8	1,203	7	+0
Investment property	94	1	88	0	+7
<u>Other businesses</u>					
Petroleum and related products	0	0	6,792	38	-100
	14,309	100	18,024	100	-21
Less: inter-co transactions	(75)		(37)		+103
Turnover	14,234		17,987		-21
Turnover from core businesses	14,309	100	11,232	62	+27

Summary of Q3 2007 Results



Appendix II – Quarterly Performance

Earnings Breakdown – by Divisions

Year end 31 Dec	Q3 2007 HK\$m	Prop (%)	Q3 2006 HK\$m	Prop (%)	% change
<u>Core businesses</u>					
Retail	127	16	29	4	+338
Beverage	248	31	151	22	+64
Food processing and distribution	157	20	121	18	+30
Textile	42	5	14	2	+200
Investment property	99	12	81	12	+22
<u>Other businesses</u>					
Petroleum and related products	0	0	170	25	-100
Investment & others	127	16	117	17	+9
	800	100	683	100	+17
Net corporate interest & expenses	(35)		(53)		-34
Earnings	765		630		+21
Earnings from core businesses	673	84	396	58	+70

Summary of Q3 2007 Results





Appendix II – Quarterly Performance

Underlying Net Profit Breakdown – by Divisions

Year end 31 Dec	Q3 2007 HK\$m	Prop (%)	Q3 2006 HK\$m	Prop (%)	% change
<i>Core businesses</i>					
Retail	121	17	21	3	+476
Beverage	248	34	151	24	+64
Food processing and distribution	143	20	121	19	+18
Textile	31	4	13	2	+138
Investment property	58	8	49	8	+18
<i>Other businesses</i>					
Petroleum and related products	0	0	170	26	-100
Investment & others	127	17	117	18	+9
	728	100	642	100	+13
Net corporate interest & expenses	(35)		(53)		-34
Underlying net profit	693		589		+18
Underlying net profit from core businesses	601	83	355	55	+69

Summary of Q3 2007 Results



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Summary of Q3 2007 Results