

**Kirin and China Resources Enterprise, Limited agreed to establish a
Non-Alcohol Beverage Joint Venture in China**

January 24, 2011

Kirin Holdings Company, Limited

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Transaction Overview 1



Kirin and CRE have entered into an agreement to form a JV in Greater China

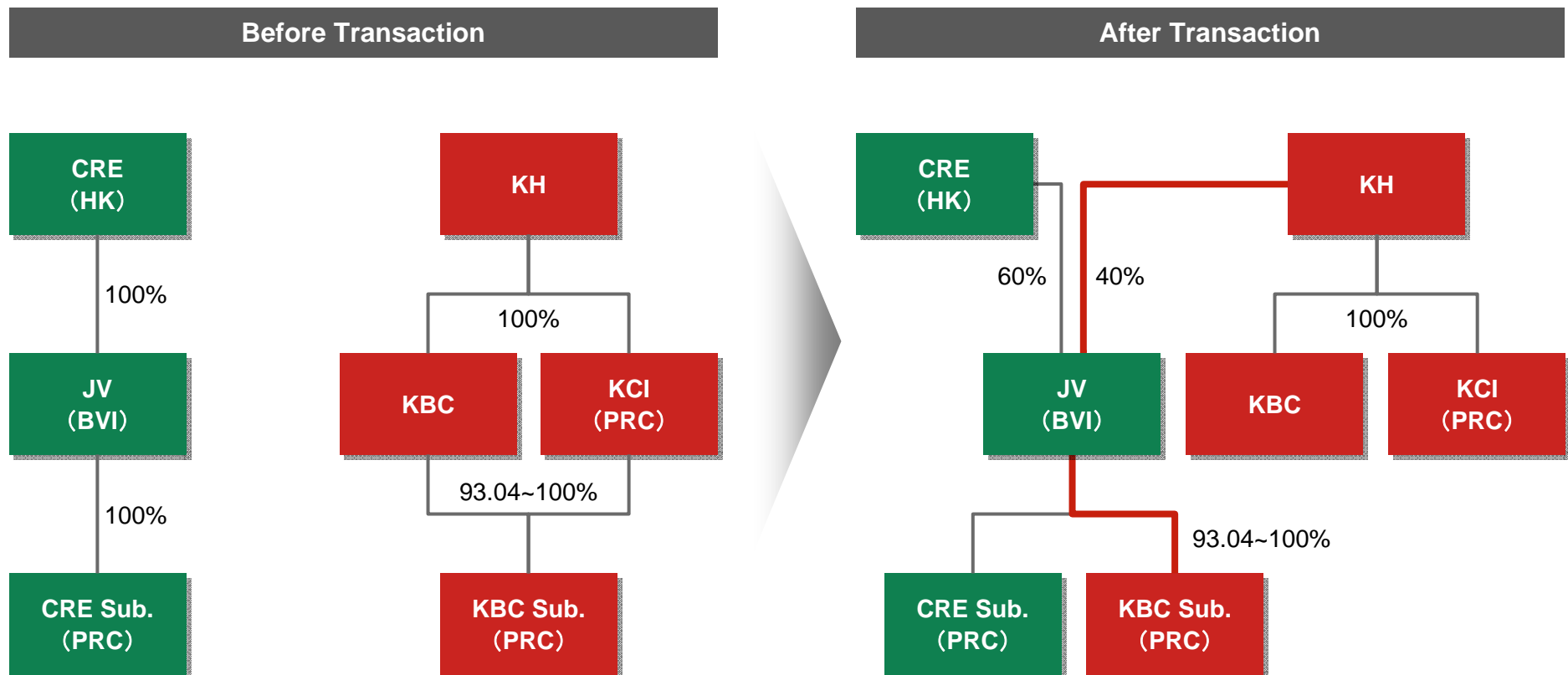
- Kirin and CRE have entered into an agreement to set up a JV, which will be 40% owned by Kirin and 60% by CRE
- Transaction value is approximately 400 million USD. (approximately 33.2 billion JPY)
- Consideration will be paid by cash in hand and borrowing
- This transaction is subject to customary closing conditions, including regulatory approvals

Note: Amounts in this material are calculated on the basis of the following;
USD1=JPY83.05 (as of January 21, 2011)
RMB1=JPY12.61(as of January 21, 2011)
HKD1=JPY10.67(as of January 21, 2011)

KH: Kirin Holdings, KBC: Kirin Beverage, KCI: Kirin China Investment, CRE: China Resources Enterprise
HK: Hong Kong, PRC: People's Republic of China, BVI: British Virgin Islands

Transaction Overview 2

- Kirin will subscribe for 40% of equity stake in the joint venture, which operates Non-Alcohol Beverage Business in China under the umbrella of CRE
- Concurrently, Kirin will transfer its stakes in its four PRC beverage subsidiaries to the JV



Strategic Rationale 1

Complementary combination, matching each parties' strategies and leveraging each party's strengths

**Sales target of JV
(2015): 6 billion RMB
(75.7 billion JPY)**

Strategy of Kirin

- Plan to realize rapid market expansion and high growth through alliance with a strong local partner in prospective non-alcohol beverage business
- Plan to build optimum value chain and create synergies by providing strengths and complementing weaknesses

Strengths of Kirin:

- Capabilities in Product Development, Technology, Research and Marketing, acquired through dealing with diversification of preference and needs
- Sales network in East China

Synergy Effects



Strengths of CRE:

- Capabilities to operate at a low cost, ranging from procurement to sales, and earning a high margin in relatively low profit water market
- Distribution network to be expected to expand from South China to nationwide coverage in 5 years

Strategy of CRE

- Expand platform built in South China to new markets and categories (from water to other non-alcohol beverage products, from South China to South West China, East China, North China)
- Accelerate market expansion through alliance with a foreign company which has its own product development capability and strong brands
- Create synergies by leveraging resources held by its group companies (retail, packaging, beer)

Strengthen the infrastructure and accelerate expansion of its Non-Alcohol Beverage Business in Greater China

Create synergies with Kirin Group

- Product line extensions (Kirin brands, CRE brands, JV brands) which meet the local preferences by leveraging the capabilities in product developments and in manufacturing technique
- Possibilities of expansion of Kirin Group's brands (non-alcohol beverage, RTD)
- Effective utilization of existing business (sales network and production line in East China)
- Joint purchase of raw materials

Leverage CRE assets in China

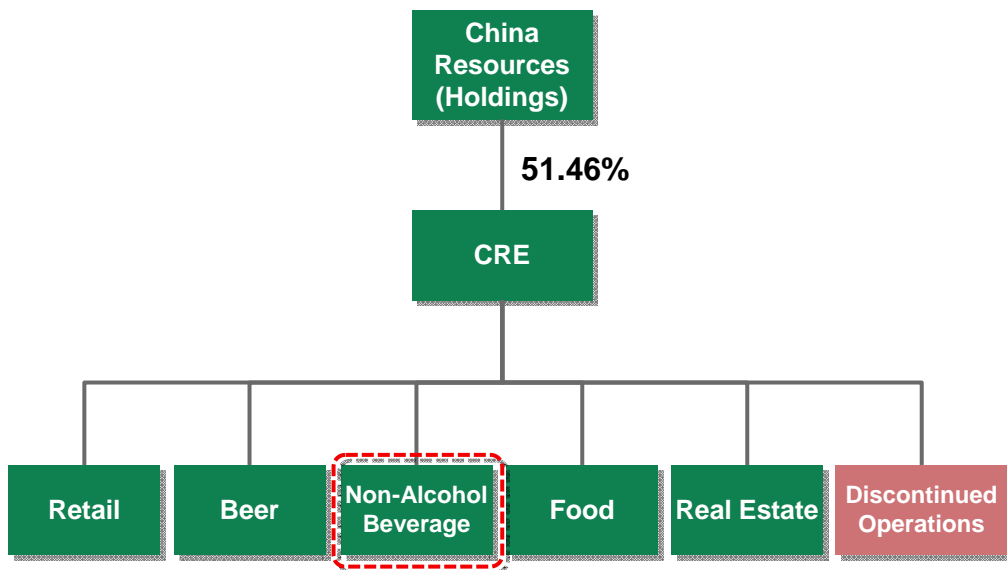
- Management system where authority and responsibility are clarified
- Successful record and know-how of JV in China
- Strong sales network in major areas of China acquired through its operation of water business (outstanding presence in Guangdong Province)
- Retail network (over 3,000 supermarkets) held by "Vanguard" and others under the umbrella of CRE
- Low cost operation that can realize high margin without owing debt in the competitive water market with its price reduction trend
- Possibilities of leveraging CRE snow's sales and distribution channels for non-alcohol beverage products

Company Overview 1

| Company Overview | |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | <div> 華潤創業有限公司 China Resources Enterprise, Limited </div> <div>  <div> 華潤創業有限公司 China Resources Enterprise, Limited </div> </div> |
| Headquarters | Hong Kong |
| Incorporation | 1992 |
| Representative | Chairman: 喬 世波 (Qiao Shibo) |
| Key Financial Figures (Dec, 2009) | Revenue: approximately 71.6 billion HKD (approximately 764.3 billion JPY) Profit after tax: approximately 3.8 billion HKD (approximately 40.4 billion JPY) |
| Employees (Dec, 2009) | Approximately 152,000 |
| Business | <ul style="list-style-type: none"> ■ Retail, beer, food and non-alcohol beverage business operated in mainland China and Hong Kong ■ CRE is a leading group that operates consumer goods businesses in mainland China and Hong Kong. Its holding company, with 51.46% effective interest, is China Resources (Holdings) Co., Ltd. ■ China Resources (Holdings) Co., Ltd. is one of the leading conglomerates in China covering numerous sectors including retail, beverage, food, power, real estate, pharma, cement, gas and finance in China and Asia. Under China Resources (Holdings) Co., Ltd., there are six companies listed on the Hong Kong Stock Exchange, including CRE |

Source: Company's information materials etc.

Company Overview 2

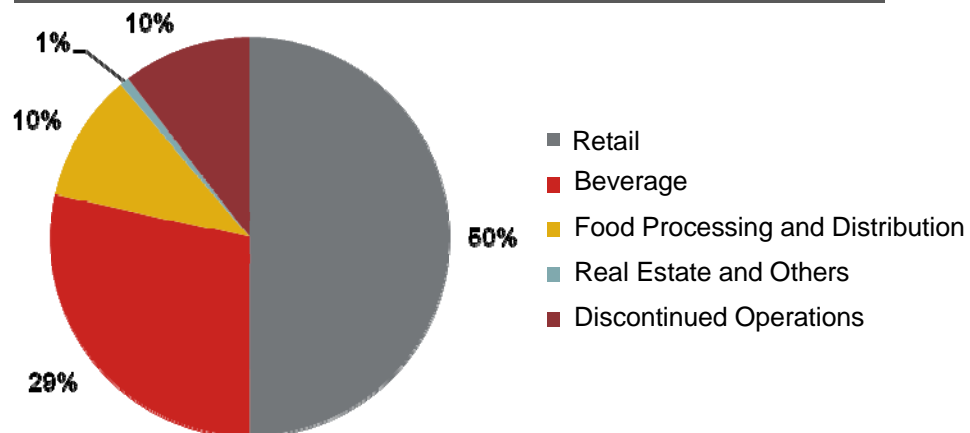


Main Business

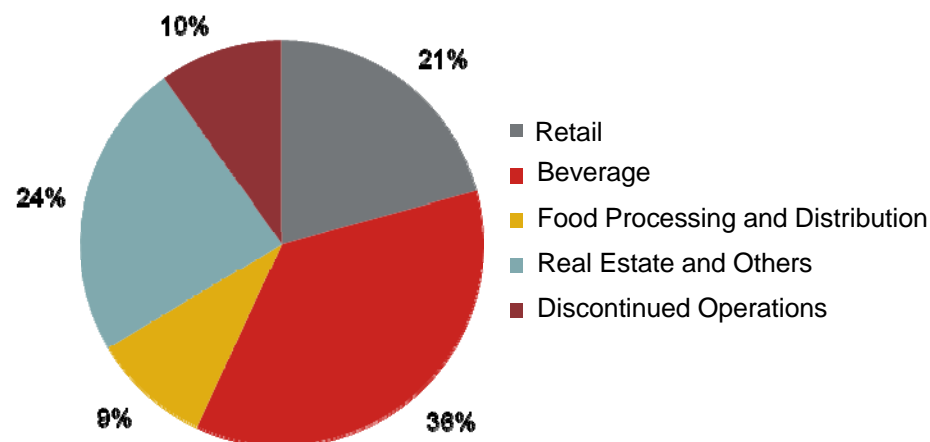
- Retail business has the top share in China with retail network (over 3,000 supermarkets) held by “Vanguard”, “Suguo” and others in mainland China and Hong Kong
- The JV beer business has the top share in China with “Snow” brand



Sales by business segment



EBITDA by business segment



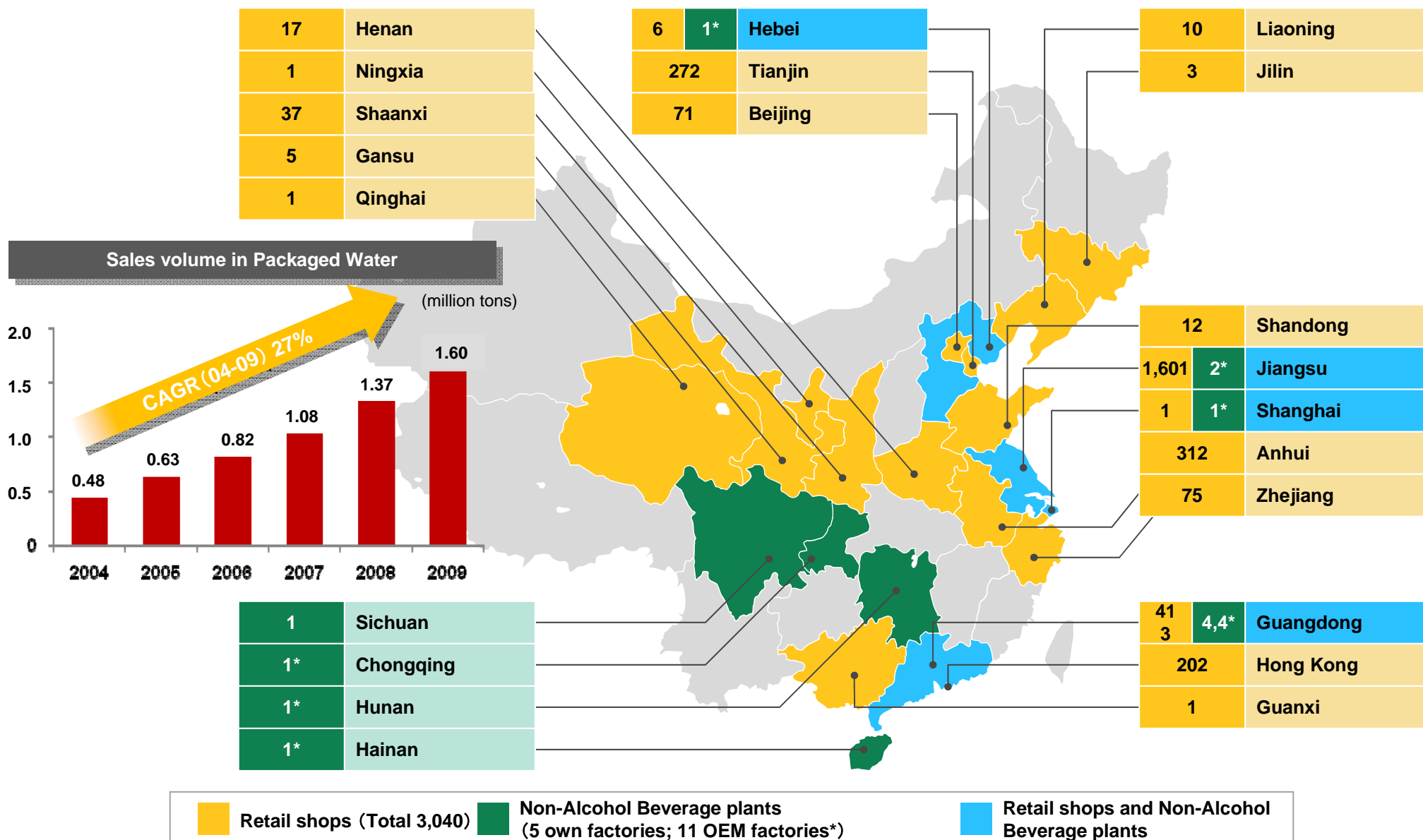
Source: Annual Report 2009, Company's information materials etc.

Company Overview 3

| Company Overview | |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | <p>華潤怡宝食品飲料(深圳)有限公司</p> <p>China Resources C'estbon Food & Beverage (Shenzhen) Co., Ltd.</p>  |
| Headquarters | Shenzhen, China |
| Incorporation | 1985 |
| Representative | Managing Director: 劉 洪基 (Liu Hongji) |
| Key Financial Figures (Dec, 2009) | <p>Revenue: approximately 1,592 million HKD (approximately 16.9 billion JPY)</p> <p>Profit after tax: approximately 144 million HKD (approximately 1.5 billion JPY)</p> |
| Employees (Dec, 2009) | Approximately 2,810 |
| Business | <ul style="list-style-type: none"> ■ Principal company for non-alcohol beverage business at CRE ■ Focus on water business, with its major brand "C'estbon", mainly in South China, South West China, East China and North China ■ The largest packaged water provider in Guangdong Province by market share for 5 consecutive years |

Source: Company's information materials etc.

Company Overview 4



Source: IR material at the third quarter, Company's information materials etc.

Reference

Main Products in China

C'estbon



**C'estbon Purified Water
(Various sized bottles)**
Bottled Water purified in plants throughout China. One of main products of C'estbon



**C'estbon Mineral Water
(Various sized bottles)**
Line up of mineral water



**C'estbon Purified Water and Mineral Water
(Large sized bottles)**
Large sized bottles specialized to mount on dedicated servers



O PA
Introduced in April 2010
Functional drink flavored with fruits such as peach and orange



**Jialinshan Mineral Water
(Various sized bottles)**



**Jialinshan Mineral Water and Yonglong Distilled Water
(Large sized bottles)**

Kirin



Go-go-no-Kocha
Introduced in 2001 in China. Renewal sales in 2010 in Shanghai and areas around Shanghai and Guangzhou



**Go-go-no-Kocha
Strawberry Milk Tea**
Introduced in September 2010 in Shanghai and areas around Shanghai and Guangzhou as a HOT drink for the winter



Kirin FIRE
Introduced in September 2004 in Shanghai and areas around Shanghai



**Kirin FIRE Direct
Roasted Latte**
Introduced in February 2009 in Shanghai and areas around Shanghai and Guangzhou



Kirin Amino Supli
Introduced in March 2003 in Shanghai and areas around Shanghai and Guangzhou



Kirin Vitamin Supli
Introduced in March 2004 in Shanghai and areas around Shanghai and Guangzhou

Market Overview

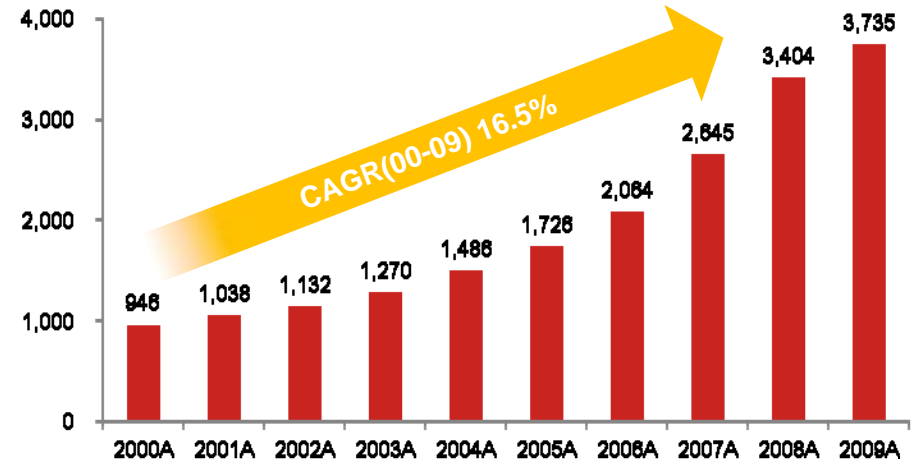
Economic Overview of China

- GDP per capita has grown steadily
- Main age group of Soft Drink Consumer covers majority of the population (approximately 58% of total population is aged 12-49)

| | |
|----------------------------|-----------------------------------|
| Population | approximately 1.33 billion (2009) |
| Real GDP Growth | 9.1% (2009) |
| Total GDP (Nominal) | 4,984.4 billion USD (2009) |
| GDP per capita | 3,735 USD (2009) |

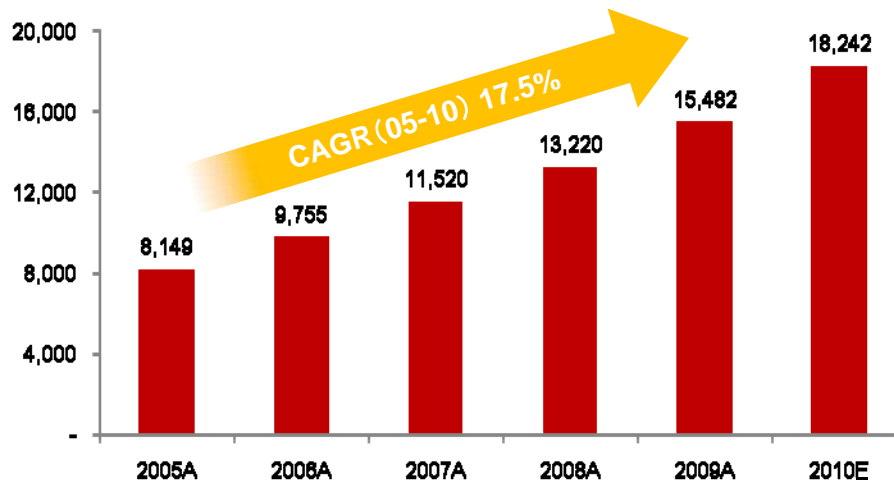
Source: JETRO Home Page, Euromonitor

Nominal GDP per capita (USD)



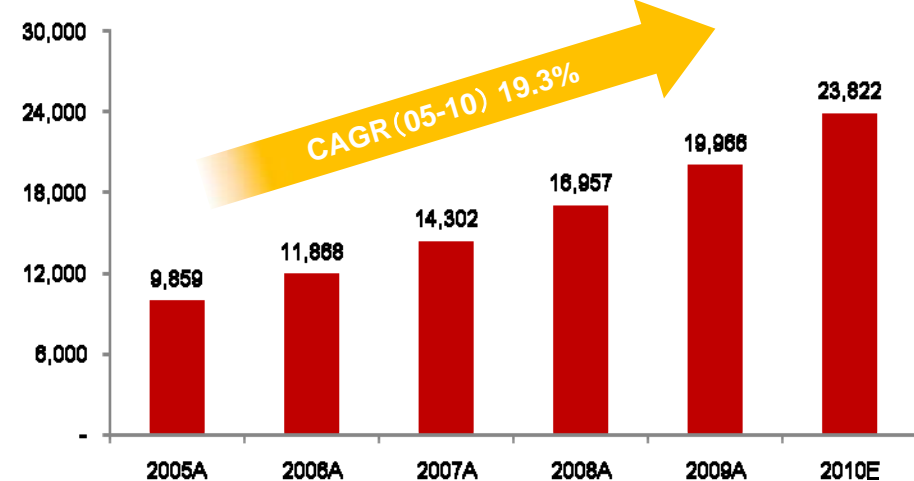
Source: JETRO Home Page

Water Market (Volume) (million liter)



Source: Canadean

Non-Alcohol Beverage Market (Volume) (million liter)



Source: Canadean
Excluding Carbonates, Sports Drinks and Energy Drinks