



CHINA RESOURCES ENTERPRISE, LTD.
華潤創業有限公司

Press Release

**CREB announced joint venture with Blue Sword (藍劍),
Further consolidating its leading position in the brewery industry in China**

(*Hong Kong – 9th October 2001*) China Resources Enterprise, Limited (“CRE”) announced that the Company, through its subsidiary CRE Beverage Limited (“CREB”), has entered into agreements to establish new joint ventures (“JV”), including “China Resources (Sichuan) Blue Sword Breweries”, with the Sichuan Blue Sword Breweries Group (“Blue Sword”), in Sichuan province, South West China. The JV will incorporate all the breweries owned by Blue Sword and CREB in Sichuan province and will further enhance CREB’s position as one of the leading brewers in China.

CREB already owns two breweries, Mianyang and Leshan, with a total capacity in excess of 250,000 tonnes, in this populous province. Sichuan province is home to nearly 90 million people, and is expected to be the major beneficiary of the Chinese Government’s “Go West” investment campaign. Per capita beer consumption at 9 litres per annum is only half of the China average.

Blue Sword is currently the largest brewer in Sichuan with 10 breweries, 900,000 tonnes of capacity and sales in excess of 500,000 tonnes in 2000. Their brand range, primarily under the Blue Sword label, dominates all segments of the market.

The combination of CREB and Blue Sword’s breweries and brands will make the JV the leading brewer in Sichuan, with an expected 80 per cent market share. CREB expects to extract significant synergies from this JV through rationalizing production, sharing distribution, and improving routes to market.

CREB will hold approximately 62% of the JV and the investment cost shall amount to approximately HK\$500 million. Total assets of the JV are in excess of Rmb2 billion.

This JV is in line with CREB’s strategy of low entry cost expansion in China, and increases CREB’s number of breweries to 24, with a total combined capacity of 3.2 million tonnes, reinforcing its strong position in China.

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