

Telephone Conference QA:

Re: Non Alcohol Beverage Joint Venture in China with China Resources Enterprise

Date and time: Monday, January 24, 2011, 19:00-20:00

Presenters: Takahiro Kobayashi, General Manager of Corporate Planning Dept. and others

Abbreviations:

KH: Kirin Holdings, KBC: Kirin Beverage, CRE: China Resources Enterprise, F&N: Fraser and Neave

Outline of proposal by the General Manager of Corporate Planning Dept.

Questions and answers are given below.

1. What are the objectives of the joint venture?

China is seen as a growth market, and this joint venture enables both our companies to accelerate the expansion of our beverage operations. Product development and technology are key strengths of the Kirin Group, while the CRE Group boasts an extensive retail network. By combining our respective areas of expertise, the joint venture will create a major integrated beverages supplier with considerable potential for future growth.

2. What is the EV/EBITDA multiple for the joint venture?

While we cannot disclose actual figures, it can be said that the valuation was not particularly high relative to similar ventures in China.

3. How did you arrive at the joint venture ownership ratio of 40% KH and 60% CRE?

We basically aim for a majority share in investments, however, investment ratios and schemes are determined on a case by case basis. And we have determined that this represents the optimum ratio and scheme at this point in time.

4. When are the benefits of the joint venture expected to emerge?

Integration and coordination between the two companies will be the main focus during the first fiscal year. The benefits will start to appear in the following fiscal year, with discussions continuing on future details of the merger program.

5. How much do you expect the joint venture will contribute to performance in the current period?

The joint venture will be a subsidiary under the equity method. Since the deal is unlikely to be closed any earlier than June, and since there is a portion of goodwill involved, we don't expect to see much impact during the current fiscal year.

6. What are the medium to long term growth targets for sales and operating income?

We hope to achieve sales of six billion Yuan by 2015. In the short term there will be minimal improvement in company earnings due to structural reforms accompanying the integration process and associated infrastructure costs, but in the medium to long term we expect to see stable profit growth.

7. Does this signal a change in Kirin's corporate strategy in Asia and China?

Southeast Asia remains a key strategic area for the company and we have maintained our commitment to the region, for example, in working together with F&N. At the same time, we are keen to capitalize on the spectacular growth of the Chinese marketplace. Since we cannot do this alone, we have taken this opportunity to form a partnership with a leading local operation, which we are keen to develop as quickly as possible.

8. What are the sales figures for KBC China?

KBC is operating business in the Shanghai and East China territory, particularly in black tea beverages, with sales of around 6.5 million cases in FY2009.

9. CRE has a joint venture in beer with SABMiller called CRE SNOW. Does Kirin's beer arm have plans for any joint initiatives together with CRE?

We do not have any firm plans at this point in time.