



華潤創業有限公司

China Resources Enterprise, Limited



其士泛亞控股有限公司

CHEVALIER PACIFIC HOLDINGS LIMITED

# China Resources Enterprise, Limited & Chevalier Pacific Holdings Limited

## Joint Press Conference

29 June 2010

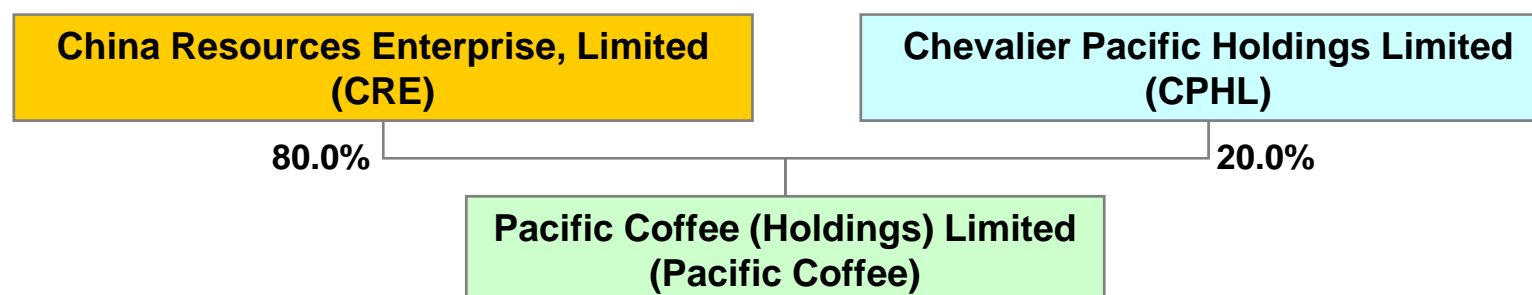
*Great Taste of China with the Perfect Cup*



## Transaction summary

- China Resources Enterprise, Limited (CRE) has acquired an 80.0% interest in Pacific Coffee (Holdings) Limited (Pacific Coffee) from Chevalier Pacific Holdings Limited (CPHL) for HK\$326.6m
- CPHL will retain a 20.0% stake in Pacific Coffee as a partner to CRE
- CRE will leverage its retail expertise and the strong brand equity of Pacific Coffee to further expand Pacific Coffee's retail network in China

## Ownership structure post-transaction



## Win-win partnership



## Goal

## Transaction rationale

### 1 Established coffeehouse with strong brand recognition in Asia

- Pacific Coffee is a well established business with 83\* coffeehouses in its core market of Hong Kong
- Has won numerous awards from local lifestyle magazines and online portals including “My Favorite Coffeehouse” in 2009 and 2010 by U Magazine and “Best Coffeehouse” in 2009 by openrice.com
- Was awarded the “IT All Stars Awards” in 2008 for the use of innovative technology solutions for long-term business value by Network World Asia, a regional information technology magazine

*\*As of June 29, 2010*

## Transaction rationale (continued)

### 2 A new revenue stream with large growth potential

- According to Euromonitor, retail coffee consumption in China is expected to grow by more than 35% over the next 4 years, reaching about 45,900 tonnes by 2014
- CRE is well positioned to capture this growth with the Pacific Coffee brand through its expertise in retailing and deep understanding of China's market
  - CRE can accelerate Pacific Coffee's retail store network expansion in China through its connections in property development and leasing in China

### 3 Synergies

- Revenue synergies:
  - Co-location of CRE's existing (and expanding) retail network and Pacific Coffee stores will result in mutual benefit in terms of foot traffic and revenue
- Cost efficiencies:
  - Other CRE entities such as VOle' and Vango will enjoy sourcing and supply of food and beverage products from Pacific Coffee's Kitchen
  - Pacific Coffee stores will benefit from CRE's logistical capability

## Mutual Benefits and China Strategy

- Pacific Coffee can benefit from:
  - Access to locations within China Resources Group properties that maximise foot traffic and increases brand awareness in China
  - CRE's retail and property development expertise to help facilitate store network expansion and provide more cost efficient rental arrangements
  - CRE's sourcing ability in terms of supply of seasoning & condiments, fruits and vegetables, dried food, meat and bottled drinks
  - CRE's managerial and financial strength
- CRE's current retail formats can also benefit from housing Pacific Coffee outlets on its premises, which will help attract younger customers and increase foot traffic
  - CRE's retail customers can benefit from a more sophisticated lifestyle experience while shopping at CRE's stores

## Overview of Pacific Coffee

- Pacific Coffee is a leading coffeehouse chain in Hong Kong with presence also in Singapore, the Chinese Mainland, Macau and Malaysia
  - Pacific Coffee currently has 95\* stores, including 90 owned stores, of which 83 are in Hong Kong, 3 are in the Chinese Mainland and 4 are in Singapore. 5 franchised stores are located across Malaysia, Macau, Foshan and Shenzhen
- Most of these Coffeehouses are located in prime locations in core commercial, tourist and retail districts



### Owned stores

Beijing – 2 owned stores  
Shanghai – 1 owned store  
Hong Kong – 83 owned stores (6 in development)  
Singapore – 4 owned stores

### Franchised stores

Shenzhen – 1 franchised store (1 in development)  
Foshan – 1 franchised store  
Macau – 1 franchised store (3 in development)  
Malaysia – 2 franchised stores (1 in development)

## Overview of Pacific Coffee (continued)

- Pacific Coffee offers an extensive range of premium quality coffee and non-coffee beverages and a comprehensive range of food choices from bakeries and pastries to sandwiches and salads
- Food is supplied through a wholly owned kitchen, which is led by an expatriate trained chef
- Pacific Coffee also sells 21 packaged varieties of world-class Arabica coffee beans, sourced from around the world as well as its own labeled lifestyle-related merchandises





## Overview of Pacific Coffee (continued)

- Besides its retail operations, Pacific Coffee is the sole distributor of renowned Swiss made Jura coffee machines in HK & Macau and distributor of a number of renowned coffee equipment brands including UNIC & Concordia, providing a one-stop coffee solution to corporate clients from rental of coffee machines to supply of high quality coffee beans
- Pacific Coffee offers catering services with a professional team for business functions and private occasions
- Committed to serving the Perfect Cup anywhere, anytime, Pacific Coffee developed its international franchise program in 2008 and has successfully expanded its footprint to different corners of the world



## Win-win partnership

“ Both CRE and Chevalier Pacific believe this is a win-win partnership to leverage the existing sophisticated management of Pacific Coffee to explore the huge potential of China’s coffeehouse market.”



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**- Thank you -**



**“Great Taste of China with the Perfect Cup”**

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