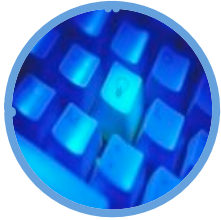


# Brand Finance® China 100 Brands

The summary report on China's 100 most  
valuable brands

July 2010



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*Please note: this is a summary report of the key findings of the BrandFinance® China 100. The full report will shortly be available to download from: [www.brandfinance.com](http://www.brandfinance.com)*



## Foreword

As China's economy continues its dynamic growth, fueled by exports and industry, government policy aimed at increasing domestic consumer demand is poised to change the landscape for China's brands and brand owners.

China is a nation that continues to break global records. It is the world's largest car market (14 million units sold), has the largest number of Internet users (400 million against the entire US population of 300 million), and its GDP is on the point of overtaking Japan to become the world's second largest economy after the US.

The IPO of Agricultural Bank of China (ABC) in Hong Kong and Shanghai on July 19 this year (and which is reflected in this report) means that China is now home to four of the world's 10 biggest banks by market capitalization. This has happened only five years since the country's first major state-owned lender – Bank of China - went public in record-breaking IPO launches in Hong Kong and Shanghai.

In a market where size matters and numbers count, China's Premier Mr. Wen Jiabao has famously observed that *“any trivial matter multiplied by 1.3 billion will turn into a big problem, and any astronomical figure divided by 1.3 billion will be reduced to a tiny number.”*

While private consumption comprises only 37 per cent of gross domestic product in China, compared with 71 per cent in the US before the world financial crisis, domestic demand increased in China by US\$180bn in 2009, compared with about US\$90bn in the US. On the downside, inflationary pressure and the need to recapitalize the banking sector in light of the credit-fuelled stimulus package are seen as the top risks to China's economy. How government policy tackles the specter of potential overheating will be crucial to sustaining these types of numbers.

For China's brands, there are rich enough pickings in the domestic market to build significant brand value at a faster pace than elsewhere. But as they continue to mature at home, some of China's leading brands are already achieving growth and making their presence felt in overseas markets. While there are only a small handful of truly international brands among the *BrandFinance*® China 100, these brand owners are reporting increasing international sales.

While branding and brand management are still at a nascent stage in China (the market economy is after all still evolving), Brand Finance predicts that the value of China's brands will grow faster than GDP as the market becomes more competitive and the economy becomes more dependent on consumer demand. This will raise the importance of brand in the eyes of senior managers and business decision-makers.

The importance of brand value to an enterprise will become ever more apparent as China's economy moves up the value chain from cheap price and fast delivery to innovation, quality, and the perception of quality, i.e. brand.



## High Level Findings

The top 100 most valuable China brands have a total brand value of US\$214.063 billion.

The combined brand value of the top 10 China brands in the survey is US\$117.795 billion, or 55% of the total.

**China Mobile** is the most valuable China brand, valued at US\$22.62 billion. The second most valuable China brand is banking giant **ICBC**, which has a brand value of US \$16.947billion.

Banks make up the most valuable sector among the top 100 brands, represented by 13 banking brands with a combined brand value of US\$73.664 billion, which is equivalent to 34% of the total.

The second most valuable sector is Telecommunications with a combined brand value of US\$37.436 billion, or 17.5% of the total.

Insurance-related brands make up the third most valuable sector among the top 100 brands with a combined brand value of US\$16.217 billion. **China Life** is by far the most valuable brand in this sector, with a brand value of US\$11.073 billion.

The Energy sector is the fourth most valuable with a combined brand value of US\$15.933 billion. **Sinopec** is the brand leader in this sector with a brand value of US\$7.741 billion.

The Retail and Apparel sector ties with Banks for the sector with the largest number of brands in the survey. Each sector is represented by 13 brands. The combined brand value of the Retail and Apparel sector is US\$10.7 billion and the most valuable brand in this sector is electrical goods retailer **Suning**, valued at US\$1.995 billion.

In other sectors, dairy brand **Mengniu** tops the Food brand value rankings (US\$1.846 billion) while China's most valuable Beverage brand is Chinese liquor **Wuliangye** (US \$1.204 billion). Electric vehicle maker **BYD** leads the Automotive sector with a brand value of US\$1.917 billion. Computer manufacturer **Lenovo** is the most valuable brand in the Computer and home appliances sector (US\$2.442 billion), and China's most valuable Internet brand is Tencent-owned platform **QQ**, brand value US\$1.829 billion.



**Brand  
Finance®**

**China 100  
Brands**

**Results**

## BrandFinance® China 100 Brands (1-25)

All figures in US\$ millions

Rank 2010	Brand	Industry Group	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
1	China Mobile	Telecommunications	22,620	AAA	168,852	13%
2	ICBC	Banks	16,947	AA+	219,853	8%
3	China Construction Bank	Banks	15,501	AA	194,303	8%
4	Bank of China	Banks	12,717	AA	133,387	10%
5	ABC	Banks	11,440	AA	129,206	9%
6	China Life	Insurance	11,073	AA+	102,198	11%
7	Sinopec	Oil & Gas	7,741	AA-	145,061	5%
8	PetroChina	Oil & Gas	7,197	AA	298,973	2%
9	China Telecom	Telecommunications	7,018	AA	50,036	14%
10	China Unicom	Telecommunications	5,542	AA-	41,171	13%
11	China State Construction Engineering & Construction	Engineering & Construction	4,646	A+	20,649	23%
12	Bank of Communications	Banks	4,057	A+	57,255	7%
13	Ping An	Insurance	2,949	AA-	56,704	5%
14	China CITIC Bank	Banks	2,656	A	30,751	9%
15	China Merchants Bank	Banks	2,481	A	46,952	5%
16	Lenovo	Computers	2,442	AA	4,111	59%
17	Midea	Home Furnishings	2,314	AA	6,565	35%
18	ZTE	Telecommunications	2,257	AA	9,342	24%
19	Air China	Airlines	2,247	AAA-	26,863	8%
20	Shanghai Pudong Development Bank	Banks	2,109	A	25,057	8%
21	Suning	Retail	1,995	AA	11,244	18%
22	China Southern Airlines	Airlines	1,989	AA	15,290	13%
23	Industrial Bank	Banks	1,964	A	23,466	8%
24	BYD	Auto Manufacturers	1,917	AA	16,647	12%
25	Mengniu	Food	1,846	AA	4,585	40%

## BrandFinance® China 100 Brands (26 - 50)

All figures in US\$ millions

Rank 2010	Brand	Industry Group	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
26	QQ	Internet	1,829	AA-	31,043	6%
27	CSR	Miscellaneous Manufacturing	1,760	AA	9,510	19%
28	China Eastern Airlines	Airlines	1,734	AA	15,971	11%
29	Gree	Home Furnishings	1,709	AA	3,754	46%
30	GOME	Retail	1,643	A+	4,889	34%
31	CMBC	Banks	1,619	A	22,173	7%
32	DFM	Auto Manufacturers	1,596	AA-	12,296	13%
33	China Pacific	Insurance	1,470	A+	28,892	5%
34	Haier	Home Furnishings	1,456	AA+	8,674	17%
35	Shineway	Food	1,396	A	4,549	31%
36	Yili	Food	1,329	A+	3,283	40%
37	Wuliangye	Beverages	1,204	AA-	13,453	9%
38	CRCC	Engineering & Construction	1,167	AA	8,956	13%
39	FAW	Auto Manufacturers	1,141	AA	7,699	15%
40	CREC	Engineering & Construction	1,112	AA	15,715	7%
41	Moutai	Beverages	1,105	AAA-	17,486	6%
42	Vanguard	Retail	1,048	A	75,734	1%
43	Roewe	Auto Manufacturers	1,028	AA-	18,364	6%
44	CNR	Miscellaneous Manufacturing	1,025	A+	7,064	15%
45	Tsingtao	Beverages	1,025	AA+	5,796	18%
46	Foton	Auto Manufacturers	1,024	A+	2,523	41%
47	Yurun	Food	991	A+	5,905	17%
48	CITIC Securities	Diversified Financial Services	960	AA-	17,896	5%
49	Snow beer	Beverages	928	A+	75,734	1%
50	SAIC	Auto Manufacturers	902	AA+	18,364	5%

## BrandFinance® China 100 Brands (51-75)

All figures in US\$ millions

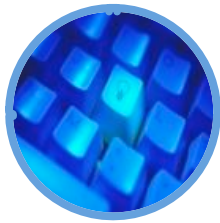
Rank 2010	Brand	Industry Group	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
51	Youngor	Apparel	894	A+	5,695	16%
52	OCT	Entertainment	882	A-	7,372	12%
53	Baidu	Internet	865	AAA-	24,969	3%
54	Sinopharm	Pharmaceuticals	864	AA-	7,980	11%
55	Li Ning	Apparel	823	AA-	3,393	24%
56	Shenzhen Development Bank	Banks	815	A-	8,020	10%
57	Hua Xia Bank	Banks	781	A	8,855	9%
58	TCL	Home Furnishings	773	AA-	2,948	26%
59	China Taiping Insurance	Insurance	725	A	5,550	13%
60	Lianhua	Retail	713	AA-	1,813	39%
61	Minmetals	Distribution/Wholesale	701	A+	6,337	11%
62	Wumart	Retail	675	A+	1,845	37%
63	CCCC	Engineering & Construction	665	AA-	20,785	3%
64	Yanjing	Beverages	662	AA-	3,661	18%
65	Dashang	Retail	618	A+	1,804	34%
66	Great Wall Technology	Computers	612	AA-	1,674	37%
67	Great Wall Motors	Auto Manufacturers	597	AA-	1,839	32%
68	BaoSteel	Iron/Steel	597	AA+	24,665	2%
69	Bank of Beijing	Banks	578	A+	12,547	5%
70	Wangfujing	Retail	559	A	1,806	31%
71	LDK Solar	Semiconductors	556	AA-	2,462	23%
72	Yanghe	Beverages	554	A+	10,008	6%
73	Anta	Apparel	512	A+	4,175	12%
74	Skyworth	Home Furnishings	475	A+	2,348	20%
75	JAC	Auto Manufacturers	474	A+	1,634	29%



## BrandFinance® China 100 Brands (76-100)

All figures in US\$ millions

Rank 2010	Brand	Industry Group	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
76	Geely	Auto Manufacturers	466	AA-	2,692	17%
77	China Resources (Corporate)	Holding Companies-Divers	462	AA-	75,734	1%
78	Alibaba	Internet	456	A+	9,567	5%
79	Haitong Securities	Diversified Financial Services	444	A	11,686	4%
80	Netease 163.com	Internet	421	AA-	3,146	13%
81	YuYuan	Retail	415	AA-	2,911	14%
82	Zhongbai	Retail	412	A-	1,020	40%
83	Metallurgical Corp of China	Engineering & Construction	411	A+	15,391	3%
84	CNOOC	Oil & Gas	411	AA	66,110	1%
85	Lao Feng Xiang	Jewelry	393	AA-	919	43%
86	Kaifa	Computers	381	A	1,907	20%
87	Luzhou Laojiao	Beverages	361	A+	6,281	6%
88	Hisense	Home Furnishings	360	A+	2,745	13%
89	Hongtu	Computers	356	A	1,215	29%
90	Forland	Auto Manufacturers	348	A	2,523	14%
91	Changyu	Beverages	348	A+	5,668	6%
92	SNDA	Internet	337	A-	1,365	25%
93	Hainan Airlines	Airlines	337	A+	7,611	4%
94	Hengan	Healthcare-Products	333	BBB	10,222	3%
95	Nanjing Pharmaceutical	Pharmaceuticals	330	A-	849	39%
96	COSCO	Transportation	307	AA	25,384	1%
97	China Shenhua	Coal	300	AA	71,287	0%
98	Huaneng Power	Electric	284	AA-	29,320	1%
99	Kelon	Home Furnishings	284	A+	2,745	10%
100	Everbright Securities	Diversified Financial Services	274	AA-	7,882	3%



## Banks

## Sector Analysis

All figures in US\$ millions

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
2	ICBC	16,947	AA+	219,853	8%
3	China Construction Bank	15,501	AA	194,303	8%
4	Bank of China	12,717	AA	133,387	10%
5	ABC	11,440	AA	129,206	9%
12	Bank of Communications	4,057	A+	57,255	7%
14	China CITIC Bank	2,656	A	30,751	9%
15	China Merchants Bank	2,481	A	46,952	5%
20	Shanghai Pudong Development Bank	2,109	A	25,057	8%
23	Industrial Bank	1,964	A	23,466	8%
31	CMBC	1,619	A	22,173	7%
56	Shenzhen Development Bank	815	A-	8,020	10%
57	Hua Xia Bank	781	A	8,855	9%
69	Bank of Beijing	578	A+	12,547	5%



## Telecoms

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
1	China Mobile	22,620	AAA	168,852	13%
9	China Telecom	7,018	AA	50,036	14%
10	China Unicom	5,542	AA-	41,171	13%
18	ZTE	2,257	AA	9,342	24%



## Sector Analysis



### Retail and Apparel

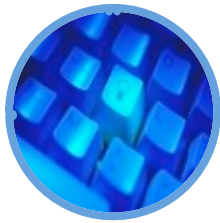
All figures in US\$ millions

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
21	Suning	1,995	AA	11,244	18%
30	GOME	1,643	A+	4,889	34%
42	Vanguard	1,048	A	75,734	1%
51	Youngor	894	A+	5,695	16%
55	Li Ning	823	AA-	3,393	24%
60	Lianhua	713	AA-	1,813	39%
62	Wumart	675	A+	1,845	37%
65	Dashang	618	A+	1,804	34%
70	Wangfujing	559	A	1,806	31%
73	Anta	512	A+	4,175	12%
81	YuYuan	415	AA-	2,911	14%
82	Zhongbai	412	A-	1,020	40%
85	Lao Feng Xiang	393	AA-	919	43%



### Food

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
25	Mengniu	1,846	AA	4,585	40%
35	Shineway	1,396	A	N/A	
36	Yili	1,329	A+	3,283	40%
47	Yurun	991	A+	5,905	17%



## Beverages

## Sector Analysis

All figures in US\$ millions

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
37	Wuliangye	1,204	AA-	13,453	9%
41	Moutai	1,105	AAA-	17,486	6%
45	Tsingtao	1,025	AA+	5,796	18%
49	Snow beer	928	A+	75,734	1%
64	Yanjing	662	AA-	3,661	18%
72	Yanghe	554	A+	10,008	6%
87	Luzhou Laojiao	361	A+	6,281	6%
91	Changyu	348	A+	5,668	6%



## Automotive

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
24	BYD	1,917	AA	16,647	12%
32	DFM	1,596	AA-	12,296	13%
39	FAW	1,141	AA	7,699	15%
43	Roewe	1,028	AA-	18,364	6%
46	Foton	1,024	A+	2,523	41%
50	SAIC	902	AA+	18,364	5%
67	Great Wall Motors	597	AA-	1,839	32%
75	JAC	474	A+	1,634	29%
76	Geely	466	AA-	2,692	17%
90	Forland	348	A	2,523	14%



## Sector Analysis

All figures in US\$ millions



### Insurance

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
6	China Life	11,073	AA+	102,198	11%
13	Ping An	2,949	AA-	56,704	5%
33	China Pacific	1,470	A+	28,892	5%
59	China Taiping Insurance	725	A	5,550	13%



### Computers and Home Appliances

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
16	Lenovo	2,442	AA	4,111	59%
17	Midea	2,314	AA	6,565	35%
29	Gree	1,709	AA	3,754	46%
34	Haier	1,456	AA+	8,674	17%
58	TCL	773	AA-	2,948	26%
66	Great Wall Technology	612	AA-	1,674	37%
74	Skyworth	475	A+	2,348	20%
86	Kaifa	381	A	1,907	20%
88	Hisense	360	A+	2,745	13%
89	Hongtu	356	A	1,215	29%
99	Kelon	284	A+	2,745	10%



## Sector Analysis

All figures in US\$ millions



### Internet

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
26	QQ	1,829	AA-	31,043	6%
53	Baidu	865	AAA-	24,969	3%
78	Alibaba	456	A+	9,567	5%
80	Netease 163.com	421	AA-	3,146	13%
92	SNDA	337	A-	1,365	25%



### Energy

Rank 2010	Brand	Brand Value 2010	Brand Rating 2010	Enterprise Value	BV/ EV (%)
7	Sinopec	7,741	AA-	145,061	5%
8	PetroChina	7,197	AA	298,973	2%
84	CNOOC	411	AA	66,110	1%
97	China Shenhua	300	AA	71,287	0%
98	Huaneng Power	284	AA-	29,320	1%



## Explanation of the Methodology

To be eligible for inclusion in the **BrandFinance® China 100 Brands**, the following criteria must be met:

1. The brand must originate in Mainland China
2. The brand must be owned by a publicly-traded Mainland China company listed on one or more stock exchanges
3. The brand-owning company must have revenues of no less than US\$1bn, or a market capitalization of no less than US\$2.5bn

The methodology employed in the **BrandFinance® China 100 Brands** uses a **discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value.**

The steps in this process are:

1. Obtain brand-specific financial and revenue data.
2. Model the market to identify market demand and the position of individual brands in the context of all other market competitors. Three forecast periods were used:

- *Historical financial results: Where results are not available forecasts using Institutional Brokers Estimate System (IBES) consensus forecasts are used.*
- *A five-year forecast period (2010-2014), based on three data sources (IBES, historic growth and GDP growth).*
- *Perpetuity growth, based on a combination of growth expectations (GDP and IBES).*

3. Establish the royalty rate for each brand. This is done by:

- *Calculating brand strength – on a scale of 0 to 100, according to a number of attributes across three main categories, financial, risk & security, and brand equity.*
- *Use brand strength to determine BrandBeta® Index score*
- *Apply BrandBeta® Index score to the royalty rate range to determine the royalty rate for the brand. The royalty rate is determined by a combination of the sector of operation, historic royalties paid in that sector and profitability of the company.*

4. Calculate future royalty income stream.
5. Calculate the discount rate specific to each brand, taking account of its size, geographical presence, reputation, gearing and brand rating (see below).
6. Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value – i.e. the brand value.

### Royalty Relief Approach



Brand Finance uses the royalty relief methodology that determines the value of the brand in relation to the royalty rate that would be payable for its use were it owned by a third party. The royalty rate is applied to future revenue to determine an earnings stream that is attributable to the brand. The brand earnings stream is then discounted back to a net present value.

The royalty relief approach is used for three reasons: it is favoured by tax authorities and the courts because it calculates brand values by reference to documented third-party transactions; it can be done based on publicly available financial information and it is compliant to the requirement under the International Valuation Standards Committee (IVSC) to determine Fair Market Value of brands.

### Brand Ratings

A Brand Rating quantifies the strength and performance of the brand being valued and provides an indication of the risk attached to the future earnings of the brand.

It is calculated using the Brand Finance BrandBeta® analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA to D. It is conceptually similar to a credit rating.

The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

Brand Rating	Strength
AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB-B	Average
CCC-C	Weak
DDD-D	Failing

### Valuation Date

All brand values in the report are as at July 29, 2010.



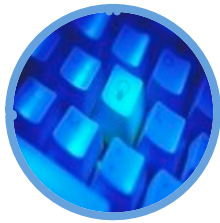
## Disclaimer

Brand Finance Hong Kong has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information. No independent verification or audit of such materials was undertaken. Brand Finance Hong Kong accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate.

The brand valuations for **BrandFinance® China 100 Brands** follow IVSC guidance but will only comply with ISO 10668 Monetary Brand Valuation Standard when accompanied by detailed Legal and Behavioral Analysis.

The conclusions expressed are the opinions of Brand Finance Hong Kong and are not intended to be warranties or guarantees that a particular value or projection can be achieved in any transaction. The opinions expressed in the report are not to be construed as providing investment advice. Brand Finance Hong Kong does not intend the report to be relied upon for technical reasons and excludes all liability to any organization.





## Contact Details

**Brand Finance plc is the world's leading independent intangible asset valuation and brand strategy firm, advising strongly branded companies to manage their brands more intelligently for improved business results.**

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