華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

FINANCIAL AND OPERATIONAL REVIEW
2006 FIRST QUARTER

This announcement is made by China Resources Enterprise, Limited ("the Company") on a voluntary basis in pursuit of a higher standard of corporate governance and in promoting the Company's transparency. The Company currently intends to continue to publish the quarterly financial and operational review in the future.

The financial and operational review for the 2006 first quarter was not audited and was prepared in accordance with accounting principles generally accepted in Hong Kong.

The directors of the Company are pleased to present the following unaudited financial and operational information for the first quarter ended 31 March 2006.

FINANCIAL HIGHLIGHTS

	Three months ended 31 March	
	2006	2005
	(Unaudited)	(Unaudited and restated)[1]
	HK$'000	*HK$'000*
Turnover	**15,377,108**	12,159,496
Profit attributable to shareholders of the Company	**674,037**	660,080
Basic earnings per share	**HK$0.29**	HK$0.31
Diluted earnings per share	**HK$0.29**	HK$0.30

	At 31 March 2006	At 31 December 2005
	(Unaudited)	(Unaudited and restated)[1]
	HK$'000	*HK$'000*
Equity attributable to shareholders of the Company	**19,738,881**	18,196,448
Minority interests	**4,844,530**	4,746,888
Total Equity	**24,583,411**	22,943,336
Consolidated net borrowings	**2,430,994**	3,282,079
Gearing ratio[2]	**9.9%**	14.3%
Current ratio	**1.16**	1.12
Net assets per share of the Company:		
Book value	**HK$8.51**	HK$8.15

ANALYSIS OF TURNOVER AND PROFIT

	Three months ended 31 March	
	2006	2005
	(Unaudited)	(Unaudited and restated)[1]
	HK$'000	*HK$'000*
Turnover by Segment		
Core Businesses		
– Retail	**5,449,145**	4,321,233
– Beverage	**1,511,765**	1,101,829
– Food Processing and Distribution	**1,407,979**	1,351,968
– Textile	**1,020,017**	990,453
– Investment Property	**83,519**	72,211
Subtotal	**9,472,425**	7,837,694
Other Businesses		
– Petroleum and Related Products Distribution	**5,959,822**	4,377,559
– Investments and Others	**–**	–
Subtotal	**5,959,822**	4,377,559
	15,432,247	12,215,253
Elimination of inter-segment transactions	**(55,139)**	(55,757)
Total	**15,377,108**	12,159,496

	Three months ended 31 March	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) attributable to shareholders of the Company by segment		
Core Businesses		
– Retail	**126,930**	89,607
– Beverage	**(28,797)**	(35,672)
– Food Processing and Distribution	**100,524**	98,709
– Textile	**17,723**	16,419
– Investment Property	**339,559**	252,824
Subtotal	**555,939**	421,887
Other Businesses		
– Petroleum and Related Products Distribution	**79,911**	210,225
– Investments and Others	**88,387**	76,445
Subtotal	**168,298**	286,670
	724,237	708,557
Net corporate interest and expenses	**(50,200)**	(48,477)
Total	**674,037**	660,080

Notes:

1. The Group has changed its accounting policy on jointly controlled entities to proportionate accounting for the financial period commencing from 1 January 2006. The new accounting policy has been applied retrospectively and certain 2005 comparatives are restated accordingly. The change in accounting policy would not have an impact on the consolidated net assets as at 31 December 2005 and the consolidated net profit for the period ended 31 March 2005.
2. Gearing ratio represents the ratio of consolidated net borrowings to total equity.

PRINCIPAL ACCOUNTING POLICIES

The quarterly financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties.

The accounting policies used in the preparation of the quarterly financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005 apart from the change in accounting policy as set out below.

CHANGE IN ACCOUNTING POLICY

In prior years, interests in jointly controlled entities were accounted for using the equity method, which are stated on the consolidated balance sheet at the Group's share of net assets of the entities plus goodwill arising on acquisitions, less any identified impairment loss.

With effect from 1 January 2006, the Group adopts the proportionate consolidation method as set out in the Hong Kong Accounting Standard 31 for the recognition of interests in jointly controlled entities. The Directors consider that the use of proportionate consolidation method better reflects the substance and economic reality of the Group's interests in jointly controlled entities.

Under the proportionate consolidation method, the Group's share of assets, liabilities, income and expenses of jointly controlled entities is combined on a line-by-line basis with similar items in the Group's financial statements.

Although the change in accounting policy do not have any effect on the Group's net assets as at 31 December 2005 and the Group's consolidated net profit attributable to shareholders for the year ended 31 December 2005, it would result in certain changes in individual line items of the consolidated accounts. The new accounting policy has been applied retrospectively and the comparatives have been restated accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group's unaudited consolidated turnover and profit attributable to shareholders for the first quarter ended 31 March 2006 amounted to approximately HK$15,377.1 million and HK$674.0 million respectively, representing an increase of 26.5% and 2.1% from the same quarter of 2005. Excluding a gain of HK$84.2 million from the disposal of 10.5% equity interest in a Qingdao joint venture in the same quarter of 2005, the Group's unaudited consolidated profit attributable to shareholders for the first quarter of 2006 would have increased by 17.0%.

Retail

The Group's retail division mainly comprises three business segments: (1) supermarket and logistics; (2) brand-fashion distribution in the Chinese Mainland and (3) other retail stores operation.

For the first quarter of 2006, the Group's retail division recorded an encouraging improvement in its operating results, underpinned by the supermarket operation which included the newly acquired Zhejiang Cikelong Supermarket Company Limited ("Zhejiang Cikelong") 浙江慈客隆超市有限公司 in late 2005. Turnover and attributable profit for the quarter under review amounted to HK$5,449.1 million and HK$126.9 million respectively, representing an increase of 26.1% and 41.7% over the same period of 2005.

The pace of economic growth continued to be robust in the Chinese Mainland for the current quarter. According to the National Bureau of Statistics, a respectable 10.3% GDP growth rate was attained in the first quarter of 2006. The Chinese government continues to promote domestic consumption so as to reduce its huge trade surplus and make its imports cheaper by allowing greater exchange rate flexibility for the yuan, the Group's consumer businesses as a whole has benefited.

In Hong Kong, buoyed by the sustained growth of services and exports, the local economy performs well in the first quarter of 2006. The restored fiscal equilibrium for 2005/2006, the prospective increase in household income and the additional job opportunities altogether gave rise to an overall positive consumption sentiment. Based on the government forecast of a 4% year-on-year real GDP growth for the next five years, the retail industry in Hong Kong will move ahead with steady growth.

Supermarket and Logistics

Turnover of the supermarket and logistics operation for the first quarter of 2006 was HK$4,857.5 million, representing an increase of 28.2% over the same period in 2005. Attributable profit for the first quarter of 2006 amounted to HK$101.4 million, representing an increase of 83.8% over the same period in 2005.

The division's rationalization measures are making good progress. Its regional networks were gradually strengthened, providing a solid platform for further growth. Progressive increase in operating floor areas continued with new store openings, line-up with franchised stores and acquisitions. We strategically expanded the retail networks to achieve market share growth in target regions. The Group currently operates its supermarket business through three subsidiary groups, namely, China Resources Vanguard Co., Ltd. 華潤萬家有限公司, Suguo Supermarket Co., Ltd ("Suguo") 蘇果超市有限公司 and China Resources Vanguard (Hong Kong) Company Limited. At the end of March 2006, the Group operated a total of approximately 2,100 stores in Hong Kong and the Chinese Mainland, of which 44% were self-operated and the rest were franchised stores. Major store formats are hypermarkets, superstores, supermarkets and convenience stores. In terms of geographical contribution, Eastern China, Southern China, Hong Kong, Central China and Northern China respectively accounted for 50.7%, 26.7%, 12.0%, 4.8% and 5.8% of the division's turnover for the first quarter of 2006.

Turnover growth in the first quarter of 2006 was mainly driven by rapid store openings together with an overall same store growth of 5.6%, of which 6.8% was recorded for the Chinese Mainland. Improved procurement conditions gave us greater bargaining power in negotiations with suppliers. The increase in payments from suppliers, which included incentives, store display and promotion income, helped improve the overall operating results. Consolidated earnings before interest, tax, depreciation and amortization ("EBITDA") for the first quarter of the year amounted to HK$269.6 million, representing a 28.8% growth over the same period of 2005.

The Eastern China operation continued its rapid expansion and recorded a satisfactory same store growth of 8.2%. The newly acquired Zhejiang Cikelong raised our market presence in Ningbo, Eastern China and contributed significantly profit for the period under review. The Group adopted a structured approach of multi-formats and clustering of stores as a cost effective, rapid growth strategy. Suguo successfully maintained its market share of more than 50% in Nanjing. With its proven success in Nanjing, similar growth approach was adopted in new markets in the Nanjing nearby areas. Over the years, it has developed a unique business strategy adapted locally that focuses on brand image and enhanced product mix and fresh produce. The strategy serves as a growth engine which continuously contributes satisfactorily in both turnover and profitability.

In Southern China, store facelifts, better supply chain management and innovative marketing initiatives delivered satisfactory results. Same store growth of hypermarkets and superstores reached 5.6% and 14.1% respectively. With the adoption of a new hypermarket store format which primarily hinges on letting out designated areas so as to drive rentals and shoppers flow, highly competitive pricing for the purpose of boosting sales volume at the initial stage was implemented, resulting in a lower profitability in the current quarter.

The 38.4% turnover growth in Northern China was mainly attributable to the acquisition of Tianjin stores and new store openings. However, net loss worsened due to the fact that certain existing stores in the major cities in the region were facing head-on competition with foreign retail operators. Rationalization of existing stores and the newly acquired Tianjin supply chains, together with a boost in fresh produce operations, is anticipated to improve stores sales and profitability.

The Hong Kong operation faced strong competition from major local market players. The Group cautiously monitored the concessions offered to customers and secured its market share at the same time. With the solid revival of domestic consumption expenditure, sustainable retail sales growth and growing demand for quality warehouse space, the Hong Kong operation will benefit in the medium to long term.

To cope with the prevailing keen competition in the retail market, the Group will focus on new acquisitions and development of hypermarkets and superstores through new store openings and moving into second tier cities in order to speed up the market presence in the target regions. We will also emphasize standard-sized supermarkets in selective developed cities in order to establish a better niche for this format.

Brand-fashion Distribution

Turnover and attributable profit of the brand-fashion distribution segment for the first quarter of 2006 amounted to HK$418.2 million and HK$11.0 million respectively, representing an increase of 27.1% and 3.1% over the same period of 2005.

As at the end of March 2006, the Group distributed 10 international brands through approximately 750 self-operated and franchised stores in designated cities throughout the Chinese Mainland.

A strong growth in turnover and attributable profit by a respective 42.7% and 27.2% for the "Esprit" brand was recorded for the quarter under review. This was achieved through new store openings, active business promotions for higher brand recognition, together with enhanced product designs. Self-operated stores recorded a same store growth of 24.6%, while franchised stores also reported notable growth.

Brand refocusing led to certain brand distribution contracts terminated in the last quarter of 2005. Clearance sales and successive store closures in the first quarter of 2006 adversely affected the profitability of the segment.

The Group will continue to review its current brand portfolio, introduce new brands, strengthen its distribution network and improve operating cost efficiency to capitalize on the business opportunities that arise within the fast growing consumer market in the Chinese Mainland.

Other Retail Stores

Turnover of the other retail stores segment for the first quarter of 2006 was HK$173.5 million, representing a decrease of 14.5% over the same period of 2005. Attributable profit for the quarter was HK$14.5 million, a decrease of 39.0% over the first quarter of 2005.

As at the end of March 2006, the Group's chain of retail stores in Hong Kong consisted of 4 Chinese Arts & Crafts 中藝 stores and 34 CR Care 華潤堂 stores.

Overall decline in turnover was primarily due to the closure of CRC Department Store in Whampoa in April 2005. Nevertheless, through ongoing product mix enrichment, effective pricing and niche creation, gross margins continued to improve for both the Chinese Arts & Crafts 中藝 stores and CR Care 華潤堂 stores during the first quarter of 2006.

Tenancies of stores at the Pacific Place and Central were not renewed upon expiry. The former store will be relocated later this year while the latter one was closed, which resulted in increase in renovation costs. A lower profitability in the current quarter was reported.

In the long run, improvement in overall profitability is anticipated with the successful re-branding of the CR Care 華潤堂 stores from its former store-in-store format to a stand-alone one. Rising health awareness amongst the local community has triggered keen competition in the markets for health food and traditional Chinese medicine in recent years. CR Care 華潤堂 stores strive continuously to develop its own brands, to enrich product portfolio and to promote suppliers' relationship that facilitates exclusive dealings of value-for-money products.

Beverage

The beverage division reported a turnover of HK$1,511.8 million for the first quarter of 2006, representing an increase of 37.2% over the same period of 2005. Attributable loss was HK$28.8 million, a decrease of 19.3% over the corresponding period of 2005.

Sales volume of beer rose by 31.5% to approximately 814,000 kiloliters for the first quarter of 2006. Volume performance remained strong during the first quarter of the year despite it is a usual low season. Overall organic growth of sales volume in existing breweries was 28.4% for 2006, with notable increases in Sichuan, Liaoning and Anhui.

Strong operating performance was attained in the first quarter of 2006 with improved pricing and mix in most of our key markets. A modest net average price rise of 3.2% was recorded, together with sales mix improvement as consumers generally traded up from lower end beer to mainstream and premium beer. As a result, overall gross margin rose slightly in the current quarter of 2006 in a competitive environment.

The first quarter of 2006 also saw the two major breweries acquired in 2004 stabilizing. For the Jiangsu brewery, "SNOW" was actively promoted with the premium local brands. A volume growth of 47.6% together with substantial cost efficiencies resulted in its profitability improvement. As for the Zhejiang brewery, with a change in sales mix to more premium brands, the rationalization of sales channels was still in progress. An encouraging 57.1% increase in sales volume was achieved.

Our national brand "SNOW", including the Shenyang beer, also progressed well in the current quarter of 2006, driven by better alignment with distributors and increased rigor in the brand marketing. With "SNOW" now being the lead brand in the portfolio, its sales volume for the period under review grew by 72.1% quarter-on-quarter, to approximately 420,000 kiloliters, representing 51% of the total sales volume.

At the end of March 2006, the Group operated over 40 breweries with an annual production capacity of approximately 6.4 million kiloliters. As part of our growth strategy to expand market coverage, the Group recently completed the acquisition of a 70% interest of Xiling Brewery Limited in northern Zhejiang Province, one of China's most economically developed clusters. Its production facilities will be upgraded to a 200,000-kiloliter level. This complemented our existing operations in the region and established a foothold for further growth. While our green-field plant in Dongguan started trial commissioning in early 2006, the Group also commenced the construction of a new brewery in Harbin, Heilongjiang Province. Its initial production capacity is about 230,000 kiloliters and the construction is expected to complete in 18 months for US$35.3 million. This brewery will be used mainly to produce our national brand "SNOW", targeting Harbin and the western Heilongjiang area. It is anticipated to capture the high growth potential identified in the region.

Food Processing and Distribution

The food processing and distribution division reported turnover and attributable profit for the first quarter of 2006 of HK$1,408.0 million and HK$100.5 million respectively, representing a corresponding increase of 4.1% and 1.8% over the same quarter of 2005.

Foodstuff distribution operation reported a moderate growth in profitability. The "Ng Fung" brand of high quality fresh meat continued to be highly recognized in light of growing concerns over food safety and quality. Ongoing enrichment in product mix to meet customer demand trends, coupled with vigilant expansion of sales and distribution network for frozen meat business contributed to the business growth of the division.

For the quarter under review, sales volume of the marine fishing and aquatic products processing operation rose by 8.9% through effective branding and marketing promotions in the overseas markets. However, the record high fuel prices and the decrease in average selling prices in the highly competitive environment continued to impact the overall gross profit margin of the operation. Regular on-site review of fishing fleet fuel utilization and staff training on cost saving measures were highly advocated to keep the production costs under control.

Ng Fung Foods (Shenzhen) Co., Ltd. (五豐食品(深圳)有限公司) reported satisfactory profit contribution for the first quarter of 2006. To better synergize with the Group's consumer-related business, the Shenzhen operation distributes its fresh meat products through our supermarket chains in Southern China. Its competitive edge on pig sourcing, slaughtering and fresh meat production provides excellent commercial leverage with our supermarket business in Southern China at low cost. This further reinforces our retail-led distribution strategy. With enhanced distribution networks as a result of successful marketing campaigns, its meat processing operation recorded promising results. Effective January 2006, its brand "五豐喜上喜" was recognized as one of the well-known brands in processed meat products in Guandong Province.

The meat processing center in Shanghai, which started trial operations in December 2005, also reported improvement in contribution for the quarter under review. Brand promotion of quality meat supplies, improvement in production, distribution and cost efficiencies will help drive the overall profitability of the Shanghai operation in the long run.

Textile

Turnover of the textile division for the first quarter of 2006 was HK$1,020.0 million, representing an increase of 3.0% over the same period of 2005. Attributable profit for the quarter amounted to HK$17.7 million, representing a 7.9% increase over that of 2005.

The growth in turnover was mainly derived from export sales of more high-end products, namely MAKO yarns and nylon DTY yarns in making high quality fabrics for shirts and stockings respectively. The product mix enhancement, together with technology upgrade, contributed to a 13.0% increase in average selling prices of yarns.

In the first quarter of 2006, despite a 20.0% quarter-on-quarter increase in cotton prices and general rate rises in direct labor and utility costs, a 2.1% points improvement in gross margin was recorded with better operation efficiency in use of the modern machinery. However, performance of the dyeing business was below expectation, lowering the profitability of the textile division.

In response to a massive surge of Chinese textile exports upon expiry of the global textile quotas since 1 January 2005, the United States and European Union re-imposed safeguard quotas on specific categories of textile and garment products which effectively restricted their growth rate in the range of 10% to 17% from 2006 to 2008. The operating environment for export sales will continue to be challenging in the next few years.

On the other hand, strong domestic demand for quality textile and garment products is expected with rising income levels. Favorable business opportunities are present to the Group in both domestic and export markets. With improved operating efficiency, better market positioning and more high-end branded products in the sales mix, while cotton prices in 2006 are expected to remain at reasonable levels on balanced global supply, an overall improvement in profitability is anticipated along with better alignment in the process of industry consolidation.

Investment Property

The Group's investment property division, which comprises the rental property segments of retail, office and industrial premises, reported a turnover and attributable profit for the first quarter of 2006 of HK$83.5 million and HK$339.6 million respectively, representing an increase of 15.7% and 34.3% from the same quarter in 2005. Excluding a net-of-tax valuation surplus of approximately HK$283.0 million (First quarter of 2005: HK$207.0 million), attributable profit of the division for the first quarter of 2006 would have increased by 25.7%.

Retail rentals regained its momentum in the first quarter of 2006 after a period of market consolidation in the second half of 2005. In anticipation of further economic growth and the increase in consumption expenditure of the local households, retail sales will benefit, thus providing further growth impetus to retail rentals.

With encouraging economic growth and the continued inflow of investment funds, satisfactory rental increases were attained for both new and renewed tenancies. Gross rental income grew 20% during the first quarter of 2006. The newly redeveloped multi-storey retail property on the Hennessy Road, Wanchai is now ready to capitalize on the favorable retail market opportunities, with over 93% of the space already let out. This led to an overall positive increase in effective rent per square foot and satisfactory occupancy rates of the Group's retail properties portfolio.

The mall renovation projects in Jiangmen are also progressing well. Works of the mall 江門新の城, with our supermarket as its anchor tenant, has now completed. Grand opening is scheduled in June 2006. The shopping mall in Xinhui is currently at the planning stage. Both malls, being the initial market entries to the Chinese Mainland, will bring in new revenue streams to the property division.

Petroleum and Related Products Distribution

Turnover and attributable profit of petroleum and related products distribution division for the first quarter of 2006 amounted to HK$5,959.8 million and HK$79.9 million respectively, representing an increase of 36.1% and a corresponding decrease of 62.0% as compared to the same quarter of 2005. Excluding a gain of HK$84.2 million from the disposal of 10.5% equity interest in a Qingdao joint venture in the same quarter of 2005, attributable profit for the first quarter of 2006 was reduced by 36.6%.

The international crude oil prices surged considerably and averaged at US$63.53 a barrel for the current quarter, compared to US$49.87 a year ago. The decline in markups for the distribution of certain petroleum and related products as a result of keen competition has affected the overall gross margin for the quarter under review. Filling stations operation in Hong Kong recorded losses in the first quarter of 2006, which were mainly attributable to the difficulty in channeling significant cost pressure of LPG through retail price adjustments. The performance of filling stations operation in Hong Kong has recovered with the intermission of price-fixing mechanism shortened from a 6-month period to a 1-month period with effect from early March 2006.

Piped-gas operations in Suzhou and Chengdu reported satisfactory profit contribution for the quarter under review. Sales volume growth in Suzhou and Chengdu operations was attributable to the increase in both commercial/industrial and residential household registered natural gas user accounts. As of March 2006, the number of registered natural gas user accounts was over 1.1 million for Chengdu operations, while that of Suzhou was also rising. In anticipation of the growth in gas demand upon full conversion of the current use of piped-gas to natural gas in Wuxi and Taizhou, profitability of the piped-gas operations will further be improved.

As part of the restructuring program, the Group has been assessing the feasibility of restructuring of the various alternatives for petroleum and related distribution business, one of the remaining non-core businesses. The Group has appointed a financial advisor to advise the feasibility of various proposals. The Group has been in discussions with potential investors for the disposal of an interest in the oil and gas distribution business in Hong Kong but no agreement has been reached and no timetable has been set.

Investments and Others

Attributable profit for the first quarter of 2006 amounted to HK$88.4 million (First quarter of 2005: HK$76.4 million).

Container Terminal

The Group has a 10% interest in HIT Investments Limited and Hutchison Ports Yantian Investments Limited. The Hong Kong and Yantian deepwater port operations continued to maintain a stable profit performance for the current quarter under review.

CAPITAL AND FUNDING

The Group's treasury function has an objective of maximizing surplus cash for internal funding while enhancing liquidity and yield. As at 31 March 2006, the Group's consolidated cash and cash equivalents amounted to HK$7,872.8 million. The Group's borrowings as at 31 March 2006 were HK$10,303.8 million with HK$5,236.4 million repayable within 1 year, HK$4,947.1 million repayable after 1 year but within 5 years and HK$120.3 million repayable after 5 years. Committed borrowing facilities available to the Group were fully utilized as at 31 March 2006. Except for the US$230 million convertible guaranteed bonds, due for maturity in May 2006, all the borrowings were subject to floating rates. On 15 May 2006, a wholly-owned subsidiary of the Group, together with 16 other banks, signed a 5-year revolving credit/term syndicated loan facility of HK$3 billion, interest bearing at 0.28% p.a. over HIBOR. The proceeds will be used for general corporate funding, inclusive of the refinancing of the existing indebtedness.

On the basis of the Group's net borrowings relative to the shareholders' funds and minority interests, the Group's gearing was approximately at 9.9% as at 31 March 2006 (31 December 2005: 14.3%). Cash inflow was mainly from the exercise of share options. The increase in issued shares resulted in a decrease in the basic earnings per share.

The Group's principal assets, liabilities, revenue and payments are denominated in US dollars, Hong Kong dollars and Renminbi. As at 31 March 2006, 19.6% of the Group's cash deposit balances was held in US dollars, 40.0% in Renminbi and 39.5% in Hong Kong dollars; whereas 36.4% of the Group's borrowings was denominated in US dollars and 26.3% in Renminbi with 37.2% in Hong Kong dollars. Moreover, to mitigate foreign currency and interest rate exposure, the Group entered into certain forward contracts and interest rate swaps to hedge against part of its borrowings.

PLEDGE OF ASSETS

As at 31 March 2006, fixed assets with a net book value of HK$241.1 million (31 December 2005: HK$227.9 million) were pledged for total borrowings of HK$353.4 million (31 December 2005: pledged for total borrowings of HK$248.3 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2006.

CAUTION STATEMENT

The Board wishes to remind investors that the above financial data is based on the Company's internal records and management accounts. The above financial data for the first quarter of 2006 have not been reviewed or audited by the auditors. Shareholders and potential investors of the Company should exercise caution when dealing in shares of the Company.

By order of the Board
CHEN SHULIN
Managing Director

Hong Kong, 25 May 2006

As at the date of this announcement, the executive directors of the Company are Mr. Song Lin (Chairman), Mr. Chen Shulin (Managing Director), Mr. Keung Chi Wang, Ralph (Deputy Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Kwong Man Him (Deputy Managing Director). The non-executive directors are Mr. Qiao Shibo, Mr. Jiang Wei, Mr. Yan Biao, Mr. Wang Shuaiting and Mr. Xie Shengxi. The independent non-executive directors are Dr. Chan Po Fan, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric and Mr. Cheng Mo Chi.

"Please also refer to the published version of this announcement in The Standard."