

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# 華潤創業有限公司

## China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

- Consolidated turnover amounted to approximately HK\$110,164 million, representing an increase of 26.4%.
- Excluding the after-tax effect of asset revaluation and major disposals, the Group's underlying consolidated profit attributable to the Company's shareholders contributed by the core businesses decreased by 0.3% year-on-year.
- Including other businesses and exceptional adjustments, the consolidated profit attributable to the Company's shareholders amounted to HK\$2,832 million, representing a decrease of 50.1%.
- The Board recommended a final dividend of HK\$0.32 per share, bringing the total dividend for 2011 to HK\$0.47 per share.

#### FINANCIAL HIGHLIGHTS

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
Turnover		
– continuing operations	110,164	86,728
– discontinued operations <sup>1</sup>	-	410
	<u>110,164</u>	<u>87,138</u>
Profit attributable to shareholders of the Company		
– continuing operations	2,832	2,673
– discontinued operations <sup>1</sup>	-	3,001
	<u>2,832</u>	<u>5,674</u>
Basic earnings per share <sup>2</sup>		
– continuing operations	HK\$1.18	HK\$1.12
– discontinued operations <sup>1</sup>	-	HK\$1.25
	<u>HK\$1.18</u>	<u>HK\$2.37</u>
Dividend per share		
– interim	HK\$0.15	HK\$0.14
– final	HK\$0.32	HK\$0.38
	<u>HK\$0.47</u>	<u>HK\$0.52</u>
	<b>At 31 December 2011</b>	<b>At 31 December 2010</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Equity attributable to shareholders of the Company	36,354	30,819
Non-controlling interests	12,628	10,470
Total equity	<u>48,982</u>	<u>41,289</u>
Consolidated net borrowings	-	-
Gearing ratio <sup>3</sup>	Net Cash	Net Cash
Current ratio	0.96	0.98
Net assets per share (book value):	<u>HK\$15.15</u>	<u>HK\$12.85</u>

Notes:

1. The Group disposed of its brand-fashion distribution business interest in February 2010 with a net gain of approximately HK\$3 billion.
2. Diluted earnings per share for the year ended 31 December 2011 and 2010 are HK\$1.18 and HK\$2.36, respectively. Diluted earnings per share of discontinued operations for the year ended 31 December 2010 is HK\$1.25.
3. Gearing ratio represents the ratio of consolidated net borrowings to total equity.

## ANALYSIS OF TURNOVER AND PROFIT

	Turnover		Profit Attributable to Shareholders ("PAS")		PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments (Note 1)	
	2011	2010	2011	2010	2011	2010
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Core Businesses</b>						
- Retail	70,088	55,140	1,736	1,930	808	830
- Beer	26,689	21,535	785	685	785	685
- Food	10,706	8,306	278	418	263	321
- Beverage	3,112	2,080	126	155	126	155
	<b>110,595</b>	87,061	<b>2,925</b>	3,188	<b>1,982</b>	1,991
Elimination of inter-segment transactions	(431)	(333)	-	-	-	-
Net corporate interest and expenses	-	-	(93)	(97)	(93)	(97)
<b>Total from core businesses</b>	<b>110,164</b>	86,728	<b>2,832</b>	3,091	<b>1,889</b>	1,894
<b>Other Businesses</b>						
Investment and Others	-	-	-	(418)	-	1
Discontinued operations						
- Brand-fashion distribution	-	410	-	3,001	-	22
<b>Total from other businesses</b>	-	410	-	2,583	-	23
<b>Total</b>	<b>110,164</b>	87,138	<b>2,832</b>	5,674	<b>1,889</b>	1,917

Note:

1. For the analysis of PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments, the effect of the following transactions have been excluded in the PAS of the respective division:
  - a. Net valuation surplus on investment properties of approximately HK\$928 million (2010: HK\$1,100 million) has been excluded from the results of Retail division.
  - b. Net gain on disposal of non-core investments and valuation surplus on investment properties with an aggregate amount of approximately HK\$15 million (2010: HK\$97 million) have been excluded from the results of the Food division.
  - c. Valuation deficit on financial assets at fair value through profit or loss of approximately HK\$419 million has been excluded from the 2010 results of Investment and Others division.
  - d. The Group disposed of its brand-fashion distribution business interest in February 2010 with a net gain of approximately HK\$3 billion.
2. The attributable impact of urban maintenance and construction tax and education surcharges applicable on foreign-invested enterprises effective from December 2010 was approximately HK\$468 million for the year ended 31 December 2011.

## **CHAIRMAN'S STATEMENT**

### **Final Results**

Despite facing a volatile economic environment, the Group continued to grow steadily in 2011 thanks in large part to the continuous expansion of our core businesses through new acquisitions and organic growth, a strengthened market-leading position, and a focused consumer business platform. These have positioned us better to forge ahead with our goal of becoming the largest consumer goods company in China.

For the year ended 31 December 2011, the Group's consolidated turnover amounted to approximately HK\$110,164 million, representing a year-on-year increase of 26.4%. Consolidated profit attributable to the Company's shareholders amounted to HK\$2,832 million, representing a decrease of 50.1% year-on-year. Excluding the after-tax effect of asset revaluation and major disposals, the Group's underlying consolidated profit attributable to the Company's shareholders contributed by the core businesses for the year ended 31 December 2011 would have decreased by 0.3%. The imposition of the Urban Maintenance and Construction Tax and Education Surcharges on foreign enterprises since the end of 2010, higher labour costs and the accelerated expansion of our retail network into new regions have raised cost pressures, thereby affecting the Group's results during the year under review.

### **Dividends**

The Board recommends a final dividend of HK\$0.32 per share for 2011 (2010: HK\$0.38 per share) payable on or around 15 June 2012 to shareholders whose names appear on the Register of Members of the Company on 31 May 2012. Together with the interim dividend of HK\$0.15 per share, the total dividend for 2011 will amount to HK\$0.47 per share (2010: HK\$0.52 per share).

### **Closure of Register of Members**

The register of members of the Company will be closed from Monday, 21 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 25 May 2012, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 18 May 2012 for registration.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Thursday, 31 May 2012 and the register of members of the Company will be closed on Thursday, 31 May 2012, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Share Registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2012 for registration.

## Strategy Implementation

In 2011, our strategy of focusing on the development of our core consumer businesses continued to pay off as we have further consolidated the leading positions of each of our core businesses of retail, beer, food and beverage in China. For instance, our multi-format retail chain has been a leading retail chain group in China, with its turnover reaching HK\$70,088 million in 2011. “雪花 Snow” is the world’s best-selling single beer brand and had sales volume of approximately 9,172,000 kiloliters in 2011. The Group's food division is also the largest supplier of Chinese foodstuffs in Hong Kong and one of the leading integrated food suppliers in China. Meanwhile, led by our flagship “怡寶C'estbon” purified water brand, the total sales volume of the Group’s beverage division was approximately 2,642,000 kiloliters in 2011, solidifying its leading position in Guangdong and enhancing its penetration in other provinces.

Leveraging our extensive retail network of around 4,000 stores in China, we strive to strengthen the market position of our retail division by committing to a strategy of national expansion that emphasizes strong regional leadership and synergistic opportunities with our multi-format business platform. In 2011, we continued to expand our footprint in various markets by establishing new supermarkets and specialty stores. We also improved our competitive edge by enriching our product mix, boosting sales of our mid to high-end products and improving our customers’ shopping experience.

Moreover, the Group signed an agreement to acquire a 100% interest in Jiangxi Hongkelong Department Store Investment Company Limited in July 2011. The acquisition will enable the Group to expand its retail business into Jiangxi Province and gain an advantageous market position in the region. Meanwhile, the Group has completed the acquisition from the parent company the entire equity interest in a retail drug store chain in the third quarter of 2011. The 152-store retail network will create synergies with the Group's healthcare retail chains and will enhance its pharmaceutical product mix. These two acquisitions will further enhance our network and competitiveness in China’s retail market, and propel the expansion of our retail business.

Despite the increasingly intense competition in China’s beer industry, our beer division continued to be a leader in the China market as the result of the establishment of new breweries, our concerted efforts in brand building and successful acquisitions. Several investments were made during the year, including the equity stake acquisitions of Hangzhou Xihu Beer Asahi Co., Ltd. (the remaining 55%) and Zhejiang Xihu Beer Asahi Co., Ltd. (the remaining 25%). By the end of 2011, we had a market share of over 20% in China’s beer market and an annual sales volume of approximately 10,235,000 kiloliters, further strengthening our position as China’s largest brewer in terms of volume. Remarkable achievements were also seen in various aspects, such as increased average selling price and operating profit, thanks to our strategies of widening product mix and boosting premium product sales.

During the year under review, our food division has further strengthened its “五豐Ng Fung” brand, which features premium food quality and safety, by stepping up its efforts in brand promotion and marketing. To maintain our competitive edge during the year under review, we continued to enhance our integrated quality supply chain, optimize our product mix and add value to our products. The Group's assorted foodstuff operation also expanded its market share in China by making inroads into a number of provinces.

With our strategy of focusing resources on developing selected target markets to form the backbone of our future nationwide distribution network, our beverage division recorded sustained

growth momentum in overall sales volume and established a stronger market position in 2011. In addition, we are confident that our joint venture with Kirin Holdings Company, Limited, bringing together the Group's extensive distribution capabilities in China and Kirin Holdings Company, Limited's outstanding product development capabilities, will help make the division a powerful contender in China's non-alcoholic beverage market.

## **Prospects**

Looking towards 2012, we expect the operating environment in China to remain challenging, with consumer sentiment still affected by volatility in the global economy, primarily the unfolding sovereign debt crisis in Europe. Nevertheless, backed by a rising disposable income per capita as a result of steady economic growth and the Central Government's initiatives to promote consumer spending in its "12th Five-Year Plan", we believe that the consumer market in China will continue to demonstrate relatively stronger resilience to short term market fluctuations and remain optimistic about the development of the country's retail market in the long run.

The Group has successfully built its market leadership in its core businesses through strategic expansion of market share and delivering steady business growth in the past 10 years. This track record has proven the strength of our strategy of national expansion that emphasizes strong regional leadership and synergistic opportunities with our core businesses. In the coming year, we will continue to reinforce our market leading position in China by taking advantage of our strong presence both nationally and in regional markets, as well as our extensive distribution network, reputable brands and diversified product portfolio. We will also seek out investment opportunities in a prudent manner so as to further expand our business, and maintain a tight grip on expenses as we enhance the economies of scale of our operations.

Building on the strong consumer business platform that we have created over the years and our proven strategy of market expansion, we are well positioned to create increasing value for our shareholders.

## **Appreciation**

Lastly, on behalf of the Board, I would like to take this opportunity to thank our valued shareholders, customers and business associates for their trust and unwavering support. I would also like to thank our management and staff for their dedication and wholehearted commitment.

**Qiao Shibo**  
*Chairman*

Hong Kong, 21 March 2012

## 2011 RESULTS

The Directors of China Resources Enterprise, Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2011 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2011

	Notes	2011 HK\$ million	2010 HK\$ million
<b>Continuing operations</b>			
Turnover	3	110,164	86,728
Cost of sales		<u>(82,807)</u>	<u>(64,404)</u>
Gross profit		27,357	22,324
Other income	4	2,807	2,755
Selling and distribution expenses		(19,334)	(15,382)
General and administrative expenses		(5,190)	(4,537)
Finance costs	5	(224)	(175)
Share of net results of associates		<u>10</u>	<u>27</u>
Profit before taxation		5,426	5,012
Taxation	6	<u>(1,556)</u>	<u>(1,395)</u>
Profit for the year from continuing operations	7	3,870	3,617
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	7,8	<u>-</u>	<u>3,022</u>
Profit for the year		<u>3,870</u>	<u>6,639</u>
Attributable to:			
Shareholders of the Company		2,832	5,674
Non-controlling interests		<u>1,038</u>	<u>965</u>
		<u>3,870</u>	<u>6,639</u>
<b>Earnings per share</b>			
From continuing and discontinued operations	10		
Basic		HK\$1.18	HK\$2.37
Diluted		<u>HK\$1.18</u>	<u>HK\$2.36</u>
From continuing operations			
Basic		HK\$1.18	HK\$1.12
Diluted		<u>HK\$1.18</u>	<u>HK\$1.11</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>Profit for the year</b>	<u>3,870</u>	<u>6,639</u>
<b>Other comprehensive income/(expenses):</b>		
Exchange differences on translating foreign operations	1,537	1,021
Fair value adjustment on available for sale investments	-	(94)
Fair value adjustment on derivative financial instruments	27	(20)
Surplus on revaluation of properties	7	-
Reclassification adjustments:		
– release of exchange differences upon disposal of subsidiaries/associates	-	(37)
– release of valuation reserve upon disposal of subsidiaries	-	(24)
– release of valuation reserve upon disposal of available for sale investments	-	(10)
Income tax relating to:		
– fair value adjustments on available for sale investments	-	(2)
<b>Other comprehensive income for the year, net of tax</b>	<u>1,571</u>	<u>834</u>
<b>Total comprehensive income for the year</b>	<u>5,441</u>	<u>7,473</u>
<b>Attributable to:</b>		
Shareholders of the Company	3,887	6,189
Non-controlling interests	1,554	1,284
	<u>5,441</u>	<u>7,473</u>

## CONSOLIDATED BALANCE SHEET

At 31 December 2011

	<i>Notes</i>	<b>2011</b> <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>Non-current assets</b>			
Fixed assets			
- Investment properties		11,180	9,904
- Interests in leasehold land held for own use under operating leases		5,901	4,984
- Other property, plant and equipment		33,159	26,555
Goodwill		10,755	9,654
Other intangible assets		310	219
Interests in associates		432	376
Available for sale investments		31	23
Prepayments		305	311
Deferred taxation assets		762	556
		<u>62,835</u>	<u>52,582</u>
<b>Current assets</b>			
Stocks		20,715	15,626
Trade and other receivables	11	11,534	6,843
Taxation recoverable		51	46
Pledged bank deposits		258	234
Cash and bank balances		18,256	14,071
		<u>50,814</u>	<u>36,820</u>
<b>Current liabilities</b>			
Trade and other payables	12	(45,487)	(32,476)
Derivative financial instruments		(8)	(22)
Short term loans		(7,092)	(4,151)
Taxation payable		(610)	(849)
		<u>(53,197)</u>	<u>(37,498)</u>
<b>Net current liabilities</b>		<u>(2,383)</u>	<u>(678)</u>
<b>Total assets less current liabilities</b>		<u>60,452</u>	<u>51,904</u>
<b>Non-current liabilities</b>			
Long term loans		(8,442)	(8,158)
Deferred taxation liabilities		(2,496)	(2,096)
Derivative financial instruments		-	(14)
Other non-current liabilities		(532)	(347)
		<u>(11,470)</u>	<u>(10,615)</u>
		<u>48,982</u>	<u>41,289</u>
<b>Capital and reserves</b>			
Share capital		2,399	2,398
Reserves		33,955	28,421
<b>Equity attributable to shareholders of the Company</b>		<u>36,354</u>	<u>30,819</u>
<b>Non-controlling interests</b>		<u>12,628</u>	<u>10,470</u>
<b>Total equity</b>		<u>48,982</u>	<u>41,289</u>



## Notes:

### 1. Basis of preparation

The announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The financial statements for the year ended 31 December 2011 have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### 2. Principal Accounting Policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010 except for the adoption of the new and revised standards, amendments and interpretations mentioned below.

#### Adoption of new and revised standards, amendments and interpretations

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised standards, amendments and interpretations on Hong Kong Accounting Standards (“HKAS”) and Hong Kong Financial Reporting Standards (“HKFRS”) that are effective or available for early adoption for the financial year beginning 1 January 2011. In the current year, the Group has adopted the following new and revised standards, amendments and interpretations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Financial Instruments: Presentation – Classification of Rights Issues
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS Interpretation 14 (Amendment)	Prepayment of Minimum Funding Requirement
HKFRS Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised standards, amendments and interpretations has had no material effect on the results or financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

#### Accounting standards, amendments and interpretations that are not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of financial statements – Presentation of items of other comprehensive income
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (Revised 2011)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interest in other entities
HKFRS 13	Fair value measurement
HKFRS Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has not early applied the new standards and amendments that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new standards and amendments but is not yet in a position to determine whether these new standards and amendments would have a material impact on its results of operations and financial position.

### 3. Segment information

#### Operating segments

	Retail <i>HK\$ million</i>	Beer <i>HK\$ million</i>	Food <i>HK\$ million</i>	Beverage <i>HK\$ million</i>	Investments and Others <i>HK\$ million</i>	Elimination <i>HK\$ million</i>	Total <i>HK\$ million</i>
<b>For the year ended</b>							
<b>31 December 2011</b>							
<b>TURNOVER</b>							
External sales	69,992	26,609	10,500	3,063	-	-	110,164
Inter-segment sales*	96	80	206	49	-	(431)	-
<b>Total</b>	<b>70,088</b>	<b>26,689</b>	<b>10,706</b>	<b>3,112</b>	<b>-</b>	<b>(431)</b>	<b>110,164</b>
<b>Segment result**</b>	<b>2,649</b>	<b>2,173</b>	<b>449</b>	<b>192</b>	<b>(1)</b>		<b>5,462</b>
Unallocated corporate expenses							(113)
Interest income							301
Finance costs							(224)
<b>Profit before taxation</b>							<b>5,426</b>
Taxation							(1,556)
<b>Profit for the year</b>							<b>3,870</b>
<b>As at 31 December 2011</b>							
<b>ASSETS</b>							
Segment assets	56,168	40,466	8,367	1,917	-		106,918
Deferred taxation assets							762
Taxation recoverable							51
Unallocated corporate assets							5,918
<b>Consolidated total assets</b>							<b>113,649</b>
<b>LIABILITIES</b>							
Segment liabilities	29,839	21,999	1,487	829	1		54,155
Taxation payable							610
Deferred taxation liabilities							2,496
Unallocated corporate liabilities							7,406
<b>Consolidated total liabilities</b>							<b>64,667</b>
<b>OTHER INFORMATION</b>							
Capital expenditure	4,034	5,083	744	379	6		10,246
Depreciation and amortisation	1,304	1,325	213	51	1		2,894
Impairment loss recognised	-	357	15	4	-		376

### 3. Segment information – continued

#### Operating segments (continued)

	Retail HK\$ million	Beer HK\$ million	Food HK\$ million	Beverage HK\$ million	Investments and Others HK\$ million	Elimination HK\$ million	Continuing Operations Total HK\$ million	Discontinued Operations (Note 8) HK\$ million	Total HK\$ million
<b>For the year ended</b>									
<b>31 December 2010</b>									
<b>TURNOVER</b>									
External sales	55,067	21,482	8,124	2,055	-	-	86,728	410	87,138
Inter-segment sales*	73	53	182	25	-	(333)	-	-	-
<b>Total</b>	<b>55,140</b>	<b>21,535</b>	<b>8,306</b>	<b>2,080</b>	<b>-</b>	<b>(333)</b>	<b>86,728</b>	<b>410</b>	<b>87,138</b>
<b>Segment result**</b>	<b>2,733</b>	<b>1,928</b>	<b>686</b>	<b>204</b>	<b>(418)</b>		<b>5,133</b>	<b>57</b>	<b>5,190</b>
Unallocated corporate expenses							(118)	-	(118)
Interest income							172	1	173
Profit on disposal of discontinued operation							-	3,347	3,347
Finance costs							(175)	(3)	(178)
<b>Profit before taxation</b>							<b>5,012</b>	<b>3,402</b>	<b>8,414</b>
Taxation							(1,395)	(380)	(1,775)
<b>Profit for the year</b>							<b>3,617</b>	<b>3,022</b>	<b>6,639</b>
<b>As at 31 December 2010</b>									
<b>ASSETS</b>									
Segment assets	43,275	32,942	7,647	1,047	-		84,911	-	84,911
Deferred taxation assets							556	-	556
Taxation recoverable							46	-	46
Unallocated corporate assets							3,889	-	3,889
<b>Consolidated total assets</b>							<b>89,402</b>	<b>-</b>	<b>89,402</b>
<b>LIABILITIES</b>									
Segment liabilities	20,687	15,868	1,413	428	1		38,397	-	38,397
Taxation payable							849	-	849
Deferred taxation liabilities							2,096	-	2,096
Unallocated corporate liabilities							6,771	-	6,771
<b>Consolidated total liabilities</b>							<b>48,113</b>	<b>-</b>	<b>48,113</b>
<b>OTHER INFORMATION</b>									
Capital expenditure	2,529	1,719	391	153	1		4,793	-	4,793
Depreciation and amortisation	1,141	1,212	197	25	1		2,576	8	2,584
Impairment loss recognised	5	275	2	-	-		282	-	282
Valuation deficit on financial assets at fair value through profit and loss	-	-	-	-	419		419	-	419

\* Inter-segment sales were charged at prevailing market rates

\*\* Segment result represents earnings before interest income, finance costs and taxation

### 3. Segment information – continued

#### Geographical segments

	2011		2010	
	Turnover from continuing operations <i>HK\$ million</i>	Non-current assets (Note) <i>HK\$ million</i>	Turnover from continuing operations <i>HK\$ million</i>	Non-current assets (Note) <i>HK\$ million</i>
Hong Kong	8,817	12,840	7,331	9,737
Chinese Mainland	100,000	48,734	78,073	41,781
Other Countries	1,347	468	1,324	485
	<b>110,164</b>	<b>62,042</b>	<b>86,728</b>	<b>52,003</b>

Note: Non-current assets excluded available for sale investments and deferred tax assets.

### 4. Other income

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
Other income includes the following:		
<b>Continuing operations</b>		
Dividends from unlisted available for sale investments	1	19
Interest income	301	172
Valuation gain on investment properties	1,137	1,335
Profit on deemed disposal of an associate	30	-
Profit on disposal of associates	7	98
Profit on disposal of available for sale investments	-	10
Profit on disposal of fixed assets	28	187
Government grants recognised	97	11
<b>Discontinued operations</b>		
Interest income	-	1

### 5. Finance costs

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>Continuing operations</b>		
Interest on bank loans and other loans wholly repayable within five years	163	124
Financing charges	63	51
	<b>226</b>	<b>175</b>
Less: Amount capitalized in cost of qualifying assets	(2)	-
	<b>224</b>	<b>175</b>
<b>Discontinued operations</b>		
Interest on bank loans and other loans wholly repayable within five years	-	1
Financing charges	-	2
	-	<b>3</b>
	<b>224</b>	<b>178</b>

## 6. Taxation

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>Continuing operations</b>		
<b>Current taxation</b>		
Hong Kong	124	135
Chinese Mainland	1,287	949
Overseas	12	18
	1,423	1,102
<b>Deferred taxation</b>		
Hong Kong	185	215
Chinese Mainland	(52)	78
	1,556	1,395
<b>Discontinued operations</b>		
<b>Current taxation</b>		
Chinese Mainland	-	382
<b>Deferred taxation</b>		
Chinese Mainland	-	(2)
	-	380
	-	380
	1,556	1,775

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

Chinese Mainland income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Chinese Mainland. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 7. Profit for the year

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
Profit for the year has been arrived at after charging:		
<b>Continuing operations</b>		
Depreciation		
- Owned assets	2,877	2,565
Amortisation of other intangible assets (included in general and administrative expenses)	17	11
<b>Discontinued operations</b>		
Depreciation		
- Owned assets	-	8
	-	8

## 8. Discontinued operations

The Group disposed of its brand-fashion distribution business interest in February 2010 at a cash consideration of HK\$3,880 million.

The results of the discontinued operations included in the consolidated profit and loss account for the year ended 31 December 2010 are set out below:

	2010 <i>HK\$ million</i>
<b>Profit for the year from discontinued operations</b>	
Revenue	414
Expenses	(359)
Profit before taxation	55
Taxation	(12)
Profit after taxation	43
Net profit on disposal of discontinued operation	2,979
	<b>3,022</b>
Profit for the year attributable to:	
Shareholders of the Company	3,001
Non-controlling interests	21
	<b>3,022</b>
Net assets of discontinued operations disposal of	<b>374</b>

## 9. Dividends

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
2011 interim dividend paid of HK\$0.15 (2010: HK\$0.14) per ordinary share	<b>360</b>	<b>336</b>
2011 proposed final dividend of HK\$0.32 (2010: HK\$0.38) per ordinary share	<b>768</b>	<b>911</b>
	<b>1,128</b>	<b>1,247</b>

At the meeting held on 21 March 2012, the directors proposed final dividend of HK\$0.32 (2010: HK\$0.38) per ordinary share. This proposed dividend, which is calculated on the Company's number of ordinary shares as at the date of the board meeting, is not recognised as a liability in these financial statements. The total dividends paid by the Company, including the final dividend for the year 2010, amounting to HK\$1,271 million (2010: HK\$1,175 million) are reflected in the current year financial statements.

## 10. Earnings per share

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>For continuing and discontinued operations</b>		
The calculation of the basic and diluted earnings per share is based on the following data:		
<b>Earnings</b>		
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	<u>2,832</u>	5,674

	2011	2010
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,398,928,915	2,397,120,695
Effect of dilutive potential ordinary shares:		
- Share options	<u>4,928,267</u>	6,254,157
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,403,857,182</u>	2,403,374,852

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
<b>For continuing operations</b>		
The calculation of the basic and diluted earnings per share is based on the following data:		
<b>Earnings</b>		
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	2,832	5,674
Less:		
Profit attributable to shareholders of the Company from discontinued operations	<u>-</u>	(3,001)
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share from continuing operations	<u>2,832</u>	2,673

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

### For discontinued operations

For the year ended 31 December 2010, basic earnings per share and diluted earnings per share for the discontinued operation are HK\$1.25 per share and HK\$1.25 per share respectively, based on the profit attributable to shareholders of the Company from the discontinued operation of HK\$3,001 million and the denominators detailed above for both basic and diluted earnings per share.

## 11. Trade and other receivables

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
Trade receivables	1,553	1,331
Provision for doubtful debts	<u>(68)</u>	(104)
	1,485	1,227
Value-added tax recoverable	3,347	1,907
Prepayments	2,627	1,182
Deposits paid	2,455	409
Other receivables	1,589	2,066
Amounts due from fellow subsidiaries	3	11
Amounts due from associates	<u>28</u>	41
	<u>11,534</u>	6,843

The Group normally trades with its customers under the following credit terms:

- a) cash upon delivery; and
- b) open credit within 60 days

### 11. Trade and other receivables – continued

The following is the aging analysis of trade receivables at the balance sheet date:

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
0 – 30 days	883	675
31 – 60 days	235	240
61 – 90 days	85	93
> 90 days	282	219
	<u>1,485</u>	<u>1,227</u>

The fair value of the Group's trade and other receivables at balance sheet date was approximate to the corresponding carrying amount.

### 12. Trade and other payables

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
Trade payables	18,546	13,592
Receipt in advance	11,084	7,067
Accruals	5,913	4,577
Deposit received	4,712	3,227
Other payables	5,136	3,803
Amount due to a holding company	-	118
Amounts due to fellow subsidiaries	90	87
Amounts due to associates	6	5
	<u>45,487</u>	<u>32,476</u>

The following is an aging analysis of trade payables at the balance sheet date:

	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
0 – 30 days	10,739	7,640
31 – 60 days	2,333	2,967
61 – 90 days	3,688	1,061
> 90 days	1,786	1,924
	<u>18,546</u>	<u>13,592</u>

The fair value of the Group's trade and other payables at balance sheet date was approximate to the corresponding carrying amount.

### 13. Other Information

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011 have been reviewed by the Audit Committee of the Company and audited by the Company's auditor, Deloitte Touche Tohmatsu. An unqualified auditors' report will be included in the Annual Report to shareholders.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

#### Retail

The Group's retail division recorded turnover of HK\$70,088 million and attributable profit of HK\$1,736 million in 2011, representing an increase of 27.1% and a decrease of 10.1% year-on-year, respectively. Excluding the after-tax revaluation surplus, the attributable profit of the division in 2011 would have decreased by 2.7%.

The Group's retail division mainly consists of supermarkets, “中藝 Chinese Arts & Crafts” stores, “華潤堂 CR Care” stores, “采活 Vivo” health and beauty stores and “Pacific Coffee” shops. As at the end of 2011, the Group operated around 4,000 stores in China, of which approximately 78% were self-operated while the rest were franchised.

During the year under review, the home purchase restrictions imposed by the central government had dragged down property prices and transaction volumes in some of the major cities in China. At the same time, the lackluster performance of the stock markets in China triggered a contraction of wealth nationwide. Despite the recent decline in the consumer price index in China, inflation remains high as food prices continue to rise. As a result, consumer sentiment has been affected. Benefiting from the rising prices of consumer goods during the year under review, same store sales of our retail division increased by 10.9% year-on-year. The Group's retail division strives to provide the best products to its customers and will continue to enrich its product mix so as to meet the customer demand such as consumption habits and preferences in all localities. The division is also in the process of renovating its stores and upgrading store layout with the aim of enhancing the shopping experience of customers while implementing marketing and promotional campaigns to boost customer flow at the same time.

During the year under review, the increases in minimum wage levels in different regions have exerted pressure on the labor-intensive retail industry. In addition, the Urban Maintenance and Construction Tax and Education Surcharges imposed on foreign enterprises have pushed up the operating costs of the Group's retail division and influenced its short-term operating profit. In response to these developments, the division has carried out various measures to control costs such as leveraging its economies of scale, modifying operational flow, enhancing operational efficiency, as well as minimizing energy consumption and inventory wastage.

To further enhance the market share in China's retail industry, the Group's supermarkets and specialty stores have established their new stores in various new markets such as Hunan and Chongqing, adopting a strong regional multi-format business model that will form a solid foundation for future business growth. However, as new stores require time to adapt to the consumption habits of local customers while facing fierce competition from local retail operators, certain new stores have yet to generate profit in their initial stages of operation. The Group's retail division will engage in a wide range of initiatives to accelerate improvements in operational performance in the new markets. These initiatives include building networks in the new regions, reviewing product mix and operational strategy, optimizing supply chain management, emphasizing the recruitment and training of talent, upholding exemplary standards of management and operational efficiency and fostering the synergies of different business formats.

Besides, the Group's retail division entered into an agreement in July 2011 to acquire a 100% interest in Jiangxi Hongkelong Department Store Investment Company Limited ("Hongkelong Department Store") at a consideration of RMB3,690 million. Hongkelong Department Store is a competitive retail chain operator in Jiangxi Province. Through the acquisition, the Group immediately expands its retail business into Jiangxi Province and gains an advantageous market position in the region, thereby further enhancing its network and competitiveness in China's retail market.

China's "12th Five-Year Plan" places great strategic importance on boosting domestic consumption and transforming the structure of China's economic growth, a shift that represents a long-term impetus to China's retail industry. Furthermore, rising personal incomes and the increased threshold for personal income tax have boosted consumer spending, which have in turn stimulated sales of daily consumer goods such as fresh food and other food products.

Looking ahead, the Group's retail division is committed to its strategy of national expansion with an emphasis on strong regional leadership and creating synergies with its multi-format business platform. In addition to stepping up its efforts in developing the mature markets to consolidate its leading market position, the division will also accelerate its expansion into third-to-fourth tier cities, as well as into counties, towns and villages.

## **Beer**

The Group's beer division recorded turnover of HK\$26,689 million and attributable profit of HK\$785 million in 2011, representing year-on-year increases of 23.9% and 14.6%, respectively.

During the year, the Group's beer division continued to strengthen its sales network, enhance its services at points of sale, and adopt sales strategies tailored to specific market segments so as to boost sales. However, during the third quarter of the year under review, a traditional peak season for beer sales, an unusual number of rainy and cloudy days and higher-than-normal levels of rainfall recorded in the Yangtze River Delta region, of which being one of the leading markets, has affected the Group's overall growth of beer sales. In 2011, the Group's beer sales volume increased by 10% to approximately 10,235,000 kiloliters. This has marked a milestone for the division as its sales volume has reached over 10,000,000 kiloliters for the first time. In 2011, sales volume of the Group's national "雪花 Snow" brand was approximately 9,172,000 kiloliters, approximately 90% of the total sales volume. The Group's beer division has a market share of over 20% as at the end of 2011 and our "雪花 Snow" brand beer has been the best-selling single beer brand in China in terms of sales volume for seven consecutive years\*.

Further industry consolidation intensified market competition of beer industry in China. The rising costs of primary and secondary raw materials, together with higher labor costs and the Urban Maintenance and Construction Tax and Education Surcharges imposed on foreign enterprises, have driven up operating costs. By leveraging its economies of scale, the Group's beer division further enhanced its procurement, production and energy efficiency to relieve cost pressures. In addition, the division made a concerted effort to enhance product mix and to lift sales of premium beer products, which in turn raise average selling prices and stabilize profitability.

*\*According to the research statistics of China Alcoholic Drinks Industry Association( 中國釀酒工業協會)*

To further consolidate its leading position in China's beer market, the Group's beer division continued to enhance its production capacity by building and acquiring new breweries as well as reconfiguring and expanding its existing breweries. The division's newly acquired breweries in Liaoning, Jiangsu, Henan, Shanghai and Guizhou commenced operation during the year under review. As at the end of 2011, the Group operated around 80 breweries in China with an aggregate annual production capacity of more than 15,300,000 kiloliters.

Looking ahead, the Group's beer division will continue to promote the “雪花 Snow” brand with “The Great Expedition” (“勇闖天涯”) marketing series with the aim of enhancing its brand reputation and customer loyalty to the brand. The beer division will foster cooperation with suppliers and enhance its sales network to strengthen its leading position in the market. At the same time, the division will continue to seek and evaluate investment opportunities in a prudent manner while pursuing organic growth in order to achieve greater market share and to consolidate its leading market position.

## **Food**

The food division reported turnover of HK\$10,706 million and attributable profit of HK\$278 million in 2011, representing an increase of 28.9% and a decrease of 33.5% year-on-year, respectively. Excluding the net revaluation surplus and after-tax profits from the reduction of certain equity interests in its strategic investments, the division's attributable profit would have decreased by 18.1% year-on-year in 2011.

During the year under review, the rising price of pig feeds and the market supply of live pigs resulted in higher costs of live pigs. With higher costs of procuring live pigs, raw materials and labor, as well as lower consumer demand for pork arising from higher pork prices, the business environment for China's meat industry has become challenging, thereby affected the division's operating profit. In order to maintain its competitive edge, the division enhanced the integrated quality supply system for livestock raising, slaughtering, meat processing, cold storage and trading to points of sale, while at the same time continued the enhancement in product mix and value-added products.

Benefiting from the synergy with its livestock raising business in China, the division's livestock distribution operation in Hong Kong maintained its leadership in market share. However, the rising cost pressure of mainland imported live pigs was not able to be absorbed in a short period of time and has affected the operating profit for the year under review.

Through active promotion and marketing of the “五豐 Ng Fung” brand, the Group's assorted foodstuff operation recorded a satisfactory growth in its operating results during the year under review. By setting up sales branches in Wanan, Hefei and Shanghai, the division's frozen food and ice-cream operation made further inroads into Zhejiang nearby markets of Jiangsu and Anhui. The operation also enhanced the market share and brand reputation in Jiangsu by launching various marketing and brand promotion activities, which in turn increased both sales volume and profitability.

The operating profit of the marine fishing and aquatic products processing operation was affected by the rising diesel price during the year under review. Leveraging its trading platform for aquatic products in Hangzhou and Shanghai, the division expanded its deep-sea aquatic product business in China under the “五豐 Ng Fung” brand, boosting its brand reputation in this market.

Looking ahead, China remains a key market for the growth of the Group's food division. Upon completion of the organization restructuring and team building according to its strategic plan in the year under review, the division will swiftly focus on enhancing its operational efficiency, speed up its development strategy and seek to strengthen and expand its business in China through acquisitions.

## **Beverage**

The beverage division reported turnover of HK\$3,112 million and attributable profit of HK\$126 million in 2011, representing an increase of 49.6% and a decrease of 18.7% year-on-year, respectively. The decrease in attributable profit was mainly resulted from the diluted earnings contribution as a result of the formation of a joint venture with Kirin Holdings Company, Limited ("Kirin Holdings") in mid-August 2011. On the other hand, the formation of the joint venture resulted in a net cash consideration received by the Group of approximately HK\$3.2 billion.

With its flagship "怡寶 C'estbon" brand of purified water, the Group's beverage division recorded total sales volume of approximately 2,642,000 kiloliters in 2011, representing an increase of 34.5% year-on-year. During the year under review, the division's strategy of focusing resources on developing selected target markets paid off. Our beverage network now covers all of Sichuan, while Hunan has become our second largest market after Guangdong. Moreover, the division's "加林山 Jialinshan" mineral water operation modified and consolidated its distribution channel and introduced lightweight packaging. Sustained sales volume growth delivered gross profit growth, which in turn alleviated most of the pressure from rising packaging and other operating costs. In a move designed to further enhance the brand awareness of the "怡寶 C'estbon", the division entered into a strategic cooperation agreement with the Chinese National Table Tennis Team, for which "怡寶 C'estbon" was made the exclusive official provider of drinking water for the team.

Pursuant to the establishment of the joint venture, the existing products of "麒麟 Kirin" operation have started to be sold in China through the division's extensive distribution channels, realizing the synergy from shared resources. The beverage market in China continues to show considerable growth potential and is paving the way for the sustained development of the Group's beverage division. Riding on the division's extensive distribution capabilities in China and complemented by the extensive product portfolio, operational and technical expertise, as well as excellent product development capabilities of Kirin Holdings, the division will be transformed to a powerful contender in China's non-alcoholic beverage market.

## ***FINANCIAL REVIEW***

### **Capital and Funding**

As at 31 December 2011, the Group's consolidated cash and bank balance amounted to HK\$18,514 million. The Group's borrowings as at 31 December 2011 were HK\$15,534 million with HK\$7,092 million repayable within one year, HK\$8,438 million repayable after one year but within five years and HK\$4 million repayable after five years.

The Group was at a net cash position as at 31 December 2011 and 31 December 2010.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 31 December 2011, 41.7% of the Group's cash deposit balance was held in Hong Kong dollars, 55.9% in Renminbi and 1.9% in US dollars; whereas 84.5% of the Group's borrowings was denominated in Hong Kong dollars and 12.7% in Renminbi and 2.8% in US dollars. The Group's borrowings are principally on a floating rate basis. To mitigate the interest rate exposure, the Group entered into certain interest rate swaps to hedge part of its borrowings.

As the majority of the Group's assets, liabilities, revenue and payments are denominated in functional currencies of the respective group entity, the expected foreign currency exposure is minimal.

### **Pledge of Assets**

As at 31 December 2011, assets with a carrying value of HK\$306 million (31 December 2010: HK\$234 million) were pledged for bank borrowings and notes payable.

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 31 December 2011.

## **CORPORATE GOVERNANCE**

It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value. The Company is committed to attaining and maintaining high standards of corporate governance and adopts principles of corporate governance emphasizing a quality board, accountability to all stakeholders, open communication and fair disclosure.

The Company has adopted the Corporate Governance Practice Manual which incorporates almost all the Code Provisions and, where appropriate, recommended best practices of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force ("CG Code").

Throughout the year ended 31 December 2011, the Company has complied with all the Code Provisions in the CG Code for the time being in force, with deviation from Code Provision A.4.1 of the CG Code. All Directors (including Executive and Non-Executive Directors) are not appointed for a fixed term. The Board does not believe in any arbitrary term of office and would like to retain sufficient flexibility to organize the composition of the Board to serve the needs of the Group. The Articles of Association of the Company require that one-third of the Directors shall retire at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire shall be those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

The Company has exceeded the requirements under the Listing Rules and the CG Code in various areas of its corporate governance practices. Since November 2002, to enable the shareholders to appraise the operations and performance of the Group, the Group has been releasing quarterly financial and operational review. The Company also exceeded the minimum requirements under the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with five Independent Non-Executive Directors. Throughout the year of 2011, the Company has maintained the proportion of its Independent Non-Executive Directors to at least one-third of the total members of the Board.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **EMPLOYEES**

As at 31 December 2011, the Group, excluding its associated companies, had a staff size of around 200,000, amongst which about 95% were employed in the Chinese Mainland, whilst the rest were mainly in Hong Kong and overseas. Remuneration packages are assessed in accordance with the nature of job duties, individual performance and market trends with built-in merit components, paid in the form of cash bonuses.

## **AUDITORS**

According to the relevant regulations issued by the Ministry of Finance of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council regarding the audit work on financial statements of state-owned enterprises, there are restrictions in respect of the years of audit services that an accounting firm can continuously provide to a state-owned enterprise. The Company is a subsidiary of China Resources (Holdings) Company Limited ("CRH") which is a state-owned enterprise, and since the number of years that the Company has continuously engaged its existing auditor, Deloitte Touche Tohmatsu, has exceeded the prescribed time limit, Deloitte Touche Tohmatsu will retire as the auditor of the Company with effect from the conclusion of the forthcoming annual general meeting of the Company and will not be re-appointed. Special notice has been given by a shareholder of the Company which is a subsidiary of CRH, pursuant to Sections 116C and 132(1) of the Hong Kong Companies Ordinance, of the intention to propose the following resolution as an ordinary resolution at the forthcoming annual general meeting:

"THAT PricewaterhouseCoopers be appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company at a remuneration to be fixed by the directors of the Company."

The Board has resolved, with the endorsement of the Audit Committee of the Company, to recommend the appointment of PricewaterhouseCoopers as the new auditor of the Company following the above-mentioned retirement of Deloitte Touche Tohmatsu and such proposed appointment is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

The Company has received a confirmation letter from Deloitte Touche Tohmatsu confirming that there are no matters connected with its retirement that should be brought to the attention of the shareholders of the Company. The Board has confirmed that there are no matters in respect of the proposed change of auditor that need to be brought to the attention of the shareholders of the Company.

By order of the Board

**CHEN LANG**

*Chief Executive Officer and Executive Director*

Hong Kong, 21 March 2012

*As at the date of this announcement, the Executive Directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Chief Executive Officer) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Yan Biao, Mr. Wei Bin, Mr. Du Wenmin, Mr. Shi Shanbo and Dr. Zhang Haipeng. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.*