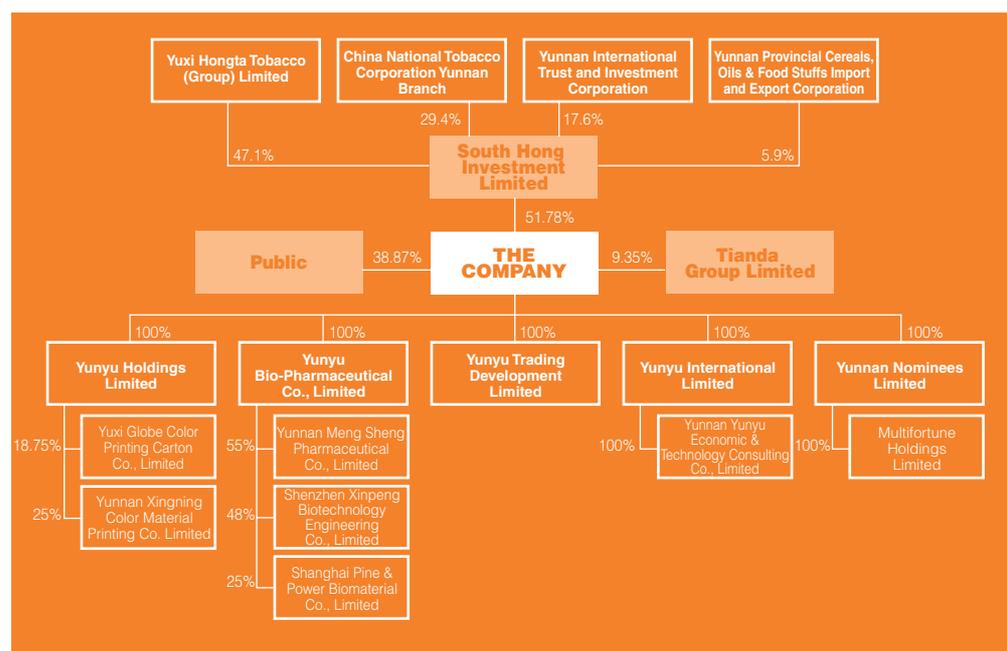


CORPORATE PROFILE & INTRODUCTION TO YUXI HONGTA

Yunnan Enterprises Holdings Limited is a company incorporated in the Cayman Islands with limited liability and is listed on The Stock Exchange of Hong Kong Limited. Its principal activity is investment holding. The principle activities of its subsidiaries include sales of pharmaceutical products, property holding, provision of agency services for trading of cigarette and other related products, provision of management and consultancy services and the investment in cigarette packaging and printing joint venture in China. It also holds a 48% equity interest in Shenzhen Xinpeng Biotechnology Engineering Company Limited and a 25% equity interest in Yunnan Xingning Color Material Printing Co., Limited.

South Hong Investment Limited ("South Hong") is the controlling shareholder of the Company, holding 51.78% of the issued share capital. South Hong is an investment company formed by a group of leading enterprises in Yunnan Province, the People's Republic of China, namely, China National Tobacco Corporation Yunnan Branch, Yuxi Hongta Tobacco (Group) Limited, Yunnan International Trust and Investment Corporation and Yunnan Provincial Cereals, Oils & Food Stuffs Import and Export Corporation.

The shareholding structure as at 31 March 2005 is shown as follows:



Yuxi Hongta Tobacco (Group) Limited (“Yuxi Hongta”) was established in 1995 after a business transform from Yuxi Cigarette Factory, which was founded in 1956. Since then, it has developed into a diversified business group, taking tobacco production as its core business.

Through a series of business reforms, the group was able to grow and expand its capabilities. It is the leader in the tobacco industry in China and has become a trans-industry, trans-regional conglomerate. The group's cigarette manufacturing process has realized high efficiency, continuity and automation, while the management process is networked. Products such as “Hongtashan”, “Yuxi”, “Ashima”, “Hongmei” have gained honours both on a provincial and ministerial level for their quality. In addition, “Hongtashan” received the gold prize in the National Quality Awards, and was recognized as a leading brand name in China by the National Industry and Commerce Bureau of the People’s Republic of China. The group’s projects had achieved outstanding recognition with the following awards: “Economic Efficient Enterprise” from the Yunnan Provincial Government and the State Tobacco Monopoly Bureau for several years, the “State First Class Enterprise” award in 1991, “National Excellent Enterprise Management (Gold)” in 1993 and ISO9002 certification in July 1999.