

管理層討論與分析

Management Discussion and Analysis

業務回顧 REVIEW OF OPERATIONS



石油及 化學品 經銷 Petroleum and Chemical Distribution

二零零四年石油及化學品經銷業務的營業額為港幣18,680,900,000元，較二零零三年增長48.7%。二零零四年本業務的應佔溢利增長23.7%至港幣524,500,000元。若剔除於二零零四年因出售本集團所持有聯營公司—青島齊潤石油化工有限公司（「青島齊潤」）的30%權益而獲得港幣240,500,000元進賬及於二零零三年因出售本集團所持有在香港國際機場的航空燃料補給設施的權益而獲得一項利益的進賬，則二零零四年度的應佔溢利比二零零三年增長18.8%。

本年內，國際石油價格攀升，截至十月中，石油價格徘徊於每桶55美元左右。儘管石油價格於本年度最後一個季度輕微下調，惟與二零零三年相比，其價格仍維持在較高水平，這亦導致石油及化學品的價格升至前所未見的高位。可幸在這艱巨的經營環境下，本年度的整體毛利率仍可維持。

本年度營業額增長是由於成品油銷量增加和油價上升。成品油銷量增加主要是二零零四年初取得多項航空煤油的供應合同。銷量增長有助減低因全球石油價格快速上漲而毛利率下滑的影響。受惠於本年度第三季內地化工品市場競爭緩和及銷量增長9.1%，二零零四年化工產品業務純利大幅提升。蘇州的管道燃氣業務亦於本年度錄得理想純利貢獻。

Turnover of the petroleum and chemical distribution division for 2004 was HK\$18,680.9 million, an increase of 48.7% over 2003. Attributable profit of the division for 2004 rose by 23.7% to HK\$524.5 million. Excluding a gain of HK\$240.5 million from the disposal of its 30% interest in Qingdao Qirun Petrochemical Co., Ltd. ("Qingdao Qirun"), an associated company of the Group in 2004 and the sharing of a gain from the disposal of our interest in the aviation fuel facility at the Hong Kong International Airport in 2003, attributable profit for 2004 would have increased by 18.8% over 2003.

The international oil prices surged considerably during the year and have been hovering around USD55 a barrel by mid October. Although prices were slightly adjusted in the last quarter of the year, oil prices remained at relatively high level as compared to 2003, which also translated to unprecedented high prices of petroleum and chemical products. Despite the severely difficult operating environment during the year, the overall gross margins could still be maintained.

Turnover growth was boosted by both volume increase and surge in oil prices. The sales volume increase was attributable to the aviation fuel supply contracts secured in early 2004. The growth in sales volume helped compensate the decline in gross margin caused by the escalation of world oil prices. The chemical operation, benefited from a less competitive domestic environment in the Chinese Mainland and a 9.1% sales volume growth in the third quarter of the year, resulted in substantial improvement in net profit for 2004. The piped gas operation in Suzhou also reported satisfactory net profit contribution for the year.

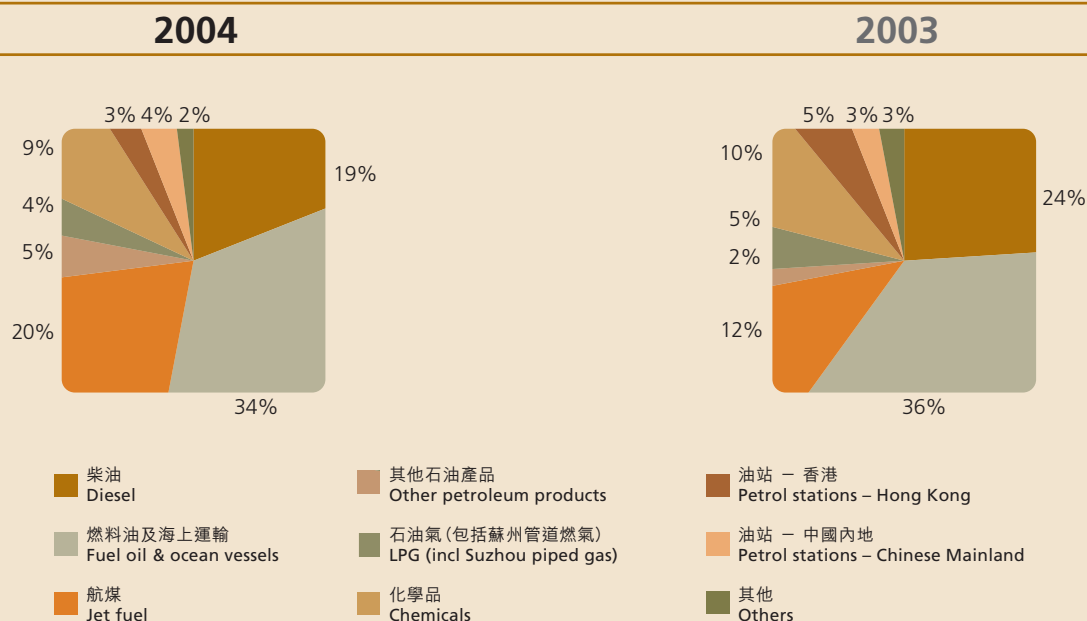
本業務實行將非核心資產出售的計劃，使資源重新調配，以配合抓緊在中國內地增長潛力巨大的管道燃氣行業投資機會。於二零零四年十月，本集團成功收購成都市燃氣有限公司的36%權益，此舉進一步鞏固本集團在中國內地管道燃氣行業的市場地位，亦為本集團長遠而言可獲得更強勁的增長潛力打下牢固基礎。本集團於二零零四年十一月訂立協議，出售於青島擁有及經營若干儲油設施的聯營公司—青島齊潤40.5%股權當中的30%股權，代價為人民幣355,560,000元。及後，亦於二零零五年一月出售本集團擁有青島齊潤剩下之10.5%股權，代價為人民幣124,400,000元。

憑着本集團在蘇州和成都的管道燃氣投資經驗，以及預期隨着中國內地市場經濟持續增長所導致對石油及化工品的需求日益增長，本集團將審慎尋求在中國內地的燃氣及其他化工品下游領域的業務之擴充機遇，同時保持理想的利潤。

The division implemented its plan to divest its non-core investment assets in order to re-channel the resources to capture investment opportunities in piped gas industry, which proved to have great potential for growth in the Chinese Mainland. In October 2004, the successful acquisition of a 36% stake in Chengdu City Gas Co. Ltd further consolidated the Group's market presence in the piped gas industry in the Chinese Mainland. This favourably positions the Group for stronger growth potential in the long run. In November 2004, the Group entered into an agreement to dispose of 30% equity interest in its 40.5% owned associated company, Qingdao Qirun, which owns and operates some oil storage facilities in Qingdao, at a consideration of RMB355.56 million. The remaining 10.5% equity in Qingdao Qirun was also subsequently disposed in January 2005 at a consideration of RMB124.4 million.

With our experience in the Suzhou and Chengdu piped gas investments, and in anticipation of the growing demand for petroleum and chemical products that come from the continuous economic growth in the Mainland market, the Group will prudently look for business expansion opportunities in gas fuel and other downstream chemical products in the Chinese Mainland, while sustaining margins within our target levels.

石油及化學品經銷業務營業額之明細
Turnover breakdown of petroleum and chemical distribution



放眼明天 Tomorrow...



琳琅滿目 ...
Full Range of...

... 簇新選擇

... Fresh
Selection



零售 Retail

本集團的零售業務主要由以下三類業務模式組成：(1) 超級市場及物流；(2) 在中國內地的品牌時尚產品經銷業務及(3) 其他零售店業務。

二零零四年本集團零售業務在營業額及盈利能力方面均有顯著改善，其營業額達港幣13,898,100,000元，較二零零三年增長41.4%。應佔溢利達港幣83,000,000元，二零零三年虧損則為港幣98,800,000元。

儘管中國實施宏觀調控措施，但二零零四年GDP增長達9.5%。隨着生活水平不斷改善，尤其是經濟發達城市及周邊地區，其人口優勢及強大的內需將繼續令零售行業獲得強勁增長。

於二零零四年，香港經濟復甦大大改善零售市場環境。在自由行帶動下，旅遊業持續令零售業受惠。隨着一所位於大嶼山的主題公園將於二零零五年第三季度開幕，屆時旅遊業將會更興旺，預期經濟可望持續復甦。

超級市場及物流

二零零四年超級市場及物流業務的營業額錄得港幣11,941,500,000元，較去年增長51.5%。二零零四年應佔溢利為港幣23,700,000元，而二零零三年則錄得港幣106,500,000元虧損。

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 2004, our retail division reported an encouraging improvement in both turnover and profitability. Turnover of the Group's retail division was HK\$13,898.1 million, a 41.4% increase over 2003. Attributable profit was HK\$83.0 million, against a loss of HK\$98.8 million in 2003.

Despite the macro-economic control measures, China's GDP grew 9.5% in 2004. On the back of improvement over living standard, especially in the urban and sub-urban regions, favourable demographics and strong domestic demand will continue to drive robust growth in the retail industry.

Economic recovery in Hong Kong greatly improved the retail market environment in 2004. Flourishing tourism driven by the Individual Travel Scheme continues to benefit the retail sector. It is anticipated that the economy will continue to revive as tourism will be fuelled by the opening of a theme park on the Lantau Island in the third quarter of 2005.

Supermarket and logistics

Turnover of the supermarket and logistics operation for 2004 was HK\$11,941.5 million, an increase of 51.5% over last year. Attributable profit for 2004 was HK\$23.7 million, recovered from a loss of HK\$106.5 million in 2003.

本集團現時透過三家附屬集團公司經營超市業務，包括華潤萬家有限公司、蘇果超市有限公司及華潤萬家(香港)有限公司(前稱華潤超級市場(香港)有限公司)。於二零零四年年底，本集團在香港及中國內地總共經營約1,800間店舖，當中45%是直接經營，其餘是特許經營的。

截至二零零四年十二月三十一日止年度的營業額大幅上升，主要原因是合併蘇果超市的營業額、大型超市的銷售得以從二零零三年非典型肺炎爆發中復甦及根據擴充計劃新開的店舖和物流業務貢獻的銷售。

二零零四年，超級市場及物流業務的虧損淨額收窄，未計息、稅、折舊及攤銷前綜合盈利(「EBITDA」)為港幣402,400,000元，較二零零三年大幅改善310.0%。

中國內地業務在二零零四年取得實質進步。此外，來自供應商的收益(包括通道費收入和進貨返利收入)增加25.1%，也有助於提升經營業績。

二零零四年華北地區業務營業額增加11.8%，虧損淨額減少59.9%，皆因實施嚴格成本控制措施及透過更佳的价格協商增加來自供應商的收益所致。

華東地區業務(包括蘇果)在二零零四年表現尤其良好，平均錄得13.5%同店增長之可觀數字。受惠於具競爭力的價格策略、最佳商品組合及大量符合本地口味的消費品及加上不斷增長的業務規模，於本年度，華東業務在營業額及純利兩方面均錄得理想增長。

The Group currently operates its supermarket business through three groups of subsidiaries, namely, 華潤萬家有限公司 China Resources Vanguard Co. Ltd., 蘇果超市有限公司 Suguo Supermarket Co., Ltd ("Suguo") and China Resources Vanguard (Hong Kong) Company Limited (formerly known as China Resources Supermarket (Hong Kong) Company Limited). By the end of 2004, the Group operated a total of approximately 1,800 stores in Hong Kong and the Chinese Mainland, of which 45% are self-operated while the rest are franchised stores.

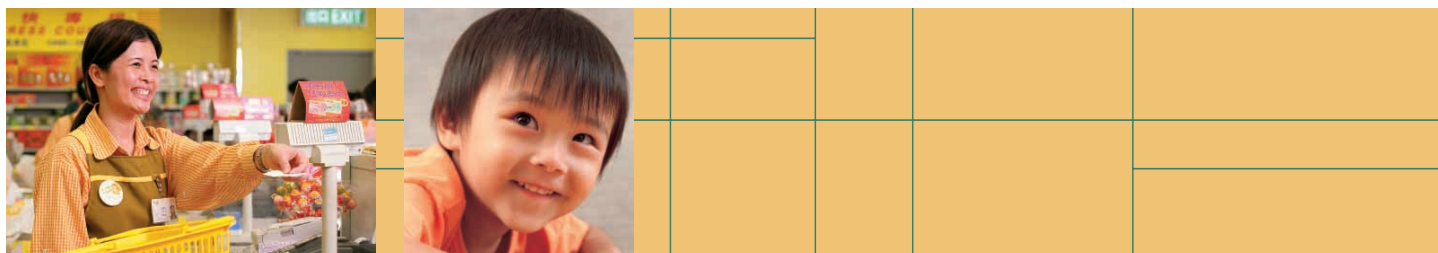
The substantial increase in turnover for the year ended 31 December 2004 was mainly attributable to the consolidation of turnover of Suguo, the recovery of hypermarket sales from the outbreak of SARS in 2003, together with the sales contributed by the newly opened stores and the logistics operations.

For 2004, the supermarket and logistics business reduced its net loss with consolidated earnings before interest, tax, depreciation and amortization ("EBITDA") amounted to HK\$402.4 million, a significant improvement by 310.0% over 2003.

2004 saw a substantial improvement of the Chinese Mainland operation. Moreover, the 25.1% increase in payments from suppliers, including incentives, store display and promotion income helped improve the operating result.

The Northern China operation reported a turnover increase of 11.8% while net loss reduced by 59.9% for 2004 as a result of stringent cost controls in place and increase in payments from suppliers through better price negotiation.

The Eastern China operation, including Suguo, was particularly well performed in 2004. An encouraging same store growth of 13.5% on average was recorded. Benefited from competitive pricing strategies, optimal merchandise composition, broad variety of consumer products adapted to local preferences, coupled with the increase in scale of operation, the Eastern China operation reported a satisfactory growth in both turnover and net profit for the year.



華南地區在重組商品組合及關閉效益差的店舖方面所做的努力改善了經營業績，引致二零零四年虧損收窄25.3%。作為業務發展策略的一部份，最後一個季度的部份支出用於全新超市業態的創建和推廣，例如LifeStyle，預期日後可從更廣泛的顧客群中開拓新的收入來源。

二零零四年香港業務營業額增加12.6%，純利顯著改善120.4%。隨着香港經濟反彈，對倉儲需求日益增長，令二零零四年物流業務受惠。

為進一步統一管理職能、減低行政費用、按業態加強管理，及強化超市及物流業務與供應商之關係，本集團於二零零四年十二月與控股公司訂立協議，收購華潤萬家剩餘35%權益及蘇果的額外11.5%股權，總代價為港幣660,300,000元，將由本公司發行57,971,905股新股份支付。已於二零零五年三月獲中華人民共和國商務部批准，於收購事項完成後，華潤萬家將成為本集團全資擁有的附屬公司，而蘇果則由本集團擁有85%權益。

擴大銷售網絡和隨之而來的成本效益將令本集團受惠於統一採購、提升供應鏈效率在多業態中形成的協同效應。所有該等情況將可進一步改善整體盈利能力，並加強本集團超市業務在中國內地最富裕地區的市場領導地位。

In the Southern China, the efforts made in restructuring merchandise composition and closing of inefficient stores improved the operating result, with net loss reduced by 25.3% in 2004. As part of the business development strategies, there was expenditure incurred during the last quarter of 2004 for business promotions and new conceptual design of store formats, such as LifeStyle, which is expected to generate new income streams from more diversified customer groups in future.

The Hong Kong operation reported a 12.6% increase in turnover and substantial improvement in net profit of 120.4% for 2004. With the economic rebound in Hong Kong, there was growing demand for warehouse space, which therefore benefited our logistics business for 2004.

In order to centralize the management functions, reduce administrative expenses, promote management by store format and strengthen its position with its suppliers of the supermarket and logistics operation, the Group entered into an agreement with its parent companies for the acquisition of the remaining 35% interest in CR Vanguard and an additional 11.5% equity interest in Suguo in December 2004. Total consideration amounted to HK\$660.3 million, which is to be satisfied by the issue of 57,971,905 new shares of the Company. With the approval of the Ministry of Commerce of the People's Republic of China in March 2005, CR Vanguard will become the wholly owned subsidiary of the Group and Suguo will be 85% owned upon completion of the acquisition.

The expanded geographical spread and the associated cost benefits will allow the Group to substantially benefit from centralised procurement, improve productivity of the supply and logistics chain as well as synergies among multiple store formats. All these will further improve the overall profitability and strengthen our market leadership in the most affluent regions in the Chinese Mainland.



品牌時尚產品經銷

二零零四年品牌時尚產品經銷營業額為港幣1,140,700,000元，增長13.0%。二零零四年本業務的應佔溢利為港幣31,000,000元，而二零零三年的虧損淨額則為港幣18,900,000元。

於二零零四年十二月底，本集團在中國內地指定城市透過約700間自營及特許經營店，經銷10個國際品牌。

本年度的銷售情況取得增長，主要是由於「Esprit」品牌通過提高批發業務營業額、有效的市場推廣宣傳，以及增加自營店鋪數量使得銷售額增加所致。

「CK Jeans」業務在二零零四年的發展更為成熟，業務主要集中於發展特許經營業務，品牌表現顯著改善。特許經營店營業額增長92.8%，經營成本及資本開支大幅減少。本年度基於特許經營業務大幅增加84.9%，「Dunhill」品牌的營業額貢獻亦有不俗表現。

本集團將持續加強其經銷網絡、提升經營成本效益及增強其品牌組合的整體盈利能力，以抓住中國內地經濟快速增長可能產生的擴充業務機會。

其他零售店

二零零四年其他零售店業務營業額為港幣816,000,000元，較去年下跌13.0%。二零零四年應佔溢利為港幣28,300,000元，較去年增長5.8%。

於二零零四年十二月底，本集團在香港經營的其他零售店包括5間中藝、1間華潤百貨及31間華潤堂。

Brand-fashion distribution

Turnover of the brand-fashion distribution segment for 2004 rose by 13.0% to HK\$1,140.7 million. Attributable profit of the segment for 2004 amounted to HK\$31.0 million, as compared to a net loss of HK\$18.9 million in 2003.

By the end of December 2004, the Group distributed 10 international brands through approximately 700 self-operated and franchised stores at designated cities in the Chinese Mainland.

The sales improvement for the year was mainly driven by the increase in sales of "Esprit" brand, which was attributable to the turnover growth from the wholesale business, effective marketing promotion as well as the increase in number of self-operated stores.

As the "CK Jeans" business has evolved to a more developed stage in 2004, operation focus was primarily on the management of franchised stores and marked improvement in its brand performance was recorded this year. The turnover of franchised stores increased by 92.8% with operating costs and capital expenditure substantially reduced. Turnover contribution from the "Dunhill" brand for the year was also satisfactory due to a notable increase of 84.9% in the franchise business.

The Group will continue to strengthen its distribution network, improve operating cost efficiency and enhance the overall profitability of its portfolio of brands to capitalize on the expansion opportunities that may arise from the rapid economic growth of the Chinese Mainland.

Other retail stores

Turnover of other retail stores segment for 2004 was HK\$816.0 million, a decrease of 13.0% over last year. Attributable profit of the segment for 2004 was HK\$28.3 million, representing an increase of 5.8% over last year.

By the end of December 2004, the Group's other retail chain stores in Hong Kong consisted of 5 Chinese Arts & Crafts Stores 中藝, 1 CRC Department Store 華潤百貨 and 31 CR Care Stores 華潤堂.

營業額整體下降主要由於分別位於旺角及軒尼詩道的店舖相繼於二零零三年及二零零四年結業所致。年內，由於本地經濟復甦及產品組合增強，整體的經營溢利改善，提升了本業務的盈利能力。在品牌宣傳及銷售組合管理方面作出的巨大努力令中藝業務於本年度的利潤繼續保持增長。

位於旺角和軒尼詩道的兩間店舖相繼於二零零三年及二零零四年結業，加上新開店舖導致經營開支增加，均削弱了二零零四年華潤堂業務的盈利能力。

隨着本港消費開支持續改善及大量內地遊客來港旅遊，零售增長前景樂觀。一所位於大嶼山的主題公園預期將於二零零五年第三季度開幕，這將進一步促進整體零售發展。

Overall decline in turnover was primarily due to the successive closure of stores in Mongkok and Hennessy Road respectively in 2003 and 2004. Improvement in overall operating margins due to local economic recovery and product mix enhancement helped improve the profitability of the segment. Strenuous efforts in brand promotion and sales mix management sustained margin growth of Chinese Arts & Crafts Stores 中藝 operations during the year.

The closure of stores in Mongkok and Hennessy Road respectively in 2003 and 2004 and increased operating expenses due to opening of new stores have collectively brought down the profitability of CR Care Stores 華潤堂 operation in 2004.

With the continued improvement in local consumption expenditure and the rising number of inbound visitors to Hong Kong, retail sales growth prospects are encouraging. The anticipated completion of the theme park on the Lantau Island in the third quarter of 2005 will further boost the overall retail sales.

放眼明天 Tomorrow...

色香味美 ...
Great Taste in...

... 新鮮食品
... Fresh
Food





食品加工及經銷 Food Processing and Distribution

二零零四年，食品加工及經銷業務錄得營業額及應佔溢利分別為港幣5,434,000,000元及港幣396,200,000元，分別較二零零三年增長13.2%及16.6%。應佔溢利的增長主要是因聯營公司—湖南新五豐股份有限公司與河北福成五豐食品股份有限公司的股份分別於二零零四年六月及七月在上海證券交易所成功上市，權益被攤薄所產生的溢利所致。

香港市民健康意識提高導致對品牌食品需求上升，本集團有效宣傳「五豐」品牌優質鮮肉，再加上凍肉經銷業務客源和產品組合擴大，該等措施帶動食品經銷業務銷量增長。透過與供應商的有效協商，本業務於本年度維持香港活畜供應的穩定。因此，儘管中國內地活畜價格攀升導致毛利下降，食品經銷業務仍維持理想的溢利貢獻。

儘管本年度受油價飆升影響導致燃料成本較高，但遠洋捕撈和水產品加工業務的純利仍然錄得20.1%增長。本集團不斷努力開闢更多優質魚場，提高船隊捕撈能力，改善銷售網絡及銷售較高檔的魚類和水產品，此等行動對改善盈利能力均見成效。

本集團基於在香港經銷食品的往績和競爭優勢，已按計劃逐步增加在中國內地肉類市場的投資。本集團於二零零四年七月完成收購深圳市食品總公司的70%權益。深圳市食品總公司為一家垂直整合企業，經營禽畜飼養、屠宰、肉類加工及家禽批發。上海的肉類加工中心正依期興建。本集團將會善用深圳及上海之投資項目，透過適當地豐富食品種類以及綜合的經銷網絡和品牌建立措施，進軍中國內地品牌食品經銷。

The food processing and distribution division reported turnover and attributable profit for 2004 of HK\$5,434.0 million and HK\$396.2 million respectively, a respective increase of 13.2% and 16.6% over 2003. The increase in attributable profit was mainly due to the recognition of deemed disposal profits from the dilution of our interests in two associated companies, Hunan New Wellfull Co., Ltd. and Fortune Ng Fung Food (Hebei) Co., Ltd. upon the successful listing of their shares on the Shanghai Stock Exchange in June and July 2004 respectively.

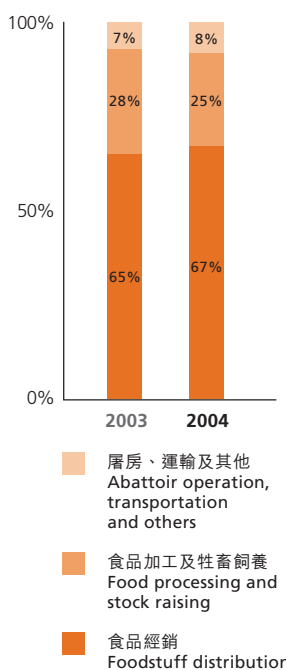
Increasing demand for branded food owing to rising health awareness of Hong Kong citizens, effective promotion of high quality fresh meat under the 五豐 brand name, coupled with a broadened customer base and product mix for frozen food distribution contributed to the sales volume growth of the foodstuff distribution operation. Through effective negotiation with suppliers, the operation has ensured stable supply of livestock to Hong Kong throughout the year. As a result, the foodstuff distribution operation sustained satisfactory profit contribution despite soaring prices of livestock from the Chinese Mainland that led to a decline in the margins.

Despite the high fuel costs due to the surging oil prices during the year, marine fishing and aquatic products processing operation reported an increase in net profit growth of 20.1% for the year. Continuous efforts in exploring more high quality fishing grounds, enhancing catching capability of the fishing fleet, improvement of sales network and selling more high-end fishes as well as aquatic products proved to be effective in improving profitability.

Backed by its track record and the competitive advantage of food distribution in Hong Kong, the Group has stepped up its investments in the Chinese Mainland meat market as planned. The acquisition of a 70% interest in Shenzhen General Food Corporation, a vertically integrated enterprise of livestock-raising, slaughtering, meat products processing and poultry wholesaling, was completed in July 2004. The construction of a meat processing centre in Shanghai is progressing on schedule. The Group will utilise its investments in the Shenzhen and Shanghai projects to enter branded food distribution in the Chinese Mainland, through appropriate food product enrichment together with integrated distribution networks and brand building.

食品加工及經銷業務營業額之明細

Turnover breakdown of food processing and distribution



放眼明天 Tomorrow...

無限歡欣 ...
Full of Joy...

... 全新口味
... Fresh
Taste





飲品 Beverage

二零零四年飲品業務錄得營業額及應佔純利分別為港幣5,079,400,000元及港幣113,000,000元，較二零零三年相應增長28.6%及15.1%。

營業額及盈利能力增長主要由於啤酒的銷量增長23.8%至約3,100,000千升，其中現有釀酒廠啤酒銷量之內涵增長為11.2%。

二零零四年，原料成本大幅上升，當中以本年度第二季度為甚。這卻比一般市場平均成本為低，因為本集團管理層已由採購進口大麥轉為與中國內地一主要大麥供應商按議定價格訂立定期採購合約，使原料供應穩定於預期的價格水平。能源成本上升，加上自二零零四年六月生效的全國車輛超限超載實施方案，亦導致生產及付運成本增加。然而，於本年度，因啤酒淨售價平均上升3.4%，加上產品組合改變，使整體的每千升毛利仍可維持。

由於持續大力推廣全國性的「雪花」品牌，本年度的「雪花」品牌啤酒銷量上升37%，約達897,000千升，而二零零三年則約654,000千升。

本集團於年內亦分別在華中和華東地區之重要市場—浙江省和安徽省新收購的多間釀酒廠，於二零零四年皆錄得理想純利貢獻。本集團已於二零零四年十月完成收購 Lion Nathan Limited 的中國啤酒業務的權益。該項策略性收購將會鞏固本集團在華東和華中地區的市場地位，並因其營銷、採購和物流協同效益潛力，「雪花」品牌的全國分銷網絡將可加強。本集團亦於二零零四年十二月，在西藏昌都收購一家小型釀酒廠。

於二零零四年年底，本集團共經營37間釀酒廠，年產能約達5,500,000千升。

隨着中國人均收入的增加，啤酒消費預期將會增加，預期可望帶動飲品業務進一步增長。除收購事項外，本集團將繼續注重營運的高效率、品牌發展及擴充在中國內地的市場版圖。

The beverage division reported a turnover and attributable profit for 2004 of HK\$5,079.4 million and HK\$113.0 million respectively, representing a corresponding increase of 28.6% and 15.1% over 2003.

The increase in turnover and profitability of the operation was mainly driven by the growth in sales volume of beer by 23.8% to approximately 3.1 million kilolitres, of which the organic growth in the sales volume of beer from existing breweries, amounted to 11.2%.

In 2004, raw material costs rose significantly particularly during the second half of the year. This was already lower than the market average price changes as the Group management secured steady barley supplies at negotiated fixed prices by switching purchases from direct import to term contracts with a major Chinese Mainland supplier. The higher energy costs and the newly implemented truck loading restrictions effective since June 2004 also led to an increase in production and delivery costs. However, with a net price rise of 3.4% on average and changes in product mix during the year, the overall gross margin per kilolitre can still be sustained.

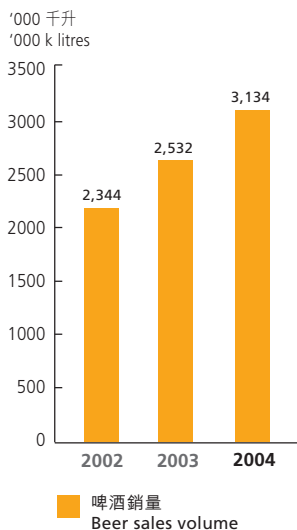
Persistent efforts in promoting our national brand "Snow" improved the sales volume for the year by 37%, approximately 897,000 kilolitres, compared with approximately 654,000 kilolitres in 2003.

The newly acquired breweries in Zhejiang, Anhui, which span our significant market presence across the Central and Eastern China respectively, reported satisfactory net profit contribution for 2004. The acquisition of the Chinese brewery interests of Lion Nathan Limited was completed in October 2004. This strategic move will consolidate the Group's market presence in Eastern and Central China and strengthen the national distribution network of "Snow" through potential synergies in marketing, procurement and logistics. The Group also concluded in December 2004 the acquisition of a small brewery in Qamdo, Tibet.

By the end of 2004, the Group operated a total of 37 breweries with an annual production capacity of approximately 5.5 million kilolitres.

Beer consumption is expected to rise with the increase in individuals' income levels in China, which is expected to drive further growth of the beverage division. Apart from acquisition, the Group will continue to emphasize on operational excellence, brand development and expansion of market coverage in the Chinese Mainland.

過往三年啤酒銷量
Sales volume of beer
over the last 3 years



放眼明天 Tomorrow...



優越品味 ...
Full of Glamour...

... 新潮時尚
... Fresh
Look



紡織 Textile

二零零四年紡織業務營業額為港幣3,851,000,000元，較二零零三年增長20.3%。二零零四年本業務的應佔溢利為港幣6,500,000元，而二零零三年應佔溢利則為港幣165,900,000元。

Turnover of the textile division for 2004 was HK\$3,851.0 million, representing an increase of 20.3% over 2003. Attributable profit for 2004 was HK\$6.5 million, compared to an attributable profit of HK\$165.9 million in 2003.

營業額增長主要由於本年度最後一個季度收購兩間規模相當大的紡織公司(即收購咸陽華潤紡織有限公司的80%股權及陝西華潤印染有限公司的100%股權)及二零零四年產品售價整體增長所致。

The increase in turnover was mainly due to the acquisition of interests in two sizable textile companies, namely, 80% equity interest in 咸陽華潤紡織有限公司 Xianyang China Resources Textiles Co., Ltd. and 100% equity interest in 陝西華潤印染有限公司 Shanxi China Resources Printing & Dyeing Co., Ltd. in the last quarter and a general increase in product selling prices during 2004.

配合市場需求，本集團逐步變換產品銷售組合至利潤更高的紗線。然而，棉花價格出現波動，在本年度上半年價格特別高，而下半年則大幅下跌，這對整體經營業績大有影響。因存貨中棉花成本相對較高，邊際毛利被拖低，減少的盈利抵銷了部份因廠房搬遷所產生的特殊收益。

Aligned with the market demand, there was a gradual change in product sales mix to the higher margin yarn. However, the fluctuations of cotton price, which was exceptionally high in the first half, but substantially decreased in the second half of the year, greatly affected the operating results as a whole. With the high cotton costs in the inventory, the gross profit margin was lowered. The decrease in profitability was partially offset by a gain arising from the factory relocation during 2004.

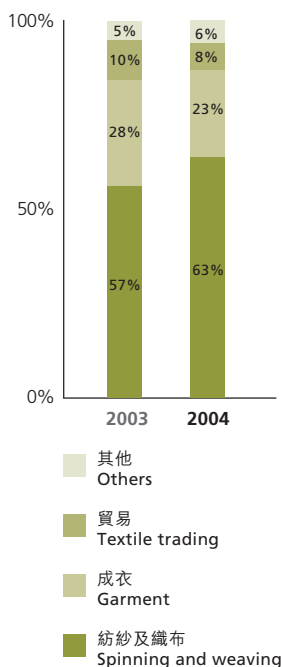
由於運輸及倉儲成本上升，又因技術改造計劃的新增設施陸續投產，導致有關的折舊費用增加，加上生產力改善計劃將工作制由四班改為三班制所產生的一次性遣散費付款，令二零零四年整體利潤有所下降。然而，預期勞工成本會因班制改動而下調，故日後整體經營業績將可改善。

Exacerbated by the higher transportation and storage costs, depreciation charges associated with the implementation of a technology upgrade program, one-off severance payments as a result of changes in work practices from four to three shifts introduced under a productivity improvement initiative, the overall operating profit of 2004 was lower. However, the labour cost is anticipated to reduce as a result of shift pattern changes and will improve the overall operating result in the coming future.

隨着市場預期棉花供應將會增加，棉花價格將可維持在一個合理的水平。本集團深信，因技術改造導致生產效率提升及產品質素改良，將可提升本集團的競爭力。中國現為全球主要成衣出口國，對於由二零零五年一月一日開始取消全球紡織品出口配額，本集團抱持審慎樂觀態度。

With an anticipated increase in supply, cotton prices are expected to remain at reasonable levels. The Group is confident that enhanced production efficiency and product quality resulted from the technology upgrade will improve its competitiveness. With China now being one of the major garment exporting countries in the world, the Group is cautiously optimistic regarding the removal of the global textile quota starting from 1 January 2005.

紡織業務營業額之明細
Turnover breakdown of
textile business





物業 Property

物業業務主要包括零售店舖、辦公室和工業單位的收租物業，其於二零零四年錄得營業額及應佔溢利分別為港幣307,000,000元及港幣311,500,000元，較二零零三年相應增加9.7%及11.8%。

本地經濟基調持續改善，促進了二零零四年零售物業的市場氣氛。二零零四年零售物業租金收入整體增長13.5%，主要因素如下：旺角中心物業於二零零三年九月完成翻新工程後所得的租金增加；二零零四年續期租約整體租金上升；對比二零零三年非典型肺炎期間提供的租金優惠，租金已回升至原來水平。工業單位的平均出租率維持於90.0%。使本集團的投資物業繼續帶來穩定的租金收入。

市場氣氛向好，亦令本集團投資物業組合估值攀升，二零零四年重估盈餘為港幣1,033,700,000元，當中包括在二零零四年度損益表中回撥約港幣41,000,000元之撥備。

本集團位於灣仔軒尼詩道的零售物業原由華潤百貨租用，該物業的翻新工程已於二零零四年六月初展開，預計將於二零零五年下半年完工。亦將提升此零售物業的盈利潛力。

展望未來，鑑於零售物業供應有限，傳統購物區的供應更少，故黃金地段的物業投資價值可以維持，這有助本集團零售物業的平均租金保持在理想水平。

本集團將繼續憑藉其現有資源及專長，促進以零售帶動的超級市場業務發展。現正考慮出售工業和辦公室非核心資產，將所得資金投放在中國內地特定市場可享有穩定回報、風險管理較有把握的新商機。

The property division, which mainly comprise the rental property segments of retail, office and industrial premises, reported a turnover and attributable profit for 2004 of HK\$307.0 million and HK\$311.5 million respectively, representing a corresponding increase of 9.7% and 11.8% over 2003.

The improvement of the local economic fundamentals continued to boost the retail property market sentiment during 2004. An overall increase of 13.5% in rental income of retail properties in 2004 was mainly driven by the rental increase from Argyle Centre upon renovation completed in September 2003; a general rental rise in 2004 upon tenancy renewal; and recovery of rental concessions granted during SARS in 2003. Average occupancy rate of industrial premises also remained high at 90.0%. The Group's investment properties continued to generate stable rental income streams.

The buoyant market sentiment also benefited the Group's portfolio value of investment properties which gave rise to a HK\$1,033.7 million revaluation surplus, of which a write-back of provision of approximately HK\$41.0 million was made to the profit and loss account for 2004.

The renovation of the Group's retail property at Hennessy Road, Wanchai, which was previously occupied by a CRC Department Store 華潤百貨, commenced in early June 2004 and is expected to complete in the second half of 2005. This will enhance the earning potential of the retail property.

Looking ahead, owing to the limited supply of retail properties, particularly in the traditional shopping districts, the investment property values in prime locations can be maintained. This will also help secure the Group's average rental in the retail sector at satisfactory levels.

The Group will continue to leverage on the existing resources and expertise to facilitate the retail-led supermarket business growth. Non-core investment assets in the industrial and office sectors are in consideration for divesture and proceeds will be applied to new business opportunities in selected markets of the Chinese Mainland that offer stable returns with manageable risks.



投資及 其他業務 Investments and Others

本業務於二零零四年度的應佔溢利達港幣319,800,000元(二零零三年：港幣367,600,000元)。

貨櫃碼頭

本集團擁有 HIT Investments Limited 的10%權益。香港國際貨櫃碼頭的吞吐量及息稅前盈利分別較上年增加18%和4%。鹽田港的吞吐量增長19%，息稅前盈利則有20%增幅，反映二零零四年九月完成的第三期四個新泊位所提供的額外容量。

Attributable profit for 2004 amounted to HK\$319.8 million. (2003: HK\$367.6 million).

Container terminal

The Group has a 10% interest in HIT Investments Limited. In Hong Kong, Hongkong International Terminals reported growth of 18% in throughput and 4% in EBIT, compared to that of last year. Yantian port reported throughput growth of 19% and EBIT growth of 20%, reflecting new capacity from Phase III's four berths which were completed in September 2004.

財務回顧 FINANCIAL REVIEW

資金及融資

本集團對剩餘資金實行中央管理制度，務求盡量集中資金應付內部需求，同時增加流動資金及收益率。於二零零四年十二月三十一日，本集團的綜合現金及現金等值達港幣4,798,600,000元。本集團於二零零四年十二月三十一日的借貸為港幣9,779,200,000元，其中港幣2,982,000,000元於一年內到期，港幣6,704,200,000元於二至五年內到期，以及港幣93,000,000元於五年後到期。於二零零四年十二月三十一日，本集團已動用全部借貸備用額。除了於二零零六年五月到期之230,000,000美元可換股擔保債券外，所有借貸均以浮動息率計算。

以本集團借貸淨額比對股東資金及少數股東權益計算的負債比率約為24.2%（二零零三年：16.5%）。負債比率增加主要是由於年內進行資本投資所致。

本集團的主要資產、負債、收益及付款以美元、港元及人民幣持有。於二零零四年十二月三十一日，本集團的現金存款餘額中有40%以美元持有、28%以人民幣持有、30%以港幣持有。本集團借貸中36%以美元為單位、30%以人民幣為單位，而其餘則以港幣為單位。此外，為減低外匯兌換及利率波動的風險，本集團已訂立若干遠期合約及利率調期合約，以對沖部份借貸的風險。

資本開支

本集團於二零零四年的資本開支約港幣4,989,100,000元，其中約港幣2,461,200,000元用作添置固定資產。作為零售帶動分銷戰略的一部分，本集團斥資港幣2,527,900,000元，進行食品、紡織品及飲品業務的新收購項目。資本開支主要以源自經營業務的內部資源及銀行借貸支付。

CAPITAL AND FUNDING

To maximize surplus cash for internal funding while enhancing liquidity and yield, the Group operates under a centralized system of treasury management. As at 31 December 2004, the Group's consolidated cash and cash equivalents amounted to HK\$4,798.6 million. The Group's borrowings as at 31 December 2004 were HK\$9,779.2 million with HK\$2,982.0 million repayable within 1 year, HK\$6,704.2 million repayable within 2 to 5 years and HK\$93.0 million repayable after 5 years. Committed borrowing facilities available to the Group were fully utilized as at 31 December 2004. Except for the US\$230 million convertible guaranteed bonds, due for maturity in May 2006, all the borrowings are subject to floating rates.

On the basis of the Group's net borrowings relative to the shareholders' funds and minority interests, the Group's gearing was approximately at 24.2% (2003: 16.5%). The increase in gearing was largely attributable to capital investments during the year.

The Group's principal assets, liabilities, revenue and payments are denominated in US dollars, Hong Kong dollars and Renminbi. As at 31 December 2004, 40% of the Group's cash deposit balances was held in US dollars, 28% in Renminbi and 30% in Hong Kong dollars; whereas 36% of the Group's borrowings was denominated in US dollars and 30% in Renminbi with the remainder in Hong Kong dollars. Moreover, to mitigate the foreign currency and interest rates exposure, the Group entered into certain forward contracts and interest rate swaps to hedge against part of its borrowings.

CAPITAL EXPENDITURE

The Group spent HK\$4,989.1 million on capital expenditure during the year 2004. Additions to fixed assets amounted to HK\$2,461.2 million. The Group incurred HK\$2,527.9 million for new acquisitions in food, textile and beverage, as part of our retail-led distribution strategy. Capital expenditure was primarily financed by internally generated funds from operations and bank borrowings.

資產抵押

於二零零四年十二月三十一日，本集團已抵押賬面淨值為港幣799,300,000元(二零零三年：港幣357,800,000元)的固定資產，以獲取短期貸款港幣523,200,000元(二零零三年：抵押以獲取短期貸款港幣256,700,000元)以及長期貸款港幣72,200,000元(二零零三年：抵押以獲取長期貸款港幣56,400,000元)。

或然負債

於二零零四年十二月三十一日，本集團並無任何重大或然負債。

僱員

於二零零四年十二月三十一日，本集團除聯營公司以外聘用約84,000人，其中約97%在中國內地僱用，其餘的主要駐守香港。本集團僱員的薪酬按其工作性質、個別表現及市場趨勢釐定，並以各種獎勵計劃吸引、留住及鼓勵表現突出的員工，特別是授出購股權作為較長期的獎勵計劃，使僱員利益與股東利益掛鉤。

承董事局命
董事總經理
陳樹林

香港，二零零五年四月八日

PLEDGE OF ASSETS

As at 31 December 2004, fixed assets with net book value of HK\$799.3 million (2003: HK\$357.8 million) were pledged for short-term loans in the sum of HK\$523.2 million (2003: pledged for short term loans of HK\$256.7 million) and long term loans in the sum of HK\$72.2 million (2003: pledged for long term loans of HK\$56.4 million)

CONTINGENT LIABILITIES

The Group does not have any material contingent liabilities as at 31 December 2004.

EMPLOYEES

As at 31 December 2004, the Group excluding its associated companies, employed approximately 84,000 people, of which approximately 97% were employed in the Chinese Mainland, with the remaining predominantly in Hong Kong. The Group's employees are remunerated according to the nature of job, individual performance and market trends with various incentive schemes to attract, retain and motivate good employees. In particular, share option has been used as a longer term incentive to align interests of employees to those of shareholders.

By order of the Board
CHEN SHULIN
Managing Director

Hong Kong, 8 April 2005