

主席報告

Chairman's Statement

半年度業績

本集團截至二零零五年六月三十日止六個月之未經審核綜合營業額及公司股東應佔溢利分別約為港幣25,255,600,000元及港幣1,262,400,000元，較去年同期增加11.5%及70.5%。按加權平均基準計算，本集團每股盈利為港幣0.59元，對比二零零四年為港幣0.35元。剔除視為會計政策變動主要影響之物業價值重估收益及其相關遞延稅項影響，本集團於二零零五年上半年之公司股東應佔綜合溢利為港幣936,500,000元，較二零零四年同期增加26.5%。

業績表現理想實有賴香港經濟持續復甦、中國內地消費市場增長迅速，加上本集團不斷努力提升營運盈利能力。

中期股息

董事局議決於二零零五年十月二十六日或前後，向於二零零五年十月三日名列本公司股東名冊的股東派發截至二零零五年六月三十日止六個月之中期股息每股港幣0.13元（二零零四年：每股港幣0.11元）。

前景

有賴穩健收入增長，顧及投資作長線發展下的嚴格成本管理，以及改善營運效率，本集團二零零五年度上半年的業績展示顯著盈利改善。我們以成為中國最大規模消費品公司為目標，業務重點集中於零售、啤酒、食品及紡織方面，並繼續會以符合股東利益的方式重組或減持非核心資產。期內出售華創大廈及徐州維維食品飲料股份有限公司的股權，就是我們貫徹落實此目標的最有力憑證。因此，業務成績在一定程度上亦反映了我們轉型為集中發展消費相關業務的進程及力度。

在推行多項措施致使業務更臻完善及精簡結構後，集團的超級市場業務表現顯著改善。乘藉中國政府解除對外商在國內投資零售業的限制，集團向母公司收購華潤萬家及蘇果餘下股權的交易已經在今年五月完成，讓我們能夠以統一中央管理提昇協同效益，並且加強與供應商的議價能力。同時，粉飾翻新現有大賣場鋪面及不斷更新店舖模式，都有助我們進一步從芸芸競爭對手中脫穎而出，逐步建立我們的核心優勢。自大概兩年前決定終止經銷若干低利潤品牌後，集團品牌時尚產品經銷業務表現出色。我們將繼續採取審慎方針，著眼於投資回報，同時亦會加快擴展若干發展成熟的品牌。香港百貨店業務重新定位的策略亦取得顯著成果。

HALF YEAR RESULTS

The Group's unaudited consolidated turnover and profit attributable to the Company's shareholders for the six months ended 30 June 2005 amounted to approximately HK\$25,255.6 million and HK\$1,262.4 million respectively, representing an increase of 11.5% and 70.5% over that of last year. Earnings per share of the Group, on a weighted average basis, was HK\$0.59 compared to HK\$0.35 in 2004. Excluding the gain in property revaluation and its related deferred tax effects which are considered the major effects of changes in accounting policies, the Group's consolidated profit attributable to the Company's shareholders for the first half of 2005 was HK\$936.5 million, 26.5% higher than that in the same period of 2004.

The encouraging performance was achieved amidst sustained economic recovery in Hong Kong, burgeoning growth of the Chinese Mainland consumer market and the Group's persistent efforts to enhance operational profitability.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 per share for the six months ended 30 June 2005 (2004: HK\$0.11 per share) payable on or about 26 October 2005 to shareholders whose names appear on the Register of Members of the Company on 3 October 2005.

PROSPECTS

Our results in the first half of 2005 reflect solid profitability improvement attributable to steady revenue growth, disciplined cost management, while investing for the future, and improved efficiency. The Group has an objective of becoming the largest consumer company in China with business focus on retail, brewery, food and textile. Non-core assets will continue to be restructured or divested in a manner consistent with our shareholders' interests. The disposal of CRE Building and our stake in Xuzhou VV Food & Beverage during the period best demonstrates our commitment to this exercise. Therefore, to a large extent, the results also indicate the progress and strength of our transformation to focus on consumer-related businesses.

There has been considerable improvement in our supermarket operation following the introduction of various measures to optimise and rationalize the business. Taking advantage of the removal of foreign investment restrictions in retailing, the acquisition of the residual stakes in CR Vanguard and Suguo from our parent company was completed in May this year. This enables us to further promote the synergies derived from centralized management and enhanced bargaining power over suppliers. Concurrently, renovation of existing hypermarkets and ongoing store format remodelling will further distinguish us from competitors and gradually build up our core competence. The Group's brand-fashion distribution business has also performed well following the decision to terminate distribution of certain low profitability brands about two years ago. We will continue to take a prudent approach with emphasis on investment return but the expansion of some well-established brands will accelerate. The repositioning of our department store business in Hong Kong has also proven to be successful.

過去十年間，本集團的啤酒業務持續迅速擴展，覆蓋地域範圍及市場佔有率均不斷提升。其中，我們的全國性品牌「SNOW」成為國內發展最迅速的全國性啤酒品牌之一，令我們倍感鼓舞。於整合市場及推廣品牌的同時，我們亦以提升盈利能力為目標，以推動日後發展。透過改善使用率、減低生產成本、有效的品牌策略及更妥善的經銷渠道管理去達成這個目標。我們將繼續鞏固在各地區的現有地位，以取得地區性優勢。本集團於去年收購位於江蘇、浙江及安徽省的釀酒廠，不單進一步增加生產能力，亦提高整合能力，從而加強競爭優勢。

近期活畜爆發致命細菌感染事件，對香港鮮肉消耗量構成暫時性影響。然而，由於我們亦有經銷其他肉類產品，故舒緩了整體衝擊。長遠而言，發生此等事故後，預期內地將加強倡導食物安全的重要，並嚴謹監控活畜養殖及屠宰的衛生，從而改善我們內地肉類加工業務的前景。另外，以「五豐」品牌經銷冷凍食品、大米、包餃及基本雜貨等一般食品經銷業務在香港急速增長，成為食品加工及經銷業務的新動力。

本集團一直審慎調配資源，以求於機遇與挑戰間取得平衡。二零零五年一月一日全球紡織品配額取消，即時刺激中國內地紡織品的出口。然而，美國及歐盟其後因擔心出現傾銷問題而實施保護性配額制度，為市場添加不明朗因素。面對新競爭環境，我們將藉技術改革去發展紡織業務。透過生產高檔紡織品，本集團的毛利率將獲提升，而承受棉花價格浮動的影響亦可以減低。同樣地，我們的石化產品經銷業務受惠於不斷上漲的油價。儘管油價仍將波動不定，我們透過投資內地管道燃氣項目取得穩定而且不斷增長的盈利，業務的收益基礎得以增強。

本集團隨着已經在各重點業務範疇建立領導的地位，將集中加強執行及推動內部增長，並同時於市場發掘其他具潛力的商機。中國內地經濟起飛，加上最近人民幣升值，利好本土消費市場，為集團在內地日漸擴張的業務締造秀麗前景。年輕一代漸漸視消費活動為一種娛樂及生活品味的重要本質，此趨勢為我們的啤酒及零售業務帶來難得的良機，去開拓發展優勢並建立增長平台。香港的消費將繼續受惠於逐漸改善的就業市場、發展蓬勃的旅遊業以及正面的整體經濟前景。總括來說，本集團朝著既定策略目標邁進了一大步，對年內餘下期間的前景亦抱樂觀態度。

Over the past ten years, our brewery operation has been rapidly building up geographical coverage and market share. During this process, we are particularly encouraged by the development of our national brand, SNOW, being one of the fastest growing national brands in the mainland. Whilst market consolidation and brand marketing will remain crucial, we are targeting profitability as driver for future growth. Higher utilization rate, lower production costs, more effective branding strategy and stronger distribution channel management are at the core of this objective. We will continue to strengthen our presence in the existing districts so as to attain regional dominance. The acquisition of breweries in Jiangsu, Zhejiang and Anhui provinces last year has further boosted our production capacity and enhanced our capabilities to integrate for competitiveness.

The recent outbreak of the deadly bacterial diseases amongst livestock has temporarily affected fresh meat consumption in Hong Kong. However, as we also distribute other types of meat products, the overall impact has been mitigated. Over the long term, tighter control of hygiene in livestock farming and slaughtering following these incidents are expected to improve the prospects of our meat processing projects in the mainland as food safety will be further promulgated. On the other hand, general food distribution under the "Ng Fung" brand, including frozen food products, rice, dumplings and basic groceries, has been growing fast in Hong Kong and becoming a new driver for our food processing and distribution operation.

The Group has been deploying resources cautiously to balance opportunities and challenges. The removal of global textile quotas from 1 January 2005 has initially stimulated exports of textile products from the Chinese Mainland. However, subsequent imposition of protective quotas by the United States and European Union over concerns of dumping has created uncertainties in the market. Against the new competitive landscape, our textile operation will further develop through technology upgrade. By producing higher end textile products, our gross margin will be enhanced and our reliance on cotton prices be reduced. Similarly, our petroleum and chemical distribution business has benefited from the rising oil prices. Although oil prices would remain volatile, the operation's earnings base has been strengthened through investment in mainland piped gas projects which provide steady and growing income.

With leading presence already established in our business domains, the Group will focus on execution and organic growth, whilst at the same time, exploring the marketplace for attractive business opportunities. The robust economy of the Chinese Mainland and the recent revaluation of the Renminbi bode well for the domestic consumer market, where the Group has increasing exposure. The younger generation is embracing consumer activities as a form of entertainment and an intrinsic part of their lifestyle. This presents a unique opportunity for our brewery and retail businesses to develop their niche and growth platform. In Hong Kong, consumer spending will continue to benefit from the improving employment market, flourishing inbound tourism and a generally positive economic outlook. In sum, we are making great progress towards our strategic goals and are optimistic about the prospects for the remainder of the year.

內部監控

本集團致力就達致業務目標及提高股東利益，建立一套奏效的內部監控制度。內部監控制度旨在維護股東投資、保障集團資產及確保財務報表並無重大虛假陳述而設的。董事局有責任透過審核委員會從整體業務層面維持充份內部監控制度和檢討制度的效能。審核委員會定期與高層管理人員、內部及外聘核數師舉行會議，於適當情況下就改善監控制度向董事局提呈建議。

本集團的內審部採取風險基準政策規劃其內部審核活動，以確保內部監控制度無論在本質上與及交易層面上都能夠切實執行。內審部亦會審察集團的營運效能及因循指定政策、程序及當地法律的遵從，以確保本集團所有業務單位均貫徹良好業務的方針。根據截至二零零五年六月三十日止六個月的評估，董事局經已審閱且滿意本集團內部監控制度。

投資者關係

投資者關係管理已成為公司資源運用的重要一環。我們深信，制定全面的投資者關係策略，是企業穩健發展的成功關鍵。本集團一向深明與投資者維持高透明度、公正及互動溝通的重要性。在二零零五年四月舉行的年度全球路演活動，為歐洲、美國、日本及新加坡等世界各地投資者提供了與集團高層管理人員接觸的絕佳良機。今年路演的着眼點放在啤酒業務上，參與投資者獲得有關本集團啤酒業務的詳盡最新資訊。於回顧期內，本集團與超過400名分析員及基金經理就討論本集團表現與發展計劃會面約150次。我們會繼續以和投資者維持良好溝通為未來目標。

社會責任

作為負責任的企業，本集團無論在香港或是中國內地都積極參與各項社區服務活動。香港公司員工對在一月舉行的百萬行籌款活動和在八月進行的慈善足球比賽反應踴躍，足證我們關懷社會的企業文化。中國內地業務單位亦各自發起不同社區服務活動，包括慈善籌款、捐血運動以至「市容整頓」活動等。另外，本集團亦致力不斷推動環保，所有業務單位均貫徹堅守環保原則。

致謝

本人謹代表董事局，向全體員工竭誠優秀的服務，以及股東對本集團的鼎力支持致以衷心謝意。

主席
宋林

香港，二零零五年九月八日

INTERNAL CONTROL

The Group is committed to the establishment of a sound internal control system for achieving its business objectives and enhancing shareholders' value. The internal control system is designed to safeguard shareholders' investments, protect the Group's assets and assure against material financial misstatements. The Board has overall responsibilities for maintaining an adequate system of internal controls and reviewing its effectiveness through the Audit Committee. The Audit Committee meets with the senior management, internal and external auditors on a regular basis and makes recommendations wherever appropriate to the Board for control enhancement.

The Group's internal audit department adopts a risk-based approach in planning its internal audit activities. It aims to ensure proper internal controls are in place, both at the entity level as well as the transaction level. It also examines the operation's efficiency and compliance with the prescribed policies, procedures and local laws to make sure good business practices are applied consistently for all business units within the Group. Based on the assessment for the six months ended 30 June 2005, the Board has reviewed and is satisfied with the effectiveness of Group's internal control system.

INVESTOR RELATIONS

Investor relations management has become a crucial aspect in utilizing corporate resources. We strongly believe that the outlining of a comprehensive investor relations strategy is the key to success for healthy corporate development. The Group has always acknowledged an imperative importance of maintaining a transparent, impartial and interactive communications with its investors. The annual global roadshow in April 2005 provided an excellent opportunity for senior management of the Group to meet with worldwide investors from Europe, US, Japan and Singapore. The emphasis this year was on our brewery division and investors were able to acquire in-depth and latest information of the Group's brewery business. During the period under review, we met with over 400 analysts and fund managers in about 150 meetings for discussion of the Group's performance and development plans. It is our target to continue our devotion in maintaining a well-versed communication with our investors in coming future.

SOCIAL RESPONSIBILITY

As a responsible corporation, the Group has been participating actively in various community service programs, both in Hong Kong and the Chinese Mainland. Enthusiastic responses for the walkathon in January and the soccer game in August clearly demonstrated a caring culture rooted in our Hong Kong office. Business units in the Chinese Mainland also initiated many community service activities, ranging from fund raising charity functions, blood donation drive and even a "Clean the City" campaign. Equally, the Group has endeavored continuous efforts in environmental protection. All business units highly observed the practice of environmental protection throughout our operations.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to a team of dedicated staff for their unflinching service and to our shareholders for their enduring support to the Group.

SONG LIN
Chairman

Hong Kong, 8 September 2005