




後排左起：
姜智宏，喬世波，鄭文謙，
劉百成，

前排左起：
陳樹林，宋林

Back row from the left:
Keung Chi Wang, Qiao Shibo, Kwong Man Him,
Lau Pak Shing, Yan Biao,

Front row from the left:
Chen Shulin, Song Lin

在香港，隨著內地逐步放寬當地居民以個人身份申請來港旅遊的限制，以及本港物業市道和股市氣氛改善所帶來的財富效應，整體零售環境在去年下旬獲得大大的改善。二零零三年全年的零售銷售總額雖然仍然下跌2.3%，但在最後一季經已出現5.3%的反彈。超市銷售及百貨銷售於二零零三年較去年分別減少1.0%和2.9%。就活畜消耗而言，本地出產及入口的生豬及牛隻於二零零三年已分別達2,158,000頭和45,000頭，較二零零二年相對持穩。

企業管治

本集團致力於改善企業管治水平，於去年特地加強董事局的效率、改善內部監控機制及增加財務透明度。現時設有多個委員會進行顧問及監管工作。以下為本集團去年所採取的主要企業管治措施：

- 薪酬委員會：於去年成立，成員包括所有獨立非執行董事以及負責本集團人力資源工作的董事，成立目的是為確立一個透明而公平的董事薪酬機制。

In Hong Kong, the overall retail environment improved substantially towards the end of last year due to relaxation on Chinese Mainland individual travelers and the wealth effect from improvement in property and stock markets. Retail sales declined 2.3% for the full year of 2003 but rebounded 5.3% in the final quarter. Supermarket sales and department store sales decreased by 1.0% and 2.9% respectively in 2003 over the previous year. For livestock consumption, locally produced and imported live pigs and cattle amounted to about 2,158,000 heads and 45,000 heads respectively in 2003, remaining relatively steady over 2002.

Corporate governance

The Group is dedicated to enhancing its corporate governance standard and special efforts were made last year to strengthen the efficiency of the Board, improve internal control mechanism and increase financial transparency. Various committees are present to carry out advisory and supervisory functions. Summarized below are the major corporate governance initiatives adopted by the Group last year.

- The Compensation Committee, members of which include all Independent Non-Executive Directors and the Director responsible for the Group's human resources function, was established last year to ensure the implementation of a transparent and fair remuneration system for directors.

- 提名委員會：由所有獨立非執行董事所組成，同樣於去年成立，為董事的委任和重選連任訂立一套正式及具透明度的程序。
- 「企業管治規範及目標」手冊：細節涵蓋董事局成員的責任、功能、董事局架構以及本集團的企業管治政策，並已分派予所有高級職員及在本集團網站發佈供公眾參閱。
- 引入平衡計分卡管理系統，以確保表現評核制度與本集團的企業目標和策略一致。

自二零零二年十一月起，本集團已自願公佈季度財務和業務回顧，為恒生指數成份股當中首家主動公佈季度業績的綜合企業，遠早於香港聯交所於二零零四年一月所起草的《企業管治常規守則》內，將主動公佈季度業績列為主板發行人的建議最佳應用守則。

年內，董事局平均每月最少召開一次會議，使董事局成員可參與本集團的主要決策過程。隨著董事局的獨立意見日益重要，本集團的獨立非執行董事在去年的平均會議出席率逾90%，反映本集團作出重要決策時，皆會經過周詳的考慮，並平衡各方獨立觀點。

本集團在推行良好企業管治方面的努力，獲得金融界的一致高度的評價。本集團在歐洲貨幣雜誌於二零零三年舉辦的企業管治調查中名列眾香港／中國企業第二位，以及主要新興市場企業之中排行第六。此外，亞洲貨幣雜誌於二零零三年十二月／二零零四年一月號內舉辦的最佳管理公司獎項中，本集團亦獲評為中國公司管治最大躍進公司。

本集團深信，良好的企業管治加上公平的披露，是提高問責性及透明度的關鍵。本集團將繼續接受挑戰，達致更佳的企業管治，並將提高企業管治水平的使命，發展為本集團的企業文化。

- The Nomination Committee, comprised all Independent Non-Executive Directors, was also set up last year to develop a formal and transparent procedure for the appointment and re-appointment of directors.
- A "Corporate Governance Standards and Objectives" Handbook with details covering the responsibilities of Board members, their functions, the structure of the Board as well as the Group's corporate governance policy was distributed to all senior staff and released on the corporate website for public access.
- A Balanced Score Card (BSC) management system was introduced to align our performance measurement system with our corporate missions and strategies.

Since November 2002, the Group has been voluntarily producing quarterly financial and operational review. We are the first conglomerate company among the constituent stocks in the Hang Seng Index to initiate such a move, well before the Hong Kong Stock Exchange making it a recommended best practice for main board issuers in the proposed Code of Corporate Governance Practices released in January 2004.

During the year, Board meetings were held on average more than once a month enabling members to participate in key decision-making process of the Group. While independent view from the Board is increasingly emphasized nowadays, average attendance of the Group's Independent Non-Executive Directors stood over 90% last year, showing that the Group's major decisions went through balanced yet independent perspectives.

The Group's distinguished efforts in promoting good corporate governance have been highly commented by the financial community. It was named the second Best Corporate Governance company in the Hong Kong/China category and the sixth among corporations in leading emerging markets by a corporate governance poll organized by Euromoney Magazine in 2003. The Group was also rated China's Most Improved Corporate Governance company in the Best-Managed Companies Award run by Asiamoney Magazine in its December 2003/January 2004 issue.

The Group strongly believes that good corporate governance practices together with fair disclosure is essential to enhance its accountability and transparency. We will continue to take on the challenges in accomplishing better corporate governance and promote this as part of our corporate culture.

投資者關係

本集團在去年繼續與金融界及傳媒保持密切而開放的溝通。各業務單位的高級管理層，於去年透過單獨會議、造訪超級市場門市、啤酒廠、物流業務以及在證券機構安排的會議上作出簡報等方式，與超過410位基金經理以及250位分析員會面。

本集團不斷致力推動與投資者的雙向溝通，為其取得良好投資者關係的美譽。根據去年由Institutional Investor Research Group所進行的調查，本集團被基金經理評為亞洲綜合企業中的「最佳投資者關係」及「投資者關係最大躍進」綜合企業，並獲分析員評為香港公司中以及亞洲綜合企業中的「投資者關係最大躍進」綜合企業。上述獎項將繼續推進本集團與投資者及傳媒保持雙向溝通。

社會責任

去年爆發的非典型肺炎喚起了公眾對衛生及健康的關注。本集團的食品經銷及超級市場業務，與公眾日常生活息息相關，本集團已竭盡全力，確保本集團的產品以及購物環境保持衛生，可見本集團對客戶以及社會的關注。

本集團去年捐助慈善團體的現金捐款有大幅的上升，當中包括本集團在十一月透過華潤萬家有限公司（「華潤萬家」）參與希望小學工程，贊助在江西省興建一所小學，幫助當地小童獲得教育。此外，本集團亦支持若干慈善活動，包括苗圃行動舉辦的第五屆挑戰十二小時慈善越野馬拉松活動、樂施會舉辦的毅行者以及由明報企業集團主辦的淮河賑災行動等。本集團對客戶、股東以及僱員承諾，致力改善社會生活質素。

Investor relations

The Group continued to engage in frequent and open communication with the financial community and the media last year. Top management along with senior management of different business units met with more than 410 fund managers and 250 analysts last year in the forms of one-on-one meetings, visits to our supermarket outlets, brewery plants and logistics operations as well as presentation at conferences arranged by financial institutions.

The Group's on-going efforts in encouraging two-way communication with investors have won it a good name for investor relations. In a survey conducted last year by the Institutional Investor Research Group, the Group was named the "Best Company IR" and the "Most Improved IR" among conglomerates in Asia by the Buy-side and the "Most Improved IR" among companies in Hong Kong and the "Most Improved IR" among conglomerates in Asia by the Sell-side. These awards will continue to motivate the Group to step up its initiatives in sustaining a two-way communication with investors and the media.

Social responsibility

The outbreak of SARS last year has raised public awareness and knowledge of hygiene and health. With businesses such as food distribution and supermarkets, which are closely related to the daily lives of the public, the Group had exercised extreme caution and prevention to ensure the hygiene of our products and the shopping environment. It reflects our care for our customers and our communities.

There was a substantial increase in our cash donations to charitable organizations last year. In particular, the Group participated in the Project Hope School program and sponsored the construction of a primary school in Jiangxi Province through China Resources Vanguard Co., Ltd. ("CR Vanguard") in November to enable children there to obtain education. Moreover, the Group supported a number of charity events, including the Fifth Challenging 12-Hours Charity Marathon, organized by Sowers Action, Trailwalker by Oxfam Hong Kong and East China Flood Relief Program launched by Ming Pao Newspaper Limited. It is the Group's commitment to customers, shareholders and employees to improve the lives of the society.

前景

中國內地是本集團增長的重點所在，本集團已精心部署，策略性地在中國內地重點市場建立據點。本集團的超級市場、啤酒以及紡織業務均已躋身各行業的領導地位，本集團的食品加工及經銷業務亦已於去年拓展內地的肉類市場，以掌握屠房以及肉類加工業務方面的商機。憑藉本集團的零售帶動分銷模式，本集團在內地及香港的消費業務方面的比重與日俱增，相信這會帶動本集團的整體發展。

值得一提的是，本集團的超級市場業務已在短短兩年間取得可觀的市場份額。由於市場不斷迅速擴張，中期而言，增長重點將會自主要城市轉往第二線及第三線的城市。本集團的超級市場模式所兼具的靈活性以及成本效益，可望於該等城市成功擴展業務。於二零零三年，亦即收購華潤萬家後的首年，本集團致力促進內部的統一性。超級市場業務的管理團隊有革新的變化，包括融合本地及國際專材，並將全國發展的重任交付管理團隊。在具備更穩健及魄力的管理團隊下，本集團於來年將銳意追求業務更上一層樓，並將強化我們的供應鏈、與供應商發展更長期的關係、為日後擴張建立模範商店，以及為超級市場打造傑出的品牌。

於二零零四年三月，本集團的釀酒業務與浙江錢啤集團股份有限公司主要股東訂立有條件協議，將該公司重組為合營企業，而本集團的啤酒業務將持有其70%權益。該合營企業不但可鞏固本集團在內地啤酒業內的領導地位，更可將本集團的業務版圖拓展至華東地區。憑藉在東北、西南、中部及東部地區的啤酒廠，本集團目前已擁有一個更趨完整的分銷網絡。

隨著中國加入世貿，所有紡織產品的進口配額將於二零零四年底取消，此舉將帶動中國紡織品市場的增長，但亦可能同時引發貿易保護措施。然而，本集團銳意通過集中管理工作以及技術改造計劃，達致更高的營運效率。

Prospects

Chinese Mainland is at the heart of our growth and the Group has been strategically building up presence in this important market. Our supermarket, brewery and textile operations are now among the leading players in their respective industries. Our food operation also expanded into the mainland meat market last year to capture the opportunities in abattoir and meat processing business. With a retail-led distribution model, the Group has increasing exposure to the mainland and Hong Kong consumer market. This would drive the overall development of the Group.

In particular, our supermarket business has built up a significant market presence over a period of just two years. Whilst the market is still expanding rapidly, over the medium term, the focus of growth is likely to shift away from the major cities into the second and third-tier cities. Our superstore format has the flexibility and cost efficiency to succeed in these cities. In 2003, the first year after acquisition of CR Vanguard, our focus was placed on organizational realignment. We revamped nearly the entire management team, blending local and international expertise, and entrusted them with our national vision. This year, with a much stronger and energized team in place, we will look for business optimization, including strengthening our supply chain, developing long term relationship with suppliers, building model stores for future expansion and establishing a respectable supermarket brand.

In March 2004, our brewery business entered into a conditional agreement with the major shareholder of Zhejiang Qianpi Group Company Limited to reorganize the company into a joint venture company, whereby our brewery business will have 70% equity interests. This joint venture not only can strengthen our leading position in the mainland brewing industry but also expand our geographical coverage to the Eastern part of the Chinese Mainland. We now have a more integrated distribution network with breweries in the North Eastern, South Western, Central and Eastern region.

The elimination of all import quotas on textile products by the end of 2004 associated with China's entry to the WTO will boost the potential of the mainland textile market but that may also lead to a concurrent surge in protective trade measures. Nevertheless, we are aiming for higher operational efficiency by centralizing management functions and technology upgrade.

本集團已按計劃增加在中國內地的投資，其內地的收入亦首度超逾香港，佔回顧期間總收入的47.5%，截至二零零二年十二月三十一日止年度則為42.4%。由於零售業務及啤酒業務受非典型肺炎爆發的影響，內地的除稅前盈利由29.5%減低至25.8%。

中國內地在全球經濟的角色日趨重要。隨著經濟不斷增長、低息環境以及有利的地理優勢，中國內地的消費市場正蓬勃發展。與此同時，中國內地與香港的更緊密經濟夥伴關係，以及放寬居民以個人身份申請來港旅遊的限制後令旅客數目大幅上升，均刺激香港經濟增長及改善消費氣氛。憑藉本集團獨特的業務模式、審慎的策略以及穩健的財務狀況，本集團對日後增長前景深感樂觀。

僱員

於二零零三年十二月三十一日，本集團除聯營公司及共同控制實體以外僱用約80,000人，當中約97%在中國內地僱用，其餘的主要駐守香港。為提昇員工的事業及個人發展，本集團為僱員舉辦多項持續培訓課程及工作坊，其中若干課程與本集團母公司合辦。本集團僱員薪酬按其工作性質、個別表現及市場趨勢釐訂，附以獎勵計劃，並以現金花紅及購股權形式鼓勵突出的表現，有關購股權計劃的詳情茲概述於董事局報告內。

致謝

受到多項經濟及政治不穩定因素的影響下，二零零三年是充滿挑戰的一年。然而，本集團的表現只更形穩健，更為團結。本人僅代表董事局，對員工的努力不懈和辛勤工作致以衷心謝意。

主席
寧高寧

香港，二零零四年四月七日

The Group has accelerated its investments in the Chinese Mainland as planned. For the first time, the Group's revenue from the mainland exceeded that of Hong Kong, accounting for 47.5% of the total revenue for the period under review, compared with 42.4% during the year ended 31 December 2002. As the retail and brewery operations bore the brunt of the SARS outbreak, the proportion of profit before tax from the mainland decreased from 29.5% to 25.8%.

Chinese Mainland is playing an increasingly important role in the global economy. With the continuous economic growth, low interest rate environment and favorable demographics, its consumer market is thriving. At the same time, the closer economic partnership between the Chinese Mainland and the territory as well as the influx of mainland tourists following the relaxation of individual travelers have stimulated Hong Kong's economy and improved consumer sentiment. With our unique business model, prudent strategy execution and strong financial position, we are optimistic about the prospects for further growth.

Employees

As at 31 December 2003, excluding its associates and a jointly controlled entity, the Group employed approximately 80,000 people, of which approximately 97% were employed in the Chinese Mainland, with the remaining predominantly in Hong Kong. We offer ongoing training courses and workshops on diverse topics to our employees to enhance both their career and personal development, sometimes in conjunction with the training programs of our parent company. The Group's employees are remunerated according to the nature of job, individual performance and market trends with built-in merit components, paid in the form of cash bonuses and share options. Details of the share option scheme are described in the Report of the Directors.

Appreciation

2003 was an exceptionally challenging year characterized by economic and political uncertainties. Yet, we have emerged stronger and more united. On behalf of the Board of Directors, I would like to extend our appreciation towards our staff for their dedication and commitment.

NING GAONING
Chairman

Hong Kong, 7 April 2004