

主席報告

Chairman's Statement

業績

本集團截至二零零四年六月三十日止六個月之未經審核綜合營業額及股東應佔溢利分別約達港幣22,640,600,000元和港幣802,000,000元，較上年同期增加39.8%和7.0%。按加權平均數基準計算，本集團每股盈利為港幣0.38元，對比二零零三年為港幣0.36元。若剔除於二零零三年六月三十日止半年本集團因出售所持香港國際機場航空燃料補給設施之權益所得的應佔溢利港幣143,200,000元，此中期股東應佔溢利之增長實為32.2%。香港消費氣氛改善、中國內地經濟持續增長、加上本集團不斷努力振興零售業務，均帶動經常性盈利出現強勁增長。

中期股息

董事局已決議，於二零零四年十一月一日或前後向於二零零四年十月四日名列於本公司股東名冊之股東，派發截至二零零四年六月三十日止六個月之中期股息，每股港幣0.11元（二零零三年：每股港幣0.10元）。

暫停辦理股東過戶登記手續

本公司將於二零零四年十月四日至二零零四年十月八日（包括首尾兩天）暫停辦理股份過戶登記。為符合獲派中期股息之資格，所有填妥之過戶表格連同有關股票，必須於二零零四年九月三十日下午四時三十分之前送達本公司之股份過戶處——標準證券登記有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

前景

隨著本集團推行多項措施以精簡業務運作及提升盈利能力後，本集團核心盈利於二零零四年上半年錄得強勁增長。儘管二零零三年上半年受非典型肺炎影響，比較基數相對較低，但本期間大多數業務之盈利貢獻，尤其是零售、飲料、食品及物業業務，已超越二零零二年同期。我們落實執行的零售帶動分銷模式，已取得良好進展。

RESULTS

The Group's unaudited consolidated turnover and profit attributable to shareholders for the six months ended 30 June 2004 amounted to approximately HK\$22,640.6 million and HK\$802.0 million respectively, representing an increase of 39.8% and 7.0% over that of last year. Earnings per share of the Group, on a weighted average basis, was HK\$0.38 compared to HK\$0.36 in 2003. Excluding the sharing of a gain of HK\$143.2 million from the disposal of our interest in the aviation fuel facility at the Hong Kong International Airport in the half year ended 30 June 2003, profit attributable to shareholders would have increased by 32.2% for this interim period. Improved consumer sentiment in Hong Kong, continuous growth of the Chinese Mainland economy and the Group's persistent efforts to revive the retail business have altogether led to a robust recurring profit growth.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.11 per share for the six months ended 30 June 2004 (2003: HK\$0.10 per share) payable on or about 1 November 2004 to shareholders whose names appear on the Register of Members of the Company on 4 October 2004.

CLOSURE OF REGISTER

The Register of Members will be closed from 4 October 2004 to 8 October 2004, both days inclusive. In order to be eligible for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Standard Registrars Limited of Ground floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on 30 September 2004.

PROSPECTS

Following the introduction of various measures to rationalize business operations and boost profitability, the Group reported strong core profit growth in the first half of 2004. Despite a relative low base for comparison due to the impact of SARS in the first half of 2003, the profit contributions of most operations, notably retail, beverage, food and property, already exceeded the same period in 2002. Good progress has been made in the implementation of our retail-led distribution model.

超級市場業務已從二零零三年上半年非典型肺炎的影響中復甦，期內亦錄得帶來盈利之增長。經過積極的塑造模範，自本年初以來在華南及華北地區新開設的綜合超市，初步成績符合預期。本集團進一步增持蘇果超市之權益，預計將可為江蘇省一帶的超市業務帶來協同效應。香港零售市道漸見起色，加上本集團已終止經銷若干盈利能力較低的品牌，已令中國內地的品牌時尚產品經銷業務開始向好，本集團對本年餘下期間的業務表現持樂觀態度，相信零售業務將持續改善。

釀酒業務方面，本集團將繼續鞏固其在中國東北、華北、西南、華中、華東及華南地區之市場版圖。位於東莞的新啤酒廠將於十一月份動工興建，預期將於二零零六年初投產。本集團在安徽省收購兩間具競爭力的釀酒廠後，對集團區內現有的業務已發揮即時的協同效應和成本效益。為抵銷原料價格及燃料成本上升的影響，本集團已於六月開始提升部份地區的啤酒價格，以配合當地市場策略。我們的全國雪花品牌繼續錄得令人鼓舞的增長。為了進一步突顯雪花品牌之市場定位，新一輪的廣告攻勢已於七月展開，以「成長」作為推廣雪花品牌的主要思路，連繫個人成長過程中的喜悅和成就。

本集團旗下的食品加工及經銷業務，將繼續在中國內地肉類市場尋找合適投資機會，深圳和上海的兩個肉類加工中心，將分別於本年度下半年及明年投產。在目前的業務環境裡，預期紡織業務下半年將會面對一定的困難。紡織及成衣行業短期內的競爭仍會非常激烈，但隨著本集團有效落實技術改造計劃，加上棉價逐步回落，本集團對紡織業務的長遠發展仍然感到樂觀。石油及化學品經銷業務未受全球油價波動影響，中期業績表現理想。本集團將着重有效的對沖及存貨管理政策，並會繼續評估在中國內地的業務發展潛力。

The supermarket division has recovered from the SARS-affected first half of 2003 and reported a profitable growth during the period. After strenuous efforts in modelling, the new superstores opened in southern and northern China since the beginning of this year have achieved desired initial results. Further consolidation of our stake in Suguo is expected to drive synergies of the entire supermarket operations in Jiangsu Province. Together with the buoyant market environment in Hong Kong and a revived brand-fashion distribution business in the Chinese Mainland after terminating distribution of some low profitability brands, the Group is optimistic that its retail business would continue to show improvement in the remaining months of this year.

For brewery, the Group will continue to strengthen its market presence in the North Eastern, Northern, South Western, Central, Eastern and Southern region of the Chinese Mainland. Construction of a new brewery in Dongguan will commence in November and be operational in early 2006. There are already immediate synergies and cost benefits to our existing operations in Anhui Province following the acquisition of two competitive brewing plants in that district. To offset the impact of the increase in raw material prices and fuel costs, the Group has started to increase the beer prices in some areas in June, in line with the local marketing strategies. The growth of Snow, our national brand for beer, has been encouraging. To further differentiate the market positioning of Snow, a new advertising campaign was commenced in July promoting Snow as the brand associating with "life's progression" and, hence, linking the joy and achievements as one grows up.

Our food processing and distribution operation will continue to investigate the opportunities in the Chinese Mainland meat market and the two meat processing projects in Shenzhen and Shanghai will start contributions in the second half of this year and next year respectively. The textile operation is expected to be difficult in the second half of the year under prevailing business environment. Competition in the textile and garment industry will remain intense in the short term. However, with the efficiency improvement under our technology upgrade program and the gradual softening of cotton prices, the Group is still optimistic about the long term prospects of the textile division. The petroleum and chemical distribution business performed well during the interim period amidst volatile world oil prices. Sound hedging and inventory control practices will be emphasised and the Group will continually evaluate business development potential in the Chinese Mainland.

在香港，通縮逐漸消失，失業率下降，旅遊業因中國內地旅客日漸增加而轉趨蓬勃，商業及消費氣氛均告好轉。在中國內地，經濟一直維持高速增長，零售市場成為當中的受惠者。然而油價高企、利率上升、中國內地實施宏觀經濟調控及亞洲區近期爆發禽流感等因素，均對本集團構成挑戰。本集團將會繼續監察經營環境的變化，以務實的措施迎接挑戰，尤其注重通過整合市場、地區壟斷及建立品牌等方法，提高現有業務的業績水平。本集團實施零售帶動分銷模式，大力拓展中國內地及香港零售市場，帶動本集團的整體發展。本集團有信心在上半年的進展上，配合現有恰當的策略提升競爭能力，二零零四全年可望取得令人滿意的成績。

企業管治

本集團相信，要改進企業管治達致良好水平，管理層長遠承擔不可或缺，而各個委員會的特定功能，對強化內部監控的作用尤其舉足輕重。期內，審核委員會召開會議檢討本集團的財務及營運表現，同時討論經修訂或新頒佈的會計準則對披露財務資料的重大影響。薪酬委員會亦召開會議，為董事確立一個制度化而公平的薪酬制度，同時制訂獎勵計劃，吸引優秀人才加盟及留效。

此外，本集團改善企業管治水平的努力亦備受投資界的注目。本公司於四月號的亞洲金融雜誌 (FinanceAsia Magazine) 被評為中國「最佳管理公司」之一。本集團將會繼續致力提高公司管治、內部監控及財務披露水平。

內部監控

本集團的內部監控制度對風險管理以及達成業務目標起著重要的作用。本集團的內部監控制度是為維護股東投資、保障本集團資產以及確保財務報表並無虛假而設的。從整體業務層面維持充份的內部監控制度並定期檢討制度的效能，乃屬董事局之責任。

In Hong Kong, the gradual disappearance of deflation, improvement in the unemployment rate, flourishing tourism driven by the increase in visitors from the Chinese Mainland will nurture positive business and consumer sentiments. In the Chinese Mainland, the economy has continued to grow at a fast pace and the retail market has been one of the beneficiaries. However, surging oil prices, rising interest rates, macro economic control measures in the Chinese Mainland and the current outbreak of avian flu in the Asian region will pose challenges for the Group. We will monitor the changes in our operating environment and cope with the challenges pragmatically. Our focus will be on improving the performance of the existing businesses, especially via market consolidation, district dominance and brand building. The Group has rising exposure to the mainland and Hong Kong consumer market under our retail-led distribution model and this would drive our overall development. With the progress in the first half of the year and the strategies currently in place to enhance our competitiveness, we are positive that we will be able to achieve satisfactory results in 2004.

CORPORATE GOVERNANCE

The Group believes that enhancing good corporate governance demands long-term commitment from management and that the distinctive roles and functions of different committees are important in strengthening internal control. During the period, the Audit Committee met to review the financial and operating performance of the Group as well as to discuss the impact and material implications of the revised or new accounting standards on the disclosure of financial information. The Compensation Committee also met to formulate a structured and fair remuneration system for directors and scheme of incentives for retaining and recruiting competent individuals.

Moreover, the Group's commitment in improving the standard of corporate governance had drawn the attention from the investment community. The Company was rated one of the "Best Managed Companies" in China by FinanceAsia Magazine in its April issue. The Group will continue to step up its work towards better governance, internal control and financial disclosure.

INTERNAL CONTROL

The Group's internal controls system plays a key role in the management of risks that are significant to the fulfilment of business objectives. The Group's internal controls system has been designed to safeguarding shareholders' investments, protecting the Group's assets and assuring against material financial misstatements. The Board has overall responsibility for maintaining an adequate system of internal controls and conducts regular review of its effectiveness.

內部核數師已向董事局作出滙報，表示信納截至二零零四年六月三十日止六個月，本集團的內部監控制度能夠鑑別與監察與本集團有關的重大業務危機，並且本集團的資產在一般情況下已獲保障，不會在未經授權的情況下使用或出售，以及本集團已設置適當的會計記錄。

投資者關係

本集團明白公開、公平及積極與投資者溝通的重要性。本集團於二月在上海出席投資者會議，詳細討論其零售帶動分銷模式取得的進展。於四月，本集團超市業務的管理層參與了全球路演，解釋本年度提高營運表現的執行計劃。本集團已與位處於美國、歐洲、新加坡及香港等地六十多家金融機構接觸，並取得理想的回應。

社會責任

於期間內，本集團繼續參與不同慈善團體的活動，喚起社會公眾對貧困、失學、危疾或受難於災禍人士的關注及同情，為解決香港及中國內地社會的需要略盡綿力。本集團通過物業業務向一個兒童教育基金捐款，藉以支持青少年教育，培養年青人對求學的熱誠。本集團的長遠目標是盡力提升對客戶、僱員及股東的回報，同時以不同方式回饋社會。

致謝

本人謹代表董事局，對股東及社會各界的鼎力支持，以及全體員工的出色表現、寶貴貢獻和忠誠服務，表示衷心謝意。

承董事局命
主席
寧高寧

香港，二零零四年九月二日

The internal auditors reported to the Board that for the six months ended 30 June 2004, they are satisfied that the Group's internal controls system has identified and monitored material business risks attributable to the Group and that assets are generally safeguarded against unauthorized use or disposition and proper accounting records are maintained.

INVESTOR RELATIONS

The Group understands the importance of open, fair and proactive communication with investors. In February, the Group attended an investor conference in Shanghai to discuss in detail the progress of its retail-led distribution model. In April, management of the Group's supermarket business participated in a global roadshow to explain their action plan this year for optimizing its operational performance. Over 60 financial institutions in the US, Europe, Singapore and Hong Kong were visited with encouraging feedback.

SOCIAL RESPONSIBILITY

During the period, the Group continued to participate in activities initiated by different charitable organizations that work on various needs of the society in Hong Kong and the Chinese Mainland. These activities involved arousing public's concern or empathy towards people who suffer from poverty, lack of education, disease or hazards. Through our property division, the Group made a contribution to a children education fund in a hope to support youngsters in obtaining education and to foster their enthusiasm in striving for better education. It is the Group's on-going mission to maximize the return to its customers, employees and shareholders and at the same time, reward the society in various ways.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our shareholders and the communities for their continual support and to all the staff for their outstanding performance, invaluable contributions and loyalty.

By order of the Board
NING GAONING
Chairman

Hong Kong, 2 September 2004