

主席報告

Chairman's Statement

本集團正經歷策略性轉型的過程，逐步重新制訂業務組合，專注經營核心消費業務。內地消費市場的發展前景樂觀，加上香港本土經濟已重現生機。本集團已為持續增長奠定穩健基礎，殷切期待與股東分享更美滿的成果。

The Group is undergoing a strategically planned transformation — steadily reconfiguring our portfolio of business to focus on the core consumer businesses. The mainland domestic consumer market has revealed promising prospects, whilst in Hong Kong, the local economy has gradually regained its strength and vibrancy. We have crafted solid platforms for sustainable growth and the Group looks forward to enjoying greater success with you.

宋林
Song Lin



末期業績

在中國內地及香港的強勁經濟增長帶動下，加以本身不斷努力提高營運效率及重組非核心資產，本集團於二零零五年的表現刷新紀錄。截至二零零五年十二月三十一日止年度的綜合營業額較二零零四年上升13.8%，創下港幣53,583,900,000元的新高。股東應佔溢利為港幣2,220,400,000元，較上年度增加50.0%，是本集團自上市以來的最高位。每股盈利按加權平均基準計算達港幣1.02元，而二零零四年則為港幣0.70元。

剔除視為會計政策變動主要影響之物業重估收益及其相關遞延稅項影響，本公司截至二零零五年十二月三十一日止年度的股東應佔綜合溢利為港幣1,817,000,000元，較二零零四年增長22.8%。

股息

董事會建議於二零零六年六月十六日或前後，向於二零零六年五月二十九日名列本公司股東名冊的股東派發二零零五年度末期股息，每股港幣0.25元（二零零四年：每股港幣0.16元）。連同中期股息每股港幣0.13元計算，二零零五年度的派息總額將達每股港幣0.38元（二零零四年：每股港幣0.27元），較二零零四年增加41%。

暫停辦理股份過戶登記手續

本公司將由二零零六年五月二十九日至二零零六年六月二日（包括首尾兩天）暫停辦理股份過戶登記手續。為符合獲派末期股息的資格，所有填妥的過戶表格連同有關股票，最遲須於二零零六年五月二十六日下午四時三十分前送達本公司的股份過戶處——標準證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

策略施行

企業策略

為達成成為中國最大消費企業的目標，本集團一直不斷投資於核心消費業務，務求擴大市場佔有率、提升競爭力及為未來增長奠定基礎。於截至二零零五年十二月三十一日止年度，本集團的資本開支超過港幣34億元，大部份用於零售及飲品業務。年內共開設超過170家超市分店。年內進行的主要收購活動包括兩家分別位於浙江省及天津的超市連鎖店和一家位於安徽省的啤酒廠。

與此同時，本集團繼續出售與其核心業務組合無關或缺乏群聚效應的業務或資產。於二零零五年出售的主要非核心資產包括青島合營油庫公司剩餘的10.5%股權、華創大廈、徐州維維食品飲料股份有限公司的25.09%股權、東莞華潤石油化工有限公司的51%股權以及在廣東省的17個油站。此等出售項目帶來超過港幣14億元的現金流，且變現有關資產的潛

FINAL RESULTS

Against the strong economic growth in the Chinese Mainland and Hong Kong, reinforced by the Group's persistent efforts to enhance operating efficiency and restructure non-core assets, the Group reported record performance in 2005. Consolidated turnover for the year ended 31 December 2005 rose 13.8% over 2004 to another new high of HK\$53,583.9 million. Profit attributable to shareholders was HK\$2,220.4 million, 50.0% higher than in the previous year and is the highest level since our listing. Earnings per share, on a weighted average basis, was HK\$1.02 compared to HK\$0.70 in 2004.

Excluding the gain in property revaluation and its related deferred tax effects, which are considered the major effects of the changes in accounting policies during the year, the Group's consolidated profit attributable to the Company's shareholders for the year ended 31 December 2005 was HK\$1,817.0 million, 22.8% higher than that in the same period of 2004.

DIVIDENDS

The Board recommends a final dividend of HK\$0.25 per share for 2005 (2004: HK\$0.16 per share) payable on or about 16 June 2006 to shareholders whose names appear on the Register of Members of the Company on 29 May 2006. Together with the interim dividend of HK\$0.13 per share, the total distribution for 2005 will amount to HK\$0.38 per share (2004: HK\$0.27 per share). This represents a 41% increase over 2004.

CLOSURE OF REGISTER

The Register of Members will be closed from 29 May 2006 to 2 June 2006, both days inclusive. In order to be eligible for the final 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 26 May 2006.

STRATEGY IMPLEMENTATION

Corporate strategy

To achieve our objective of becoming the largest consumer company in China, the Group has been investing in the core consumer businesses to expand market presence, improve competitiveness and establish platform for future growth. For the year ended 31 December 2005, the Group incurred more than HK\$3,400 million on capital expenditure with a majority on retail and beverage businesses. A total of over 170 supermarket stores were opened during the period. Major acquisitions during the year included two supermarket chains in Zhejiang Province and Tianjin as well as a brewery in Anhui Province.

At the same time, the Group has been disposing of businesses or assets which are outside our core portfolio or which lacked critical mass. Major non-core assets disposed of in 2005 included the residual 10.5% stake in Qingdao oil storage joint venture, CRE Building, a 25.09% stake in Xuzhou VV Food & Beverage, a 51% stake in Dongguan China Resources Petroleum & Chemicals as well as 17 petrol stations in Guangdong Province. These disposals have generated cashflow of more than HK\$1,400 million and

在價值。此外，本集團已委聘財務顧問負責就重整旗下剩餘的非核心業務之一，石油及相關產品經銷業務的可行性提供意見，現正仔細研究各項方案，當中包括，但不局限於為部份業務引入策略投資者。

雖然本集團實施以零售帶動經銷的策略仍然屬於發展初期，但就已取得滿意進展。本集團的食品、飲品及紡織業務都已經開始成為其超市業務供應鏈的一部份。尤其食品業務方面，向來為本集團的香港超市供應鮮肉、蔬菜、食米和其他食物產品，現在更成為其最大的單一供應商。本集團亦透過旗下在內地的超市積極推介行銷全國的「雪花」啤酒。對於管理本集團旗下在香港零售物業極富經驗的地產業務部將拓展中國內地購物商場，部份樓面將供本集團的超市使用。

本集團亦在加快於中國內地的投資。於回顧年度期間，內地業務佔的整體營業額及稅前溢利分別約為55.7%及40.6%，而截至二零零四年十二月三十一日止年度數字則分別為51.1%及47.8%。內地的稅前溢利比重下降部份原因為香港投資物業的重估增值影響所致。

unlocked their latent value. In addition, the Group has appointed a financial advisor to advise on the feasibility of restructuring our petroleum and related products distribution business, one of the remaining non-core businesses. Various proposals, including but not limited to an introduction of a strategic investor for part of the business, are currently under study.

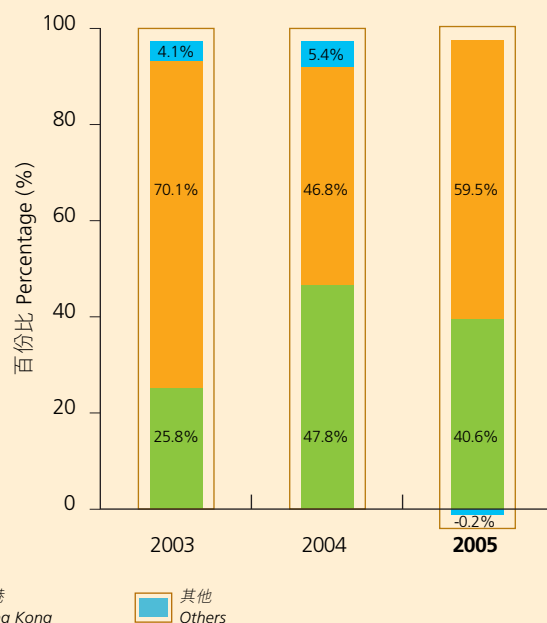
The Group is also making satisfactory progress in the implementation of our retail-led distribution strategy, though it is still at an early stage. The Group's food, beverage and textile operations have started to form part of the supply chain for our supermarket business. In particular, the food operation, which has a long history of supplying fresh meat, vegetables, rice and other food products to our supermarkets in Hong Kong, is currently their single largest supplier. We have also stepped up our efforts to introduce SNOW, our national brand for beer, via our mainland supermarkets. Our property division, which is very experienced in operating the Group's retail properties in Hong Kong, will develop shopping malls in the Chinese Mainland, part of which will be for our own supermarket use.

The Group has also been accelerating its investments in the Chinese Mainland. For the year under review, about 55.7% of turnover and 40.6% of profit before tax was from the mainland, compared with 51.1% and 47.8% respectively in the year ended 31 December 2004. The reduction in significance of pre-tax profit from the Chinese Mainland was partly due to the distortion caused by the revaluation gain of the investment properties in Hong Kong.

營業額地區分佈
Turnover by geographic region



除稅前溢利地區分佈
Profit before tax by geographic region



業務策略

本集團繼續重點發展品牌策略。由於「雪花」的品牌定位正確，加上有效的市場推廣策略，該品牌得以於二零零五年取得可觀增長。本集團將「雪花」品牌刻意塑造成「暢享成長」的象徵，在芸芸國內本土品牌中別樹一幟。超市業務方面，本集團開始將「華潤萬家」和「蘇果」兩個品牌進行整合。蘇果新開設的購物廣場均以「華潤蘇果」命名，於二零零五年年底，共有9家以此新名稱經營的購物廣場。華潤萬家同時發展一個名為「Olé」的嶄新超市業態，以針對高檔消費者而設的高尚生活概念專門店。食品業務亦以自有品牌「五豐」推出更多綜合食品，大致可分為八類，包括：大米、米粉、水果、酒類、蛋品、速凍食品、罐頭食品及臘味肉制品。

內地消費市場高度離散，且效率偏低。本集團透過收購來整合市場，尤其是在經營超市和飲品業務方面。爭取地區的主導地位是本集團在擴展業務上的優先工作，藉以即時在區內發揮規模經濟的效益。受到中國加入世貿和內地個人消費強勁增長等因素吸引，各國國際同業愈來愈積極參與收購活動，將公司估值大幅推高。本集團在物色收購對象時着重考慮成本因素，並會仔細權衡收購帶來的利益與自行投資開發兩者間的利弊。本集團將繼續在維持盈利增長與擴大市場佔有率之間取得平衡。

本集團亦在不同層面實施其他業務策略。超市業務轉攻高檔市場，不斷改善商品結構及採購模式，推出更多時尚衣飾產品及提升自營櫃位的比例，尤其在新鮮食品和紡織品方面。飲品業務就革新分銷渠道，以便更有效控制經銷商及提升供應鏈的效率。食品經銷業務就在位於上海和深圳的設施正式投產後，成功打入內地鮮肉市場。紡織業務的技改計劃取得預期進展，將可增加高端產品的比例，從而提升整體邊際利潤。石油及相關產品經銷業務雖然並非核心業務，但本集團仍積極尋求發展管道燃氣市場的機遇。

經營環境

內地消費市場競爭激烈，但卻增長迅速。二零零五年中國內地的零售數字增長12.9%至約人民幣67,000億元，市場亦見加快整合。首30家零售商瓜分零售總額其中約7.3%（二零零四年則為7.1%）達人民幣4,910億元，其中約45%歸入超市經營商，反映此時尚購物模式日趨盛行。根據商務部編列的二零零五年全國前三十家商業連鎖企業排行榜，以營業額計算，本集團的超市業務在本土的超市經營商中位居次席。

Business strategy

The Group continues to put heavy emphasis on branding. With SNOW's favorable brand positioning and effective marketing programs, the brand reported a spectacular growth in 2005. SNOW is now being marketed as the brand representing "life's progression" and this will further differentiate the brand from other local brands. Our supermarket operation has started to integrate the brands of China Resources Vanguard and Suguo so that the new hypermarkets opened by Suguo are all named "China Resources Suguo". There were nine hypermarkets operated under this new name at the end of 2005. A new supermarket format called "Olé" has also been developed by China Resources Vanguard, which is a higher-end lifestyle concept specialty store targeting the upscale consumers. Our food business has also launched more general food products under its own brand, "Ng Fung". They can be broadly classified into eight categories of rice, rice noodles, fruits, wine, eggs, frozen food, canned food and preserved meat.

The mainland consumer market is highly fragmented with low efficiency. The Group has been consolidating the market through acquisitions, notably in the supermarket and beverage operations. District dominance is our priority in expansion so that economies of scale can be achieved instantly in the area. Attracted by China's WTO accession and the robust private consumption growth, global players are increasingly active in acquisitions and valuation has been rising sharply. The Group has exercised strong cost discipline in pursuing acquisitions and their benefits against the alternative option of greenfield investment are always thoroughly reviewed. The Group will continue to balance profitability gain and market share.

Other business strategies have also been implemented at different levels. Our supermarket operation has adopted a trade up strategy and has been improving its merchandise mix and procurement. More fashionable apparel products are introduced and the proportion of self-operated counters is rising, especially in the fresh food and soft line sections. Our beverage operation has been reforming its distribution channels to exercise better control over distributors and enhance supply chain efficiency. Our food distribution business has entered the mainland fresh meat market for growth with two projects in Shanghai and Shenzhen already in operation. The technology upgrade program of our textile business is progressing as scheduled and this will increase the proportion of high end products, boosting the overall margins. Our petroleum and related products distribution business, though falling outside the core business model, is also looking for growth opportunities in the piped gas market.

OPERATING ENVIRONMENT

The mainland consumer market is competitive yet fast growing. In 2005, retail sales in the Chinese Mainland grew 12.9% to about RMB6,700 billion and market consolidation had accelerated. The top 30 retailers constituted approximately 7.3% of the total retail sales, compared with 7.1% in 2004. Among the total sales of RMB491 billion generated by the top 30 retailers, supermarket operators represented around 45%, reflecting the continued rapid development of this modern format of shopping. Based on the 2005 Ranking of 30 Largest PRC Retail Chain Enterprises (二零零五年全國前三十家商業連鎖企業) compiled by the Ministry of Commerce, the Group's supermarket operation ranked second among the local supermarket operators in turnover.

去年內地啤酒市場的總產量預算增長10.4%，達30,600,000千升。於二零零五年，頭三大啤酒廠所佔的市場份額約為36%，而在二零零零年的時候大概佔19%。去年本集團的啤酒業務取得約13%市場佔有率。

二零零五年中國內地綿紗及布料的產量均較上年度增長29%。同期本集團的綿紗及布料產量則分別減少2.5%及增加16.8%，但兩者銷量就分別增加28.7%和13.1%。技改計劃及為轉攻高檔產品市場而作的產品組合調整令到生產受阻。本集團擬提升市場檔次來滿足市場需要，以講究產品質素的高端設備取代只講求產量的低檔機器，導致產量增長落後於大市。

內地豬肉行業穩步增長，每年豬肉消耗量平均增長約6%。按國際標準，中國的人均豬肉消耗量仍然偏低。國內的生活水平提高和家庭收入增加將刺激豬肉消耗量上升，縮窄與發展程度較高的國家之間的距離。

繼二零零三年底呈現復甦之後，去年香港經濟持續改善。消費信心持續和旅遊業暢旺帶動零售額上升6.8%。二零零五年超市和百貨店的銷售額分別較上年度增加5.8%及8.2%。牲畜消耗量方面，二零零五年的進口和本產活豬牛數量分別約達2,049,000頭及48,600頭，分別較二零零四年減少9%及增加2%。本港爆發豬鏈球菌感染個案，導致市民減少食用豬肉。

企業管治

本集團充分了解，有效的企業管治架構是確保其長遠穩定增長和發展的重要基礎。本集團認為，良好的管治常規應蘊含高透明度的企業架構和業務營運，管理層向股東問責，以及為僱員和利益群體履行企業責任。

如實披露和透明度是有效企業管治的關鍵元素。自二零零二年十一月起，本集團已經開始自願公佈季度財務及業務回顧，我們是恒生指數成份股當中首家自願公佈季度業績的綜合企業，遠早於香港聯合交易所將此列為主板上市發行人的建議最佳應用守則。

為進一步加強監察管理層有否按照議定目標和宗旨行事的獨立性，本集團於二零零五年十一月委任鄭慕智先生為獨立非執行董事。於作出上述委任之後，本集團共有四名獨立非執行董事，人數超出香港聯交所上市規則的強制要求。

Total production volume of the mainland brewery market increased by an estimated 10.4% last year to 30.6 million kiloliters. In 2005, the top three players accounted for approximately 36% of the market, compared with about 19% in 2000. The Group's brewery operation enjoyed a market share of about 13% last year.

In 2005, the production of cotton yarns and fabrics in the Chinese Mainland both increased by 29% over the previous year. Our yarns and fabrics production decreased by 2.5% and increased by 16.8% respectively over the same period but sales volume increased by 28.7% and 13.1% respectively. Technology upgrade and product mix adjustment to focus on upmarket products have caused the output disruption. It is our intention to move up market in order to satisfy what the market needs. We replaced volume based low end machinery with high end ones focusing on quality. This led to a slower volume growth than the overall market.

There has been a stable growth in the mainland pork industry, with an average annual increase of approximately 6% in consumption. Pork consumption per capita in China is still low on international scale. Improving living standards and rising household income in China will boost pork consumption and narrow the gap with more developed countries.

The Hong Kong economy improved continuously last year following a recovery towards the end of 2003. Retail sales increased by 6.8% with continued consumer confidence and buoyant tourism. Supermarket sales and department store sales increased by 5.8% and 8.2% respectively in 2005 over the previous year. For livestock consumption, imported and locally produced live pigs and cattle amounted to about 2,049,000 heads and 48,600 heads respectively in 2005. This represents a decline of 9% and an increase of 2% respectively when compared to 2004. The decline in pork consumption was due to the outbreak of streptococcus suis infection.

CORPORATE GOVERNANCE

The Group is fully aware that the maintenance of an effective corporate governance framework is essential to laying a sound foundation for its long-term steady growth and development. In this respect, the Group considers that good governance practices should embody transparency of corporate structures and operations, accountability of the management to shareholders and corporate responsibility towards employees and other stakeholders.

Disclosure and transparency is a key aspect of an effective corporate governance framework. Since November 2002, the Group has been producing quarterly financial and operational review on a voluntary basis. 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 Index has made it a recommended best practice for main board listed issuers.

To further enhance the independence in the scrutiny of the management performance against agreed goals and objectives, the Group appointed Mr. Cheng Mo Chi as Independent Non-Executive Director in November 2005. After the appointment, the Group has four Independent Non-Executive Directors, exceeding the mandatory requirement under the Listing Rules of the Hong Kong Stock Exchange.



本集團堅持不斷致力提高其企業管治水平，在體現優質企業管治上所付出的努力繼續贏得投資界稱許。於回顧年度，有關機構為表揚本集團在推行良好企業管治常規上不遺餘力而給予以下嘉許：

- 獲《亞洲貨幣》雜誌評選為「二零零五年中國最佳管理公司（大型企業組別）」；
- 在《歐洲貨幣》雜誌進行的企業管治調查中，於中國和香港企業組別以及綜合企業組別中名列榜首；
- 獲《亞洲金融》雜誌評選為中國最佳企業管治公司以及中國最佳管理公司之一；
- 獲《經濟一週》雜誌評選為香港傑出藍籌企業之一；及
- 專責統籌投資者關係的董事獲《亞洲金融》雜誌評選為中國企業最佳投資者關係代表，他亦在由《機構投資者》雜誌進行的選舉中，獲分析員推選為亞洲區綜合企業最佳投資者關係代表。

本集團對於企業管治一絲不苟，日後仍將不時檢討其企業管治常規，務求透過有效率及開放的行事方式履行對利益群體的承諾。

The Group has been consistently striving to improve its corporate governance standards, and its efforts in realizing quality corporate governance continued to earn the respect of the investment community. During the year under review, the Group received the following accolades in recognition of its continuing efforts to implement good corporate governance practices:

- it was named the “2005 Best Managed Company in China — Large Cap” by Asiamoney;
- it was ranked first both among companies in China and Hong Kong as well as in the conglomerate sector in a corporate governance survey published by Euromoney;
- it was rated one of the companies with best corporate governance in China and also one of the best managed companies in China by FinanceAsia;
- it was named one of the outstanding enterprises among the blue-chip companies in Hong Kong by the Economic Digest; and
- the director responsible for investor relations was rated the Best IR Representative in China by FinanceAsia and the Best IR Professional among conglomerates in Asia by the sell-side in a poll conducted by Institutional Investor.

The Group takes corporate governance issues very seriously. In future, we will continue to review its corporate governance practices from time to time to sustain its commitment to all stakeholders via efficient and transparent operations.

投資者關係

本集團熱切追求高水準的企業管治，為投資者、高級管理層與營運管理層之間建立有效的三方溝通渠道。本集團瞭解業務多元化的綜合企業所獨有的特點和需要，深知單單改善投資者關係並不足恃，同時亦需加強內部溝通，方能將投資界的意見如實向高級管理層及各業務單位反映。我們的最終目標是令股東價值達致穩定的長遠增長。

本集團經常與投資界保持公開對話溝通。一年一度的環球路演於二零零五年四月進行，讓本集團的高級管理層藉機親自接觸歐洲、美國、日本及新加坡的投資者。該環球路演的重點是介紹本集團旗下的飲品業務，讓投資者深入瞭解本集團啤酒業務的最新資料。於二零零五年，高層管理人員聯同來自不同業務單位的主管人員出席超過240次與金融界見面的商務會議，包括單獨面談、實地考察、午餐講座及大型會議等，總共會見約680名分析員和基金經理。

股價表現

二零零五年華潤創業的股價上升至港幣13.85元，升幅達14.0%，較恒生指數的升幅高出9.0%。年內，股份於二零零五年十二月二十二日的收市價更創下港幣14.30元的六年新高，而全年最低收市價則為港幣10.50元。年內華潤創業的市值亦增至港幣309.33億元，升幅達19.9%。

INVESTOR RELATIONS

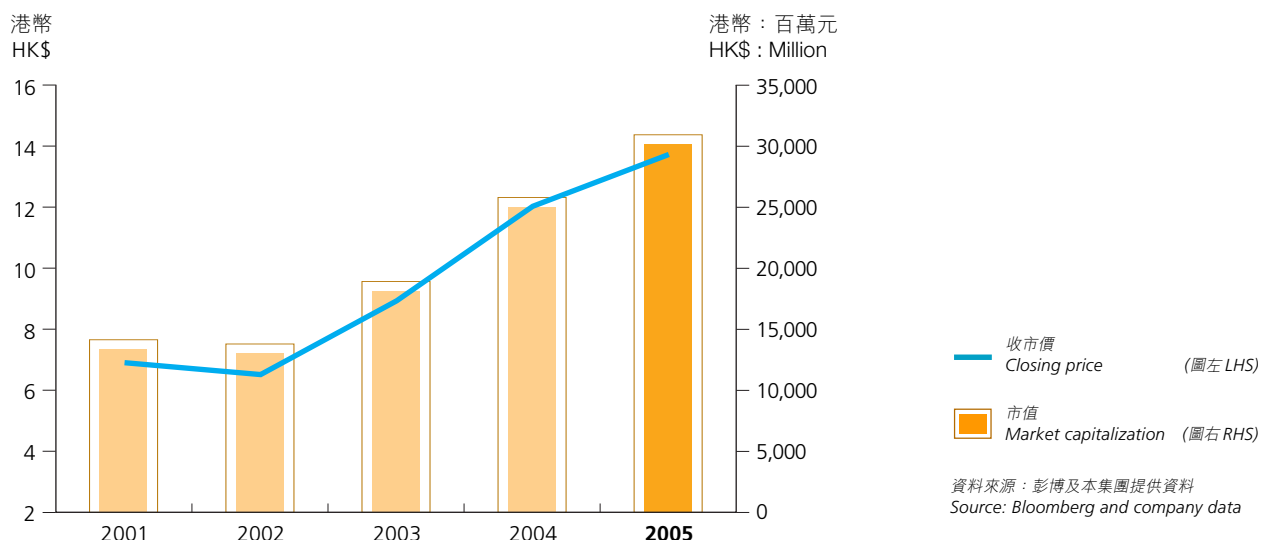
With a dedication for pursuit of high standards of corporate governance, the Group has put in place a tripartite communication system among investors, senior management and operational management. Understanding the unique features and specific needs of a conglomerate enterprise with different businesses, we appreciate the fact that we cannot just stop at merely to improve investor relations, but also to promote internal communication so as to relay the views of the investment community to the senior management and various business units effectively. Our ultimate goal is to create a steady, long term growth in shareholders' value.

The Group maintains an open dialogue with the investment community. The annual global roadshow in April 2005 provided an excellent opportunity for senior management of the Group to meet with worldwide investors from Europe, the United States, Japan and Singapore. The emphasis was on our beverage division and investors acquired in-depth and latest information of the Group's brewery business. During 2005, top management along with senior management of different business units met with about 680 analysts and fund managers in over 240 meetings including one-on-one meetings, site visits, luncheons as well as conferences arranged by financial institutions.

Share Performance

CRE's share price rose 14.0% to HK\$13.85 in 2005, outperforming the Hang Seng Index by 9.0%. During the year, its daily closing share price hit a six-year high of HK\$14.30 on 22 December 2005. The lowest closing price was HK\$10.50. CRE's market capitalization also grew 19.9% to HK\$30,933 million in the year.

華潤創業由二零零一至二零零五年的年終收市價及市值
Year-end closing price and market capitalization of CRE for 2001-2005



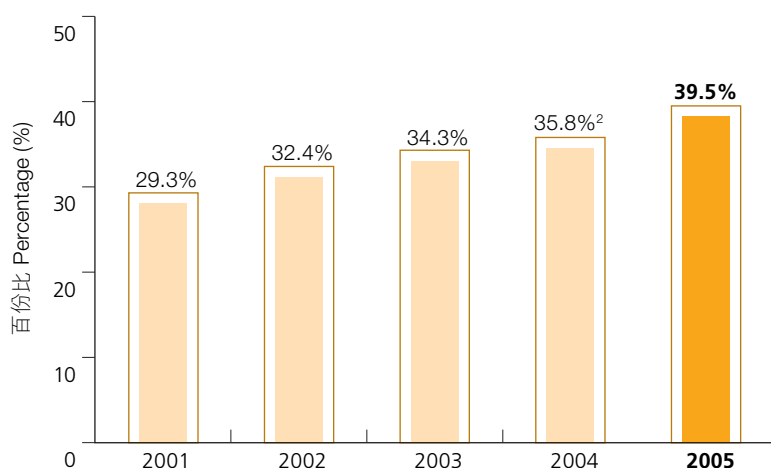
派息比率

本集團向來以逐步改善基本現金股息分派比率為目標，一直以來的表現亦不負所望。本集團派發基本現金股息的準則，是要在公司盈利增長帶來的現金與促進未來溢利增長所需的現金之間取得平衡。此外，本集團曾於二零零二及二零零三年出售及重組銀行和建材等非核心資產期間派發特別股息。

Dividend Payout Ratio

The Group has long had a goal of gradually improving its basic cash dividend payout ratio and has continuously delivered upon this goal. We plan to pay basic cash dividends that balance the cash generated from the growth of the company's earnings with the cash needed to fuel future profit growth. In addition, special dividends were distributed in 2002 and 2003 during which the Group's non-core assets in banking and building materials were disposed of and restructured.

二零零一至二零零五年的基本現金股息分派比率 Basic cash dividend payout ratio for 2001-2005



附註：1. 附表並不包括於二零零二年派發每股港幣0.25元的特別現金股息，以及於二零零三年以分派實物方式按每十股本公司股份獲派一股華潤水泥控股有限公司股份的比例派發的特別股息。

2. 根據二零零四年年報所列之股東應佔溢利計算，二零零四年股東應佔溢利經以前年度調整而重列後，現金股息分派比率會重列為38.8%。

Notes: 1. The chart has excluded the distribution of a special cash dividend of HK\$0.25 per share in 2002 and a special dividend in specie of one share in China Resources Cement Holdings Limited for every ten shares of the Company in 2003.

2. Calculation based on profit attributable to shareholders as reported in the annual report of 2004. Taken into account of prior year adjustments with the profit attributable to shareholders of 2004 restated, the payout ratio shall be restated to 38.8%.

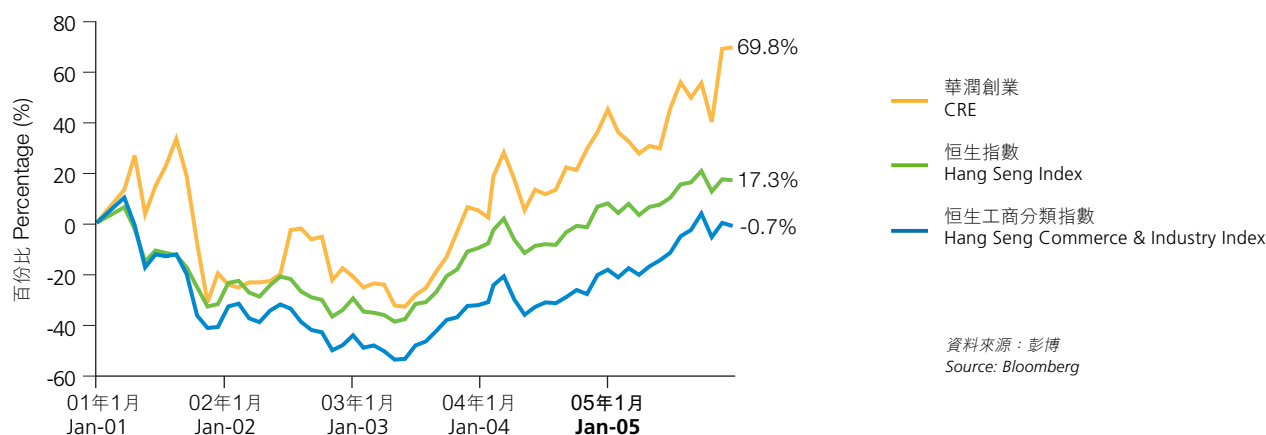
股東回報總額

隨著逐步將業務焦點轉向消費行業、業績表現強勁及不斷提升企業管治水平，過去五年華潤創業股份按股價升幅及將股息再投資計算，股東回報總額達69.8%，遠高於恒生指數及恒生工商分類指數的幅度。二零零五年度的股東回報總額為16.9%，而恒生指數的平均幅度則為8.4%。

Total Shareholder Return

With the gradual re-alignment of our business focus on the consumer sector, robust operating performance and rising corporate governance standard, CRE's shares achieved a total return for shareholders of 69.8% over the past five years, as measured by share price appreciation and reinvested dividend. This is considerably higher than that of the Hang Seng Index and the Hang Seng Commerce & Industry Index. For the year 2005, the total return for shareholders was 16.9%, compared to the average 8.4% of the Hang Seng Index.

二零零一至二零零五年華潤創業股東回報總額相對大市指數的表現 Total shareholder return of CRE relative to market indices for 2001-2005



資料來源：彭博
Source: Bloomberg



1



2

內部監控

董事會全面負責建立及維持妥善而有效的內部監控制度，以確保業務運作暢順、保障本集團的資產和股東權益及肯定財務報表的可靠性。本集團的內部監控制度包括五大元素：有效的監控環境、風險管理、溝通及資訊系統、具成本效益的監控程序、完善的組織架構以及恰當的監察機制。

在本集團的現行內部管理架構下，監察內部監控制度成效有賴內部審核的工作。本集團的內部審核部門在策劃內部審核工作上著重考慮風險因素，旨在保障企業層面及交易層面均受到適當的內部監控，同時亦審視營運效率和有否遵守規定的政策、程序和當地法例，確保本集團屬下所有業務單位均貫徹良好的商業操守。內部審核主管直接向董事總經理及審核委員會匯報，且可隨時就任何因內部審核工作而引起的問題直接向審核委員會查詢。

董事會透過監察本集團的內部審核部門和審核委員會的工作，定期檢討本集團的內部監控制度。審核委員會定期與高級管理層、公司內部及外聘的核數師會面，並於適當時候就加強監控向董事會提供建議。

根據截至二零零五年十二月三十一日止年度的評估結果，董事會已檢討並信納本集團的現行內部監控制度行之有效。

INTERNAL CONTROL

It is the overall responsibility of the Board to establish and maintain a sound and effective internal control system to ensure the smooth running of the operations, safeguard the Group's assets and shareholders' interest as well as ensure the reliability of financial statements. Our internal control system includes five key elements, the existence of an effective control environment, risk management, communication and information system, cost effective control process, adequate organization structure, and proper monitoring mechanism.

On the current internal control framework of our Group, internal audit plays a key role in monitoring the effectiveness of our internal control system. 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. The Head of Internal Audit reports directly to both the Managing Director and the Audit Committee, and is free to consult directly the Audit Committee on any issues that arise as a result of the internal audit activities.

The Board conducts regular reviews of the Group's internal control system through monitoring the activities of the Group's internal audit department and 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.

Based on the assessment for the year ended 31 December 2005, the Board has reviewed and is satisfied with the effectiveness of Group's current internal control system in place.



3

社會責任

本集團堅信履行社會責任是公司邁步向前的必備條件。董事會認為本集團有責任回饋社會，而各業務單位同時亦須爭取佳績，維護股東利益。

本集團透過改善普羅大眾的生活質素來維繫強大的社會凝聚力。過去一年本集團及旗下業務單位積極參與多項社會公益活動。例如旗下的香港超市業務就與公益金、義務工作發展局及其他慈善團體合作舉辦多項全港性的籌款活動，為弱勢社群提供經濟援助。而國內華東超市業務的員工更組織了一支義工隊伍援助坊眾，自二零零五年初成立至今，該支義工隊伍已先後探訪安老院、孤兒院和醫院等機構。飲品業務單位亦籌辦一項全年進行名為「雪花啤酒·勇闖天涯」的活動，夥拍美國的探索頻道（Discovery Channel）製作了一套紀錄片，介紹位於西藏自治區東南部的雅魯藏布大峽谷的壯麗景色，同時進行籌款慷慨捐輸資助該處的偏遠山區興辦小學，讓當地學童有機會接受正式教育。食品業務單位也大力贊助樂施會的「毅行者」活動。而香港零售業務部門屬下的中藝則捐出一件精緻藝術品拍賣，收入撥作慈善用途。

本集團屬下所有業務單位均嚴守保護環境、珍惜大自然的原則。本集團對社會所盡的義務正好反映本集團的價值觀和信念，足見本集團是一家致力為大眾創造美好生活的企業。

- 1 獲香港超市業務鼎力支持的慈善活動宣傳海報
Posters of charity event supported by our supermarket operation
- 2 與義務工作發展局合辦的「愛心慈善義賣大行動」開幕儀式
Launching ceremony for a charity program of our supermarket operation co-organized with the Agency for Volunteer Service
- 3 雪花啤酒贊助興辦內地小學「南伊鄉雪花啤酒希望小學」
SNOW offered sponsorship to the development of a mainland primary school

SOCIAL RESPONSIBILITY

The Group sternly believes that compliance to its corporate social responsibility is most imperative to the growth of the company as a whole. We consider ourselves accountable for making contribution to our society, whilst at the same time operational excellence must be attained at all our business units in securing interests of our shareholders.

The Group works towards the bonding of a strong community through improving the quality of life for the people at large. We have participated keenly in various social responsibility projects in the past year. To cite a few examples, our supermarket operation in Hong Kong worked closely with the Community Chest, the Agency for Volunteer Service and other charitable funds, launching a number of territory-wide fund raising campaigns, and provided financial assistance to the underprivileged groups in our society. Staff from our supermarket operation in eastern China formed a team of volunteer workers offering aids to community groups in the neighbourhood. Ever since its formation in early 2005, the team has made visits to elderly homes, orphanages and hospitals. Our beverage operation has also launched a yearlong project called "The Great Expedition with SNOW（雪花啤酒·勇闖天涯）", at which we worked in partnership with the US Discovery Channel to produce a documentary on the adventure in admiring the marvelous nature of Yarlung Zangbo Daxiagu（雅魯藏布大峽谷）, a canyon located in the south-eastern part of the Tibet Autonomous Region. At the same time, generous donations were made in financing the running of primary schools in these remote mountain areas, giving school children there a chance to receive proper education. Our food operation offered material sponsorship to Oxfam's annual "Trailwalker" event and Chinese Arts & Crafts under our Hong Kong retail operation put up an exquisite art item to auction for a charitable cause.

All business units of the Group adhere strictly to the principle of protecting our environment and preserving our nature. The Group's obligations towards our society are the best illustration of our values and beliefs, that we are a corporation bringing a better life for all.

前景

過去數年本集團一直實行轉型策略，逐步重新制訂業務組合，專注經營核心消費業務，並於二零零五年再度取得進展。本集團來自核心業務，包括零售、食品、飲品及紡織的收入穩步增長，顯示在各個領域的市場佔有率亦有所擴大。品牌的滲透率與日俱增，價值亦隨之提高，尤以啤酒產品和零售連鎖店為然。此外，出售非核心資產的速度經已加快。加上在嚴格控制成本和提升效率配合下，本集團去年盈利刷新紀錄。業績在相當程度反映本集團轉攻消費相關業務的策略已初步取得成果。

繼中國大陸於二零零四年底撤銷對外資經營零售業務的限制後，外資經營商都加快開店步伐和積極進行收購，令內地超市業務的競爭轉趨白熱化。然而，理想的同店增長和有效的控制成本措施促使本集團超市業務去年的表現大為改善。不斷重塑店舖業態令本集團的風格與其競爭對手截然不同，逐步提升經營核心業務的實力。與此同時，本集團將貫徹與新收購公司，如蘇果及慈客隆等的整合計劃，藉此促進統一管理所產生的協同效應及增加跟供應商議價的能力。於決定集中資源經營利潤較豐厚的時尚品牌業務和整頓香港的百貨店業務後，其他零售業務取得令人滿意的表現。本集團在調配資源上將繼續採取審慎態度。

飲品業務於二零零五年的盈利增長速度是近年之冠。此情況不僅反映內地啤酒消耗量有所增長，亦足證本集團在市場整合和推廣品牌上實力非凡。本集團的全國品牌「雪花」啤酒表現尤其令人鼓舞，去年銷量激增47%，有機會成為中國最暢銷的單一品牌。過去十年間，本集團的飲品業務已迅速擴展市場地域分佈和市場佔有率。我們積極改善營運效率，目標是以盈利能力推動未來增長。本集團將繼續加強在現有地區的影響力，務求取得區域主導地位。擴展業務範圍至新目標地區，如華南地區等將是一個循序漸進的過程，必須審慎部署。

由於經濟增長，加上公眾憂慮禽流感疫症爆發而減少食用禽鳥，改食紅肉，令本集團的牲畜經銷業務從中受惠。長遠而言，當局將會進一步立法加強食品安全，預料此舉將令本集團在內地的肉類加工業務大有可為。此外，以「五豐」為品牌的綜合食品經銷業務在香港迅速增長，成為推動本集團食品加工及經銷業務發展的新動力。

PROSPECTS

Over the last several years, the Group has executed a strategically planned transformation — steadily reconfiguring our portfolio of business to focus on the core consumer businesses. Further progress was made in 2005. We stretched our market presence in the core businesses including retail, food, beverage and textile, as reflected by their steady revenue growth. Brand value has been built, notably in our beer products and retail chains, as penetration deepens. In addition, the disposal of non-core assets has accelerated. Coupled with our disciplined cost management and improved efficiency, the Group reported record earnings last year. To a large extent, the results also indicate the initial success of our transformation to focus on consumer-related businesses.

Following the lifting of the restrictions on foreign investment in retailing in the end of 2004, competition in supermarket business in the Chinese Mainland has heated up as foreign operators fastened their store opening pace and acquisitions. Nevertheless, there were considerable improvements in our supermarket operation last year driven by same store growth and measures to control costs. Ongoing store format remodeling will continue to further distinguish us from competitors and gradually build up our core competence. Concurrently, we will push ahead the integration with acquired companies such as Suguo and Cikelong so as to promote the synergies derived from centralized management and enhanced bargaining power over suppliers. Other retail operations have performed satisfactorily following the decisions to concentrate resources on comparatively more profitable fashion brands and realign the department store business in Hong Kong. The Group will continue to take a prudent approach in capital allocation.

The profitability growth of our beverage operation in 2005 was its fastest in recent years. This reflected not only the growth in mainland beer consumption but also our strength in market consolidation and brand marketing. The development of our national brand, SNOW, is particularly encouraging with a sales volume increase of 47% last year and it has probably become the largest single beer brand in China in terms of sales volume. Over the past ten years, our beverage operation has been rapidly building up geographical coverage and market share. We are now targeting profitability as driver for future growth through improvement in operational efficiency. We will continue to strengthen our presence in the existing districts to attain regional dominance. Our expansion into new catchments, such as the southern region, will be a scalable yet cautious process.

The Group's livestock distribution business will benefit from the economic growth and a consumption shift from poultry to red meats because of health concern against fear of an avian flu pandemic. Over the long term, food safety will be further promulgated and this is expected to improve the prospects of our meat processing projects in the mainland. In addition, general food distribution under the "Ng Fung" brand has been growing fast in Hong Kong and is becoming a new driver for our food processing and distribution business.

中國的紡織業於撤銷配額制度之後迅速增長。除了海外市場的需求外，國內人民的可支配收入持續增加亦刺激本地市場對紡織品及成衣產品的需求。紡織業務經過技術改良之後轉而生產較高檔的紗線和布料，現集中以牛仔休閒服主導成衣出口。石油及相關產品經銷業務因油價上升而得益。雖然油價仍然波動，但本集團投資於收入穩定增長的內地管道燃氣項目，有助加強該業務的盈利基礎。

於宣佈即將推行的「十一五計劃」時，中央政府強調工作目標是提高人民生活水平和追求更均衡發展的增長模式，刺激國內需求。隨著經濟強勁增長和近期人民幣升值，內地消費市場的發展前景更為樂觀。香港方面，經濟已重現生機，失業率持續回落，工資亦逐步調升。雖然油價攀升和連番加息對經濟的影響尚未完全反映出來，但本集團已定下對策。本集團已透過轉型為一間消費公司，為持續增長奠定基礎，進一步加強本身的能耐和領導地位。本集團秉承提高股東價值和加強企業管治的宗旨，期待與股東分享更美好的成果。

致謝

自二零零五年以來，本公司的董事會及高級管理層出現若干變動。鍾義先生於二零零五年六月自董事會退任，而鄭慕智先生則於二零零五年十一月獲委任為獨立非執行董事。於二零零六年三月，喬世波先生及閻颺先生調任非執行董事，以便接任華潤（集團）有限公司的新任務及職責；王帥廷先生獲委任為非執行董事；而王群先生、劉百成先生及鄭文謙先生則獲擢升為副董事總經理；另劉健成先生及朱丹先生獲擢升為副總經理。

喬世波先生、閻颺先生及鍾義先生於出任執行董事期間貢獻良多，本人謹代表董事會衷心致謝，同時歡迎鄭慕智先生及王帥廷先生加入董事會，並恭賀王群先生、劉百成先生、鄭文謙先生、劉健成先生及朱丹先生榮升新職。本人謹此向盡忠職守的員工和鼎力支持的股東表達衷心謝意。

主席

宋林

香港，二零零六年四月六日

China's textile industry has grown rapidly in the post-quota era. Apart from overseas demand, continued increase in disposable income has also stimulated domestic consumption of textile and apparel products. Our textile operation is producing higher end yarns and fabrics through technology upgrade and is targeting denim casual wears to lead garment export. Our petroleum and related products 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.

In the upcoming five-year economic program, the 11th Five-Year Plan, the central government emphasized on the improvement of living standards and the pursuit of a more balanced growth model in favor of domestic consumption. In tandem with its robust economic growth and the recent revaluation of the Renminbi, the mainland domestic consumer market has promising prospects. In Hong Kong, the economy has gradually regained its strength and vibrancy. There has been continuous improvement in unemployment rate and gradual increase in wages. Although the effect of higher oil prices and successive interest hikes on the economies has not yet been fully reflected, our strategy is in place. We have crafted platforms for sustainable growth through our transformation into a consumer company. We will further strengthen our talent and leadership. With our commitment to shareholders' value and corporate governance, the Group looks forward to enjoying greater success with you.

APPRECIATION

Since 2005, the Company has seen some changes to its Board composition and senior management team. Mr. Zhong Yi retired from the Board in June 2005 and Mr. Cheng Mo Chi was appointed Independent Non-Executive Director in November 2005. In March 2006, Mr. Qiao Shibo and Mr. Yan Biao were re-designated as Non-Executive Directors to take on new assignments and responsibilities with China Resources (Holdings) Company Limited, Mr. Wang Shuaiting was appointed Non-Executive Director, while Mr. Wang Qun, Mr. Lau Pak Shing and Mr. Kwong Man Him were promoted to be Deputy Managing Directors and Mr. Lau Kin Shing, Charles and Mr. Zhu Dan were promoted to be Vice Presidents.

On behalf of the Board of Directors, I would like to express our sincere thanks for the contributions of Mr. Qiao Shibo, Mr. Yan Biao and Mr. Zhong Yi as Executive Directors, to extend a warm welcome to Mr. Cheng Mo Chi and Mr. Wang Shuaiting, and to congratulate Mr. Wang Qun, Mr. Lau Pak Shing, Mr. Kwong Man Him, Mr. Lau Kin Shing, Charles and Mr. Zhu Dan on their promotions. I would also like to take the opportunity to express my earnest gratitude to a team of devoted staff for their outstanding performance and to our shareholders for their strong support.

SONG LIN

Chairman

Hong Kong, 6 April 2006