



管理層討論與分析

Management Discussion and Analysis

24 業務回顧

REVIEW OF OPERATIONS

零售

Retail

飲品

Beverage

食品加工及經銷

Food Processing and Distribution

紡織

Textile

物業

Property

石油及相關產品經銷

Petroleum and Related Products Distribution

投資及其他業務

Investments and Others

40 財務回顧

FINANCIAL REVIEW

Reap in joy!

享受豐盛收穫



We attain
market recognition!

我們深受市場肯定



業務回顧 REVIEW OF OPERATIONS

零售 Retail

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	16,202	13,898	+17
應佔溢利	Attributable profit	107	52	+105
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	756	627	+20
資本開支及新收購項目	Capital expenditure and new acquisitions	1,438	1,358	+6



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。

二零零五年本集團零售業務在擴大經營規模的同時，盈利能力亦取得令人鼓舞的進展。營業額達港幣16,202,500,000元，較二零零四年增長16.6%。應佔溢利達港幣107,200,000元，較二零零四年增長105.3%。

年內中國內地的經濟繼續強勁增長。根據國家統計局公佈二零零五年的國內人均生產總值按年增長9.9%。中國內地城鎮居民可支配收入穩步上升，改善了居民的生活水平，並提高了居民消費力，尤其是經濟發達城市及周邊地區。中央政府致力推動內部消費，希望有助經濟均衡發展，預料將可刺激零售市道轉旺。商務部預測零售消費會繼續增長，預料未來五年零售數字每年增加約11%。本集團的消費業務將會受惠。

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.

In 2005, the Group's retail division recorded encouraging improvement in profitability on expanded business scale. Turnover reached HK\$16,202.5 million, representing an increase of 16.6% over 2004. Attributable profit was HK\$107.2 million, representing an increase of 105.3% over 2004.

The pace of economic growth continued to be robust in the Chinese Mainland throughout the year. According to the National Bureau of Statistics, a 9.9% year-on-year growth rate for GDP was attained in 2005. Urban residents in the Chinese Mainland, especially those living in affluent cities and the surrounding areas, enjoyed higher living standards and therefore stronger spending power as their disposable income increased steadily. A sturdy trend in retail sales is anticipated as the government tries to promote consumption to help rebalance the economy. Higher consumer spending level is predicted by the Ministry of Commerce, and retail sales are forecast to grow by about

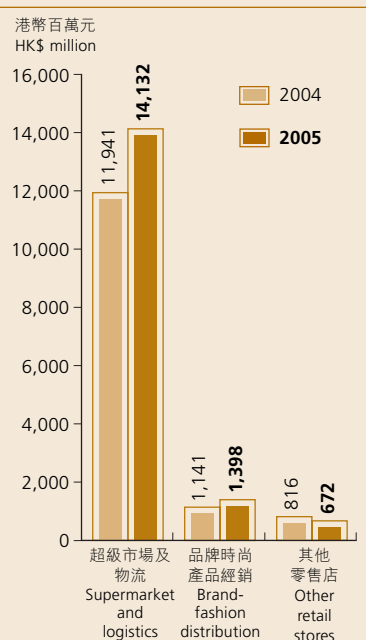
11% annually for the next 5 years. The Group's consumer businesses as a whole will benefit.

香港方面，由於出口銷售總值顯著增加，與中國內地之間的貿易往來頻繁，以及個人消費開支恢復增長，令本港的經濟表現較預期理想，二零零五年的本地人均生產總值增長7.3%。雖然面對利率趨升及物業市場於二零零五年最後一季出現整合等情況，消費者的態度轉趨審慎，但就業率有所改善及家庭收入普遍增加，消費意欲不致受到打擊。加上訪港旅客人數持續上升，香港零售業可望繼續穩步增長。

超級市場及物流

二零零五年超級市場及物流業務的營業額為港幣14,132,400,000元，較二零零四年增長18.4%。二零零五年的應佔溢利為港幣54,200,000元，而二零零四年則虧損港幣7,000,000元。

零售業務營業額之明細
Breakdown of turnover of retail business



In Hong Kong, as a result of a remarkable increase in export sales, strong trade flows with the Chinese Mainland and the resilient growth in private consumption expenditure, the local economy performance has surpassed expectation with a 7.3% GDP growth registered in 2005. Although consumers turned more cautious with interest rate rises and the property market consolidated in the last quarter of 2005, overall market sentiment remains positive with improving employment rate and a general rise in household income. As visitor arrivals keep rising, the retail industry in Hong Kong is anticipated to move ahead with steady growth.

Supermarket and Logistics

Turnover of the supermarket and logistics operation for 2005 was HK\$14,132.4 million, representing an increase of 18.4% over 2004. Attributable profit for 2005 amounted to HK\$54.2 million, compared to a loss of HK\$7.0 million for 2004.



本集團推行的強化區域市場的策略在二零零五年內漸見成效。我們積極鞏固其現有地區網絡，務求加強本身在各主要市場的競爭能力。通過按計劃開設店鋪、邀請特許經營店鋪加盟及收購具有戰略價值的連鎖店，令新增門店面積逐步增加，穩健地拓展零售網絡，爭取擴大目標市場的佔有率。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（「華潤萬家」）、蘇果超市有限公司（「蘇果」）及華潤萬家（香港）有限公司。於二零零五年十二月底，本集團在香港及中國內地共經營約2,100間店鋪，其中44%是直接經營，其餘則為特許經營。店鋪業態大致分為大型超市、綜合超市、標準超市以及便利店。二零零五年的營業額來自不同區域，其中華東佔45.4%，華南佔29.4%，香港佔16.1%，華中佔3.4%，而華北則佔5.7%。

自中國零售業於二零零四年十二月全面開放予外商投資後，市場競爭日益加劇。為提升企業的核心競爭力，本集團一方面逐步結束表現欠佳的店鋪，另一方面繼續努力改善同店增長率。致力加強生鮮商品經營，採取有效的市場推廣和促銷活動，帶旺店鋪人流，增強商品組合以更切合當地顧客喜好和消費習慣；完善營運流程和管理體系，合理控制成本，提高營運效率；優化整合供應鏈，及時推出適銷商品；加強人才的培訓和引進，提升管理水平和專業技能；循序分批翻新鋪面、革新業態及改善店內陳列，提升公司品牌價值和店鋪盈利能力。

經營規模擴大和內地整體同店增長率達5.9%是二零零五年營業額上升的主要動力。與此同時，採購商品金額也相應增加，增強了與供應商的議價條件。來自供應商的收益（包括通道費收入和進貨返利收入），有助改善整體經營業績。二零零五年末計利息、稅項、折舊及攤銷前綜合盈利（「EBITDA」）達港幣576,200,000元，較二零零四年增長54.2%。

2005 saw the division's rationalization strategies taking shape. The Group sought to advance its competitiveness in key markets by strengthening its existing regional networks. Progressive increase in new sales floor areas was achieved through new store openings, line-up with franchised stores and tactical chain store acquisitions. We strategically expanded the retail networks to achieve market share growth in target regions. The Group currently operates its supermarket business through three subsidiary groups, namely, China Resources Vanguard Co., Ltd. ("CR Vanguard") 華潤萬家有限公司, Suguo Supermarket Co., Ltd. ("Suguo") 蘇果超市有限公司 and China Resources Vanguard (Hong Kong) Company Limited. At the end of December 2005, the Group operated a total of approximately 2,100 stores in Hong Kong and the Chinese Mainland, of which 44% were self-operated and the rest were franchised stores. Major store formats are hypermarkets, superstores, supermarkets and convenience stores. In terms of geographical contribution, Eastern China, Southern China, Hong Kong, Central China and Northern China respectively accounted for 45.4%, 29.4%, 16.1%, 3.4% and 5.7% of the division's turnover in 2005.

Market competition has become increasingly intense since the full open-up of China's retail sector to foreign investors in December 2004. To foster our core competence, the Group closed down non-performing stores while continuously improved same store growth. Efforts were made to enhance the fresh produce operations, to implement business promotion activities to increase shopper flows, to enhance merchandise mix, category and assortment management to cater for local preferences and consumption trends. Productivity and cost control initiatives also helped streamline key processes and drove down costs. Enhanced inventory systems with stronger supplier links enabled timely delivery of stock items as and when needed. Staff training and development with higher caliber recruits elevated the professional management standards and skill sets for more value-added customer services. Scheduled store facelifts in stages, store reformats as well as revamp of store displays further promoted the corporate brand and store profitability.

Turnover growth in 2005 was mainly driven by rapid store openings together with an overall same store growth of 5.9% in the Chinese Mainland, which also resulted in improved procurement conditions that gave us greater bargaining power in negotiations with suppliers. The increase in payments from suppliers, which included incentives, store display and promotion income, helped improve the overall operating results. Consolidated earnings before interest, tax, depreciation and amortization ("EBITDA") for 2005 amounted to HK\$576.2 million, representing a 54.2% growth over 2004.



華東地區於二零零五年繼續維持良好的發展勢頭，同店增長率達7.9%。本集團採取多業態組合及密集佈點等低成本高效益的快速擴張策略。蘇果在南京地區始終穩佔50%以上的市場佔有率。多年來蘇果採取差異化經營、個性化服務和加強媒體廣告的營銷策略，在品牌形象、商品結構、生鮮商品等方面取得突破，客流量和客單價都取得增長，從而提升了銷售額，純利也錄得理想增長。蘇果於二零零五年最後4個月加快開店速度，先後開設9間購物廣場（此乃蘇果的嶄新業態）。連同在南京以外地區購入的17間特許經營店，蘇果已成功將零售及分銷網絡向外擴張至南京以外鄰近地區，藉此再提高市場佔有率。

華南地區在翻新店面和整合供應鏈等方面取得成效，大型超市和綜合超市的同店增長率分別達4.2%和30.5%。標準超市通過調整商品結構和經營策略，令邊際利潤顯著回升。二零零五年的淨虧損已較二零零四年減少。然而，部份舊標準超市的盈利能力仍未如理想。位於東莞市之全新Lifestyle Store有待與當地顧客的磨合及自身調整，表現尚待改善。

華北地區的營業額增加13.9%，主要來自天津收購店舖和新開店舖。然而，部分位於大城市的舊店舖面對多家實力較強外資零售營辦商的劇烈競爭，導致淨虧損有所增加。本集團將對舊店和天津新收購的供應鏈進行整合，加強生鮮商品經營，進一步提升店舖的銷售額和盈利能力。

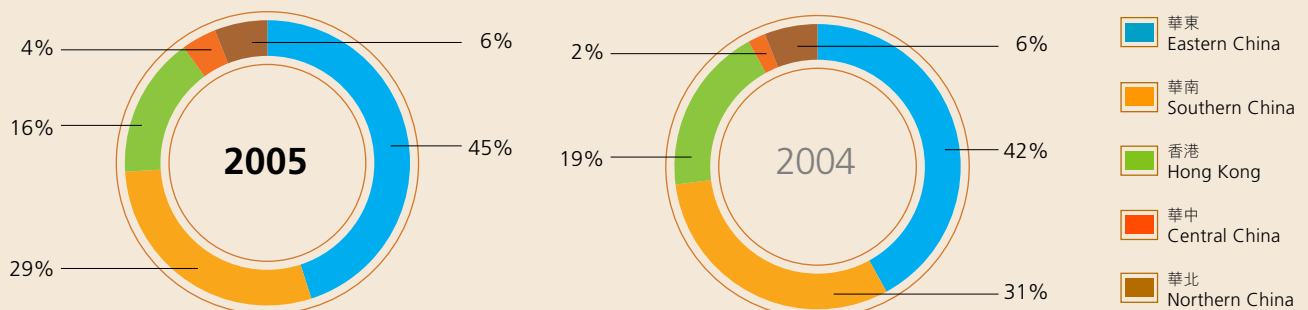
The Eastern China operation continued its business momentum in 2005 with a satisfactory same store growth of 7.9% recorded. The Group adopted a structured approach of multi-formats and clustering of stores as a cost effective, rapid growth strategy. Suguo successfully maintained its market share of more than 50% in Nanjing. Over the years, it has developed a unique business strategy adapted locally that focused on brand image, enhanced product mix and fresh produce. Increase in both shopper flows and average customer receipts led to a substantial improvement in turnover as well as profitability. The last 4 months of 2005 was marked by rapid opening of 9 hypermarkets, a new store format for Suguo. These, together with the acquisition of 17 franchised stores outside Nanjing, has extended Suguo's retail and distribution network in the Nanjing nearby areas, resulting in an increase in market share.

In Southern China, store facelifts and better supply chain management delivered results. Same store growth of hypermarkets and superstores reached 4.2% and 30.5% respectively. Significant margin improvement was achieved through enrichment in merchandise mix and responsive business strategies. Net loss for 2005 was reduced as compared to 2004. However, profitability of some existing supermarkets was still not satisfactory. The new lifestyle store in Dongguan was now in the process of fine-tuning performance and reformatting for more promising results.

The 13.9% turnover growth in Northern China was mainly attributable to the acquisition of Tianjin stores and new store openings. However, net loss worsened due to the fact that certain existing stores in the major cities in the region were facing head-on competition with foreign retail operators. Rationalization of existing stores and the newly acquired Tianjin supply chains, together with a boost in fresh produce operations, is anticipated to improve stores sales and profitability.

超市業務營業額地區分佈之明細

Geographical turnover breakdown of the supermarket business





香港地區面對本地主要對手日益嚴峻的競爭壓力。為確保邊際利潤，本集團審慎監察市場給予顧客的折價優惠。然而，營運成本上升、租金上漲和店舖裝修均導致二零零五年的經營溢利下降。隨著本港重現消費意欲、零售業銷售持續增長及市場對優質倉儲的需求日形殷切，中期至長遠而言有利於香港業務的發展。

本集團有策略地增持華潤萬家及蘇果的股權分別至100%及85%，進一步統一管理職能、減低行政費用、提高各類店舖業態所產生的協同效應和鞏固旗下超市及物流業務的市場地位。此外，本集團於二零零五年九月就收購浙江慈客隆超市有限公司100%權益而訂立協議，交易已於二零零五年十二月完成。此舉將可提高本集團在寧波（華東地區）的市場佔有率，而於二零零五年九月完成收購天津某超市連鎖集團的主要資產則可再進一步鞏固本集團在華北地區的市場佔有率，以便本集團在上述地區進行業務整合。

本集團將與市場趨勢一致，透過開設新店及經營範圍伸延至二級城市，專注發展大型超市和綜合超市。本集團亦銳意物色配套完善的城市開設標準超市，為發展超市業務奠定基礎。

品牌時尚產品經銷

二零零五年品牌時尚產品經銷的營業額為港幣1,397,800,000元，較二零零四年增長22.5%。二零零五年本業務的應佔溢利為港幣14,100,000元，較二零零四年減少54.6%。

於二零零五年十二月底，本集團在中國內地指定城市透過約770間自營及特許經營店，經銷10個國際品牌產品。

「Esprit」品牌持續錄得強勁的營業額增長，達30.6%。自營店的同店增長率達9.1%，而特許經營店亦取得滿意增長。由於產品設計迎合顧客需求、售價具競爭力、積極進行業務推廣及店舖選址正確，二零零五年該品牌的盈利增長達12.8%。

The Hong Kong operation faced tougher competition from major local market players. To secure margins, the Group cautiously monitored the market concessions offered to customers. However, higher running costs, rental increases and store conversion costs resulted in a lower operating profit for 2005. With the solid revival of domestic consumption expenditure, sustainable retail sales growth and growing demand for quality warehouse space, the Hong Kong operation will benefit in the medium to long term.

The strategic move of increasing the Group's equity stakes in CR Vanguard to 100% and Suguo to 85% helped centralize management functions, drive down administrative costs, enhance synergies from multiple store formats and strengthen our positioning in the supermarket and logistics operation. Moreover, an agreement was reached in September 2005 to acquire 100% interest in Zhejiang Cikelong Supermarket Company Limited 浙江慈客隆超市有限公司, which was later completed in December 2005. This will extend our market presence in Ningbo, Eastern China. With a major asset acquisition of a supermarket chain in Tianjin accomplished in September 2005, the Group's market share further strengthened in Northern China. This will facilitate our integration in the area.

In line with the current market trend, the Group will focus on the development of hypermarkets and superstores through new store openings and moving into second tier cities. We will also emphasize standard-sized supermarkets in selected developed cities and carve out a better niche for supermarkets.

Brand-fashion Distribution

Turnover of the brand-fashion distribution segment for 2005 was HK\$1,397.8 million, an increase of 22.5% over 2004. Attributable profit for 2005 amounted to HK\$14.1 million, a 54.6% decrease over 2004.

As at the end of December 2005, the Group distributed 10 international brands through approximately 770 self-operated and franchised stores in designated cities throughout the Chinese Mainland.

A consistent strong turnover growth of 30.6% in respect of the "Esprit" brand was recorded. Self-operated stores achieved a same store growth of 9.1%, while franchised stores also grew at a satisfactory rate. Through product designs that matched customer demand trends, competitive pricing, active business promotions and the right choices of stores at prime locations, the brand's profitability recorded a 12.8% increase in 2005.



受到二零零五年最後一季品牌重整的影響，部份品牌經銷合約已經終止。隨著門店關閉，對若干店鋪裝修、傢具設備、存貨及問題賬款等資產進行撥備，因而導致本年整體盈利較二零零四年有所下降。

本集團將繼續檢討現有的品牌組合，不斷引入新品牌，以及加強本身的經銷網絡和提升經營成本效益，冀能在急速增長的內地消費市場抓緊發展機遇。

其他零售店

二零零五年其他零售店業務的營業額為港幣672,300,000元，較二零零四年下跌17.6%。二零零五年的應佔溢利為港幣38,900,000元，較二零零四年增長37.5%。

於二零零五年十二月底，本集團在香港經營的連鎖零售店包括5間中藝和34間華潤堂。

營業額整體下降主要是由於分別位於黃埔及軒尼詩道的華潤百貨店舖相繼於二零零五年四月及二零零四年五月結業所致。然而，透過商品組合的合理調整，銷售定價策略的有效運用，品牌形象的重塑，中藝及華潤堂本年度的邊際毛利率得以改善。由去年開始華潤堂店舖已成功從店中店的模式轉型為獨立店，並取得較好盈利表現。

然而，受到租金水平大幅上漲及個別大型商場調整店舖組合的影響，租賃陸續到期的若干店舖將面臨加租或搬遷。本集團通過合理的店舖資源分佈減低影響，整體盈利仍取得顯著提升。

近年港人對健康日益關注，令保健食品和傳統中藥市場出現激烈競爭。華潤堂積極開發蟲草和燕窩等自有品牌商品提升市場知名度，豐富商品組合，以及加強與供應商的關係，爭取獨家經銷超值產品。

However, a refocus of brands in the last quarter of 2005 led to some of the brand distribution contracts terminated. A number of store closures resulted in the write-off of the related leasehold improvement, furniture and fixtures, stocks and some of the problem debts. These altogether gave rise to an overall lower profitability over 2004.

The Group will continue to review its current brand portfolio, introduce new brands, strengthen its distribution network and improve operating cost efficiency in capitalizing on the business opportunities that arise within the fast growing consumer market in the Chinese Mainland.

Other Retail Stores

Turnover of the other retail stores segment for 2005 was HK\$672.3 million, representing a decrease of 17.6% over 2004. Attributable profit for 2005 was HK\$38.9 million, an increase of 37.5% over 2004.

As at the end of December 2005, the Group's chain of retail stores in Hong Kong consisted of 5 Chinese Arts & Crafts 中藝 stores and 34 CR Care 華潤堂 stores.

Overall decline in turnover was primarily due to the successive closure of CRC Department Stores in Whampoa in April 2005 and on the Hennessy Road in May 2004. Nevertheless, through ongoing product mix enrichment, effective pricing and niche creation, gross margins were improved for both the Chinese Arts & Crafts 中藝 stores and CR Care 華潤堂 stores during the year. There was also a successful re-branding of the CR Care 華潤堂 stores since last year from its former store-in-store format to a stand-alone format which has enhanced its overall profitability.

However, with a general increase in rental and tenant portfolio changes for higher rents, particularly experienced in prestigious shopping malls, tenancies of certain stores were not renewable upon expiry and they had to be relocated. The Group tactfully reallocated resources and reported an overall increase in profitability.

Rising health awareness amongst the local community has triggered keen competition in the markets for health food and traditional Chinese medicine in recent years. CR Care 華潤堂 stores strive continuously to develop its own brands in areas such as cordyceps 蟲草 and bird's nests for better market recognition, to enrich product portfolio and to promote suppliers' relationship that facilitates exclusive dealings of value-for-money products.

We serve our best!

我們維持最佳表現



飲品 Beverage

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004 ^(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	6,855	5,079	+35
應佔溢利	Attributable profit	136	104	+30
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	1,056	888	+19
資本開支及新收購項目	Capital expenditure and new acquisitions	841	1,432	-41



飲品業務之營業額及應佔溢利分別為港幣6,854,600,000元及港幣135,800,000元，分別較二零零四年增長34.9%及30.5%。

二零零五年的啤酒銷量上升26.0%至約3,948,000千升。通常最後一季銷量較低，但今年第四季度啤酒銷量卻異常凌厲，較上一季增長17.7%。二零零五年現有啤酒廠的整體銷量自然增長為15.0%，其中以四川、遼寧、哈爾濱、湖北及安徽的增幅尤其顯著。

於回顧年度，隨着消費者的口味普遍由品質較次的廉價啤酒轉向講究時尚的高檔啤酒，本集團不斷改良大部份地區的產品銷售搭配，促使平均售價上升6.8%。為了改善物流效益和推出嶄新的高檔品種，銷售及經銷渠道均作出了合理化調整，特別強調了零售商和批發商所起之作用。由於本集團依循開發高價品種的發展路向，白米、酒花、玻璃、經改良專用的可回收容器及包裝物料等商品面對的成本壓力愈趨顯著，加上勞工及能源成本上漲，每千升的平均生產成本較二零零四年上升約5.9%。在生產效率、成本控制及設施提升各方面均見持續改善下，二零零五年的整體毛利率在競爭激烈的環境中仍能取得滿意的表現，達33.0%。

The beverage division reported turnover and attributable profit of HK\$6,854.6 million and HK\$135.8 million respectively, representing a corresponding increase of 34.9% and 30.5% over 2004.

Sales volume of beer rose by 26.0% to approximately 3,948,000 kiloliters for 2005. Volume performance was exceptionally strong in the usual low months during the last quarter of the year, with a quarter-on-quarter growth of 17.7% recorded. Overall organic growth of sales volume in existing breweries was 15.0% for 2005, with notable increases in Sichuan, Liaoning, Harbin, Hubei and Anhui.

For the year under review, a modest net average price rise of 6.8% was delivered through continuous sales mix improvement in most of the regions as consumers generally traded up from lower quality, cheap beer to modernized mainstream and premium beer. To enhance logistics efficiency and develop new, premium brands, sales and distribution channels were rationalized with particular emphasis on both retailers and wholesalers. Cost pressures were significant in commodities like rice, hops, glass, upgraded returnable containers and packaging materials as we moved on to more valuable brands. Coupled with increases in labor and energy costs, the average production cost per kiloliter rose by about 5.9% over 2004. With continuous improvement in production efficiency, cost management and facilities upgrade, the overall gross margin rose to 33.0% in 2005 in a competitive environment.



二零零五年兩間新近購入的主要啤酒廠表現亦有改善。江蘇啤酒廠積極推廣「雪花」及當地的高檔品種，並實施大規模的節約成本措施。然而，由於銷售組合轉向高檔品種，銷售渠道的合理化調整尚未取得成果，以致全年的銷量較預期為低。對比二零零四年第四季度，浙江啤酒廠錄得5.1%溫和銷量增長。該兩間啤酒廠於二零零五年均錄得溢利。

由於專注品牌效應的市場及分銷策略奏效，本集團行銷全國的「雪花」品牌（包括Shenyang啤酒）於二零零五年迅速增長，回顧年度的銷量增至約1,583,000千升，較二零零四年的1,074,000千升增長47.4%。

截至二零零五年底，本集團經營近40間啤酒廠，年產量約為5,800,000千升。去年收購分別位於安徽及湖北的兩家啤酒廠。為了進一步鏈接遼寧和華北區域，提升具有高增長潛力的環渤海區的市場份額，本集團於二零零五年十二月底收購了秦皇島一間啤酒廠，經改良後的產能可達每年120,000千升。本集團就「雪花」製訂的全國性策略是以審慎態度將產品銷路擴展至華南地區，而本集團最近收購福建泉州清源啤酒有限公司85%權益即為此策略的部份安排。本集團借助泉州的優勢來鞏固本身在區內的市場地位，期望在區內奠定穩固根基，以便日後進一步發展。本集團位於東莞的新建廠房已於二零零六年初展開試產，第一期的產能約為150,000千升。

2005 also saw general improvement in the two major newly acquired breweries. For the Jiangsu brewery, "SNOW" was actively promoted with the premium local brands and major cost saving measures were implemented. Nevertheless, with a change in sales mix to more premium brands, the rationalization of sales channels was yet delivering full results and the Jiangsu brewery reported a lower sales volume than expected. For the Zhejiang brewery, there was a modest comparable sales volume growth of 5.1% over 2004. Both breweries were profitable for 2005.

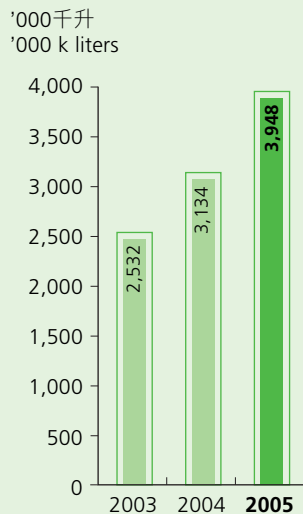
Our national brand "SNOW", including the Shenyang beer, was growing fast in 2005 through focused brand marketing and distribution initiatives. Its sales volume for the year under review increased by 47.4%, to approximately 1,583,000 kiloliters, compared to about 1,074,000 kiloliters in 2004.

At the end of 2005, the Group operated nearly 40 breweries with an annual production capacity of approximately 5.8 million kiloliters. Two breweries in Anhui and Hubei provinces were acquired last year. To bridge the gap between Liaoning and the Northern China regions, a brewery in Qinhuangdao was newly acquired by end of December 2005. Its production facilities will be upgraded to a 120,000-kiloliter level. This helps capture the fast growth potential identified in the Huanbohai region. As part of our national strategy for "SNOW" to prudently expand into Southern China, the Group recently acquired an 85% interest in Quanzhou Qingyuan Brewery Limited in the Fujian Province. Taking advantage of the edges of Quanzhou to consolidate our market position in the area, it is anticipated that a sound platform for further growth in the region can be achieved. Our green-field plant in Dongguan has already started trial commissioning in early 2006. Production capacity for its Phase 1 operation is about 150,000 kiloliters.

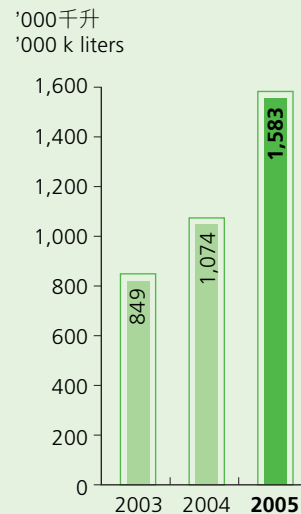
目前中國的人均啤酒消耗量約為23千升，遠低於二零零五年的全球平均消耗量。隨着國內人民的收入不斷增加及年青一代崇尚西化產品的風氣日盛，中國內地的啤酒市場極具增長潛力，為本集團的飲品業務帶來無限商機，有助加速新一輪的業務增長。

Per capita annual consumption of beer currently stands at about 23 kiloliters in China, much lower than the global average in 2005. Growth prospects in the Chinese Mainland is believed to be favorable with rising income levels and the growing preference towards westernized products, in particular for the younger generation. This presents the beverage division with exciting opportunities which will help step up to the next stage of business growth.

過去三年啤酒銷量
Sales volume of beer over the last 3 years



過去三年雪花啤酒（包括 Shenyang 啤酒）銷量
Sales volume of SNOW beer (including Shenyang beer) over the last 3 years



We get even more!

我們得到的更多



食品加工及經銷

Food Processing and Distribution

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	5,624	5,434	+3
應佔溢利	Attributable profit	414	381	+9
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	630	607	+4
資本開支及新收購項目	Capital expenditure and new acquisitions	235	580	-59



食品加工及經銷業務於二零零五年的營業額及應佔溢利分別為港幣5,623,600,000元及港幣414,500,000元，較二零零四年增長3.5%及8.9%。剔除因二零零五年上半年出售A股上市的聯營公司－徐州維維食品飲料股份有限公司25.09%股權的港幣59,400,000元收益及於二零零四年兩間聯營公司在上海證券交易所成功上市，權益被攤薄所產生的溢利後，二零零五年的應佔溢利較二零零四年增加10.2%。

食品經銷業務的盈利大幅上升，持續豐富產品組合及擴大凍肉業務的銷售及經銷網絡都是溢利增加的原因，整體邊際利潤率也得以維持。香港的上水屠房於二零零五年榮獲「危害分析及重點控制點」專業管理獎項，在其屠宰過程所遵循的環境及食物衛生標準得到高度讚賞。市民日益關注食品安全及素質，令「五豐」牌優質鮮肉穩踞本地市場。隨着品牌知名度提高，針對顧客對各類加工食品及雜貨的需求而開發的產品將促使業務進一步增長。

然而，遠洋捕撈和水產品加工業務的整體毛利受燃料價格屢創新高及產品平均售價因競爭激烈而下跌等不利因素影響，以致溢利貢獻減少。為了密切監察不斷上升的生產成本，同時減低油價上漲帶來的影響，本集團定期實地審察捕撈船隊的燃料耗用情況，以及為員工提供有關節約成本的培訓。在油價高企的威脅下，預計於可預見將來經營環境仍然困難。然而，本集團將繼續致力開闢優質魚場，提高船隊的捕撈能力，改善銷售網絡及售賣更多高檔魚類和水產。長遠而言，各項措施將有助改善本集團的盈利能力。

深圳業務於二零零五年繼續取得滿意的溢利。在有效融入本集團華南超市業務的廣闊分銷網絡上，於活豬採購、屠宰及鮮肉生產各方面的競爭優勢肯定能以低成本發揮卓越的商業效益，令本集團得以加快擴展以零售為主導的業務。此外，上海的豬隻屠宰及肉類加工中心於二零零五年十二月開始營運。該中心定能加強本集團的豬隻屠宰與肉類產品的生產能力及在中國內地的名牌食品分銷業務。

The food processing and distribution division reported turnover and attributable profit for 2005 of HK\$5,623.6 million and HK\$414.5 million respectively, representing a corresponding increase of 3.5% and 8.9% over 2004. Excluding a gain of HK\$59.4 million from the disposal of a 25.09% stake in the A-share listed associated company, 徐州維維食品飲料股份有限公司 Xuzhou VV Food & Beverage Co., Ltd. in the first half of 2005 versus deemed disposal profits from the successful share listings of two associated companies in 2004, attributable profit for 2005 increased by 10.2% as compared to 2004.

Foodstuff distribution operation reported a strong growth in profitability. Continuous enrichment in product mix, together with the expansion of sales and distribution network for frozen meat business, contributed to the profit increase. The overall margin was maintained. In 2005, the slaughtering centre at Sheng Shui, Hong Kong won the Hazard Analysis and Critical Control Points Professional Management Award which highly recognized its environmental and food hygiene standards in slaughtering. The “Ng Fung” brand of high quality fresh meat was therefore strengthened locally, amidst growing concerns over food safety and quality. With greater brand awareness, product development in line with customer demand trends in the areas of assorted processed food products and groceries will drive further business growth.

The overall gross profit margin of marine fishing and aquatic products processing operation was, however, adversely affected by the record high fuel prices and the decrease in average selling prices caused by keen competition. This resulted in a lower profit contribution. Regular on-site review of fishing fleet fuel utilization and staff training on cost saving measures were implemented to closely monitor the increasing production costs while at the same time weathered the impacts of rising oil prices. Operating environment is expected to be difficult in the foreseeable future under the prevailing high oil prices. However, the Group will continue its ongoing efforts in exploring new quality fishing grounds, enhancing catching capability of its fishing fleet, improving sales network and selling more high-end fishes as well as aquatic products. These will altogether help improve its profitability in the long run.

The Shenzhen operation continued to contribute satisfactory profit in 2005. Its competitive edge on pig sourcing, slaughtering and fresh meat production provides excellent commercial leverage with our supermarket business in Southern China at low cost. Moreover, the meat processing centre in Shanghai commenced trial operations in December 2005. It will enhance the Group's pig slaughtering and meat product production capacity and distribution of branded food in the Chinese Mainland.

We advance with
full effort!

我們努力不懈



紡織 Textile

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	4,291	3,851	+11
應佔溢利	Attributable profit	81	(1) 不適用	n/a
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	343	203	+69
資本開支及新收購項目	Capital expenditure and new acquisitions	220	596	-63



二零零五年紡織業務的營業額為港幣4,291,200,000元，較二零零四年增長11.4%。二零零五年的應佔溢利為港幣81,200,000元，而二零零四年則錄得港幣900,000元虧損。

世界各地對紡織品的需求隨著全球紡織品出口配額於二零零五年一月一日取消而急升，令本年度中國紡織品及成衣的出口總值分別錄得22.9%及19.4%增長，使紡織業務的業績於二零零五年轉虧為盈。紗線、布料及成衣銷售量分別錄得28.7%、13.1%及19.6%的持續增長。營業額增長的另一原因是由於二零零四年度最後一個季度收購陝西省兩家具規模的紡織公司之權益，以及兩間完成搬遷的主要工廠現已全面投產。此外，加強以客為本的銷售管理，透過技術改造逐步轉攻高檔產品以優化產品組合，亦有助抗衡主流產品價格普遍下調之壓力，令整體營業額回升。

二零零四年最後一季結轉的高價棉花庫存已於本年內大致耗用，而相關成品亦陸續售出。雖然新一批先進機器的產能效益率較高，有助提升營運效率，令邊際利潤略有改善，但直接工資及水電氣費上漲，以及本年度最後一季棉花漲價則削弱了紡織業務的盈利能力。

二零零五年內地的外貿關係面對重大衝擊，其中與美國及歐盟之間的貿易摩擦尤其惹人關注。鑑於本年度中國紡織品出口總值大幅飆升，美國及歐盟決定對某幾類紡織品及成衣重新實施配額限制，將有關產品由二零零六年至二零零八年的增長幅度限制在10%至17%的水平。預計未來數年紡織品出口的经营環境將面對重重挑戰。

另一方面，隨著國內人民收入水平增加，預計對優質紡織品及成衣的內部需求將會轉強。因此，本集團得以同時在內銷及外銷市場發掘無限商機。由於提升營運效率，改善市場定位和在銷售組合中引入更多高檔產品，而棉花的全球供應於二零零六年可望趨於均衡，預測棉花價格屆時將可處於合理水平，將可改善整體邊際利潤及迎接業內產業整合作好準備。

Turnover of the textile division for 2005 was HK\$4,291.2 million, representing an increase of 11.4% over 2004. Attributable profit for 2005 amounted to HK\$81.2 million, compared to an attributable loss of HK\$0.9 million in 2004.

With the upsurge in world market demand upon the expiry of the global textile quotas effective 1 January 2005, China's textile products and garments recorded a respective 22.9% and 19.4% export growth for the year under review. This has benefited the textile division and therefore contributed to its turnaround in 2005. Sustainable growth in sales volume of 28.7% in yarns, 13.1% in fabric and 19.6% in garments was recorded. The growth in turnover was also partly due to the acquisition of interests in two sizable textile companies in Shaanxi Province in late 2004, together with the full contribution of two newly relocated factories. Better customer-focused sales management and product mix enhancement with a gradual shift to high-end products through technology upgrade also helped combat the general downward pressure on mainstream product prices and therefore improved the overall turnover level.

In 2005, the residual high cost cotton inventory brought forward from the last quarter of 2004 was largely consumed with the products sold. Despite a small margin improvement from better operation efficiency with higher capacity utilization of the new batch of modern machinery, the profitability of the textile division was tempered by the general rate rises in direct labor, utility costs and an increase in cotton prices particularly experienced in the last quarter of the year.

2005 saw great turbulence in the mainland's external trade relationships, especially with the United States (US) and the European Union (EU). In response to a massive surge of Chinese textile exports during the year, the US and EU re-imposed safeguard quotas on specific categories of textile and garment products which effectively restricted their growth rate in the range of 10% to 17% from 2006 to 2008. The operating environment for export sales will continue to be challenging in the next few years.

On the other hand, strong domestic demand for quality textile and garment products is expected with rising income levels. Hence, favorable business opportunities are present to the Group in both domestic and export markets. With improved operational efficiency, better market positioning and more high-end branded products in the sales mix, while cotton prices in 2006 are expected to remain at reasonable levels on balanced global supply, these will altogether lead to an improvement in the overall profit margin and better alignment in the process of industry consolidation.

物業 Property

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004 ^(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	299	307	-3
應佔溢利	Attributable profit	690	310	+123
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	814	277	+194
資本開支及新收購項目	Capital expenditure and new acquisitions	354	227	+56



物業業務主要包括零售店舖、辦公室和工業單位的物業租務。該部門於二零零五年的營業額和應佔溢利分別為港幣299,100,000元及港幣689,800,000元，較二零零四年分別減少2.6%及增加122.8%。

剔除對租賃物業組合於二零零五年十二月三十一日之估值所產生約港幣400,000,000元的盈餘（二零零四年：不適用）、出售若干物業之溢利、因灣仔軒尼詩道的零售物業進行重新發展而出現的空置期以及於二零零四年錄得的其他特殊項目收益，物業業務於二零零五年的應佔溢利維持在與二零零四年相若的水平。

在零售市道轉好帶動下，旺區的零售物業供不應求，刺激該等物業租金上升。除了在灣仔軒尼詩道重新發展的零售物業外，租賃物業錄得理想的出租率，而於二零零五年續訂的租約方面，每平方呎的實際租金普遍上調。

然而，於二零零五年的最後一個季度，零售物業租金按季平均下調4%。由於息口升勢未止，預料市場於二零零六年上半年依然處於整固期。持續經濟增長帶來的真正需求和不斷流入的資金可望帶動零售物業市場於二零零六年下半年復甦。灣仔軒尼詩道剛完成重新發展的多層式零售物業正好把握零售市場轉旺的機遇，截至二零零六年二月止出租率已達93.4%。待整項物業全面租出後，估計每月可帶來港幣2,500,000元的租金收入。

為貫徹本集團專攻零售物業的方針，本集團陸續售出名下的非零售物業。於二零零五年先後出售位於灣仔及尖沙咀的辦公室物業和位於柴灣的工業物業。

由於透過翻新及重塑位於旺角及荃灣的香港零售物業來提升收入和人流的部署奏效，故內地江門及新會兩個商場亦已採取類似的模式，預計前者於二零零六年上半年完成，並以本集團的超市為主要租戶，屆時將可為物業業務另闢收入來源。

The property division, which comprises the rental property segments of retail, office and industrial premises, reported a turnover and attributable profit for 2005 of HK\$299.1 million and HK\$689.8 million, representing a corresponding decrease of 2.6% and an increase of 122.8% over 2004.

Excluding a valuation surplus of approximately HK\$0.4 billion in respect of the rental properties portfolio as at 31 December 2005 (2004: Not applicable), the disposal gain of certain properties, vacant period during the redevelopment of the retail property on the Hennessy Road, Wanchai and other exceptional items of 2004, attributable profit of the division for 2005 remained comparable to that of 2004.

Driven by the increase in retail sales, prime retail properties were in demand which in turn drove up the rental levels. Excluding the newly developed retail property on the Hennessy Road, Wanchai, occupancy rates of rental properties were satisfactory with a general increase in effective rent per square feet upon tenancy renewal during 2005.

However, retail rentals experienced an average quarter-on-quarter downward adjustment of 4% during the last quarter of 2005. Market consolidation is expected to continue in the first half of 2006 with interest rates still on the uptrend. With genuine demand attributed to sustained economic growth and the continued inflow of investment funds, the retail property market is expected to recover in the second half of 2006. The newly redeveloped multi-storey retail property on the Hennessy Road, Wanchai is now ready to capitalize on the favorable retail market opportunities; with 93.4% of the space already let out as of February 2006. Estimated monthly rental of over HK\$2.5 million will be generated upon full occupancy.

In line with the Group's focus on retail properties, there has been an ongoing divestment of non-retail properties. The division disposed of office properties in Wanchai and Tsimshatsui and an industrial property in Chaiwan during 2005.

With the success of enhancing revenue and flow of shoppers through renovation and re-modeling of the retail properties in Mongkok and Tsuen Wan in Hong Kong, similar mall format has been adopted by two malls in Jiangmen and Xinhui in the Chinese Mainland. The former is expected to be completed within the first half of 2006, with our supermarket as its anchor tenant, and will bring in new revenue streams to the property division.

石油及相關產品經銷

Petroleum and Related Products Distribution

		二零零五年 2005 港幣百萬元 HK\$ million	二零零四年(重列) 2004 ^(Restated) 港幣百萬元 HK\$ million	轉變 Change (%)
營業額	Turnover	20,540	18,681	+10
應佔溢利	Attributable profit	624	511	+22
未計利息、稅項、折舊 及攤銷前盈利	EBITDA	908	694	+31
資本開支及新收購項目	Capital expenditure and new acquisitions	398	796	-50



二零零五年石油及相關產品經銷業務的營業額及應佔溢利分別為港幣20,539,800,000元及港幣623,900,000元，較二零零四年增長10.0%及22.1%。

剔除出售青島合營公司餘下10.5%（二零零四年：30.0%）股本權益、東莞華潤石油化工有限公司的51%股本權益及內地17座油站所得之收益後，二零零五年的應佔溢利較二零零四年增長53.8%。

本年內，國際原油價格大幅飆升，每桶平均報56.6美元，相對前一年的油價則為每桶41.4美元。因此，與二零零四年比較，石油及相關產品的價格處於前所未見的高位。儘管經營環境充滿挑戰，二零零五年整體毛利率仍能維持升勢。

於年內油價波動期間，石油業務在盈利方面錄得較顯著的改善，主要受惠自經銷航空煤油業務的貢獻。本集團憑藉有效的定價政策及對沖措施來減輕油價波動所帶來的風險，使邊際利潤得以改善。

本集團預期，油價於短期內仍會繼續波動不穩，故將維持審慎態度，消弭油價對其業務表現的影響。

蘇州及成都的管道燃氣業務於二零零五年帶來可觀的溢利貢獻，並提升整體盈利能力。成都業務自二零零五年三月開始為本集團貢獻溢利以來，燃氣需求出現強勁增長，至年底已取得1,100,000名天然氣用戶，包括商業／工業客戶及住宅用戶。除在江蘇省無錫成立一間佔50%權益的合營公司外，本集團於二零零五年最後一季度購入浙江省台州華建管道燃氣有限公司的100%權益，並在該省富陽市開展業務，以進一步在中國內地拓展本集團的管道燃氣業務。

本集團銳意成為中國最大規模的消費公司，一直不斷重整架構及出售旗下非核心業務，並重新調配，集中發展核心消費業務。於二零零五年年底，本集團已就出售東莞華潤石油化工有限公司的51%權益及內地17座油站而訂立協議。

作為重整架構的一部份，本集團正就處理旗下其中一項非核心業務，即石油及相關產品經銷業務的不同方案進行可行性評估，並委聘一名財務顧問負責就各項建議方案包括但不限於為部份業務引入策略性投資者的可行性提供意見。

Turnover and attributable profit of petroleum and related products distribution division for 2005 amounted to HK\$20,539.8 million and HK\$623.9 million respectively, representing an increase of 10.0% and 22.1% over 2004.

Excluding the gains from the disposal of the remaining 10.5% (2004: 30.0%) equity interest in a Qingdao joint venture, 51% equity interest in Dongguan China Resources Petroleum & Chemicals Co., Ltd. 東莞華潤石油化工有限公司 and 17 petrol stations in the Chinese Mainland, attributable profit for 2005 would have increased by 53.8% over 2004.

The international crude oil prices surged considerably and averaged at US\$56.6 a barrel during the year, compared to US\$41.4 a year ago. Consequently, the prices of petroleum and related products remained at unprecedented high levels as compared to 2004. Against the challenging operating environment, overall gross margin edged up in 2005.

Amid volatility in oil prices during the year, the petroleum operation reported notable improvement in profitability, largely contributed by the aviation fuel distribution. Its margin improvement was achieved by way of effective pricing and hedging measures to weather through the oil price fluctuations.

The Group anticipates fluctuations in oil prices to continue in the near term and will maintain a prudent approach to mitigate the impact on its business performance.

The encouraging profit contribution from piped-gas operations in Suzhou and Chengdu also added to the increase in profitability for 2005. Since the Chengdu operations started contributing profit in March 2005, there has been a strong growth in gas demand and the Group has registered 1.1 million natural gas user accounts with commercial/industrial customers and residential households by end of the year. In addition to the establishment of a 50-50% joint venture in Wuxi, Jiangsu Province, the division newly acquired a 100% interest in Taizhou Huajian Pipeline Gas Co., Ltd. 台州華建管道燃氣有限公司 and started up a venture in Fuyang, Zhejiang Province during the last quarter of 2005. This further helps expand its piped-gas business in the Chinese Mainland.

With an objective of becoming the largest consumer company in China, the Group has been restructuring and divesting its non-core businesses so as to shift its focus to the core consumer businesses. By the end of 2005, the division has already entered into agreements to dispose of 51% interest in Dongguan China Resources Petroleum & Chemicals Co., Ltd. 東莞華潤石油化工有限公司 and 17 petrol stations in the Chinese Mainland.

As part of the restructuring program, the Group has been assessing the feasibility of various alternatives for the petroleum and related distribution business, one of the remaining non-core businesses. The Group has appointed a financial advisor to advise the feasibility of various proposals, including but not limited to an introduction of a strategic investor for part of this business.

投資及其他業務 Investments and Others

本業務於二零零五年的應佔溢利為港幣356,000,000元（二零零四年：港幣319,800,000元）。

貨櫃碼頭

本集團擁有HIT Investments Limited和Hutchison Ports Yantian Investments Limited的10%權益。於二零零五年，香港及鹽田深水港業務的溢利表現維持穩定。



Attributable profit for 2005 amounted to HK\$356.0 million (2004: HK\$319.8 million).

Container Terminal

The Group has a 10% interest in HIT Investments Limited and Hutchison Ports Yantian Investments Limited. The Hong Kong and Yantian deepwater port operations continued to maintain a stable profit performance for 2005.

財務回顧 FINANCIAL REVIEW

資金及融資

本集團恪守良好的資金管理政策，務求盡量善用盈餘資金應付內部需求，同時增加流動資金及收益率。於二零零五年十二月三十一日，本集團的綜合現金及現金等值達港幣6,668,300,000元。本集團於二零零五年十二月三十一日的借貸為港幣9,979,400,000元，其中港幣5,168,700,000元須於一年內償還，港幣4,741,700,000元須於一年後但五年內償還，另港幣69,000,000元則須於五年後償還。於二零零五年十二月三十一日，本集團已全數動用借貸備用額。除了於二零零六年五月到期的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。於二零零六年四月四日，本集團內一家全資附屬公司和10間銀行簽署一份聯合委託書，負責安排港幣3,000,000,000元，為期五年的銀團貸款。有關款項將用作一般資金用途，包括現有債項作再融資。

以本集團借貸淨額比對股東資金及少數股東權益計算，本集團的負債比率約為14.4%（二零零四年十二月三十一日：25.0%）。

本集團的主要資產、負債、收益及付款均以美元、港幣及人民幣結算。於二零零五年十二月三十一日，本集團現金存款結餘分別有23.8%以美元、36.8%以人民幣及37.9%以港幣持有。本集團借貸中38.4%及24.1%分別以美元及人民幣結算，其餘37.3%則以港幣為單位。此外，為減低匯兌及利率波動的風險，本集團已訂立若干遠期合約及利率調期合約，以對沖部份借貸風險。

CAPITAL AND FUNDING

The Group's treasury function has an objective of maximizing surplus cash for internal funding while enhancing liquidity and yield. As at 31 December 2005, the Group's consolidated cash and cash equivalents amounted to HK\$6,668.3 million. The Group's borrowings as at 31 December 2005 were HK\$9,979.4 million with HK\$5,168.7 million repayable within 1 year, HK\$4,741.7 million repayable after 1 year but within 5 years and HK\$69.0 million repayable after 5 years. Committed borrowing facilities available to the Group were fully utilized as at 31 December 2005. Except for the US\$230 million convertible guaranteed bonds, due for maturity in May 2006, all the borrowings were subject to floating rates. On 4 April 2006, a wholly owned subsidiary of the Group, together with 10 other banks, signed a joint mandate for a 5-year bank facility of HK\$3 billion, the proceeds of which will be used to meet general corporate fund requirements, inclusive of the refinancing of the existing indebtedness.

On the basis of the Group's net borrowings relative to the shareholders' funds and minority interests, the Group's gearing was approximately at 14.4% (31 December 2004: 25.0%).

The Group's principal assets, liabilities, revenue and payments are denominated in US dollars, Hong Kong dollars and Renminbi. As at 31 December 2005, 23.8% of the Group's cash deposit balances was held in US dollars, 36.8% in Renminbi and 37.9% in Hong Kong dollars; whereas 38.4% of the Group's borrowings was denominated in US dollars and 24.1% in Renminbi with the remaining 37.3% in Hong Kong dollars. Moreover, to mitigate foreign currency and interest rate exposure, the Group entered into certain forward contracts and interest rate swaps to hedge against part of its borrowings.

資本開支

本集團截至二零零五年十二月三十一日止年度的資本性開支約為港幣3,487,500,000元，其中約港幣2,705,200,000元用作添置固定資產，其餘港幣782,300,000元進行飲品及超市業務的新收購項目，作為零售帶動分銷戰略的一部份，以及收購經銷石油及相關產品的共同控制實體之權益。資本性開支主要以源自經營業務的內部資源及銀行借貸支付。

資產抵押

於二零零五年十二月三十一日，本集團已抵押賬面淨值為港幣227,900,000元（二零零四年十二月三十一日：港幣799,300,000元）的固定資產，以獲取總額為港幣248,300,000元（二零零四年十二月三十一日：港幣595,400,000元）的借貸。

或然負債

於二零零五年十二月三十一日，本集團並無任何重大或然負債。

僱員

於二零零五年十二月三十一日，本集團除聯營公司以外聘用約90,000人，其中逾95%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，並輔以各種以現金或購股權支付之獎勵計劃。

承董事會命
董事總經理
陳樹林

香港，二零零六年四月六日

CAPITAL EXPENDITURE

During the year ended 31 December 2005, the Group spent approximately HK\$3,487.5 million on capital expenditure. Additions of fixed assets amounted to HK\$2,705.2 million, while the remaining HK\$782.3 million were incurred for new acquisitions in beverage and additional interests in supermarkets, as part of our retail-led distribution strategy, together with the purchase of interests in jointly controlled entities in petroleum and related products distribution. Capital expenditure was primarily financed by internally generated funds from operations and bank borrowings.

PLEDGE OF ASSETS

As at 31 December 2005, fixed assets with a net book value of HK\$227.9 million (31 December 2004: HK\$799.3million) were pledged for total borrowings of HK\$248.3 million (31 December 2004: pledged for total borrowings of HK\$595.4 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2005.

EMPLOYEES

As of 31 December 2005, the Group, excluding its associated companies, had a staff size of around 90,000, amongst which more than 95% were employed in the Chinese Mainland, whilst the rest were mainly in Hong Kong. Remuneration packages are assessed in accordance to the nature of job duties, individual performance and market trends with built-in merit components, paid in the form of cash bonuses and share options.

By order of the Board
CHEN SHULIN
Managing Director

Hong Kong, 6 April 2006