

主席報告

CHAIRMAN'S STATEMENT

半年度業績

本集團截至二零零九年六月三十日止六個月的未經審核綜合營業額及公司股東應佔溢利分別約為港幣35,047,000,000元及港幣1,158,000,000元，較去年同期增加10.2%及減少22.2%；經營業務的每股基本盈利為港幣0.48元，對比二零零八年同期港幣0.62元。二零零九年上半年及二零零八年上半年的投資物業重估及重大出售事項的稅後收益分別合共港幣192,000,000元及港幣466,000,000元，剔除該等影響後，本集團二零零九年首六個月的公司股東應佔未經審核綜合基礎溢利應減少5.5%。

中期股息

董事會議決於二零零九年十月十六日或前後，向於二零零九年十月五日名列本公司股東名冊的股東派發截至二零零九年六月三十日止六個月的中期股息每股港幣0.14元（二零零八年：每股港幣0.15元）。

前景

二零零九年上半年，中國內地的國內生產總值增長優於市場預期。由於中央政府相信內地經濟距離徹底復蘇尚遠，因此維持了積極的財政政策及寬鬆的貨幣政策，以支持本地經濟好轉的勢頭。全球金融危機對香港及中國內地經濟均有所影響，而儘管本集團的整體基礎溢利於二零零九年上半年仍按年下降，但其繼續改善的情況令人感到鼓舞。

為應對充滿挑戰的經濟情況，本集團將進一步集中發展及鞏固三項核心業務，即零售、飲品及食品業務。為此，本集團一直在評估各種重整非核心業務的可行性，並且已經與有意投資者進行磋商，最終可能會將部份或整項業務出售，但迄今尚未達成任何協議，亦未定出時間表。

本集團將實施多項措施，例如系統自動化、加強資金運用管理及員工效益等，以支持未來高質量的增長，為迎接未來的商機作好準備。本集團過往以透過併購來擴大市場佔有率為發展重點，但現在亦會較為偏重通過成本控制、風險管理及現金管理來提升盈利能力。

Half-year Results

The Group's unaudited consolidated turnover and profit attributable to the Company's shareholders for the six months ended 30 June 2009 amounted to approximately HK\$35,047 million and HK\$1,158 million respectively, representing an increase of 10.2% and decrease of 22.2% over that of last year. Basic earnings per share from the operations were HK\$0.48 compared to HK\$0.62 for the same period of 2008. Excluding the after-tax effect of revaluation of investment properties and major disposals, which led to aggregate gains of HK\$192 million in the first half of 2009 and HK\$466 million in the first half of 2008, the Group's underlying unaudited consolidated profit attributable to the Company's shareholders would decrease by 5.5% for the first six months of 2009.

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.14 per share for the six months ended 30 June 2009 (2008: HK\$0.15 per share) payable on or around 16 October 2009 to shareholders whose names appear on the Register of Members of the Company on 5 October 2009.

Prospects

The Gross Domestic Product ("GDP") growth of the Chinese Mainland for the first half of 2009 was better than market expectations. With a belief that the mainland economy is still away from a thorough recovery, the central government has kept its positive fiscal policy and loosened monetary policy to bolster the improving trend of the local economy. While the Hong Kong and Chinese Mainland economies have both suffered from the global financial crisis, the continuous recovery in our overall underlying profit is encouraging although it still showed a year-on-year decline in the first half of 2009.

In response to the challenging economic climate, the Group has sought to further consolidate its foundation by focusing on its three core businesses, namely retail, beverage and food businesses. For this reason, the Group has been assessing the feasibility of various alternatives for restructuring the non-core businesses. Discussions have been held with potential investors which may lead to partial or complete disposal of the business but no agreement has been reached and no timetable has been set.

To better prepare ourselves for the opportunities, the Group will implement numerous measures such as system automation and enhancement of fund utilization management and staff efficiency to support our quality growth in the future. Our previous emphasis was on market share through mergers and acquisitions, but the Group will now also focus more on profitability through cost control, risk management and cash management.

前景(續)

中國內地自二零零九年二月開始出現通縮，不利於經營超市業務。而本集團的超市業務已調整策略，以迎合在經濟不景下，居民的降格消費習慣，並在一定程度上紓緩了經濟環境低迷的影響。展望未來，我們將繼續努力加強與供應商的合作，實施中央採購，做好存貨管理，以保持成本處於低水平。未來將主要透過開設新店，加上同店增長及併購來拓展業務。為提升管治能力，本業務已實施先進的會計自動化措施。我們深信，只要經濟一旦回復增長，本集團一貫提高檔次的策略，將可在有利的環境中，實現最大的效益。

本集團的啤酒業務表現遠勝於市場，上半年銷量增長達行業平均增長兩倍以上。值得注意的是，我們加強了在遼寧、黑龍江、安徽、浙江及山東等若干省份的現有地位。我們亦收購了若干非全資附屬公司之少數權益。除併購外，本集團將把握機遇，透過投資於新建啤酒廠及提升現有啤酒廠產能，加快我們的行業整合策略。該策略不但可擴大我們的市場佔有率，而且將改善本業務的整體淨溢利。同時，市場上原材料價格下降，加上本集團控制原材料的措施，將進一步降低生產成本及提升盈利能力。鑑於內地啤酒市場的人均啤酒消耗量，相對於日本及其他歐洲國家仍然偏低，因此未來內地啤酒業將有龐大的增長潛力。

與啤酒業務一樣，本集團的純淨水業務亦錄得強勁的盈利增長。在根據地廣東省內外的擴張已取得初步成效。我們相信中國內地包裝水的需求將隨著時間持續上升。未來我們將繼續鞏固在廣東省的領導地位，並努力在其他地區爭取市場佔有率。

Prospects (continued)

The deflationary environment which the Chinese Mainland has faced since February 2009 has been unfavorable to the supermarket operation. Our supermarket operation has adjusted its strategy to meet consumer's trade down habits in economic downturn and to some extent, has mitigated the impact of the adverse economic environment. Looking forward, we will continue to strive for stronger ties with suppliers, centralized procurement and sound inventory management to keep costs at a low level. Future expansion will be carried out mainly through new store openings supplemented by same store growth and mergers and acquisitions. In order to enhance management capability, initiatives on advanced accounting automation have been taken in our operation. Once the economy resumes growth, we are confident that our traditional trade up strategy will have an optimal environment to maximize its benefits.

Sales volume growth of our beer operation considerably outperformed the market during the first half of the year by growing more than twice as fast as the industry average. Notably, we have strengthened our presence in certain provinces such as Liaoning, Heilongjiang, Anhui, Zhejiang and Shandong. We have also acquired the minority equity interests in certain non-wholly owned subsidiaries. Apart from acquisitions, the Group will capture the opportunities to accelerate our industry consolidation policy by means of investment in greenfield breweries and upgrade of existing breweries. Such strategy will not only increase our market share but also improve the overall net profits of the business. Concurrently, the decline in the costs of raw materials in the market, coupled with our efforts in controlling raw materials will further lower production costs and boost our profitability. Looking forward, there will be substantial growth potential in the mainland beer industry as its beer consumption per capita is still relatively low in comparison with Japan and other European countries.

Like our beer operation, our purified water operation also recorded robust profitability growth. Expansion both within and outside our Guangdong home base has recorded initial success. We believe that the demand for packaged water in the Chinese Mainland will continue to rise over time. In future, we will continue to consolidate our leading position in Guangdong Province as well as striving to gain market share in other regions.

前景(續)

面對低迷的經濟環境，加上若干新項目於營運初期錄得虧損，本集團的中國內地食品業務因而受到輕微影響。然而，我們在主要城市包括深圳、上海及杭州之肉類加工基地持續錄得屠宰量的增長。香港方面，自去年年底開始，輸港活豬市場的競爭已經緩和，令香港的經營環境變得較為穩定。鑑於中國內地消費者日益關注食物品質及安全，而本集團的香港業務在食物品質及安全方面擁有優良的往績紀錄，並以恪守嚴格食物安全標準見稱，讓本集團在中國內地拓展食品業務時，具備了競爭優勢，並為促進未來的快速發展，奠定穩固的平台。遠洋捕撈業務將繼續受惠於燃料成本下降，此外本集團在中國內地設立漁獲產品分銷點，對該業務亦將有所裨益。總的來說，本集團的食品業務將維持以肉類、綜合食品及海產分銷為重點的發展策略。

紡織行業的表現繼續受到海外市場復蘇緩慢和內地紡織市場的激烈競爭所拖累。我們採取了積極的行動來處理業務內表現欠佳的資產。我們亦實施了控制成本的措施，例如間歇性停產、減低棉紗存貨量及減省開支等，初步成效已見，並預料將可持續。我們在高端紗線、尼龍產品以及牛仔休閒服成功確立的獨特市場定位於未來將繼續支撐紡織業務的發展。

自金融危機爆發以來，已發展國家的經濟環境迅速惡化，導致以往作為中國經濟增長主要動力的出口行業嚴重下滑。中央政府於二零零八年底作出果斷的應對措施，公佈了巨額刺激經濟方案，加上積極的財政及貨幣政策，二零零九年上半年內地國內生產總值的增長較市場預期優勝，內地樓市、股市亦出現復蘇的初期跡象。然而，第二季居民消費價格分類指數仍然錄得負增長，因此中國內地經濟會否穩定、持續復蘇，目前仍尚難定論。管理層相信，儘管目前的經營環境存在該等不確定因素的風險，但亦見商機處處，因此本集團對未來的發展持審慎樂觀的態度。

Prospects (continued)

The economic downturn and initial losses of certain new projects have mildly affected our food business in the Chinese Mainland. However, our meat processing bases in major cities including Shenzhen, Shanghai and Hangzhou continue to record volume growth in slaughtering. In Hong Kong, competition in the live pig import market has eased since the end of last year, which makes our operating environment in Hong Kong more stabilized. Since Chinese consumers are increasingly concerned about the quality and safety of food, the impressive track record on food quality and safety in the Hong Kong business model with our well-known compliance with stringent food safety standard has become our competitive edge in expanding our food business in the Chinese Mainland, and helped build a solid platform to facilitate our future rapid development. Marine fishing will continue to benefit from lower fuel costs as well as establishment of fishing products distribution counters in the Chinese Mainland. In general, our food business will maintain its development strategy with meat, assorted foodstuff and seafood distribution.

Slow recovery in the overseas market and severe competition in the mainland textile market continued to drag down the performance of the textile industry. Proactive measures were taken in dealing with some non-performing assets within the business. Cost control measures such as intermittent production suspension, reduction in cotton inventory and tightened costs have reaped the initial benefits which are expected to sustain. In the future, our established niche in high-end yarn and nylon products as well as leisure wear will continue to support our textile business.

Since the emergence of financial crisis, the economic environment in developed countries has rapidly deteriorated, leading to a severe slump in mainland exports which was a key growth driver in the past. The central government reacted decisively by announcing a massive stimulus package in late 2008. Alongside proactive fiscal and monetary policies, the mainland GDP growth for the first half of 2009 surpassed market expectations. Initial signs of recovery have also appeared in the mainland property and stock markets. However, the Consumer Price Index ("CPI") in the second quarter remained negative. It is still unclear whether the economic recovery in the Chinese Mainland is stable and sustainable. Despite the risks associated with such uncertainties, the management believes that the current environment also abounds with opportunities and the Group is cautiously optimistic about its future development.

內部監控

董事會深悉，建立及維持健全的風險管理、內部監控及管治的制度，確保有效達致企業目標、保障集團資產與持份者權益、並確保財務及企業報告的可靠性，乃其整體責任所在。本集團採納了美國 Committee of Sponsoring Organizations of the Treadway Commission (「COSO」) 及香港會計師公會所提出的內部監控架構，作為釐定集團公司通用監控系統及實務常規的標準。我們的內部監控系統包括五項主要元素，即有效的監控環境、風險管理、溝通和信息系統、具成本效益的監控活動，以及恰當的監察機制。

董事會定期審議本集團的內審報告，對內部監控制度進行檢討。審核委員會負責確保財務報告的可靠性，並監督內部及外聘核數師的工作。截至二零零九年六月三十日止六個月，董事會已檢討本集團現行內部監控及風險管理制度，並信納制度行之有效。

企業風險管理

董事會深信，有效的企業風險管理，是良好企業管治的重要元素，也是保持業務持續增長的基本條件。對於綜合企業而言，有效應對企業風險更是一大挑戰，因此董事會認為，有必要確建立恰當的風險管理程序，以達成業務目標，保障企業信譽和股東價值。我們的管理哲學是：在發生風險前，要防患未然，減少風險發生的可能性和影響；一旦風險發生後，要有效應對所產生的問題。

企業管治

董事會深悉其應恰當地對自身的行為及績效負責之重要性。因此，本集團非常重視透明度，冀能提供充分信息，讓公眾得以評估其管理與營運效益。為此，本集團不斷維持高級管理層、營運管理層與投資界之間的公開對話。二零零九年首六個月，我們與300多位基金經理和分析員進行為數約120次會議，介紹本集團的最新業務發展、計劃及公司策略。

Internal Control

The Board recognizes that it is their overall responsibility to establish and maintain sound systems in risk management, internal control and governance to ensure accomplishment of corporate goals and objectives, safeguard the Group's assets and stakeholders' interest as well as ensure the reliability of financial and corporate reporting. The Group adopts the control frameworks outlined by both the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the United States and the Hong Kong Institute of Certified Public Accountants as our standards in establishing control systems and the best practice among our group companies. Our internal control system consists of five key elements, namely the existence of an effective control environment, risk management, communication and information system, cost effective control activities and proper monitoring mechanism.

The Board conducts regular reviews of the Group's internal control system through regular review of the internal audit reports. The Audit Committee oversees the reliability of financial reporting and the works of auditors, both internal and external. For the six months ended 30 June 2009, the Board has reviewed and is satisfied with the effectiveness of the Group's internal control and risk management systems currently in place.

Corporate Risk Management

The Board believes that effective corporate risk management, being an important element of good corporate governance, is indispensable for sustainable business growth. In view of the fact that managing enterprise risk is particularly challenging for a conglomerate, the Board feels compelled to ensure that a proper risk management process is in place to achieve our business objectives and protect corporate reputation and shareholder value. Our management philosophy is to reduce the likelihood and the effect of risks before they occur, and deal effectively with problems if they arise.

Corporate Governance

The Board acknowledges that it should be properly accountable for its actions and performance. Thus, the Group has strong emphasis on the importance of transparency with a view to providing the public with sufficient information to assess the effectiveness of its management and operations. To this end, the Group continuously maintains open dialogues among its senior management, operational management and the investment community. For the first six months of 2009, we had around 120 meetings with over 300 fund managers and analysts to discuss the Group's latest business developments, plans and strategies.

企業管治(續)

本集團致力維持行之有效的企業管治常規，深獲投資界的嘉許。回顧期內，本公司連續第四年在《亞洲企業管治》雜誌舉辦的「二零零九年表揚頒獎—亞洲最佳企業管治公司」中，獲評選為得獎者之一。此外，本公司亦獲得《亞洲金融》雜誌評選為中國最佳企業管治公司以及最佳投資者關係公司之一。

企業社會責任

社會責任是本集團日常業務經營的基石。我們對於社會責任的實踐，涵蓋社會及環境方面不同的範疇，而環境保育是其中一項重要的元素。

二零零九年三月二十八日，本集團超市業務全部的直營店均響應「地球一小時」行動，於晚上關掉店舖內三分之一的照明設備一小時。此外，內地業務亦積極在社區推廣節約能源，於六月贊助了在深圳舉辦的二零零九年全國節能宣傳周活動，配合當地政府製作節能宣傳小冊子，幫助提高公眾的環保意識。為了節約能源，我們的香港零售店致力減少照明及耗能，投資物業業務亦全面檢討旗下物業公眾地方的節省照明及耗電量之可行性。物流業務的潤發倉庫，已改用電鏟車及汽油鏟車來替代柴油鏟車。

回顧期內，本集團的純淨水業務實施了多項措施降低耗水及耗電量，當中包括於廣州及深圳廠房安裝節約用水設備。安裝工程已經接近完工，預計下半年逐步投入運作，用水量將顯著下降。

啤酒業務推廣應用一套全新的節能系統，該系統能有效降低冷凍過程之能源消耗約10%。此外，該業務正在研究二氧化碳收集系統的應用，並在不同的廠房進行測試。紡織業務亦繼續提升其節能監察系統，以減少能源消耗。

Corporate Governance (continued)

The Group's commitment to maintain sound and effective corporate governance practices has been well recognized by the investment community. During the period under review, the Company was selected as one of the recipients of the "Recognition Awards 2009 – Asia's Best Companies for Corporate Governance" by *Corporate Governance Asia* for the fourth consecutive year. It was also rated one of the companies with the best corporate governance and the best investor relations in China by *FinanceAsia*.

Corporate Social Responsibility

Social responsibility is fundamental to the way in which the Group operates its businesses. Our social responsibility efforts cover diverse areas of social and environmental aspects and one key element is our dedication to preserving the environment.

On 28 March 2009, all self-operating stores of our supermarket operation switched off one-third of their lightings for an hour at night in support of the Earth Hour event. Besides, the mainland operation actively promotes energy saving in the community. It sponsored the National Energy Conservation Week 2009 held in Shenzhen in June and produced a brochure on energy saving tips jointly with the local government to raise public awareness of environmental protection. In order to save energy, our retail stores in Hong Kong were committed to reducing the use of lightings and energy consumption, while our investment property division carried out a comprehensive evaluation on the feasibility of reducing lightings and electricity consumption in the public area of its properties. Our logistic operation has replaced diesel forklifts with electric forklifts and gasoline lift trucks in Yuen Fat Godown.

During the period under review, our purified water operation took steps to reduce water and electricity consumption through the implementation of various initiatives including the installation of water-saving devices in factories in Guangzhou and Shenzhen. The installation was nearly completed and expected to be in gradual operation in the second half of the year, which will notably reduce water use.

Our brewery operation promoted the application of a new system which can effectively reduce energy consumption by about 10% during the refrigeration process. Besides, it is researching on the application of carbon dioxide capture system and testing is being carried out in different factories. Our textile operation also continued to enhance its energy-saving monitoring system to reduce energy consumption.

企業社會責任(續)

我們致力在業務足跡所及之處，對社區作出回饋。今年一月，本集團的啤酒業務在荊州市甄選了60位清貧大學生，付費聘請他們為60個貧困家庭的孩子定期補習授課。我們的食品業務亦積極參與我們的母公司在廣西百色市建立的「華潤希望小鎮」工程。五豐行結合其活豬養殖和銷售的專長，幫助當地農戶獲得可持續的生計，向他們提供採購、銷售的援助，以及活豬養殖培訓，使他們能夠以此為生。超市業務亦組織了多項社區服務活動，例如探訪內地護老院長者及需接受特殊教育的學童、探訪香港的殘障青年等。我們將繼續在業務所在地改善社區的生活水平。

致謝

本人謹代表董事會，向前任主席宋林先生表示衷心謝意，他於擔任本集團主席期間，帶領華創成功轉型為一家專注於消費品的企業。於回顧期內辭任的副董事總經理鄭文謙先生多年來一直竭誠為本集團效力，本人對他表示由衷的感謝。此外，本人欣然歡迎黎汝雄先生於二零零九年六月加入董事會，並出任執行董事及首席財務官之職。

在艱巨的經營環境下，本集團至今仍能以實力抵禦逆境，主要是有賴於股東、客戶、供應商和業務夥伴的支持。全體員工盡忠職守，努力不懈，亦是本集團的成功關鍵。我們衷心感謝以上各方人士，並期望繼續得到他們的支持。

主席
喬世波

香港，二零零九年九月三日

Corporate Social Responsibility (continued)

We are committed to investing in communities where we have presence. In January this year, our brewery operation selected and paid for 60 college students in Jingzhou City who were in financial difficulties to provide regular tutoring service to children of the 60 poverty-stricken families. Our food operation is also actively participating in a project entitled "China Resources Hope Town" in Bose City, Guangxi Province organized by our parent company. Capitalizing on its expertise in live pig farming and distribution, Ng Fung Hong seeks to help local villagers to have a sustainable livelihood by providing them assistance in terms of sourcing, sales and trainings in the live pig farming business so that they can make a living out of the business. Our supermarket operation also organized community services like visiting old people in nursing care and children who need special education in the Mainland China as well as handicapped youth in Hong Kong. We will continue to improve the quality of life in communities where our businesses are located.

Appreciation

On behalf of the Board of Directors, I wish to express our heartfelt appreciation to Mr. Song Lin for his guidance on CRE's successful transformation into a focused consumer company during his years as Chairman. I would also like to extend our sincere thanks to Mr. Kwong Man Him for the enthusiasm and dedication that he brought to the Group as Deputy Managing Director. I am also pleased to welcome Mr. Lai Ni Hium, who joined the Board as Executive Director and Chief Financial Officer in June 2009.

The Group has thus far been resilient amid the challenging business environment largely due to the support of our shareholders as well as our valued customers, suppliers and business associates. The commitment and hard work of our staff are also vital to the success of the Group. Our sincere thanks go to all of them and we look forward to their continuous support.

QIAO SHIBO
Chairman

Hong Kong, 3 September 2009