華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

- **Record interim results with earnings rising by 195% to HK$3,737 million and turnover reaching HK$35.2 billion, an increase of 11%**
- **The disposal of non-core petroleum distribution operation in Hong Kong generated a gain of HK$2,393 million**
- **Underlying net profit was up 17% to HK$1,057 million driven by the 32% profit growth of the core businesses**
- **Interim dividend of HK15¢ declared, a 7% increase**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$ million	*HK$ million*
Turnover[1]	**35,153**	31,581
Profit attributable to shareholders of the Company[1]	**3,737**	1,266
Basic earnings per share[2]	**HK$1.58**	HK$0.55
Diluted earnings per share[2]	**HK$1.56**	HK$0.54
Special dividend per share paid[3]	**HK$0.60**	N/A
Interim dividend per share	**HK$0.15**	HK$0.14

	At 30 June 2007	At 31 December 2006
	(Unaudited)	(Audited)
	HK$ million	*HK$ million*
Equity attributable to shareholders of the Company	**22,764**	19,141
Minority interests	**6,556**	5,824
Total equity	**29,320**	24,965
Consolidated net borrowings	**652**	1,781
Gearing ratio[4]	**2.2%**	7.1%
Net assets per share:		
Book value	**HK$9.58**	HK$8.12

Notes:

1. These amounts include turnover and profit attributable to shareholders contributed by the Petroleum and Related Products Distribution division, which is presented as discontinued operation according to the Hong Kong Financial Reporting Standard 5. The respective amounts of the discontinued operation are separately disclosed in the analysis of turnover and profit.

2. Basic earnings per share and diluted earnings per share of the discontinued operation are HK$1.09 and HK$1.08 respectively (2006: HK$0.10 and HK$0.09).

3. The disposal of our petroleum distribution operation in Hong Kong was completed on 29 June 2007 and a special dividend of HK$0.60 per share was paid in August 2007.

4. Gearing ratio represents the ratio of consolidated net borrowings to total equity.

ANALYSIS OF TURNOVER AND PROFIT

	Turnover		Profit Attributable to Shareholders ("PAS")		PAS excluding the effect of investment property revaluation and major disposal of non-core assets / investments (Note 1)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Core Businesses						
- Retail	**12,437**	9,910	**273**	147	**263**	147
- Beverage	**6,283**	4,345	**118**	76	**118**	76
- Food Processing and Distribution	**3,441**	2,889	**224**	214	**224**	214
- Textile	**2,318**	2,126	**69**	41	**66**	41
- Investment Property	**183**	171	**386**	480	**112**	114
Subtotal	**24,662**	19,441	**1,070**	958	**783**	592
Other Businesses						
- Petroleum and Related Products Distribution (discontinued operation)	**10,610**	12,252	**2,576**	217	**183**	217
- Investments and Others	**-**	-	**198**	191	**198**	191
Subtotal	**10,610**	12,252	**2,774**	408	**381**	408
	35,272	31,693	**3,844**	1,366	**1,164**	1,000
Elimination of inter-segment transactions	**(119)**	(112)	**-**	-	**-**	-
Net corporate interest and expenses	**-**	-	**(107)**	(100)	**(107)**	(100)
Total	**35,153**	31,581	**3,737**	1,266	**1,057**	900

Note:

1. For the analysis of PAS excluding the effect of investment property revaluation and major disposal of non-core assets / investments, the effect of the following transactions have been excluded in the PAS of the respective division:

   a. Net valuation surplus amount to HK$10 million (2006: Nil) has been excluded in the results of the Retail division.

   b. Net valuation surplus amount to HK$3 million (2006: Nil) has been excluded in the results of the Textile division.

   c. Net valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of HK$274 million (2006: HK$366 million) have been excluded in the results of the Investment Property division.

   d. The disposal of the Group's 100% equity interest in Petroleum and Related Products Distribution business was completed at the end of June 2007 with a total gain of approximately HK$2.4 billion.

CHAIRMAN'S STATEMENT

HALF YEAR RESULTS

The Group's unedited consolidated turnover and profit attributable to the Company's shareholders for the six months ended 30 June 2007 reached new heights and amounted to approximately HK$35,153 million and HK$3,737 million respectively, representing an increase of 11.3% and 195.2% over that of last year. Basic earnings per share were HK$1.58 compared to HK$0.55 for the same period of 2006. Excluding the after-tax effect of revaluation of investment properties and major disposals, which led to aggregate gains of HK$2,680 million in the first half of 2007 and HK$366 million in the first half of 2006, the Group's underlying unedited consolidated profit attributable to the Company's shareholders would have increased by 17.4% for the first six months of 2007. The disposal of the Group's non-core petroleum distribution operation in Hong Kong generated a gain of HK$2,393 million during the period under review. Core consumer-related businesses contributed to the strong underlying profit growth.

INTERIM DIVIDEND

Subsequent to the payment of a special dividend of HK$0.6 per share in August 2007, the Board has resolved to declare an interim dividend of HK$0.15 per share for the six months ended 30 June 2007 (2006: HK$0.14 per share) payable on or around 15 October 2007 to shareholders whose names appear on the Register of Members of the Company on 2 October 2007.

PROSPECTS

The Group achieved record results for the first half of 2007, reflecting the tremendous progress of our transformation into a focused consumer play to drive shareholder value, underpinned by the flourishing consumer sector of the Chinese Mainland and Hong Kong.

The disposal of our petroleum distribution operation in Hong Kong was completed on 29 June 2007 and the special dividend of HK$0.6 per share was paid in August 2007. This marks an important milestone in the Group's efforts to divest non-core assets. Following completion of the disposal, the Group's turnover comprises purely the core businesses. Concurrently, the Group has further accelerated its investments in the core businesses, especially beverage and retail, paving solid platform for faster organic growth.

With a modest beginning, we have gradually built up a leading market share of our supermarket operation in the targeted districts of the Chinese Mainland, and profitability has improved continuously over the last few years. Although supermarket business is highly competitive and consumer preferences are constantly changing, our commitments to offering best value to customers, store format innovation, product mix refinement are paying off and becoming our core competence. To drive business performance, we emphasize same store growth, cost efficiency and partnership relationship with suppliers; and the results have been encouraging. Same store growth of 8.2% during the period under review was the highest in recent years and major expenses were well kept under control. We have also signed contracts with major suppliers for extensive co-operation on a nationwide basis. Future expansion will still be steady and focused to fulfill our district dominance strategy.

The Group believes the mainland beer market is undergoing a structural change as a result of the increase in household income, market consolidation and marketing efforts of the major brewers.

This has led to acceleration in beer sales growth, improved overall operating environment and growing brand awareness among consumers. To capitalize on the market opportunities, we have been expanding swiftly and efficiently via acquisitions, Greenfield investments and capacity upgrade. Our beverage operation reported a 36.6% growth in sales volume in the first half of this year, considerably outperforming the market. Our national brand, "SNOW", continued its rapid penetration momentum. Its sales volume surged by 82.0% during the period under review, accounting for 71.2% of our total sales volume. Our position as the largest brewer and the owner of the largest single local brand on the mainland in terms of sales volume has been further strengthened.

As their incomes rise, Chinese consumers are demanding greater quality and safety in food. The meat processing projects in Shanghai and Shenzhen both reported significant increase in slaughtering volume in the first half of the year though overall profitability was affected by the surge in pork prices on the mainland. The shortfall, however, was offset by the higher profit contributions from the marine fishing and frozen food businesses, reflecting the benefits of the diversity of our food operation. On 20 July 2007, one more agent was authorized in principle to distribute live pigs from the Chinese Mainland into Hong Kong. We will embrace the challenge by further enhancing our supply chain efficiency and developing "Ng Fungi" brand as high quality fresh meat, commanding a strong premium brand image. Our network and reputation will put us in a favorable position to compete with others.

The Group's textile division reported strong recovery in the first half of 2007 despite slack performance of last year in line with our re-positioning to concentrate on products with better competitiveness and margins. We have established our niche in higher end yarn products to match strong overseas demand for high quality shirts and stockings. We are also targeting denim casual wears to lead our garment export.

The mainland economy continues to grow vibrantly with strong performance in the property and stock markets. Sustained high GDP and disposable income growth alongside the strength of the Rennin render a rosy outlook to the mainland consumer market. In Hong Kong, the economy is growing steadily with significant improvements in the employment market and rising consumer confidence. With leading presence established in our core business domains, the Group is well-poised to capitalize on the opportunities created by the growing consumer demand.

Despite the concerns about the impact of the worsening sub prime mortgages in the United States on the regional credit markets and fund flows, economic development and consumer activity on the mainland have remained robust. Looking forward, emerging middle and upper class consumers, wealth effect of asset value appreciation and upcoming events, including Beijing 2008 Olympics, all bode well for the Group. We are entering a new era of growth and prosperity driven by our core businesses.

INTERNAL CONTROL

The Board recognizes that it has the overall responsibility to establish and maintain sound systems in risk management, internal control and governance to ensure the accomplishment of corporate goals, smooth running of the operations, safeguard the Group's assets and shareholders' interest as well as ensure the reliability of financial statements. The Group adopts the control frameworks outlined by both the Committee of Sponsoring Organizations of the Tread way 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 includes five key elements, namely the existence of an effective control environment, risk management, communication and information system, cost effective control process and proper monitoring mechanism.

The Board conducts regular reviews of the Group's internal control system through monitoring the activities of the Group's internal audit department. 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 2007, the Board has reviewed and is satisfied with the effectiveness of the Group's current internal control system in place.

CORPORATE GOVERNANCE

The Board fully appreciates that an effective corporate governance framework plays an important role in the Group's sustainable development and is resolved to implement high quality corporate practices and accounting as well as disclosure standards. Our continuous efforts in maintaining a high standard of corporate governance have been well recognized by the investment community. During the period under review, the Company was named as one of the "Best in Corporate Governance, China" by The Asset and was selected as one of the recipients of the "Recognition Awards 2007 – The Best of Asia" by Corporate Governance Asia. It was also rated one of the companies with the best corporate governance and best investor relations in China by Finance Asia.

An important element of our corporate governance framework is the active management of investor relations through open dialogues among the investment community, senior management and operational management of the Group. For the first six months of 2007, we had around 160 meetings with over 900 fund managers and analysts to discuss the Group's latest business developments, plans and strategies. Also, we continued our practice to conduct an annual global road show in the second quarter of the year through which senior management of the headquarters together with the chief executives of the business operations met with institutional investors in Europe, the United States and Asia. This year's road show highlighted our beverage, supermarket and food operations and was well received by the participants. The Group will continue to actively engage the investment community to ensure effective communication is in place.

SOCIAL RESPONSIBILITY

The Group is committed to social responsibility and responsiveness. We participate proactively in various community service as well as charity activities. Our supermarket division of Hong Kong, for example, was awarded again "The Caring Company Logo" by the Hong Kong Council of Social Service in February 2007 in recognition of its efforts to demonstrate good corporate citizenship. For the third consecutive year, our beverage operation has been launching the campaign called "The Great Expedition with SNOW (雪花啤酒・勇闖天涯)". This year, the focus of the campaign is to explore the learning condition and environment of students in the rural districts along the national border. Furthermore, environmental protection is one of the fundamental policies of the Group. Our supermarket operation in Hong Kong has pledged to reduce the use of plastic shopping bags and participated in the "No Plastic Bag Day" event. We will continue to give full support to integrate the environmental concept into our daily operation, and contribute our part towards the protection and preservation of our environment.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to shareholders for their support and confidence in our management team; and to our dedicated staff for their collaborative efforts and hard work.

SONG LIN
Chairman

Hong Kong, 5 September 2007

2007 INTERIM RESULTS

The Directors of China Resources Enterprise, Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCCOUNT

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited and restated)
	Notes	***HK$ million***	*HK$ million*
Continuing operations			
Turnover	*4*	**24,543**	19,329
Cost of sales		**(18,572)**	(14,543)
Gross profit		**5,971**	4,786
Other income	*5*	**737**	721
Selling and distribution expenses		**(3,856)**	(2,923)
General and administrative expenses		**(1,021)**	(916)
Finance costs	*6*	**(213)**	(218)
Share of net results of associates		**162**	151
Profit before taxation		**1,780**	1,601
Taxation	*7*	**(352)**	(312)
Profit for the period from continuing operations	*8*	**1,428**	1,289
Discontinued operation			
Profit for the period from discontinued operation	*8,9*	**2,576**	232
Profit for the period		**4,004**	1,521
Attributable to:			
Shareholders of the Company		**3,737**	1,266
Minority interests		**267**	255
		4,004	1,521
Earnings per share	*11*		
From continuing and discontinued operations			
Basic		**HK$1.58**	HK$0.55
Diluted		**HK$1.56**	HK$0.54
From continuing operations			
Basic		**HK$0.49**	HK$0.45
Diluted		**HK$0.48**	HK$0.45

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2007 (Unaudited) HK$ million	At 31 December 2006 (Audited) HK$ million
Non-current assets			
Fixed assets			
- Investment properties		**6,933**	5,899
- Interests in leasehold land held for own use under operating leases		**2,037**	1,950
- Other property, plant and equipment		**16,973**	15,191
Goodwill		**5,809**	3,481
Other intangible assets		**110**	113
Interests in associates		**1,320**	1,153
Available for sale investments		**44**	53
Prepayments		**192**	467
Deferred taxation assets		**116**	123
		33,534	28,430
Current assets			
Stocks		**7,530**	6,725
Trade and other receivables	*12*	**4,348**	5,366
Derivative financial instruments		**-**	163
Taxation recoverable		**11**	14
Cash and bank balances		**10,143**	7,056
		22,032	19,324
Current liabilities			
Trade and other payables	*13*	**(14,110)**	(12,554)
Derivative financial instruments		**(4)**	(167)
Short term loans		**(5,589)**	(4,997)
Taxation payable		**(276)**	(208)
		(19,979)	(17,926)
Net current assets		**2,053**	1,398
Total assets less current liabilities		**35,587**	29,828
Non-current liabilities			
Long term liabilities		**(5,206)**	(3,840)
Deferred taxation liabilities		**(1,061)**	(1,023)
		29,320	24,965
Capital and reserves			
Share capital		**2,376**	2,358
Reserves		**20,388**	16,783
Equity attributable to shareholders of the Company		**22,764**	19,141
Minority interests		**6,556**	5,824
Total equity		**29,320**	24,965

Notes:

1. **Independent review**

   The interim results for the half-year ended 30 June 2007 are unaudited and have been reviewed by the Company's Audit Committee.

2. **Basis of preparation**

   The interim results announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited .

   A full set of unaudited condensed consolidated interim financial statements ("interim financial information") which has been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting"* will be published as soon as practicable.

3. **Principal accounting policies**

   Save as disclosed below, the accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2006.

   In the current period, the Group has applied the new standards, amendments and interpretations (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007. The adoption of these new HKFRSs has had no material effect on the results or financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

   The Group has not early applied the new or revised standards and interpretations that have been issued by the HKICPA but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and financial positions of the Group.

4. Turnover and segment information

Primary reporting format – business segments

	Retail HK$ million	Beverage HK$ million	Food Processing and Distribution HK$ million	Textile HK$ million	Investment Property HK$ million	Investments and Others HK$ million	Elimination HK$ million	Continuing Operations Total HK$ million	Petroleum and Related Products Distribution (Discontinued Operation) HK$ million	Total HK$ million
For the six months ended 30 June 2007										
TURNOVER										
External sales	12,410	6,271	3,376	2,318	168	-	-	24,543	10,610	35,153
Inter-segment sales*	27	12	65	-	15	-	(119)	-	-	-
Total	12,437	6,283	3,441	2,318	183	-	(119)	24,543	10,610	35,153
Segment result	442	388	300	126	506	(6)		1,756	251	2,007
Unallocated corporate expenses								(52)	-	(52)
Interest income								127	13	140
Profit on disposal of discontinued operation	-	-	-	-	-	-		-	2,393	2,393
Finance costs								(213)	(23)	(236)
Share of net results of associates	-	-	-	-	-	162		162	-	162
Taxation								(352)	(58)	(410)
Profit for the period								1,428	2,576	4,004
For the six months ended 30 June 2006										
TURNOVER										
External sales	9,862	4,341	2,843	2,126	157	-	-	19,329	12,252	31,581
Inter-segment sales*	48	4	46	-	14	-	(112)	-	-	-
Total	9,910	4,345	2,889	2,126	171	-	(112)	19,329	12,252	31,581
Segment result	311	322	275	99	569	-		1,576	303	1,879
Unallocated corporate expenses								(39)	-	(39)
Interest income								131	4	135
Finance costs								(218)	(30)	(248)
Share of net results of associates	-	-	5	(3)	-	149		151	-	151
Taxation								(312)	(45)	(357)
Profit for the period								1,289	232	1,521

** Inter-segment sales were charged at prevailing market rates.*

5. Other income

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
Other income includes the following:		
Continuing operations		
Dividends from available for sale investments (unlisted)	**2**	2
Interest income	**127**	131
Valuation gain on investment properties	**381**	430
Profit on disposal of interests in associates	**1**	1
Discontinued operation		
Dividends from available for sale investments (unlisted)	**1**	2
Interest income	**13**	4

6. Finance costs

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
Continuing operations		
Interest on bank loans and other loans wholly repayable within five years	**214**	210
Interest on other loans not wholly repayable within five years	**2**	2
Financing charges (net of exchange gain)	**(3)**	9
	213	221
Less: Amount capitalised in cost of qualifying assets	**-**	(3)
	213	218
Discontinued operation		
Interest on bank loans and other loans wholly repayable within five years	**18**	28
Financing charges	**5**	2
	23	30
	236	248

7. Taxation

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
Continuing operations		
Current taxation		
Hong Kong	**67**	64
Chinese Mainland	**216**	165
	283	229
Deferred taxation		
Hong Kong	**62**	69
Chinese Mainland	**7**	14
	352	312
Discontinued operation		
Current taxation		
Hong Kong	**58**	33
Chinese Mainland	**-**	14
Overseas	**2**	-
	60	47
Deferred taxation		
Hong Kong	**(2)**	(2)
	58	45
	410	357

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profits for the period. Enterprise Income Tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the Chinese Mainland. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new Enterprise Income Tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. For certain subsidiaries which are currently applying statutory tax rate of 33%, deferred tax is recognised based on the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. For other subsidiaries which are currently applying preferential rates, deferred tax is recognised based on the current tax rates since the implementation measures on transitional policy of preferential tax rates granted under current tax law and administrative regulations have not yet been announced.

8. Profit for the period

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
Profit for the period has been arrived at after charging:		
Continuing operations		
Depreciation		
- Owned assets	**731**	685
- Assets held under finance leases	**-**	3
Amortisation of intangible assets		
(included in general and administrative expenses)	**7**	17
Cost of goods sold	**18,378**	14,416
Loss on disposal of fixed assets	**3**	2
Discontinued operation		
Depreciation		
- Owned assets	**22**	52
- Assets held under finance leases	**4**	4
Amortisation of intangible assets		
(included in general and administrative expenses)	**-**	2
Cost of goods sold	**10,176**	11,549
Loss on disposal of fixed assets	**-**	3

9. Discontinued operation

The Company completed the disposal of its petroleum and related products distribution business at a cash consideration of approximately HK$4 billion at the end of June 2007.

The results of the discontinued operation included in the condensed consolidated profit and loss account are set out below:

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
Profit for the period from discontinued operation		
Revenue	10,750	12,293
Expenses	(10,509)	(12,016)
Profit before taxation	241	277
Taxation	(58)	(45)
Profit after taxation	183	232
Profit on disposal of discontinued operation	2,393	-
	2,576	232
Profit for the period attributable to:		
Shareholders of the Company	2,576	217
Minority interests	-	15
	2,576	232
Net assets of discontinued operation disposed of	1,600	-

10. Dividends

At the board meeting held on 4 April 2007, the directors proposed a final dividend of HK$0.26 per ordinary share for the year ended 31 December 2006. Such proposal was subsequently approved by shareholders on 31 May 2007. The 2006 final dividend paid was approximately HK$617 million (2005: HK$582 million).

At the board meeting held on 17 July 2007, the directors declared a special dividend of HK$0.6 per ordinary share. The special dividend paid was approximately of HK$1.4 billion.

At the board meeting held on 5 September 2007, the directors declared an interim dividend of HK$0.15 per ordinary share (2006: Interim dividend of HK$0.14 per ordinary share). Based on the latest number of shares in issue at the date of this announcement, the aggregate amount of the dividend is estimated to be HK$357 million (2006: HK$327 million).

11. Earnings per share

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
For continuing and discontinued operations		
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company for the purpose of calculating basic earnings per share	**3,737**	1,266
Interest saving on exercise of convertible bonds	**-**	50
Profit attributable to shareholders of the Company for the purpose of calculating diluted earnings per share	**3,737**	1,316

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,368,421,976**	2,308,889,440
Effect of dilutive potential ordinary shares:		
- Share options	**24,121,589**	42,259,904
- Convertible bonds	**-**	99,112,210
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,392,543,565**	2,450,261,554

	Six months ended 30 June	
	2007	2006
	HK$ million	*HK$ million*
For continuing operations		
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
Profit attributable to shareholders of the Company for the purpose of calculating basic earnings per share	**3,737**	1,266
Less:		
Profit attributable to shareholders of the Company from discontinued operations	**(2,576)**	(217)
Profit attributable to shareholders of the Company for the purpose of calculating basic earnings per share from continuing operations	**1,161**	1,049
Interest saving on exercise of convertible bonds	**-**	50
Profit attributable to shareholders of the Company for the purpose of calculating diluted earnings per share from continuing operations	**1,161**	1,099

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operation

Basic earnings per share for the discontinued operation is HK$1.09 per share (2006: HK$0.10 per share) and diluted earnings per share for the discontinued operation is HK$1.08 per share (2006: HK$0.09 per share), based on the profit attributable to shareholders of the Company from the discontinued operation of HK$2,576 million (2006: HK$217 million) and the denominators detailed above for the both basic and diluted earnings per share.

12. Trade and other receivables

Included in trade and other receivables are trade receivables and their aging analysis is as follows:

	At 30 June 2007 *HK$ million*	At 31 December 2006 *HK$ million*
0 – 30 days	**1,036**	1,874
31 – 60 days	**259**	357
61 – 90 days	**100**	120
> 90 days	**178**	161
	1,573	2,512

The Group normally trades with its customers under the following credit terms:

a) cash upon delivery; and
b) open credit within 60 days

13. Trade and other payables

Included in trade and other payables are trade payables and their aging analysis is as follows:

	At 30 June 2007 *HK$ million*	At 31 December 2006 *HK$ million*
0 – 30 days	**3,308**	3,847
31 – 60 days	**1,069**	1,288
61 – 90 days	**414**	330
> 90 days	**749**	552
	5,540	6,017

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Retail

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.

For the first half of 2007, the Group's retail division showed an encouraging improvement in its operating results, mainly contributed by sustained organic growth in the supermarket operation and the robust economy in the Chinese Mainland. Turnover and attributable profit for the period under review amounted to HK$12,437 million and HK$273 million respectively, representing an increase of 25.5% and 85.7% over the same period of 2006.

The Chinese Mainland continued to record rapid economic growth, posting an 11.5% growth in GDP in the first half of 2007. Coupled with the increase in individual income level, domestic consumption had been stimulated and a year-on-year 15.4% growth in total retail sales of consumer goods was recorded. In addition, the consumer price indices by category increased by 3.2%, particularly with a substantial increase in the food category. The Group's consumer businesses have thus benefited as a whole.

With the flourishing economy in Hong Kong and better-than-expected budget surplus in 2006/2007, local consumption expenditure showed steady growth in the first half of 2007.

Supermarket and Logistics

Turnover of the supermarket and logistics operation for the first half of 2007 was HK$11,183 million, representing an increase of 26.2% over the same period of 2006. Attributable profit for the first half of 2007 amounted to HK$201 million, representing an increase of 68.9% over the same period of 2006.

Through new store openings, acquisitions and line-up with franchised stores, the Group continued to increase its market share in target regions in the first half of 2007. As at the end of June 2007, the Group operated a total of approximately 2,200 stores in the Chinese Mainland and Hong Kong, of which approximately 51.0% were self-operated and the rest were franchised stores. Major store formats are hypermarket, superstore, supermarket and convenience store. In terms of geographical contribution, Eastern and Central China, Southern China, Hong Kong and Northern China respectively accounted for 59.0%, 26.3%, 9.9% and 4.8% of the division's turnover for the first half of 2007.

Driven by store openings and remarkable same store growth resulting from a favorable increase in average per-invoice sales, satisfactory growth in turnover was recorded in the first half of 2007. Overall same store growth for the period under review was 8.2%, in particular a 9.0% increase was achieved for the Chinese Mainland. In addition, consolidated earnings before interest, tax, depreciation and amortization ("EBITDA") for the first half of the year amounted to HK$525 million, representing a 20.4% growth over the same period of 2006.

The Eastern and Central China operation continued to record satisfactory same store growth of 8.0%. Through the adoption of a multi-format approach, a district dominance strategy and better supply chain management, Suguo maintained a satisfactory market share in the Nanjing district. Besides, certain hypermarkets in Nanjing, a new store format since 2005 for Suguo, started to turn profitable during the period under review. Owing to head-on competition from other local and foreign retail operators, the stores in Ningbo, which were acquired in mid 2006, incurred losses in the first half of the year. The Group is making efforts to rationalize the store format and enhance the merchandise mix to improve profitability in Ningbo.

In Southern China, high shopper traffic and satisfactory average per-invoice sales were recorded under strong economic growth. Store facelifts and better supply chain management helped deliver satisfactory results during the period under review. Same store growth of hypermarkets and superstores reached 13.3% and 16.7% respectively. For some non-performing stores in Zhongshan and Dongguan, the Group continues to put in efforts to enrich the product mix as well as to strengthen the supply chain to drive the profitability.

The Group is making good progress in turning around the operation in Northern China after rationalizing its existing stores and the related supply chains and management structures which drove down costs. In addition, the Group entered into an agreement in October 2006 to set up a distribution center in Beijing for the integration of the procurement and logistics network in Northern China.

The Hong Kong operation faced strong competition from major local market players. The Group cautiously monitored the concessions offered to customers while securing its market share at the same time. With solid revival in domestic consumption expenditure, sustainable retail sales growth and growing demand for quality warehouse space, it is believed that the Hong Kong operation will benefit in the medium to long term.

To cope with prevailing keen competition in the retail market, the Group will strive to improve the operational efficiency to drive profitability. The Group continues to identify new acquisitions and new store openings in target districts in order to raise market presence in the regions.

Brand-fashion Distribution

The brand-fashion distribution segment reported turnover and attributable profit for the first half of 2007 of HK$876 million and HK$48 million respectively, representing a corresponding increase of 20.5% and 269.2% over that of 2006.

As at the end of June 2007, the distribution network of the “Esprit” brand has been expanded to approximately 750 self-operated and franchised stores in the Chinese Mainland. During the period under review, the “Esprit” brand delivered strong growth in both turnover and attributable profit, and its new operation in Chengdu further boosted the brand’s retail turnover. Both self-operated stores and franchised stores achieved satisfactory results, with the former recording same store growth of 17.4%. In addition, the cessation of certain brands in the same period of last year partly accounted for the improvement in profitability.

Other Retail Stores

Turnover and attributable profit of the other retail stores segment for the first half of 2007 were HK$378 million and HK$24 million respectively, representing a corresponding increase of 17.0% and 60.0% over that of 2006. The Group's chain of retail stores as at the end of June 2007 consisted of 5 Chinese Arts & Crafts 中藝 stores in Hong Kong and 38 CR Care 華潤堂 stores in Hong Kong and the Chinese Mainland.

With the buoyant economy in the period under review, consumers became more receptive to the premium perceived value and quality products. The increase in sales of jewelry and art and craft products led to the increase in turnover and profit contribution of Chinese Arts & Crafts 中藝 for the first half of 2007. In addition, same store growth of 7.2% was recorded.

Rising health awareness amongst the local community has increased the market demand of traditional Chinese medicine and health food. For the period under review, sales of certain premium products continued to increase significantly, which contributed to an increase in gross profit for CR Care 華潤堂 stores. Remarkable same store growth of 18.5% was also recorded. Despite the cost pressure from increased store rental and labor costs, the CR Care 華潤堂 operation recorded a turnaround in profitability for the first half of 2007.

Beverage

The beverage division reported turnover and attributable profit for the first half of 2007 of HK$6,283 million and HK$118 million respectively, representing a corresponding increase of 44.6% and 55.3% over the same period of 2006.

The Group reported remarkable growth in turnover for the first half of 2007 with sales volume of beer rose by 36.6% to approximately 3,336,000 kiloliters, of which 23.9% was organic growth. In particular, sales volume of our national brand "SNOW" reached 2,377,000 kiloliters, representing 71.2% of the total sales volume and impressive growth of 82.0%. The increase in turnover and sales volume was mainly contributed by organic growth with a notable sales volume increase in the Sichuan, Liaoning, Auhui, Jiangsu and Zhejiang regions, driven by successful brand integration through initiatives in the "SNOW" promotion and market distribution. Market demand was further increased alongside hot weather that came earlier than expected during the period.

In addition, the Group's interest in its existing 14 brewery companies in Sichuan increased by 38% to 100% through completion of the acquisition of the entire interest in 藍劍（集團）有限責任公司 (Blue Sword (Group) Company Limited) in April 2007. The increase in attributable profit of the Sichuan region to the Group further boosted profitability of the division, which was however reduced by the loss incurred by new breweries that were acquired or commenced operation in the period under review. Nevertheless, overall profit of the operation increased satisfactorily compared to the same period of 2006.

At the end of June 2007, the Group operated approximately 50 breweries in the Chinese Mainland with an annual production capacity of approximately 9.0 million kiloliters. Capitalizing on the rapid economic development and the fast growing beer market in China, the Group continued to grow its production capacity through acquisitions, investments in greenfield breweries and capacity upgrade of existing breweries. During the period, the Group completed the acquisition of a 90% interest in 安徽聖力釀酒有限公司 (Anhui Shengli Brewery Company Limited) and a 100% interest in 內蒙古巴特罕酒業股份有限公司 (Inner Mongolia Batehan Brewery Company Limited), and the related brewing assets in 葫蘆島菊花啤酒有限公司 (Huludao Juhua Brewery Company Limited) with a total production capacity of 340,000 kiloliters to further complement its existing operations in Anhui, Inner Mongolia, Liaoning and the nearby regions.

To strengthen its competitive advantage, the Group will keep emphasizing branded product mix enrichment, operational improvement for cost saving, continuous market integration and expansion to capitalize on the growing momentum of the beer consumption in the Chinese Mainland.

Food Processing and Distribution

The food processing and distribution division reported turnover and attributable profit for the first half of 2007 of HK$3,441 million and HK$224 million respectively, representing a corresponding increase of 19.1% and 4.7% over that of 2006.

In the second quarter of 2007, the shortage of supply of livestock in the Chinese Mainland put pressure on cost and lowered the attributable profit of the livestock distribution business. However, the operation reported remarkable growth in profitability in the frozen food, aquatic products and other assorted foodstuff distribution. The overall result of the foodstuff distribution business remained comparable. Although the operating environment is expected to be challenging after the recent announcement of opening up the market of live pig imports from the Chinese Mainland to Hong Kong, backed by the Group's strong premium brand image as high quality fresh meat and supply chain management, the operation is expected to be in a favorable position to compete with the other authorized agents.

Despite high fuel costs, the marine fishing and aquatic products processing operation still reported notable growth in turnover and attributable profit for the period under review. This was mainly contributed by the increase in sales volume of about 26.0% as well as a rise in gross profit margin attributable to the higher proportion of high-end fishes and aquatic products from enhanced catching capability. Further, regular on-site review of fishing fleet fuel utilization and cost saving measures were implemented to keep the production costs under control.

The Shenzhen operation reported a satisfactory turnover contribution for the period under review. Owing to the high livestock procurement costs and an increase in selling and distribution expenses, the operation reported a lower profit contribution to the Group. However, its brand "喜上喜" is recognized as one of the most well-known brands in Shenzhen. Supported by its competitive edge in sourcing, slaughtering and fresh meat production, the operation continues to increase the supply of its meat products to the Group's supermarkets in Southern China.

The Shanghai meat processing center, which commenced operation at the end of 2005, recorded a marked improvement in profit contribution to the Group for the period under review with an increase in slaughtering volume by approximately 48.5%. As at 30 June 2007, its products under the brand "五豐上食" were sold in nearly 1,100 sales outlets, including supermarkets and specialty shops. The effective launch of promotional activities has raised the brand popularity and awareness in the local market.

Textile

Turnover of the textile division for the first half of 2007 was HK$2,318 million, representing an increase of 9.0% over the same period of 2006. Attributable profit for the period amounted to HK$69 million, representing an increase of 68.3% over that of 2006.

Turnover growth was mainly driven by a boost in export sales of high-end yarn and nylon products, as well as garments through the increase in sales orders from existing and new customers. The increase in proportion of high-end products contributed to a 29.8% increase in average selling price of MAKO yarns over that of 2006.

The operation recorded a satisfactory improvement in profitability for the first half of 2007, mainly contributed by the profit growth of the garment division driven by the increase in sales orders. In addition, the one-off worker compensation incurred in one of the textile factories last year adversely affected the profitability in the comparative period in 2006. Despite the increase in utility costs and subcontracting charges, the spinning and weaving operation maintained a comparable profit contribution through the enhancement of product mix and cost control measures.

Nevertheless, the increase in electricity, labor and quota costs, the reduction in VAT refund for export sales of textile products and the appreciation of the Renminbi continue to adversely affect the textile industry in the Chinese Mainland and may have an adverse effect on the profitability of the operation in the remainder of the year.

Moving forward, our focus continues to be primarily on the production of high-end products and the exploration of new business opportunities in both domestic and export markets. Scheduled technology upgrade of certain production facilities this year will further improve the production efficiency and quality and in turn will help drive the overall turnover and profitability of the division in the long run.

Investment Property

The investment property division, which mainly comprises retail property rental segment, reported turnover for the first half of 2007 of HK$183 million, representing an increase of 7.0% over the same period in 2006. Attributable profit for the first half in 2007 amounted to HK$386 million. Excluding the net-of-tax valuation surplus and disposal gains of certain non-core investment properties with an aggregate amount of approximately HK$274 million (First half of 2006: approximately HK$366 million), attributable profit of the division remained comparable with that of last year.

Retail rentals continued to edge up in the first half of 2007. With continuous improvement in the economy, the increase in consumption expenditure of the local households, together with the growing number of inbound visitors, retail sales sustained an upward trend driving up retail rentals.

Capitalizing on the favorable retail market opportunities, the retail properties located in Tsimshatsui and Mongkok were fully let out throughout the first half in 2007, with satisfactory increment in rental. The opening of JD Mall, the newly redeveloped multi-storey retail property in Jordan, will provide further growth impetus to the Group’s retail property segment in future.

With the experience in operating the Group's retail properties in Hong Kong, our property division started in 2006 to operate shopping malls in the Chinese Mainland, part of which are for our supermarket use. The mall 江門新の城 at Jiangmen, with our supermarket as its anchor tenant, has launched specific measures and events to further improve rentals and shoppers flow. The shopping mall at Xinhui is currently under renovation. Both malls, being the property division's initial market entries to the Chinese Mainland, will bring in new revenue streams as well as experience to capture further investment opportunities in the mainland market.

Petroleum and Related Products Distribution

Turnover of the petroleum and related products distribution division for the first half of 2007 amounted to HK$10,610 million, representing a decrease of 13.4% over the same period of 2006. Attributable profit for the period amounted to HK$2,576 million. Excluding a gain of HK$2,393 million from the disposal of the entire interest in the Group's petroleum distribution business in Hong Kong in June this year, attributable profit for the first half of 2007 was HK$183 million, representing a decrease of 15.7% over that of 2006.

The decline in operating profit for the period under review was mainly due to the loss of contribution from the piped gas, chemical distribution and other petroleum related businesses in the Chinese Mainland which were disposed of in November 2006. On the other hand, the oil trading business reported satisfactory growth in profitability and the filling stations operation in Hong Kong recorded a turnaround in profitability due to the reduced intermission of price-fixing mechanism effective from March 2006.

As a non-core business, the disposal of this division was completed on 29 June 2007.

Investments and Others

Attributable profit for the first half of 2007 amounted to HK$198 million (First half of 2006: HK$191 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 the period under review.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2007, the Group's consolidated cash and cash equivalents amounted to HK$10,143 million. The Group's borrowings as at 30 June 2007 were HK$10,795 million with HK$5,589 million repayable within 1 year, HK$5,202 million repayable after 1 year but within 5 years and HK$4 million repayable after 5 years. All the borrowings were subject to floating rates.

As a result of the disposal of entire interests in the petroleum and related product distribution business, the Group's gearing ratio (net borrowings relative to total equity) reduced to approximately 2.2% as at 30 June 2007 (31 December 2006: 7.1%). The gearing ratio subsequently increased to 7.1% after the payment of the special dividends in August 2007 which was made in connection with the aforesaid disposal.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 30 June 2007, 58.0% of the Group's cash deposit balances was held in Hong Kong dollars, 35.4% in Renminbi and 4.9% in US dollars; whereas 62.0% of the Group's borrowings was denominated in Hong Kong dollars and 28.6% in Renminbi with 8.8% in US dollars. Moreover, to mitigate the interest rate exposure, the Group entered into certain interest rate swaps to hedge against part of its borrowings.

Pledge of Assets

As at 30 June 2007, assets with a carrying value of HK$429 million (31 December 2006: HK$153 million) were pledged for total borrowings of HK$227 million (31 December 2006: HK$214 million).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2007.

Employees

As at 30 June 2007, the Group, excluding its associated companies, had a staff size of around 115,000, amongst which more than 94% were employed in the Chinese Mainland, whilst the rest was mainly from Hong Kong and overseas. Remuneration packages are assessed in accordance to the nature of job duties, individual performance and market trends with incentives paid in the form of cash bonus and share option.

CORPORATE GOVERANCE

The Company recognises that the development and maintenance of a good and solid framework of corporate governance suitable to the needs of the Group requires commitment and continuous vigilance. The Directors firmly believe that sensible corporate governance practice is essential to vigorous but steady growth of the Group.

The Company has implemented its own corporate governance standards and objectives since November 2003. On 8 April 2005, the Board approved the Company's "Corporate Governance Practice Manual" ("Corporate Governance Manual") which incorporates almost all of the Code Provisions and some of the Recommended Best Practices set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules. The Corporate Governance Manual can be downloaded from our website and copies are available on request to the Company Secretary.

Throughout the interim period, the Company has complied with the Code Provisions set out in the CG Code, save and except that the Non-Executive Directors were not appointed for a fixed term; and the Chairman, Mr. Song Lin, did not attend the annual general meeting of the Company held on 31 May 2007.

The Board does not believe in any arbitrary term of office. The current arrangement will give the Company sufficient flexibility to organize the composition of the Board to serve the needs of the Group. Further, the Articles of Association of the Company requires that one-third of the Directors (including Executive and Non-Executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The Directors to retire each year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Due to important business appointments overseas, Mr. Song Lin was not in Hong Kong on 31 May 2007 and therefore could not attend the annual general meeting of the Company held on that day. The Managing Director and either the chairman or at least one member of the audit committee, compensation committee and nomination committee attended the annual general meeting to ensure effective communication with shareholders of the Company.

On 8 April 2005, the Company adopted its own Code of Ethics and Securities Transactions (“Code of Ethics”), which applied to the Directors and other specified individuals including the Group's senior management and persons who were privy to price sensitive information of the Group. To further improve the effectiveness in the actual application of the Code of Ethics, the Company has since fine tuned the Code of Ethics on 6 April 2006 and 4 April 2007 (“New Code of Ethics”). Both the Code of Ethics and the New Code of Ethics are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance with the standards set out in the Code of Ethics, the New Code of Ethics and the Model Code by any Director throughout the interim period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2007.

CLOSURE OF REGISTER

The Register of Members will be closed from 2 October 2007 (Tuesday) to 8 October 2007 (Monday), both days inclusive. In order to be eligible for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Tricor Standard Limited (Note) of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28 September 2007.

Note: With effect from 1 August 2007, Standard Registrars Limited has changed its name to Tricor Standard Limited.

By order of the Board
CHEN SHULIN
Managing Director

Hong Kong, 5 September 2007

As at the date of this announcement, the executive directors of the Company are Mr. Song Lin (Chairman), Mr. Chen Shulin (Managing Director), Mr. Keung Chi Wang, Ralph (Deputy Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Kwong Man Him (Deputy Managing Director). The non-executive directors are Mr. Qiao Shibo, Mr. Yan Biao, Mr. Jiang Wei, Mr. Wang Shuaiting and Mr. Xie Shengxi. The independent non-executive directors are Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Mr. Cheng Mo Chi, The Hon. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.