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 2009

- Turnover and earnings amounted to HK$35 billion and HK$1,158 million respectively
- Underlying net profit[1] amounted to HK$966 million
- Interim dividend of HK$0.14 per share

FINANCIAL HIGHLIGHTS

For the six months ended 30 June	**2009 (Unaudited)** ***HK$ million***	2008 (Unaudited) *HK$ million*
Turnover	**35,047**	31,806
Profit attributable to shareholders of the Company	**1,158**	1,488
Basic earnings per share[2]	**HK$0.48**	HK$0.62
Interim dividend per share	**HK$0.14**	HK$0.15
	At 30 June 2009 (Unaudited) ***HK$ million***	At 31 December 2008 (Audited) *HK$ million*
Equity attributable to shareholders of the Company	**25,666**	25,159
Minority interests	**9,749**	9,339
Total equity	**35,415**	34,498
Consolidated net borrowings	**4,436**	6,463
Gearing ratio[3]	**12.5%**	18.7%
Net assets per share (book value):	**HK$10.74**	HK$10.53

Notes:

1. Underlying net profit represents profit attributable to shareholders excluding the effect of investment property revaluation and major disposal of non-core assets/investments.
2. Diluted earnings per share for the six months ended 30 June 2009 and 2008 are HK$0.48 and HK$0.62 respectively.
3. 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	
	2009	2008	**2009**	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Core Businesses						
- Retail	**18,986**	17,330	**276**	382	**276**	378
- Beverage	**10,216**	8,174	**341**	146	**341**	146
- Food Processing and Distribution	**3,505**	3,821	**211**	240	**145**	156
- Investment Property	**266**	205	**321**	566	**196**	191
Subtotal	**32,973**	29,530	**1,149**	1,334	**958**	871
Other Businesses						
- Textile	**2,211**	2,461	**(67)**	66	**(68)**	63
- Investments and Others	–	–	**151**	190	**151**	190
Subtotal	**2,211**	2,461	**84**	256	**83**	253
	35,184	31,991	**1,233**	1,590	**1,041**	1,124
Elimination of inter-segment transactions	**(137)**	(185)	–	–	–	–
Net corporate interest and expenses	–	–	**(75)**	(102)	**(75)**	(102)
Total	**35,047**	31,806	**1,158**	1,488	**966**	1,022

Notes:

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 PAS of the respective division:

   a. Net valuation surplus of approximately HK$4 million arising mainly from industrial building held by the Retail division has been excluded from its 2008 results.

   b. Net gain on disposal of non-core investments and valuation surplus with an aggregate amount of approximately HK$66 million (2008: HK$84 million) have been excluded from the results of the Food Processing and Distribution division.

   c. Net valuation surplus amounting of approximately HK$125 million (2008: HK$375 million) has been excluded from the results of the Investment Property division.

   d. Net valuation surplus of approximately HK$1 million (2008: HK$3 million) arising mainly from industrial building held by the Textile division has been excluded from its results.

CHAIRMAN'S STATEMENT

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.

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.

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.

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.

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.

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

2009 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 2009 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCCOUNT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$ million***	*HK$ million*
Turnover	*4*	**35,047**	31,806
Cost of sales		**(25,979)**	(24,027)
Gross profit		**9,068**	7,779
Other income	*5*	**653**	1,056
Selling and distribution expenses		**(5,805)**	(5,037)
General and administrative expenses		**(1,832)**	(1,430)
Finance costs	*6*	**(169)**	(295)
Share of net results of associates		**144**	173
Profit before taxation		**2,059**	2,246
Taxation	*7*	**(471)**	(505)
Profit for the period	*8*	**1,588**	1,741
Attributable to:			
Shareholders of the Company		**1,158**	1,488
Minority interests		**430**	253
		1,588	1,741
Earnings per share	*10*		
Basic		**HK$0.48**	HK$0.62
Diluted		**HK$0.48**	HK$0.62

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$ million	*HK$ million*
Profit for the period	**1,588**	1,741
Other comprehensive income:		
Exchange differences on translating foreign operations	**(29)**	1,467
Fair value adjustment on available for sale investments	**25**	-
Fair value adjustment on derivative financial instruments	**(8)**	1
Surplus on revaluation of properties	**13**	11
Reclassification adjustments:		
– release of exchange differences upon disposal of associates	**(3)**	(3)
– release of valuation reserve upon disposal of available for sale investments	**(32)**	-
Other comprehensive income for the period	**(34)**	1,476
Total comprehensive income for the period	**1,554**	3,217
Attributable to:		
Shareholders of the Company	**1,101**	2,522
Minority interests	**453**	695
	1,554	3,217

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2009 (Unaudited) HK$ million	At 31 December 2008 (Audited) HK$ million
Non-current assets			
Fixed assets			
- Investment properties		**7,820**	7,653
- Interests in leasehold land held for own use under operating leases		**4,208**	3,783
- Other property, plant and equipment		**26,567**	24,917
Goodwill		**6,467**	6,385
Other intangible assets		**101**	68
Interests in associates		**2,061**	1,953
Available for sale investments		**52**	40
Prepayments		**188**	198
Deferred taxation assets		**217**	164
		47,681	45,161
Current assets			
Stocks		**10,346**	11,509
Trade and other receivables	*11*	**6,221**	5,444
Available for sale investments		**34**	71
Taxation recoverable		**55**	75
Pledged bank deposits		**520**	21
Cash and bank balances		**8,829**	7,576
		26,005	24,696
Current liabilities			
Trade and other payables	*12*	**(22,475)**	(19,302)
Short term loans		**(4,732)**	(5,485)
Taxation payable		**(380)**	(433)
		(27,587)	(25,220)
Net current liabilities		**(1,582)**	(524)
Total assets less current liabilities		**46,099**	44,637
Non-current liabilities			
Long term loans		**(9,053)**	(8,575)
Deferred taxation liabilities		**(1,401)**	(1,338)
Derivative financial instruments		**(19)**	(11)
Other non-current liabilities		**(211)**	(215)
		35,415	34,498
Capital and reserves			
Share capital		**2,389**	2,389
Reserves		**23,277**	22,770
Equity attributable to shareholders of the Company		**25,666**	25,159
Minority interests		**9,749**	9,339
Total equity		**35,415**	34,498

Notes:

1. Independent review

The interim results for the half-year ended 30 June 2009 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

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 2008 except for the adoption of certain new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2009.

The adoption of these new standards, amendments and interpretations 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. However, as a result of the adoption of HKAS 1 (Revised), changes in equity arising from transactions with shareholders in their capacity as shareholder are presented separately from all other income and expenses in a revised condensed consolidated statement of changes in equity. All such items of income and expenses are presented in the condensed consolidated statement of comprehensive income. The new format for the condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity has been adopted in the interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has no significant impact on the measures of the segment results and segment assets and has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 4).

The Group has not early applied the new or revised standards, amendments 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, amendments and interpretations will have no material impact on the results and financial positions of the Group.

4. Turnover and segment information

Operating segments

	Retail *HK$ million*	Beverage *HK$ million*	Food Processing and Distribution *HK$ million*	Investment Property *HK$ million*	Textile *HK$ million*	Investments and Others *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
For the six months ended 30 June 2009								
Turnover								
External sales	18,952	10,176	3,459	249	2,211	-	-	35,047
Inter-segment sales*	34	40	46	17	-	-	(137)	-
Total	18,986	10,216	3,505	266	2,211	-	(137)	35,047
Segment result	561	848	327	390	(27)	134		2,233
Unallocated corporate expenses								(54)
Interest income								49
Finance costs								(169)
Profit before taxation								2,059
Taxation								(471)
Profit for the period								1,588
For the six months ended 30 June 2008								
Turnover								
External sales	17,276	8,143	3,737	189	2,461	-	-	31,806
Inter-segment sales*	54	31	84	16	-	-	(185)	-
Total	17,330	8,174	3,821	205	2,461	-	(185)	31,806
Segment result	699	535	333	623	142	160		2,492
Unallocated corporate expenses								(52)
Interest income								101
Finance costs								(295)
Profit before taxation								2,246
Taxation								(505)
Profit for the period								1,741

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

Segment result represents the profit of each segment without allocation of interest income, finance costs, taxation and unallocated corporate expenses such as corporate administration costs.

5. Other income

	Six months ended 30 June	
	2009	2008
	HK$ million	*HK$ million*
Other income includes the following:		
Dividends from unlisted available for sale investments	**1**	2
Interest income	**49**	101
Valuation gain on investment properties	**152**	457
Profit on disposal of associates	**35**	95
Profit on disposal of available for sale investments	**40**	-

6. Finance costs

	Six months ended 30 June	
	2009	2008
	HK$ million	*HK$ million*
Interest on bank loans and other loans wholly repayable within five years	**163**	276
Financing charges (net of exchange gain)	**20**	19
	183	295
Less: Amount capitalised in cost of qualifying assets	**(14)**	-
	169	295

7. Taxation

	Six months ended 30 June	
	2009	2008
	HK$ million	*HK$ million*
Current taxation		
Hong Kong	**55**	66
Chinese Mainland	**406**	347
	461	413
Deferred taxation		
Hong Kong		
- Current year	**28**	81
- Change in tax rate	**-**	(58)
Chinese Mainland	**(18)**	69
	471	505

Hong Kong Profit Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the period.

Chinese Mainland 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.

8. Profit for the period

	Six months ended 30 June	
	2009	2008
	HK$ million	*HK$ million*
Profit for the period has been arrived at after charging/(crediting):		
Depreciation		
- Owned assets	**1,167**	979
Amortisation of other intangible assets (included in general and administrative expenses)	**9**	5
Cost of goods sold	**25,853**	23,847
Loss/(gain) on disposal of fixed assets	**17**	(3)

9. Dividends

At the board meeting held on 31 March 2009, the directors proposed a final dividend of HK$0.25 per ordinary share for the year ended 31 December 2008. Such proposal was subsequently approved by shareholders on 29 May 2009. The 2008 final dividend paid was approximately HK$597 million (2007: HK$716 million).

At the board meeting held on 3 September 2009, the directors declared an interim dividend of HK$0.14 per ordinary share (2008: interim dividend of HK$0.15 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$335 million (2008: HK$359 million).

10. Earnings per share

	Six months ended 30 June	
	2009	2008
	HK$ million	*HK$ million*
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 and diluted earnings per share	**1,158**	1,488

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,388,772,010**	2,386,705,582
Effect of dilutive potential ordinary shares:		
- Share options	**3,931,306**	12,674,607
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,392,703,316**	2,399,380,189

11. Trade and other receivables

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

	At 30 June 2009 *HK$ million*	At 31 December 2008 *HK$ million*
0 – 30 days	**1,166**	1,050
31 – 60 days	**356**	239
61 – 90 days	**122**	112
> 90 days	**230**	234
	1,874	1,635

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

a) cash upon delivery; and

b) open credit within 60 days

12. Trade and other payables

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

	At 30 June 2009 *HK$ million*	At 31 December 2008 *HK$ million*
0 – 30 days	**5,009**	4,207
31 – 60 days	**1,557**	1,490
61 – 90 days	**673**	607
> 90 days	**1,264**	1,281
	8,503	7,585

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.

Slowdown in economic growth caused by the global financial crisis curbed consumer spending. Various types of discounts and promotional activities were introduced to drive customer flow and stock turnover yet the profitability of the retail division was undermined. However, the increase in turnover has laid a foundation for recovery. Turnover and attributable profit of the Group's retail division for the first half of 2009 amounted to HK$18,986 million and HK$276 million respectively, representing a corresponding increase of 9.6% and a decrease of 27.7% over the same period of 2008.

Although global economic downturn may continue in the short run, the overall mainland economy has already shown emerging signs of bottoming out and stabilisation following the implementation of a series of measures by the central government to stimulate domestic demand and sustain economic growth. The mainland retail industry is expected to recover gradually in the second half of the year.

With weakening global demand, Hong Kong's external merchandise trading value decreased significantly. Continuous rise in unemployment rate, dampened consumer sentiment and the impact from H1N1 Influenza A altogether hit the retail market. Although Hong Kong's retail industry is not expected to recover in the short run with a gloomy outlook for its operating environment, the recent upsurge in the stock and property markets may stimulate a sooner than expected recovery.

Supermarket and Logistics

Turnover and attributable profit of the supermarket and logistics operation for the first half of 2009 amounted to HK$17,317 million and HK$224 million respectively, representing a corresponding increase of 10.7% and a decrease of 13.8% over the same period of 2008.

As at the end of June 2009, the Group operated a total of about 2,700 stores in the Chinese Mainland and Hong Kong, of which approximately 57.4% were self-operated and the rest were franchised stores. Major store formats are hypermarket, supermarket and convenience store, mainly operated under the brands of "華潤萬家 vanguard", "華潤蘇果 CHINA RESOURCES SUGUO", "蘇果 SUGUO", "Vango" and "Olé". In terms of geographical contribution, Eastern China, Southern China, Hong Kong and Northern China respectively accounted for 63.2%, 25.8%, 6.6% and 4.4% of the operation's turnover for the period under review.

The persistence of global economic slowdown led to sluggish market demand. GDP of the Chinese Mainland grew 7.1% year-on-year in the first half of 2009, down from 10.4% in the same period last year. Total retail sales of consumer goods for the first half of the year increased by 15% year-on-year, compared with 21.4% in the same period last year. The 1.1% drop in consumer price index with a 0.3% decrease in food prices in particular, in the first half of the year significantly affected supermarket businesses which primarily focus on sales of food.

Economic downturn and unemployment suppressed consumer sentiment. In addition to cautious consumer spending originating from general expectations on discounts and promotional activities, the decrease in food prices resulted in a year-on-year drop of 2.0% in our overall same store sales for the period under review. To adapt to the changing operating environment, the Group endeavoured to improve fundamental operation management standards like upgrading information technology and supply chain system which in turn speeded up stock turnover, improved food safety, lowered stock-out rate and facilitated the introduction of new products. Positive overall same store sales growth already resumed in the second quarter of the year. To foster organic growth, the Group will carry out tactical adjustments of its product mix and operational mode based on region-specific needs to cater for changes in consumer demand as well as further improving service quality.

Benefiting from the adoption of a multi-format store approach to swiftly increase its share in target markets so as to achieve market dominance, the Group has gradually built up its competitive advantage with an extensive local store network and business scale, boosting its image of brands and attaining economies of scale in operation. Although the economic downturn and intensified market competition, the Group capitalised not only on its competitive advantage on scale of operation to enhance price negotiation and cooperation with suppliers for profit streams diversification but also on stringent cost controls in order to improve profitability of the operation. Despite the losses from new stores lowered the operating profit to a certain extent and in turn affected the overall performance of the operation, the consolidated earnings before interest, tax, depreciation and amortization for the first half of 2009 amounted to HK$843 million, representing a growth of 7.5% over the same period of 2008.

Slowdown in the Chinese Mainland’s economic growth and tumbling consumer confidence have posed immense challenges to the retail industry but at the same time offered opportunities for steady expansion to the Group. The Group will further concentrate its efforts on improving operational efficiency, strengthening business alliance with suppliers, consolidating internal resources to maximize economies of scale, as well as reinforcing and raising its market share in target regions.

Brand-fashion Distribution

Turnover and attributable profit of the brand-fashion distribution segment for the first half of 2009 were HK$1,336 million and HK$57 million respectively, representing a corresponding increase of 6.0% and a decrease of 30.5% over the same period of 2008.

As at the end of June 2009, the “Esprit” and “Red Earth” brand distribution network expanded to over 1,100 self-operated and franchised stores in the Chinese Mainland. A partial shift of garment exports to domestic market as a result of the significant contraction in the Chinese Mainland’s exports, coupled with various discounts and promotions launched by garment retailers to digest inventory, intensified market competition. Notably, there was a 2.4% drop in clothing prices for the first half of 2009. In the midst of this operating environment, same store sales of self-operated stores declined 8.2% and franchised stores reduced their orders in the first half of the year. An increase in inventory level also led to higher inventory provision. Launching of aggressive promotional activities by shopping malls to drive customer flow and stimulate consumer spending further squeezed our gross margin, thus significantly affecting profitability of the operation for the period under review.

As falling demand for fashion apparels will bring more fierce competition for the fashion retail sector, it is expected that the operation will continue to face tough challenges ahead in the short run. The Group will formulate measures to optimize the procurement process and expedite stock turnover, as well as further enhancing our service quality to improve the overall profitability of the operation.

Other Retail Stores

Turnover of the other retail stores segment for the first half of 2009 amounted to HK$333 million, representing a decrease of 22.6% over the same period of 2008. Attributable loss for the period under review amounted to HK$5 million, compared to an attributable profit of HK$40 million for the corresponding period in 2008. As at the end of June 2009, the Group's chain of retail stores mainly consisted of 4 Chinese Arts & Crafts 中藝 stores in Hong Kong and 44 CR Care 華潤堂 stores in Hong Kong and the Chinese Mainland.

Following the global financial crisis, Hong Kong consumers remained cautious on spending in the first half of 2009. This phenomenon coupled with a notable decline in the number of tourists attributed to the outbreak of H1N1 Influenza A caused a marked decrease in turnover for the period under review of Chinese Arts and Crafts 中藝, which focuses on sales of high quality and premium products. The decrease in the second quarter in 2009, however, narrowed down compared to that of the first quarter. To further improve its profitability, operating performance reviews had been conducted and one non-performing store was closed during the period under review. The losses on store closure further impacted the operating results of the operation.

In a similar way, global economic downturn has affected the operation of CR Care 華潤堂. Lower demand for high-value products led to a decrease in its turnover. Frequent promotional activities further squeezed the gross profit margin. These factors, together with escalating store rentals, caused the operation to record an operating loss for the period under review. Proactive review of the stores was conducted to enhance operational efficiency and three stores were closed when their leases ended during the period under review.

Looking ahead, retail market sentiment in Hong Kong will remain weak and the management believes its recovery is expected to lag behind that in the Chinese Mainland for a minimum of 6 months. The Group will implement flexible pricing strategies and product mix enhancement to cater for customer preferences so as to overcome the impact of the economic slowdown.

Beverage

The beverage division reported turnover and attributable profit for the first half of 2009 of HK$10,216 million and HK$341 million respectively, representing increases of 25.0% and 133.6% over the same period of 2008.

Beer Operation

The beer operation reported turnover of HK$9,474 million for the first half of 2009, representing an increase of 24.8% over the same period of 2008. Attributable profit was HK$257 million, representing an increase of 144.8% over the same period in 2008. Sales volume for the first half of 2009 rose by 20.0% to approximately 4,187,000 kiloliters.

For the period under review, the Group reported remarkable growth in organic sales volume of 12.1% with notable increases in Zhejiang Province, Anhui Province and Sichuan Province. Such growth was mainly driven by greater demand for beer in warmer weather, effective ongoing branding as well as sales and promotion efforts. Furthermore, sales volume in the same period of

2008 was severely affected by bad weather and the earthquake in Sichuan Province, leading to a relatively low base for comparison. Apart from organic growth, the overall growth of sales volume was further supported by the contribution of five newly acquired breweries and a newly built brewery during the period under review. With the continuous efforts on brand integration, the sales volume of our national brand "SNOW" grew by 23.6% to 3,578,000 kiloliters in the first half of 2009, which accounted for 85.5% of the total sales volume.

Overall gross profit margin rose during the period under review which was mainly attributable to the decline in material costs. Another reason is the optimization of product mix to cater for the higher demand of consumer taste, leading to a higher proportion of premium beer sales.

As at the end of June 2009, the Group operated over 65 breweries in the Chinese Mainland with an annual production capacity of approximately 13.6 million kiloliters, including the production capacity of approximately 0.4 million kiloliters from a newly built brewery in Zhejiang Province and a total of approximately 0.8 million kiloliters from the acquisition of brewing assets. In order to strengthen our market position, widen geographical coverage, enhance operational efficiency and optimize product structure, the Group completed the acquisition of the respective brewing assets in five breweries, namely 安慶天柱啤酒有限責任公司 (Anqing Tianzhu Beer Company Limited), 遼寧松林啤酒集團有限公司 (Liaoning Songlin Brewery Group Company Limited) , 浙江洛克啤酒有限公司 (Zhejiang Luck Beer Company Limited), 山東琥珀啤酒廠 (Shandong Hupo Brewery) and 裕騰集團伊春啤酒有限公司 (Yuteng Group Yichun Beer Company Limited).

In order to capitalize on the opportunities prevailing at the moment, the Group will cautiously seek and evaluate investment opportunities to implement our consolidation strategy, while emphasizing enhancement in operational efficiency.

Purified Water Operation

The purified water operation, with "C'estbon 怡寶" as its sole brand, reported turnover and attributable profit for the first half of 2009 of HK$742 million and HK$84 million respectively, representing increases of 27.1% and 104.9% over the same period of 2008. Sales volume for the period under review rose by 20.9% to approximately 736,000 kiloliters.

Enhanced distribution channels in existing markets, expansion of sales networks in new ones as well as effective launch of promotional campaign to raise brand awareness contributed to encouraging growth in both sales volume and turnover for the first half of 2009. In addition, production costs in respect of plastic packing materials dropped following a considerable fall in the crude oil price from last year's high. Therefore, attributable profit of the operation increased substantially for the period under review.

In view of increasing demand for packaged water driven by rising health consciousness among mainland consumers, the Group will continue to look for acquisition opportunities and upgrade production capacity. The Group will also prudently expand into new markets and streamline distribution process to lower production costs so as to further augment its national market share.

Food Processing and Distribution

The food processing and distribution division reported turnover and attributable profit for the first half of 2009 of HK$3,505 million and HK$211 million respectively, representing decreases of 8.3% and 12.1% over the same period of 2008. Excluding the gains from reducing certain equity interests in strategic investments in the first half of 2008 and 2009, attributable profit would decrease by 7.1% as compared to the corresponding period in 2008, mainly attributed to the weak performance of the Hong Kong livestock distribution business.

For the period under review, our market share in the Hong Kong live pig market stabilized through the synergy with the mainland livestock raising business to allow a stable supply of live pigs. However, intensified market competition subsequent to the opening of the Hong Kong live pig market since July 2007 caused a decrease in gross margin, thus resulting in lower profitability. In addition, consumer sentiment was affected by the economic downturn and rising unemployment rate in Hong Kong. Accordingly, both turnover and attributable profit of the frozen food distribution business for the period under review declined as compared with the corresponding period in last year.

The Hong Kong government announced the result of an international open tender for operating and managing the abattoir in Sheung Shui in April this year, and the Group successfully renewed the contract right to operate and manage the abattoir for a maximum of another ten years. During the new operation period, the Group will continue to improve the food safety system of its Hong Kong fresh meat market through further innovation and enhancement of management quality as well as generating the synergy with its livestock-related businesses for value creation. In view of the global outbreak of H1N1 Influenza A earlier this year, the division has formulated measures to minimize the possible impact on its business.

The Chinese Mainland’s market will become a key area of our growth on the back of a stable development of the Hong Kong market. Our active expansion in meat processing, branded food processing and distribution businesses in the Chinese Mainland delivered encouraging growth in operating results during the period under review. Satisfactory growth was recorded in the mainland slaughtering volume of live pigs as well as turnover of meat processing and assorted foodstuff business. The accelerated pace of investments in the Chinese Mainland has strengthened the synergy among different operations and enhanced the Group’s competitive edge in livestock raising, slaughtering, meat processing, cold storage, logistics and sales distribution. At the same time, livestock raising business in the Chinese Mainland also provided strong support to the division’s livestock supply to Hong Kong and mainland meat processing business.

Expansion in the markets of Africa and the Chinese Mainland as well as enhancement of product mix helped raise the sales volume of the marine fishing and aquatic products processing operation. In addition, benefiting from the drop in fuel prices and measures like rearranging shipping resources in different districts, promoting resource sharing and enhancing efficiency that eased operating costs pressure, overall gross profit improved, resulting in satisfactory profit contribution for the period under review.

In the future, the Group will continue to improve its supply chain of safe food and capitalize on organic expansion and acquisition so as to become an outstanding safe food supplier with integrated research and development, processing, wholesaling and retailing.

Investment Property

The investment property division, which mainly comprises retail property rental segment, reported turnover of HK$266 million for the first half of 2009, representing an increase of 29.8 % over the same period of 2008. Attributable profit for the first half of 2009 amounted to HK$321 million. Excluding the after-tax revaluation surplus of approximately HK$125 million (First half of 2008: approximately HK$375 million) and the decrease in deferred tax liabilities of approximately HK$52 million resulted from the reduction in the Hong Kong profits tax rate in the first half of 2008, attributable profit of the division for the first half of 2009 would increase by 41.0% over the same period of 2008.

Benefiting from new tenancy agreements of the Group's Silvercord property in Tsimshatsui, the division recorded considerable growth in rental income for the period under review. Other retail properties also recorded slight increases in rental and occupancy rates.

Looking forward, the impact on retail market sentiment in Hong Kong caused by the financial crisis will be lessened. The limited supply of prime retail space should also help lessen its impact on the retail rental level of core shopping districts. The division will review its retail properties for renovation potential from time to time with a view to enhancing rental income.

Textile

Turnover of the textile division for the first half of 2009 was HK$2,211 million, representing a decrease of 10.2 % over the same period of 2008. Attributable loss for the period under review amounted to HK$67 million, compared to an attributable profit of HK$66 million for the same period of 2008.

Exports of textile products continued to contract because of the global economic downturn. According to the statistics of the China Customs, the year-on-year decrease in the value of exports of textile products and garment was 10.9% in the first half of the year. To address the continual slump in exports, the division not only adjusted its product mix to explore domestic market, but also adopted discounted sales strategy to gain market share during the period under review. Thus, overall sales volume rebounded in the second quarter of the year, easing the decrease in overall turnover for the period under review. However, a provision for the planned closure of a dyeing factory mainly contributed to the operating loss of the division for the period under review.

The operating environment of the division is still full of challenges and uncertainties for the second half of the year. The Group will continue to tighten its cost control measures, actively explore new markets to increase sales and devote more efforts to the research and development of new technology and new products for constant product mix enrichment in order to boost profitability of the operation in the long run.

Investments and Others

Attributable profit for first half of 2009 amounted to HK$151 million (First half of 2008: HK$190 million).

Container Terminal

The Group has a 10% interest in HIT Investments Limited and Hutchison Ports Yantian Investments Limited. Performance of the Hong Kong and Yantian deepwater port operations was adversely affected by the declining exports from the Chinese Mainland during the period under review.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2009, the Group's consolidated cash and bank balance amounted to HK$9,349 million. The Group's borrowings as at 30 June 2009 were HK$13,785 million with HK$4,732 million repayable within 1 year, HK$9,050 million repayable after 1 year but within 5 years and HK$3 million repayable after 5 years.

On the basis of the Group's net borrowings relative to the shareholders' funds and minority interests, the Group's gearing was approximately at 12.5% as at 30 June 2009 (31 December 2008: 18.7%).

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 30 June 2009, 18.1% of the Group's cash deposit balances was held in Hong Kong dollars, 69.1% in Renminbi and 11.7% in US dollars; whereas 68.8% of the Group's borrowings was denominated in Hong Kong dollars and 25.1% in Renminbi and 6.1% in US dollars.

Pledge of Assets

As at 30 June 2009, assets with a carrying value of HK$697 million (31 December 2008: HK$289 million) were pledged for bank borrowings and notes payable.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2009.

Employees

As at 30 June 2009, the Group, excluding its associated companies had a staff size around 149,000, amongst which more than 95% being employed in the Chinese Mainland, whilst the rest mainly in Hong Kong and overseas. 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.

CORPORATE GOVERNANCE

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, which has been revised on 31 March 2009, 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 all the Non-Executive Directors were not appointed for a fixed term.

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.

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, 4 April 2007 and 31 March 2009 ("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 2009.

CLOSURE OF REGISTER

The Register of Members will be closed from 5 October 2009 (Monday) to 9 October 2009 (Friday), 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 of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 2 October 2009 (Friday).

By order of the Board

CHEN LANG

Managing Director

Hong Kong, 3 September 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Qiao Shibo (Chairman), Mr. Chen Lang (Managing Director), Mr. Wang Qun (Deputy Managing Director), Mr. Lau Pak Shing (Deputy Managing Director) and Mr. Lai Ni Hium (Deputy Managing Director). The Non-Executive Directors are Mr. Jiang Wei, Mr. Wang Shuaiting, Mr. Yan Biao, Mr. Li Fuzuo and Mr. Du Wenmin. The Independent Non-Executive Directors are Dr. Chan Po Fun, Peter, Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.