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 2015

- Unaudited consolidated turnover amounted to approximately HK$94,660 million, representing an increase of 13.4%
- Unaudited consolidated loss attributable to the Company's shareholders amounted to HK$4,327 million, compared to attributable profit of HK$929 million for the same period last year, in which a provision for goodwill impairment of HK$2,014 million (net amount attributable to shareholders) and a loss on re-measurement of disposal group of HK$2,222 million were recognised
- The resolution approving the disposal of all of the Group's non-beer businesses to CRH for a total consideration of HK$30 billion was passed by the Company's independent shareholders on 3 August 2015. More details of the special dividend and subsequent arrangements will be announced at a later date
- The Board does not recommend the payment of an interim dividend

FINANCIAL HIGHLIGHTS

For the six months ended 30 June	**2015 (Unaudited) *HK$ million***	2014 (Unaudited) *HK$ million*
Turnover[1]	**94,660**	83,506
(Loss)/profit attributable to shareholders of the Company[1]	**(4,327)**	929
Basic earnings per share[2]	**HK$(1.79)**	HK$0.39
Interim dividend per share	**Nil**	HK$0.11
	At 30 June 2015 (Unaudited) *HK$ million*	At 31 December 2014 (Audited) *HK$ million*
Equity attributable to shareholders of the Company	**44,077**	48,747
Non-controlling interests	**19,044**	20,876
Total equity	**63,121**	69,623
Consolidated net borrowings[3]	**4,345**	8,063
Gearing ratio[4]	**6.9%**	11.6%
Net assets per share (book value):	**HK$18.21**	HK$20.14

Notes:
1. These amounts include turnover and profit attributable to shareholders of discontinued operation presented 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. Diluted earnings per share for the six months ended 30 June 2015 and 2014 are HK$(1.79) and HK$0.39, respectively.
3. Balance as at 30 June 2015 include consolidated net borrowing of disposal group classified as held for sale. If disposal group classified as held for sale is excluded, the consolidated net borrowing as at 30 June 2015 would become HK$868 million.
4. Gearing ratio represents the ratio of consolidated net borrowings to total equity. If the consolidated net borrowing of disposal group classified as held for sale is excluded, gearing ratio as at 30 June 2015 would become 1.4%.

ANALYSIS OF TURNOVER AND PROFIT

	Turnover Six months ended 30 June		Profit Attributable to Shareholders of the Company ("PAS") Six months ended 30 June		PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments (Note) Six months ended 30 June	
	2015 (Unaudited) *HK$ million*	2014 (Unaudited) *HK$ million*	**2015 (Unaudited) *HK$ million***	2014 (Unaudited) *HK$ million*	**2015 (Unaudited) *HK$ million***	2014 (Unaudited) *HK$ million*
Continuing operations						
Beer	**19,609**	18,475	**544**	417	**544**	417
Net corporate interest and expenses	**-**	-	**(16)**	(11)	**(16)**	(11)
	19,609	18,475	**528**	406	**528**	406
Discontinued operations						
Retails	**61,146**	52,589	**(2,778)**	700	**(2,847)**	439
Food	**8,480**	8,035	**(5)**	(72)	**(15)**	(72)
Beverage	**6,307**	5,057	**194**	66	**194**	66
	75,933	65,681	**(2,589)**	694	**(2,668)**	433
Elimination of inter-segment transactions	**(786)**	(600)	**-**	-	**-**	-
Net corporate interest and expenses	**-**	-	**(44)**	(171)	**(44)**	(171)
Loss on re-measurement of disposal group	**-**	-	**(2,222)**	-	**(2,222)**	-
	75,147	65,081	**(4,855)**	523	**(4,934)**	262
Elimination of inter-segment transactions	**(96)**	(50)	**-**	-	**-**	-
Total	**94,660**	83,506	**(4,327)**	929	**(4,406)**	668

Note:

For the analysis of PAS excluding the effect of asset revaluation and major disposal of non-core assets/investments, the effect of the following transaction have been excluded in PAS of the respective division:

a. Net valuation surplus on investment properties with an aggregate amount of approximately HK$69 million (2014: HK$261 million) has been excluded from the results of Retail division.

b. Net valuation surplus on investment properties with an aggregate amount of approximately HK$10 million has been excluded from the results of Food division.

CHAIRMAN’S STATEMENT

HALF-YEAR RESULTS

The first half of 2015 was a critical move for the strategic transformation and long-term development of the Group. Thanks to the support from independent shareholders, the resolution approving the disposal of all of the Group’s non-beer businesses – including retail, food and beverage business - to China Resources (Holdings) Company Limited ("CRH") for a total consideration of HK$30 billion was passed at the Company’s extraordinary general meeting held on 3 August 2015. The proceeds from the disposal will largely be distributed to the shareholders in the form of a special dividend. Subject to the fulfillment of conditions as stated in the Company’s circular dated 9 July 2015, a special dividend of HK$12.30 per share is expected to be paid by the end of October 2015. The transformation of the Group will unlock the value of its market-leading beer business from the previous conglomerate structure and remove the ongoing challenges and uncertain outlook in the short to medium-term for the non-beer businesses. More details on the special dividend and the subsequent arrangements will be announced at a later date.

As for the operational performance in the six months ended 30 June 2015, the Group’s unaudited consolidated turnover amounted to approximately HK$94,660 million, representing an increase of 13.4% over the same period last year. The consolidated loss attributable to the Company’s shareholders was approximately HK$4,327 million compared to attributable profit of HK$929 million for the first half of 2014. Of this, the beer business generated turnover and profit attributable to the Company's shareholders of HK$19,609 million and HK$544 million, respectively. During the period under review, the discontinued operation was still affected by the slowdown in economic growth, integration, as well as ongoing investment for business transition and nationwide expansion. The turnover of the discontinued operation was approximately HK$75,147 million, representing an increase of 15.5%. The loss attributable to the Company's shareholders of the discontinued operation amounted to approximately HK$4,855 million as compared with attributable profit of HK$523 million for same period last year.

INTERIM DIVIDEND

Taking into the accounts of the proceeds from the disposal will largely be distributed as a special dividend, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (2014: HK$0.11 per share).

STRATEGY IMPLEMENTATION

Though the overall beer market has been affected by the macro-economic slowdown and unfavourable weather conditions in China during the period under review, the beer business continued to implement its stated strategy on market share gain and product mix upgrade. The division had a market share of over 23% in the first half of 2015. Other than the increase in turnover, the beer business also strived for balanced growth in profitability by improving economies of scale and better management of its selling expenses.

As for the integration of Kingway beer, one of the largest acquisitions in terms of production capacity in China's beer industry in the past five years, the division has consolidated back office and certain operating functions and has commenced production of “雪花 Snow” beer at Kingway beer's manufacturing facilities during the period under review. The integration has further reinforced the position of the division in southern China.

On the retail front, slowing economic growth has led to deteriorating growth in consumer spending in China. This impact has been compounded by the Chinese government's austerity campaign, the shift in consumption to e-commerce, the entry of new industry players, and higher operating costs. The division recorded a year-on-year decline in same-store-sales. The division was also in the progress of integrating Tesco PLC ("Tesco")'s China business. Faced with challenges and an uncertain short-term outlook, the division made a provision for goodwill impairment of HK$2,014 million (net amount attributable to shareholders) and incurred an attributable loss of HK$2,778 million in the first half of 2015. The Group sees that further investment in operation of physical stores, e-commerce and IT system must be made in its joint venture with Tesco during the running-in period, which is expected to negatively impact the mid-term performance of the division.

The food division was still in a transition period in growing the rice business, recording an attributable loss of HK$5 million in the first half of 2015. The rice business remained the focus of development, and had established a national presence during the period under review, yet it requires further ongoing investment to become profitable. The pork business also needs additional investment in the downstream processed pork segments to improve capacity utilization and profitability. To enhance operational efficiency, the food division will focus on its development in the domestic market while seeking partnerships with industry leaders and boosting investment.

While the beverage business delivered attributable profit of HK$194 million during the period under review, it faces increasing competition and requires additional ongoing investment to maintain its leading position in purified water products and develop market leading brands in other categories given its limited existing product portfolio.

Based on the performance of the discontinued operation during the period under review, ongoing investment of capital and resources is expected to be required to ensure its long-term prospects and success. The transformation enables the discontinued operation to be managed privately without exposing the Company and its non-controlling shareholders to the impact of uncertainties and execution risk created by ongoing restructuring, and allows the shareholders to continue to hold an ownership interest in the most profitable business in the Group – the beer business. Furthermore, there will be greater transparency for the market to evaluate the Group's beer business on a standalone basis.

PROSPECTS

China Resources Snow Breweries Limited, a subsidiary of the Group, is the largest brewer by sales volume in China, the largest beer market by sales volume in the world. The Group is confident of its ability to leverage our leading position to create sustainable profitable growth and better returns on assets ahead. With strategy of market leadership with an outstanding brand and operational excellence, the Group will continue to improve profitability by way of premiumisation of its product mix, value extraction through synergies from acquisitions, as well as collaboration with our experienced international joint venture partner, SABMiller PLC. Meanwhile, the Group will step up its regional presence from both organic growth and acquisitions, and further consolidate its leading marketing position.

We strongly believe our transformation into a beer-focused company is in the best interests of the shareholders, and gives the Group greater flexibility to execute its business plan for the beer business and to deliver outstanding returns to the shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our valued shareholders for their support of the strategic transformation of the Group. In the meantime, I would also like to express my appreciation to our customers and business associates for their trust and support, as well as to our management and colleagues for their dedication to delivering quality products and services to our customers.

CHEN LANG
Chairman

Hong Kong, 21 August 2015

2015 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 2015 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$ million***	*HK$ million*
Continuing operations			
Turnover	*5*	**19,609**	18,475
Cost of sales		**(13,037)**	(11,844)
Gross profit		**6,572**	6,631
Other income	*6*	**421**	387
Selling and distribution expenses		**(3,631)**	(3,973)
General and administrative expenses		**(1,774)**	(1,638)
Finance costs	*7*	**(92)**	(127)
Profit before taxation		**1,496**	1,280
Taxation	*8*	**(438)**	(463)
Profit for the period from continuing operations	*9*	**1,058**	817
Discontinued operations			
(Loss)/profit for the period from discontinued operations	*9*	**(5,444)**	639
		(4,386)	1,456
Attributable to:			
Shareholders of the Company		**(4,327)**	929
Non-controlling interests		**(59)**	527
		(4,386)	1,456
Earnings per share	*11*		
From continuing and discontinued operations			
Basic		**HK$(1.79)**	HK$0.39
Diluted		**HK$(1.79)**	HK$0.39
From continuing operations			
Basic		**HK$0.22**	HK$0.17
Diluted		**HK$0.22**	HK$0.17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$ million	*HK$ million*
(Loss)/profit for the period	**(4,386)**	1,456
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**11**	(470)
Fair value adjustment on available for sale investments	**4**	8
Reclassification adjustments:		
– release of valuation reserve upon disposal of available for sale investments	**(7)**	-
– release of exchange differences upon disposal of subsidiaries	**-**	(6)
Other comprehensive income/(expenses) for the period, net of tax	**8**	(468)
Total comprehensive (expenses)/income for the period	**(4,378)**	988
Attributable to:		
Shareholders of the Company	**(4,326)**	609
Non-controlling interests	**(52)**	379
	(4,378)	988
Total comprehensive (expenses)/income for the period attributable to shareholders of the Company arising from:		
Continuing operations	**531**	267
Discontinued operations	**(4,857)**	342
	(4,326)	609

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**At 30 June 2015 (Unaudited) *HK$ million***	At 31 December 2014 (Audited) *HK$ million*
Non-current assets			
Fixed assets			
- Investment properties		**-**	21,105
- Interests in leasehold land held for own use under operating leases		**3,921**	10,653
- Other property, plant and equipment		**22,600**	56,302
Goodwill		**10,447**	22,854
Other intangible assets		**261**	510
Interests in associates		**-**	368
Interests in joint ventures		**-**	1,014
Available for sale investments		**16**	33
Prepayments		**350**	1,015
Deferred taxation assets		**1,717**	2,274
		39,312	116,128
Current assets			
Stocks		**9,170**	27,690
Trade and other receivables	*12*	**1,952**	16,555
Taxation recoverable		**72**	157
Pledged bank deposits		**152**	187
Cash and bank balances		**8,112**	20,647
		19,458	65,236
Assets classified as held for sale		**115,314**	-
		134,772	65,236
Current liabilities			
Trade and other payables	*13*	**(24,311)**	(76,260)
Short term loans		**(4,050)**	(9,025)
Taxation payable		**(190)**	(1,069)
		(28,551)	(86,354)
Liabilities associated with assets classified as held for sale		**(76,172)**	-
		(104,723)	(86,354)
Net current assets/ (liabilities)		**30,049**	(21,118)
Total assets less current liabilities		**69,361**	95,010
Non-current liabilities			
Long term loans		**(5,082)**	(19,872)
Deferred taxation liabilities		**(414)**	(2,245)
Other non-current liabilities		**(744)**	(3,270)
		(6,240)	(25,387)
		63,121	69,623

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	At 30 June 2015 (Unaudited) ***HK$ million***	At 31 December 2014 (Audited) *HK$ million*
Capital and reserves		
Share capital	**15,740**	15,740
Reserves	**28,337**	33,007
Equity attributable to shareholders of the Company	**44,077**	48,747
Non-controlling interests	**19,044**	20,876
Total equity	**63,121**	69,623

Notes:

1. Independent review

The interim results for the six months ended 30 June 2015 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 for the six months ended 30 June 2015 ("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.

On 4 May 2015, the Company entered into a sale and purchase agreement (as supplemented by a supplemental agreement dated 17 June 2015) (the "Sale and Purchase Agreements") with China Resources (Holdings) Company Limited ("CRH"), pursuant to which the Company agreed to sell and CRH agreed to purchase all of the non-beer businesses of the Group (the "Disposal") at a total consideration of HK$30,000,000,000. CRH is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The completion of the Disposal is subject to conditions precedent, including the approval of the independent shareholders. The resolution approving the aforesaid transaction was duly passed by shareholders of the Group by way of poll at the Company's extraordinary general meeting held on 3 August 2015. As such the completion of the disposal will take place according to the terms of the Sale and Purchase Agreements. The Disposal was treated as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" in the interim financial information. The financial results of the non-beer business were presented as discontinued operations and prior period comparatives have been represented accordingly.

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 2014 except for the adoption of certain new and revised 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 2015, and the accounting policies for discontinued operations and disposal group held for sales as set out in below.

The adoption of these new and revised 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.

The Group has not early applied the new standards, amendments and interpretation that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised standards and amendments but is not yet in a position to determine whether these new and revised standards and amendments would have a material impact on its results of operations and financial position.

4. Accounting policies for discontinued operations and disposal group held for sales

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in annual financial statements for the year ended 31 December 2014.

5. Turnover and segment information

Operating segments

	Continuing operations		Discontinued operations						
	Beer *HK$ million*	**Sub-total** *HK$ million*	**Retail** *HK$ million*	**Food** *HK$ million*	**Beverage** *HK$ million*	**Elimination** *HK$ million*	**Sub-total** *HK$ million*	**Elimination** *HK$ million*	**Total** *HK$ million*
For the six months ended 30 June 2015									
Turnover									
External sales	19,513	19,513	61,131	7,751	6,265	-	75,147	-	94,660
Inter-segment sales[1]	96	96	15	729	42	(786)	-	(96)	-
Total	19,609	19,609	61,146	8,480	6,307	(786)	75,147	(96)	94,660
Segment result[2]	1,507	1,507	(2,838)	74	451		(2,313)		(806)
Unallocated corporate expenses		(11)					(93)		(104)
Interest income		92					140		232
Finance costs		(92)					(194)		(286)
Loss on re-measurement of disposal group[4]		-					(2,222)		(2,222)
Profit/(loss) before taxation		1,496					(4,682)		(3,186)
Taxation		(438)					(762)		(1,200)
Profit/(loss) for the period		1,058					(5,444)		(4,386)
Other information									
Additions to non-current assets	1,314	1,314	1,844	266	306		2,416		3,730
Depreciation and amortisation	1,109	1,109	1,485	149	96		1,730		2,839
Impairment loss recognised	12	12	3,133[3]	-	-		3,133		3,145
For the six months ended 30 June 2014									
Turnover									
External sales	18,425	18,425	52,532	7,526	5,023	-	65,081	-	83,506
Inter-segment sales[1]	50	50	57	509	34	(600)	-	(50)	-
Total	18,475	18,475	52,589	8,035	5,057	(600)	65,081	(50)	83,506
Segment result[2]	1,291	1,291	1,122	50	142		1,314		2,605
Unallocated corporate expenses		(11)					(92)		(103)
Interest income		127					188		315
Finance costs		(127)					(193)		(320)
Profit before taxation		1,280					1,217		2,497
Taxation		(463)					(578)		(1,041)
Profit for the period		817					639		1,456
Other information									
Additions to non-current assets	953	953	14,663	223	364		15,250		16,203
Depreciation and amortisation	999	999	1,031	118	71		1,220		2,219
Impairment loss recognised	-	-	21	-	-		21		21

1. Inter-segment sales were charged at prevailing market rates.
2. Segment result represents earnings before interest income, finance costs and taxation.
3. The Group's retail segment had made impairment on goodwill amounting to HK$2,518 million, following management's assessment of its performance as a result of challenging environment of industry and keen competition.
4. The Group has recognised a loss of HK$2,222 million in relation to the re-measurement of disposal group to the fair value less cost to sell.

6. Other income

	Six months ended 30 June	
	2015	2014
	HK$ million	*HK$ million*
Other income includes the following:		
Continuing operations		
Interest income	**92**	127
Discontinued operations		
Interest income	**140**	188
Valuation gain on investment properties	**107**	259

7. Finance costs

	Six months ended 30 June	
	2015	2014
	HK$ million	*HK$ million*
Continuing operations		
Interest on bank loans and other loans wholly repayable within five years	**69**	73
Financing charges (including exchange gain or loss)	**27**	56
	96	129
Less: Amount capitalised in cost of qualifying assets	**(4)**	(2)
	92	127
Discontinued operations		
Interest on bank loans and other loans wholly repayable within five years	**187**	138
Financing charges (including exchange gain or loss)	**7**	55
	194	193
	286	320

8. Taxation

	Six months ended 30 June	
	2015	2014
	HK$ million	*HK$ million*
Continuing operations		
Current taxation		
Chinese Mainland	**637**	453
Deferred taxation		
Chinese Mainland	**(199)**	10
	438	463
Discontinued operations		
Current taxation		
Hong Kong	**98**	89
Chinese Mainland	**602**	515
	700	604
Deferred taxation		
Hong Kong	**(2)**	(3)
Chinese Mainland	**64**	(23)
	762	578
	1,200	1,041

Hong Kong Profit Tax is calculated at 16.5% (2014: 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.

9. (Loss)/profit for the period

	Six months ended 30 June	
	2015	2014
	HK$ million	*HK$ million*
(Loss)/profit for the period has been arrived at after charging:		
Continuing operations		
Depreciation		
- Owned assets	**1,094**	984
Amortisation of other intangible assets	**15**	15
Cost of goods sold	**13,037**	11,844
Impairment loss recognised on		
- Fixed assets	**2**	-
- Stocks	**10**	-
Discontinued operations		
Depreciation		
- Owned assets	**1,720**	1,209
Amortisation of other intangible assets	**10**	11
Cost of goods sold	**56,665**	50,105
Impairment loss recognised on		
- Fixed assets	**382**	-
- Goodwill	**2,518**	-
- Stocks	**233**	21
Loss on re-measurement of disposal group classified as held for sale	**2,222**	-

10. Dividends

At the board meeting held on 20 March 2015, the directors proposed a final dividend of HK$0.16 per ordinary share for the year ended 31 December 2014 in cash form, with an option to receive new and fully paid shares of the Company in lieu of cash. Such proposal was subsequently approved by shareholders on 29 May 2015. The 2014 final dividend declared and approved was approximately HK$387 million (2013: HK$337 million).

At the board meeting held on 21 August 2015, the directors did not recommend the payment of interim dividend (2014: interim dividend of HK$0.11 per ordinary share).

11. Earnings per share

	Six months ended 30 June	
	2015	2014
	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		
(Loss)/profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	**(4,327)**	929

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,421,365,364**	2,403,754,753
Effect of dilutive potential ordinary shares:		
- Share options	**-**	1,067,058
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,421,365,364**	2,404,821,811

	Six months ended 30 June	
	2015	2014
	HK$ million	*HK$ million*
For continuing operations		
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings		
(Loss)/profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	**(4,327)**	929
Less: Loss/(profit) attributable to shareholders of the company from discontinued operations	**4,855**	(523)
Profit attributable to shareholders of the Company for the purpose of calculating basic and diluted earnings per share from continuing operations	**528**	406

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

For discontinued operations

Basic earnings per share and diluted earnings per share for the discontinued operations are HK$(2.01) per share (2014: HK$0.22 per share) and HK$(2.01) per share (2014: HK$0.22 per share) respectively, based on the loss attributable to shareholders of the Company from the discontinued operations of HK$4,855 million (2014: profit HK$523 million) and the denominators detailed above for 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 2015	At 31 December 2014
	HK$ million	*HK$ million*
0 – 30 days	**457**	841
31 – 60 days	**139**	400
61 – 90 days	**62**	220
> 90 days	**318**	775
	976	2,236

The Group normally trades with its customers under the following credit terms:
(a) cash upon delivery; or
(b) open credit from 30 to 90 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 2015	At 31 December 2014
	HK$ million	*HK$ million*
0 – 30 days	**3,259**	16,557
31 – 60 days	**91**	4,227
61 – 90 days	**35**	1,671
> 90 days	**125**	4,438
	3,510	26,893

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

On 4 May 2015, the Company entered into a sale and purchase agreement (as supplemented by a supplemental agreement dated 17 June 2015) with China Resources (Holdings) Company Limited ("CRH"), pursuant to which, the Company agreed to sell and CRH agreed to purchase all of the non-beer businesses of the Group at a total consideration of HK$30,000 million. The resolution approving the aforesaid transaction was duly passed by shareholders of the Group by way of poll at the Company's extraordinary general meeting held on 3 August 2015.

The Group has recognised a loss of HK$2,222 million in relation to the re-measurement of disposal group to the fair value less cost to sell.

Continuing operations

For the six months ended 30 June 2015, the continuing operations of the Group's unaudited consolidated turnover and consolidated profit attributable to the Company's shareholders amounted to approximately HK$19,609 million and HK$528 million, respectively, representing an increase of 6.1% and 30.0% over the same period last year.

Beer

The Group's beer division reported turnover and attributable profit of HK$19,609 million and HK$544 million in the first half of 2015, respectively, representing increases of 6.1% and 30.5% over the same period last year, respectively. As compared with the corresponding period last year, the EBITDA in the first half of 2015 improved by 14.1% to HK$2,615 million.

During the period under review, overall beer market capacity fell due to the macro-economic slowdown and unfavourable weather conditions in mainland China. The division's beer sales volume decreased 0.8% to 6,249,000 kiloliters as compared with the same period last year, of which the operation's national "雪花 Snow" brand accounted for approximately 90% of the operation's total beer sales volume. Through enhanced production capacity with localized and tailored marketing strategies, the improvement of long-standing relationships with local distributors, as well as the stepping up of brand promotions and expansion in market share, the division performed better in beer sales volume than the industry average in the first half of 2015. The division continuously improved and refined the quality of its beer products to meet customer needs. In addition, the rapid increase in premium beer sales volume has also boosted growth in the division's average selling price. The overall average selling price increased by approximately 6.8% in the first half of 2015 as compared to the same period last year.

During the review period, operating profit rose as a result of the economies of scale, lean management and better control on selling expenses. As at the end of June 2015, the Group operated 98 breweries in China, scattered in 25 provinces, with an aggregate annual production capacity of over 20,000,000 kiloliters.

Looking ahead, to strengthen the "雪花 Snow" brand's reputation and customer loyalty, the Group's beer division will continue its marketing campaigns; reinforce the promotion of its premium beers, optimize its product mix and quality, and seek greater value through synergies created from the merger and acquisition. At the same time, the division will continue its seamless cooperation with SABMiller PLC, step up its regional presence through organic growth and acquisitions, and consolidate its leading marketing position.

Businesses to be disposed of

Retail

The Group's retail division reported turnover of HK$61,146 million in the first half of 2015, representing an increase of 16.3% year-on-year. It recorded attributable loss of HK$2,778 million compared with attributable profit of HK$700 million for the first half of 2014. Excluding after-tax revaluation surplus and the disposal of non-core assets, the division's attributable loss for 2015 was HK$2,847 million, while attributable profit was HK$439 million for the first half of 2014. On 28 May 2014, the Group formed a joint venture (the "Joint Venture") with Tesco PLC ("Tesco"). Turnover and attributable loss contributed by the Tesco's China operations was HK$9,157 million and HK$283 million, respectively.

In view of the current macro-economic environment and declining performance of the Joint Venture, the Group assessed the valuation of goodwill of a cash generating unit under retail division and made a provision for the impairment loss on goodwill for HK$2,014 million (net amount attributable to shareholders) during the first half of 2015. And, the Group continued to monitor the operations of the retail business portfolio during the running-in period of the Joint Venture. A provision of HK$422 million (net amount attributable to shareholders) was made during the first half of 2015 for the closure of certain less efficient stores and stores with poor prospects, primarily comprising of assets impairment for those shops and compensations for early termination of the shop leases. Excluding goodwill impairment and provision for stores closure, the division's attributable loss for 2015 was HK$342 million, a decrease of 148.9% over the same period the previous year.

The Group's retail division mainly comprises "華潤萬家 CR Vanguard" supermarkets, "中藝 Chinese Arts & Crafts" stores, "華潤堂 CRCare" stores, "采活 VIVO" health and beauty stores and "太平洋咖啡 Pacific Coffee" shops. As at the end of June 2015, the Group operated over 4,800 stores in China, of which approximately 85% were self-operated while the rest were franchised.

During the period under review, the domestic economic slowdown resulted in lower consumption growth and had a negative impact on the retail sector. The central government's strict austerity campaign and the decline in business and government consumption affected the sales of high-end products, gifts and stored-value cards. Furthermore, the diversion of customers from physical stores as a result of the continuous expansion of e-commerce, and the entry of new industry players, created impact on large-format stores. The Group's retail division therefore recorded a 3.8% year-on-year decrease in same store sales.

In the meantime, rising salaries and rental costs continued to drive increases in operational expenses and a decrease in profitability. As such, the Group's retail business manages operating costs in a prudent manner and continues the downsizing of its less-efficient stores.

In view of the economic slowdown and the accelerated development of e-commerce, the Group's retail business is seen to face a critical challenge. Additionally, the Joint Venture with Tesco is currently in the running-in period, where more time is needed to improve the Joint Venture's operational efficiency in terms of organizational structure, brand, supply chain and performance. Meanwhile, to adapt to market volatility and improve profitability, further investments are needed for the Group’s retail stores. These significant investments and competition in retail industry may put more downward pressure on the Group’s retail division’s profitability, which will affect the short to mid-term performance of the Group’s retail division with further adjustments ahead.

Food

The Group’s food division reported turnover of HK$8,480 million in the first half of 2015, an increase of 5.5% over the same period the previous year. Attributable loss was HK$5 million for the first half of 2015, a decrease of 93.1% over the same period the previous year. Excluding after-tax revaluation surplus, the division's attributable loss for the first half of 2015 was HK$15 million, a decrease of 79.6% over the same period the previous year. The overall performance of the food division remains impacted by its business transition.

The rice business grew rapidly through mergers and acquisitions. By acquiring three rice processing plants during the period under review, the business began to establish a national presence. However, the rice business is currently unprofitable, with high initial investment and marketing expenses, which requires additional investment to improve its long term profitability.

As for the division’s operations in Hong Kong, due to an oversupply in the live pigs market in the first quarter of 2015, the overall selling price of live pigs remained low. The live pig market has started to show signs of recovery in the second quarter, alleviating the pressure on profitability of the rearing operations.

The Group’s meat operations have been affected by the slowdown in the overall demand growth, in particular the slaughtering business in southern China due to intense competition. The increase in selling price of pork was less than the increase in purchase price of hogs. All these factors resulted in a fall in both turnover and gross profit. The division will therefore likely require continued investment along the value chain into downstream processed pork segments to improve capacity utilisation and profitability.

Looking ahead, the Group’s food business is expected to take a longer time to seek partnership opportunities with industry leaders. The division will also remain focused on the domestic market by ramping up investments, continuously improving the operational efficiency of its current businesses, and actively promote its development strategy.

Beverage

The Group’s beverage division reported turnover and attributable profit of HK$6,307 million and HK$194 million in the first half of 2015, representing increases of 24.7% and 193.9% year-on-year, respectively.

The division’s total sales volume increased by 23.5% year-on-year to approximately 3,978,000 kiloliters in the first half of 2015. This was mainly attributable to the growth in sales volume of “怡寶 C’estbon” purified water and further refinement of the sales districts, which in turn improved the division’s market competitiveness. During the period under review, the division strengthened its leadership in southern China to a greater extent, focusing on its core markets in Guangdong, Hunan, and Sichuan provinces and expanding its sales network in adjacent regions.

Facing increasing market competition, the division moderately stepped up its marketing and promotional efforts during the period under review. By refining the packaging design and the ingredients of certain products, the division concentrated on key cities and products to raise its brand recognition and awareness.

Looking ahead, the division will ramp up its investment in promotional activities as well as in research and development. The division will also strengthen its marketing strategy to enhance its brand image and boost its market share. Moreover, given the existing limited product portfolio, the division will need to make additional investment to build and develop market leading brands in other product categories.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2015, the Group's consolidated cash and bank balance amounted to HK$22,536 million. The Group's borrowings as at 30 June 2015 were HK$26,881 million with HK$11,127 million repayable within 1 year, HK$15,752 million repayable after 1 year but within 5 years and HK$2 million repayable after 5 years.

On the basis of the Group's net borrowings relative to the shareholders' funds and non-controlling interests, the Group's gearing was approximately at 6.9% as at 30 June 2015 (31 December 2014: 11.6%).

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 30 June 2015, 14.9% of the Group's cash deposit balances was held in Hong Kong dollars, 80.6% in Renminbi and 4.5% in US dollars; whereas 65.4% of the Group's borrowings was denominated in Hong Kong dollars and 13.2% in Renminbi and 21.4% in US dollars. The Group's borrowings are principally on a floating rate basis.

As the majority of the Group's assets, liabilities, revenue and payments are denominated in functional currencies of the respective group entity, the expected foreign currency exposure is not significant.

In view of the current depreciation in Renminbi in August 2015, the Group expected to increase its Renminbi borrowings and decrease its non-Renminbi borrowings in due course.

Pledge of Assets

As at 30 June 2015, assets with a carrying value of HK$1,851 million (31 December 2014: HK$271 million) were pledged for bank loans and notes payable.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2015.

Employees

As at 30 June 2015, the Group, excluding its associated companies and joint ventures, had a staff size of around 257,000, amongst which about 98% were employed in the Chinese Mainland, whilst the rest were mainly in Hong Kong and overseas. Remuneration packages are assessed in accordance with 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"). The Corporate Governance Manual, which was revised on 31 March 2009, 18 November 2010 and 21 March 2012, incorporates almost all of the Code Provisions and some of the Recommended Best Practices set out in the Corporate Governance Code ("CG Code") contained 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.

The Company has complied with the Code Provisions set out in the CG Code during the period, save and except the following:

In respect of Code Provision A.4.1 of the CG Code, all the non-executive Directors are 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.

In respect of Code Provision A.5.6 of the CG Code, the Board did not have a policy concerning diversity of the Board members but the Board is actively considering the adoption of the relevant policy.

In respect of Code Provision C.1.2 of the CG Code, the Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties.

In respect of Code Provision D.1.4 of the CG Code, the Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors", and, if applicable, "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under the Listing Rules, legal and other regulatory requirements.

On 8 April 2005, the Company has adopted its own Code of Ethics and Securities Transactions ("Code of Ethics") which apply to the Directors and other specified individuals including the Group's senior management and persons who are 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, 31 March 2009 and 18 November 2010 ("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 2015.

By order of the Board
CHEN LANG
Chairman

Hong Kong, 21 August 2015

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Lang (Chairman), Mr. Hong Jie (Chief Executive Officer), Mr. Liu Hongji (Vice Chairman) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Du Wenmin, Mr. Wei Bin, Mr. Yan Biao, Mr. Chen Ying and Mr. Wang Yan. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.