華潤啤酒(控股)有限公司
China Resources Beer (Holdings) Company Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 291)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

- The Group's unaudited consolidated turnover reached RMB15,774,000,000, representing an increase of 3.7% year-on-year
- The Group's beer sales volume increased by 2.9% year-on-year to 6,306,000 kiloliters. The performance was better than the industry average
- The Company completed the acquisition of a 49% stake in China Resources Snow Breweries Limited on 11 October 2016, the benefit of which has started to be fully reflected since the first half of 2017. Upon completion of the acquisition, the Company's share of China Resources Snow Breweries Limited's profit increased from 51% in the first half of 2016 to 100% in the first half of 2017. Thus the Group's unaudited consolidated profit attributable to the Company's shareholders increased by 93.4% year-on-year to RMB1,170,000,000
- The Board of Directors recommended an interim dividend of RMB0.07 per share

FINANCIAL HIGHLIGHTS

For the six months ended 30 June	**2017 (Unaudited) *RMB million***	2016 (Unaudited) *RMB million*
Turnover	**15,774**	15,213
Profit attributable to shareholders of the Company	**1,170**	605
Basic and diluted earnings per share[1]	**RMB 0.36**	RMB 0.23
Interim dividend per share	**RMB 0.07**	Nil

	At 30 June 2017 (Unaudited) *RMB million*	At 31 December 2016 (Audited) *RMB million*
Equity attributable to shareholders of the Company	**18,572**	17,601
Non-controlling interests	**61**	66
Total equity	**18,633**	17,667
Consolidated net cash/(borrowings)	**476**	(3,677)
Gearing ratio[2]	**Net cash**	20.8%
Current ratio	**0.58**	0.53
Net assets per share - book value	**RMB 5.72**	RMB 5.43

Notes:
1. *Basic and diluted earnings per share for 2017 reflected the benefit of the acquisition of 49% stake in China Resources Snow Breweries Limited on 11 October 2016 and the effect of rights issue in 2016.*
2. *Gearing ratio represents the ratio of consolidated net borrowings to total equity.*

ANALYSIS OF TURNOVER AND EARNINGS BEFORE INTEREST AND TAXATION

	Turnover Six months ended 30 June		Earnings before interest and taxation Six months ended 30 June	
	2017 **(Unaudited)** ***RMB million***	2016 (Unaudited) *RMB million*	**2017** **(Unaudited)** ***RMB million***	2016 (Unaudited) *RMB million*
Eastern region	**8,324**	8,077	**738**	762
Central region	**3,902**	3,685	**236**	227
Southern region	**3,956**	3,861	**750**	700
	16,182	15,623	**1,724**	1,689
Elimination of inter-segment transactions	**(408)**	(410)	**-**	-
Net corporate expenses	-	-	**(37)**	(32)
Total	**15,774**	15,213	**1,687**	1,657

CHAIRMAN'S STATEMENT

HALF-YEAR RESULTS

In the first half of 2017, China Resources Beer (Holdings) Company Limited (the "Company", together with its subsidiaries, the "Group") continued to make steady progress in expanding and reinforcing its beer business and carried on its product mix upgrade in order to adapt to the changing beer industry in China.

Last October, the Company successfully completed the acquisition of a 49% stake in China Resources Snow Breweries Limited ("CRSB"), the benefit of which has been fully reflected since the first half of 2017. Upon completion of the acquisition, the Company's share of CRSB's profit increased from 51% in the first half of 2016 to 100% in the first half of 2017. For the six months ended 30 June 2017, the Group's unaudited consolidated turnover and profit attributable to the Company's shareholders are RMB15,774,000,000 and RMB1,170,000,000 respectively, representing an increase of 3.7% and 93.4% respectively compared with the corresponding period last year.

INTERIM DIVIDEND

The Board of Directors (the "Board") recommends an interim dividend of RMB0.07 per share for the six months ended 30 June 2017 (2016: Nil) payable on 16 October 2017 to shareholders whose names appear on the register of members of the Company on 29 September 2017, to show its appreciation to shareholders for their support of the Group.

STRATEGY IMPLEMENTATION

The Group is committed to increasing its market share and premiumizing its product mix, and is confident about achieving a sustained improvement in profit in the mid- to long-term. In the first half of 2017, the overall Chinese economy had good prospects and the spending power of consumers increased. The entire beer market benefited from the hot weather and the year-on-year sales volume was slightly higher. The Group's beer sales volume and the average selling price increased by 2.9% and 0.8% respectively compared with the corresponding period last year and the market share increased.

As a leading beer enterprise in China, the management of the Group has always paid much attention to the topic of efficiency improvement, in addition to pursuing quality growth in the turnover. During the period under review, the Group increased its production efficiency, improved its energy conservation and reduced consumption to absorb the impact of certain rising costs, in particular packaging materials, in order to maintain its gross profit margin at adequate levels. In selling expenses, the Group utilized lean sales and concentrated resources on an appropriate investment in targeted promotions and advertisement of products. Furthermore, the Group continued to optimize its deployment of production capacity, including consolidation of the regional production capacity and assets, and established an appropriate mid- to long-term production capacity enhancement scheme in order to improve the efficiency steadily.

In financial management, the Group continued to maintain healthy reserves, to ensure sufficient resources for future operating needs and seizing potential opportunities. The Group's net cash was RMB476,000,000 as at 30 June 2017.

PROSPECTS

In 2017, faced with possible fluctuations in the beer market as a result of the possibility of a more frequent occurrence of unusual weather conditions, and the pressure arising from a possible rise in costs and expenses for raw materials, the Group will continue to enhance its product mix, manage its sales and production plans meticulously, and increase its proportion in mid- to high-end and canned beer products, so as to meet the customer's demand for high-quality products. Besides, the Group will upgrade its brand portfolio and improve the competitiveness of its high-end brands through promotion of brand repositioning. In terms of cost and expenses, the Group will make an assessment of the situation, reinforce central procurement, improve logistics management and formulate suitable mid- to long-term production capacity optimization plans through innovative marketing and lean sales, so as to improve overall efficiency. Moreover, the Group will advance by way of both organic expansion and grasping appropriate acquisition opportunities for market consolidation, in order to reinforce its market leadership in China and enhance its core competitiveness.

Looking back to the past 20 odd years, the Group has dedicated great efforts in its work. Since 2008, its flagship brand "雪花 Snow" has been the largest beer brand by volume worldwide. We know that we have come a long way. This is the first year since the Company has completed the acquisition of a 49% stake in CRSB which became wholly owned. Though we have to come across short-term challenges brought by the cost pressures, the Group believes that it can continue to make steady progress and become a trusted and beloved beer enterprise thanks to its established well-rounded strategy, the past experience and strong execution ability of its management team and its healthy financial management.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, management and employees for their support, commitment and contributions, as well as to our customers and business partners for their long term trust. Looking ahead, we will continue to offer more quality products and services to our customers and deliver greater returns to our shareholders.

CHEN LANG
Chairman

Hong Kong, 21 August 2017

2017 INTERIM RESULTS

The Directors of China Resources Beer (Holdings) Company 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 2017 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***RMB million***	*RMB million*
Turnover		**15,774**	15,213
Cost of sales		**(10,492)**	(10,093)
Gross profit		**5,282**	5,120
Other income	*5*	**399**	296
Selling and distribution expenses		**(2,541)**	(2,432)
General and administrative expenses		**(1,420)**	(1,301)
Finance costs	*6*	**(101)**	(80)
Profit before taxation		**1,619**	1,603
Taxation	*7*	**(441)**	(383)
Profit for the period	*8*	**1,178**	1,220
Attributable to:			
Shareholders of the Company		**1,170**	605
Non-controlling interests		**8**	615
		1,178	1,220
Earnings per share	*10*		
Basic		**RMB0.36**	RMB0.23
Diluted		**RMB0.36**	RMB0.23

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB million	*RMB million*
Profit for the period	**1,178**	1,220
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**58**	(13)
Fair value adjustment on available for sale investments	**-**	(1)
Reclassification adjustment:		
– release of valuation reserve upon disposal of available for sale investments	**-**	1
Other comprehensive income/(expenses) for the period, net of tax	**58**	(13)
Total comprehensive income for the period	**1,236**	1,207
Attributable to:		
Shareholders of the Company	**1,228**	604
Non-controlling interests	**8**	603
	1,236	1,207

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2017 (Unaudited) HK$ million	At 31 December 2016 (Audited) HK$ million
Non-current assets			
Fixed assets			
- Interests in leasehold land held for own use under operating leases		**3,282**	3,324
- Other property, plant and equipment		**17,422**	17,576
Goodwill		**8,375**	8,422
Other intangible assets		**159**	171
Available for sale investments		**9**	9
Prepayments		**171**	89
Deferred taxation assets		**2,046**	2,011
		31,464	31,602
Current assets			
Stocks		**5,860**	6,110
Trade and other receivables	*11*	**1,343**	1,253
Taxation recoverable		**41**	75
Pledged bank deposits		**90**	103
Cash and cash equivalents		**3,934**	3,487
		11,268	11,028
Current liabilities			
Trade and other payables	*12*	**(18,753)**	(16,411)
Loans from a holding company		**-**	(2,722)
Short term loans		**(509)**	(1,592)
Taxation payable		**(169)**	(80)
		(19,431)	(20,805)
Net current liabilities		**(8,163)**	(9,777)
Total assets less current liabilities		**23,301**	21,825
Non-current liabilities			
Long term loans		**(3,039)**	(2,953)
Deferred taxation liabilities		**(245)**	(271)
Other non-current liabilities		**(1,384)**	(934)
		(4,668)	(4,158)
		18,633	17,667
Capital and reserves			
Share capital		**14,090**	14,090
Reserves		**4,482**	3,511
Equity attributable to shareholders of the Company		**18,572**	17,601
Non-controlling interests		**61**	66
Total equity		**18,633**	17,667

Notes:

1. Independent review

The interim results for the six months ended 30 June 2017 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 information for the six months ended 30 June 2017 ("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.

The financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. Principal accounting policies

The accounting policies applied in the preparation of the interim financial information are consistent with those applied in the annual financial statements for the year ended 31 December 2016, except for the adoption of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2017.

The adoption of these amendments to HKFRSs has had no material effect on the results or financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

The Group has not early applied the new standards and amendments that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new standards and amendments in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the Group. Further details of the expected impacts are discussed below.

Key developments of these new standards and amendments to standards which may have an impact to the Group's accounting policies and presentation of the consolidated financial statements are described below:

HKFRS 9 "Financial Instruments" (Effective for annual period beginning on or after 1 January 2018)
The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets because a fair value through other comprehensive income election is available for the equity instruments which are currently classified as available for sale investments.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. However, at this stage the Group does not expect to adopt any hedge accounting in near periods and therefore, it may not have any impact on the Group upon the adoption of HKFRS 9.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from contracts with customers" (Effective for annual period beginning on or after 1 January 2018)
HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. The Group is in the process of assessing the impacts of HKFRS 15 on the Group.

HKFRS 16 "Leases" (Effective for annual period beginning on or after 1 January 2019)
HKFRS 16 will affect primarily the accounting for Group's operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated balance sheet. The Group is in the process of assessing to what extent the operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

4. Segment information

	Eastern region *RMB million*	Central region *RMB million*	Southern region *RMB million*	Corporate / Elimination *RMB million*	Total *RMB million*
For the six months ended 30 June 2017					
Turnover					
External sales	8,065	3,883	3,826	-	15,774
Inter-segment sales[1]	259	19	130	(408)	-
Total	8,324	3,902	3,956	(408)	15,774
Segment result[2]	738	236	750		1,724
Unallocated corporate expenses					(37)
Interest income					33
Finance costs					(101)
Profit before taxation					1,619
Taxation					(441)
Profit for the period					1,178
Other information					
Additions to non-current assets[3]	189	204	292	-	685
Depreciation and amortisation	453	196	196	1	846
Impairment loss recognised	14	13	(5)	-	22
For the six months ended 30 June 2016					
Turnover					
External sales	7,840	3,662	3,711	-	15,213
Inter-segment sales[1]	237	23	150	(410)	-
Total	8,077	3,685	3,861	(410)	15,213
Segment result[2]	762	227	700		1,689
Unallocated corporate expenses					(32)
Interest income					26
Finance costs					(80)
Profit before taxation					1,603
Taxation					(383)
Profit for the period					1,220
Other information					
Additions to non-current assets[3]	259	132	260	-	651
Depreciation and amortisation	456	199	194	1	850
Impairment loss recognised	2	6	-	-	8

1. Inter-segment sales were charged at prevailing market rates.
2. Segment result represents earnings before interest income, finance costs and taxation.
3. Additions to non-current assets included fixed assets, goodwill and other intangible assets.

5. Other income

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Other income includes the following:		
Interest income	**33**	26

6. Finance costs

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Interest on bank loans and other loans	**69**	57
Financing charges	**7**	7
Exchange loss	**26**	16
	102	80
Less: Interest capitalised	**(1)**	-
	101	80

7. Taxation

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Chinese Mainland income tax		
Current taxation	**499**	374
Deferred taxation	**(58)**	9
	441	383

Hong Kong Profit Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the period.

Chinese Mainland income tax is calculated at 25% (2016: 25%) on the estimated assessable profits for the period.

8. Profit for the period

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
Profit for the period has been arrived at after charging/(crediting):		
Depreciation		
- Owned assets	**834**	838
Amortisation of other intangible assets	**12**	12
Impairment loss recognised on		
- Fixed assets	**15**	3
- Stocks	**7**	5
Cost of goods sold	**10,492**	10,093
Gain on disposal of fixed assets	**(17)**	(12)

9. Dividends

At the board meeting held on 21 March 2017, the directors proposed a final dividend of RMB0.08 per ordinary share for the year ended 31 December 2016. Such proposal was subsequently approved by shareholders on 25 May 2017. The dividend was translated to and paid in Hong Kong dollars at HK$0.09 per ordinary share. The 2016 final dividend paid was approximately RMB255 million (2016: No final dividend was paid for 2015).

At the board meeting held on 21 August 2017, the Board has declared an interim dividend of RMB0.07 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 RMB227 million (2016: No interim dividend was paid).

10. Earnings per share

	Six months ended 30 June	
	2017	2016
	RMB million	*RMB million*
The calculation of the basic and diluted earnings per share is based on the following data:		
Earning		
Profit attributable to shareholders of the Company for the purposes of calculating basic and diluted earnings per share	**1,170**	605
	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**3,244,176,905**	2,654,463,670
	2017	2016
	RMB	*RMB*
Basic and diluted earnings per share	**0.36**	0.23

The weighted average numbers of ordinary shares used in the calculation of earnings per share for the period ended 30 June 2016 has been adjusted for the bonus element of the rights issue following the allotment and issuance of the rights shares on 18 August 2016.

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

11. Trade and other receivables

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

	At 30 June 2017	At 31 December 2016
	RMB million	*RMB million*
0 – 30 days	**305**	96
31 – 60 days	**124**	58
61 – 90 days	**64**	57
> 90 days	**395**	478
	888	689

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

12. Trade and other payables

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

	At 30 June 2017	At 31 December 2016
	RMB million	*RMB million*
0 – 30 days	**2,450**	1,461
31 – 60 days	**73**	22
61 – 90 days	**12**	12
> 90 days	**66**	88
	2,601	1,583

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Unaudited consolidated turnover of the Group in the first half of 2017 was RMB15,774 million. This represents an increase of 3.7% over the same period last year. The Company completed the acquisition of 49% stake in China Resources Snow Breweries Limited ("CRSB") on 11 October 2016, the benefit of which was starting to be fully reflected in the first half of 2017. Upon completion of the acquisition, the Company's share of CRSB's profit increased from 51% in the first half of 2016 to 100% in the first half of 2017. Thus the Group's unaudited consolidated profit attributable to the Company's shareholders increased by 93.4% to RMB1,170 million, as compared with the same period previous year. The Group's earnings before interest and tax in the first half of 2017 increased by 1.8% to RMB1,687 million, as compared with the corresponding period last year.

During the period under review, the overall beer market capacity saw a slight uptick due to the positive prospects of the overall Chinese economy, the increased spending power of consumers and the relatively hot weather. Consumer's growing demand for high quality products also boosted the upgrade of product mix in the beer market.

In the first half of 2017, the beer sales volume of the Group increased by 2.9% to approximately 6,306,000 kiloliters as compared with the same period last year. The performance was better than the industry average and the Group's market share was further increased. This was mainly contributed by CRSB's tailored sales strategies to the local market, established closer long-standing cooperative relationships with distributors and expansion in market coverage through reinforced brand promotions. The national brand "雪花 Snow" accounted for approximately 90% of the total beer sales volume of the Group. The Group continued to deepen its brand promotion and market expansion, and the overall sales volume of mid- to high-end beer products kept growing. This led to an increase in overall average selling price by approximately 0.8% in the first half of 2017 as compared with the same period last year. Moreover, by increasing production efficiency, improving energy conservation and reducing consumption to absorb the impact of certain rising costs, such as packaging materials. As a result, the Group was able to maintain its gross profit margin in adequate levels. Besides that, the increase of certain operating costs such as transportation costs caused total operating expenses increased by 6.1% as compared with the same period last year.

During the period under review, CRSB concentrated its resources on adequate investment in targeted promotions and advertisement on products to increase its brand recognition. For the Group's mid-end products "Brave the World" series, the event "Snow Great Expedition, Challenge the Unclimbed by College Students" continued to strengthen the promotion of the series, which sustained the robust growth in sales volume. In order to grasp the industry's long-term development trend, the Group continued to partner with large domestic e-commerce platform providers during the period under review, to expand its boundaries into online sales and marketing channels.

The Group continued to endorse the optimization on its deployment of the production capacity during the period under review, including consolidation of regional production capacity and assets, so as to improve profitability in the mid- to long-term. As at the end of June 2017, the Group operated 98 breweries in 25 provinces, directly administered municipalities and autonomous regions in Mainland China, with an aggregate annual production capacity of approximately 22,000,000 kiloliters.

Looking ahead, with the possibility of a more frequent occurrence of unusual weather conditions, there may be fluctuations in the overall beer market capacity. The Group will continue to enhance its product mix, manage its sales and production plans meticulously, increase its proportion in mid- to high-end and canned beer products, to meet customer's demand for high-quality products. As fierce competition is likely to carry on in the beer industry, the Group will upgrade its brand portfolio and improve the competitiveness of its high-end brands through promotion of brand repositioning. The Group will continue to examine the competitive environment and market conditions, improve effectiveness of the selling expenses through innovative marketing and lean sales. The Group will reinforce central procurement, improve logistics management and formulate appropriate mid- to long-term production capacity optimization plans so as to mitigate the possible pressure arising from the rise of certain costs. In addition, the Group will continue to grow the business by way of both organic growth and evaluation of suitable potential acquisition opportunities, which will play out more synergy effects through mergers and acquisitions. This will further assure the Group's leading position in the market.

FINANCIAL REVIEW

Capital and Funding

As at 30 June 2017, the Group's consolidated cash and bank deposits amounted to RMB4,024 million. The Group's borrowings as at 30 June 2017 were RMB3,548 million with RMB509 million repayable within 1 year, RMB3,038 million repayable after 1 year but within 5 years and RMB1 million repayable after 5 years.

The Group was at a net cash position as at 30 June 2017. 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 20.8% as at 31 December 2016.

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars, Renminbi and US dollars. As at 30 June 2017, 3.1% of the Group's cash and bank deposits balances were held in Hong Kong dollars, 91.5% in Renminbi and 5.4% in US dollars; whereas more than 99.9% of the Group's borrowings was denominated in Hong Kong dollars. The Group's borrowings are principally on a floating rate basis.

With healthy operating cash flow, available banking facilities and standby shareholder's loans, the Group is able to fulfill its liquidity requirement.

Pledge of Assets

As at 30 June 2017, assets with a carrying value of RMB90 million (31 December 2016: RMB103 million) were pledged for bank loans and notes payable.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2017.

Employees

As at 30 June 2017, the Group had a staff size of around 54,600, amongst which more than 99% were employed in the Chinese Mainland, whilst the rest were mainly in Hong Kong. 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.

INTERIM DIVIDEND

The Board has declared an interim dividend of RMB0.07 per share (equivalent to HK$0.08 per share at the exchange rate of RMB1:HK$1.17231, being the average CNY Central Parity Rate announced by the People's Bank of China for the five business days prior to and including the date of this announcement) for the six months ended 30 June 2017 (2016: Nil) payable on Monday, 16 October 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 29 September 2017. The interim dividend will be payable in cash in Hong Kong dollars.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 29 September 2017. In order to be eligible for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 28 September 2017 for registration.

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, 21 March 2012, 7 December 2015 and 18 March 2016, incorporates almost all of the Code Provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules and includes the implementation details for the Code Provisions and, where appropriate, the Recommended Best Practices. 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.

In respect of Code Provision E.1.2 of the CG Code, Mr. Chen Lang could not attend the annual general meeting of the Company held on 25 May 2017 due to business appointments.

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 inside 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 2008, 31 March 2009, 18 November 2010 and 7 December 2015 ("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 2017.

By order of the Board
CHEN LANG
Chairman

Hong Kong, 21 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Lang (Chairman), Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Lai Po Sing, Tomakin (Chief Financial Officer). The Non-executive Directors of the Company are Mr. Chen Rong and Mr. Lai Ni Hium, Frank. The Independent Non-executive Directors of the Company 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.