華潤置地有限公司
China Resources Land Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1109)

ANNOUNCEMENT OF 2017 INTERIM RESULTS

HIGHLIGHTS

- Consolidated revenue for the first half of 2017 amounted to HK$35.26 billion, down by 21.0% YoY. Development property revenue was down by 25.9% YoY to HK$29.09 billion, rental income of investment properties (including hotel operations) was up by 13.2% YoY to HK$4.01 billion.

- Consolidated gross profit margin improved to 34.9% in the first half of 2017 from 33.9% in the first half of 2016. Development property gross profit margin improved to 33.0% in the first half of 2017 from 32.5% in the first half of 2016, while investment property (including hotel operations) gross profit margin went up to 62.3% in the first half of 2017 from 61.0% in the first half of 2016.

- Core profit attributable to the owners of the Company excluding revaluation gain from investment properties in the first half of 2017 reached HK$3.25 billion in the first half of 2017, down by 48.1% YoY; profit attributable to the owners of the Company including the revaluation gain from investment properties was down by 33.1% YoY to HK$5.11 billion.

- Booked GFA amounted to approximately 2.47 million square meters in the first half of 2017, decreased by 10.3% YoY.

- As of 30 June 2017, the Group had locked in contracted sales of HK$95.94 billion that were subject to recognition as development revenue in 2017 (including revenue booked in the first half of 2017), comparable to reported full year development revenue of HK$98.73 billion in 2016.

- In the first half of 2017, the Group achieved contracted sales of RMB63.22 billion with a contracted gross floor area of 4.37 million square meters, up by 13.8% and 1.7% YoY respectively.

- In the first half of 2017, total land bank newly added amounted to 5.77 million square meters. As of 30 June 2017, the Group's total land bank was approximately 47.85 million square meters.

- The Board resolved to declare an interim dividend of HK10.0 cents per share, up by 8.7% YoY from HK9.2 cents per share in the first half of 2016.

The board of directors (the "Board") of China Resources Land Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 ("the first half of 2017") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
	NOTES	**2017** *HK$'000* **(Unaudited)**	**2016** *HK$'000* **(Unaudited and restated)**
Revenue	*4*	35,258,883	44,623,535
Cost of sales		(22,943,286)	(29,518,363)
Gross profit		12,315,597	15,105,172
Gain on changes in fair value of investment properties		2,983,167	2,055,330
Other income and other gains and losses		446,492	1,272,117
Selling and marketing expenses		(1,504,204)	(1,476,727)
General and administration expenses		(1,571,026)	(1,550,948)
Share of profit of investments in joint ventures		41,364	140,630
Share of profit of investments in associates		106,406	16,733
Finance costs	*5*	(1,611,499)	(253,383)
Profit before taxation		11,206,297	15,308,924
Income tax expenses	*6*	(4,986,170)	(6,226,193)
Profit for the period	*7*	6,220,127	9,082,731
Profit for the period attributable to:			
Owners of the Company		5,111,895	7,646,668
Non-controlling interests		1,108,232	1,436,063
		6,220,127	9,082,731
Basic earnings per share	*9*	73.8 cents	110.3 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	**2016**
	HK$'000	***HK$'000***
	(Unaudited)	**(Unaudited and restated)**
Profit for the period	6,220,127	9,082,731
Other comprehensive income		
(item that may be reclassified subsequently to profit or loss)		
Exchange gain (loss) arising on translation to presentation currency	5,211,067	(3,860,142)
Total comprehensive income for the period	11,431,194	5,222,589
Total comprehensive income attributable to:		
Owners of the Company	9,486,839	4,224,521
Non-controlling interests	1,944,355	998,068
	11,431,194	5,222,589

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	NOTES	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		9,341,244	9,031,416
Investment properties		106,271,230	95,141,210
Land use rights		2,200,151	2,257,561
Goodwill		13,810	13,810
Investments in joint ventures		3,894,858	3,679,335
Investments in associates		6,626,119	6,386,403
Available-for-sale investments		11,921	56,574
Prepayments and deposits for non-current assets		471,965	405,271
Deferred taxation assets		4,188,347	3,824,508
Amounts due from non-controlling interests		717,554	1,470,735
Amounts due from joint ventures		3,944,840	3,647,902
Amounts due from associates		2,882,892	3,185,621
		140,564,931	129,100,346
CURRENT ASSETS			
Properties for sale		227,236,611	195,662,615
Other inventories		805,143	762,507
Trade receivables, other receivables, prepayments and deposits	10	60,923,840	44,291,363
Amounts due from customers for contract works		308,698	271,613
Amounts due from intermediate holding companies		13,126	12,394
Amounts due from fellow subsidiaries		817,003	180,562
Amounts due from joint ventures		954,977	51,115
Amounts due from associates		4,110,818	1,888,810
Amounts due from non-controlling interests		1,467,843	857,669
Prepaid taxation		11,976,160	7,291,808
Cash and bank balances		45,176,152	46,673,952
		353,790,371	297,944,408

	NOTES	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	61,767,686	58,645,409
Advances received from pre-sales of properties		136,968,459	105,663,376
Amounts due to customers for contract works		220,488	150,461
Amount due to the ultimate holding company		154	103
Amounts due to intermediate holding companies		2,114,737	12,150
Amounts due to fellow subsidiaries		3,269,953	6,683,541
Amounts due to joint ventures		433,108	428,060
Amounts due to associates		735,357	158,137
Amounts due to non-controlling interests		2,823,638	4,853,013
Taxation payable		13,871,150	15,525,980
Bank and other borrowings – due within one year		27,356,627	11,988,217
		249,561,357	204,108,447
NET CURRENT ASSETS		104,229,014	93,835,961
TOTAL ASSETS LESS CURRENT LIABILITIES		244,793,945	222,936,307
EQUITY			
Share capital		693,094	693,094
Reserves		120,941,371	115,744,410
Equity attributable to owners of the Company		121,634,465	116,437,504
Non-controlling interests		24,501,419	22,721,138
		146,135,884	139,158,642
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		57,209,475	46,734,125
Senior notes – due after one year		15,423,367	15,342,590
Medium-term notes – due after one year		5,764,232	5,686,201
Amount due to an associate		438,092	425,070
Amounts due to non-controlling interests		6,278,679	3,168,554
Deferred taxation liabilities		13,544,216	12,421,125
		98,658,061	83,777,665
TOTAL OF EQUITY AND NON-CURRENT LIABILITIES		244,793,945	222,936,307

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. MERGER ACCOUNTING RESTATEMENT

Merger accounting for business combination involving entities under common control

On 26 August 2016, Hugeluck Enterprises Limited ("Hugeluck"), a wholly-owned subsidiary of China Resources (Holdings) Company Limited ("CRH"), entered into a share transfer agreement, to transfer its entire interest in Shining Jade Enterprises Limited and its subsidiaries ("Shining Jade Group") to the Group for a consideration of RMB6,236,000,000 (equivalent to HK$7,296,000,000). The consideration was satisfied by cash in which RMB3,400,000,000 (equivalent to approximately HK$3,977,935,000) was settled and remaining balance of RMB2,836,000,000 (equivalent to approximately HK$3,318,065,000) was recognised as amounts due to fellow subsidiaries as at 31 December 2016. The remaining consideration was settled in March 2017. The acquisition was completed on 11 October 2016 by passing an ordinary resolution at an Extraordinary General Meeting held on that date. The principal activities of Shining Jade Group are property development and car park operations in the People's Republic of China (the "PRC").

Before 30 June 2016, Urban Car Park Holdings Limited ("Urban Car Park Holdings") was wholly-owned by China Resources Urban Car Park Investment Partnership, L.P. ("the Partnership") with Urban Car Park Capital Partners Limited being the general partner. The Partnership was 45.28% owned by Shiftwell Investment Limited ("Shiftwell"), a wholly-owned subsidiary of the CRH, and 54.72% owned by three limited partners ("Limited Partners"). The principal activity of the Urban Car Park Holdings is car park operations in the PRC. Accordingly, CRH's interest in Urban Car Park Holdings was accounted for as an associate by CRH under HKFRS 11. On 30 June 2016, the Limited Partners transferred their 54.72% interest in the Partnership to Shiftwell for a consideration of US$42,969,000 (equivalent to HK$333,389,000). Urban Car Park Holdings became a wholly-owned subsidiary of Shiftwell and CRH and a goodwill of HK$13,810,000 arising from this acquisition was recognised by CRH. On the same date, Shiftwell transferred the entire interest in Urban Car Park Holdings to Shining Jade Group. Accordingly, Urban Car Park Holdings became a wholly-owned subsidiary of Shining Jade Group after the above acquisition and restructuring.

The directors of the Company have determined that the application of merger accounting to the acquisition of Shining Jade Group, being a business combination involving entities under common control, under Accounting Guideline 5 Merger Accounting for Common Control Combinations ("AG 5") issued by the HKICPA, will provide more relevant and useful information to financial statement users as it better reflects the economic substance of the transaction. The Group and the entities acquired are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the condensed consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

2. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e. it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity or business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party). No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to other reserves in the condensed consolidated statement of changes in equity.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the prior years have been restated to include the assets and liabilities and the operating results of the Shining Jade Group, other than Urban Car Park Holdings and its subsidiaries, as if this acquisition had been completed since the dates the respective entities or businesses came under the control of CRH. The condensed consolidated statement of financial position as at 31 December 2016 have been restated to adjust the carrying amounts of the assets and liabilities of the Shining Jade Group, including Urban Car Park Holdings, had been in existence as at 30 June 2016 and 31 December 2016 as if those entities or businesses were combined from the date when they first came under the control of CRH (see below for the financial impacts). The condensed consolidated financial statements of the Group for the period ended 30 June 2017 have been adjusted to include the assets and liabilities and the operating results of Urban Car Park Holdings and its subsidiaries since 30 June 2016, when the business of Urban Car Park Holdings and its subsidiaries first came under the common control.

The effect of restatements described above on the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016 has resulted in a decrease in the Group's profit for the period and the Group's total comprehensive income for the period by HK$38,896,000 and HK$227,995,000, respectively. The effect of restatements has resulted in an increase in the Group's revenue by HK$101,256,000 and a decrease in the Group's profit attributable to owners of the Company for the period by HK$37,304,000.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2017

	Development properties for sale *HK$'000*	Property investments and management *HK$'000*	Hotel operations *HK$'000*	Construction, decoration services and others *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE					
Revenue					
External sales	29,087,182	3,403,071	609,489	2,159,141	35,258,883
Result					
Segment results	8,218,682	1,515,564	(46,543)	(602)	9,687,101
Unallocated other income					446,492
Gain on changes in fair value of investment properties					2,983,167
Unallocated expenses					(446,734)
Share of profit of investments in joint ventures					41,364
Share of profit of investments in associates					106,406
Finance costs					(1,611,499)
Profit before taxation					11,206,297

4. **SEGMENT INFORMATION (CONTINUED)**

The following is an analysis of the Group's revenue and results by reportable and operating segments: (Continued)

For the six months ended 30 June 2016

	Development properties for sale *HK$'000*	Property investments and management *HK$'000*	Hotel operations *HK$'000*	Construction, decoration services and others *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE (Restated)					
Revenue					
External sales	39,242,094	3,092,148	452,870	1,836,423	44,623,535
Result					
Segment results	11,390,085	1,413,593	(51,788)	(108,066)	12,643,824
Unallocated other income					1,272,117
Gain on changes in fair value of investment properties					2,055,330
Unallocated expenses					(566,327)
Share of profit of investments in joint ventures					140,630
Share of profit of investments in associates					16,733
Finance costs					(253,383)
Profit before taxation					15,308,924

5. **FINANCE COSTS**

	Six months ended 30 June 2017 *HK$'000*	2016 *HK$'000* **(Restated)**
Total interests on bank borrowings, other borrowings, senior notes and medium-term notes	2,362,305	2,204,780
Total bank charges	72,468	93,560
Less: Amount capitalised in properties under development for sale, investment properties under development and construction in progress	(1,707,656)	(1,778,774)
	727,117	519,566
Exchange loss (gain)	884,382	(266,183)
	1,611,499	253,383

6. INCOME TAX EXPENSES

	Six months ended 30 June 2017 *HK$'000*	2016 *HK$'000* (Restated)
The income tax expenses comprise of:		
PRC Enterprise Income Tax ("EIT") and withholding income tax	2,433,369	4,447,046
PRC Land Appreciation Tax ("LAT")	2,048,314	2,782,966
	4,481,683	7,230,012
Deferred taxation	504,487	(1,003,819)
	4,986,170	6,226,193

(a) EIT

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards.

(b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated and operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

(c) LAT

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June 2017 *HK$'000*	2016 *HK$'000* (Restated)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	247,207	229,960
Amortisation of land use rights	9,185	13,580

8. DIVIDENDS

A dividend of HK61.2 cents per ordinary share that relates to the year ended 31 December 2016 amounting to HK$4,241,735,000 was recognised during the six months ended 30 June 2017 and paid in July 2017.

A dividend of HK48.7 cents per ordinary share that relates to the year ended 31 December 2015 amounting to HK$3,375,368,000 was recognised during the six months ended 30 June 2016 and paid in July 2016.

An interim dividend of HK10.0 cents per ordinary share in respect of the six months ended 30 June 2017 (2016: HK9.2 cents per ordinary share) was declared by the board of directors of the Company on 23 August 2017. This interim dividend, amounting to HK$693,094,000 (2016: HK$637,646,000), has not been recognised as a liability in these condensed consolidated financial statements.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	**2016**
	HK$'000	***HK$'000***
		(Restated)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	5,111,895	7,646,668
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,930,939,579	6,930,939,579

No diluted earnings per share is presented for the six months ended 30 June 2017 and 30 June 2016 as there were no potential ordinary shares outstanding.

10. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2017 *HK$'000*	31 December 2016 *HK$'000* (Audited)
Trade and bills receivables *(Note)*	2,095,858	1,504,972
Less: allowance for doubtful debts *(Note)*	(110,038)	(107,073)
	1,985,820	1,397,899
Other receivables	12,536,310	15,783,985
Less: allowance for doubtful debts	(378,874)	(367,611)
	12,157,436	15,416,374
Prepayments for acquisition of land use rights	21,305,597	18,713,754
Prepayments and deposits	25,474,987	8,763,336
	60,923,840	44,291,363

Note:

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 30 days as specified in the sale and purchase agreements or not granted with any credit period.

Except for proceeds receivable from sale of properties, rental income from lease of properties and proceeds from construction contracts which are payable in accordance with the term of the relevant agreements, the Group generally allows a credit period not exceeding 45 days to its customers.

The following is an aging analysis of trade and bills receivables (net of allowance for doubtful debts) at the end of the reporting period:

	30 June 2017 *HK$'000*	31 December 2016 *HK$'000* (Audited)
0–30 days	538,111	584,380
31–60 days	92,278	103,256
61–90 days	132,114	75,054
91–180 days	577,140	258,768
181–365 days	383,383	136,997
Over 1 year	262,794	239,444
	1,985,820	1,397,899

11. TRADE AND OTHER PAYABLES

	30 June 2017 *HK$'000*	31 December 2016 *HK$'000* (Audited)
Trade and bills payables *(Note a)*	38,911,750	41,624,329
Other payables *(Note b)*	18,614,201	17,021,080
Dividend payable	4,241,735	–
	61,767,686	58,645,409

Notes:

(a) The average credit period of trade payables is ranging from 30 to 60 days.

The following is an aging analysis of trade and bills payables at the end of the reporting period based on the invoice date:

	30 June 2017 *HK$'000*	31 December 2016 *HK$'000* (Audited)
0–30 days	8,546,867	15,466,019
31–60 days	708,498	1,244,515
61–90 days	882,664	727,659
91–180 days	3,641,429	2,770,865
181–365 days	12,717,347	12,396,465
Over 1 year	12,414,945	9,018,806
	38,911,750	41,624,329

(b) Amounts include mainly receipt in advance, other taxes payable, temporary receipts and accrued salaries.

FOREWORD

In the first half of 2017 ("1H2017"), China's economy momentum continued to improve and stabilize with GDP expanded to 6.9% YoY. Emphasizing on the living nature of property, the central government introduced new policy encouraging development of sell and lease dual-track housing system, with an aim to speed up the progress of long-term mechanism establishment through deepened land and urbanization reforms. Local regulation measures, together with intensified financial supervision, have turned to be more divergent in implementation across cities trying to curb investment and speculative demand. As such, local authorities in hot cities tightened restrictions in home purchases, mortgage loans and price caps, while an increasing number of cities put restrictions on property resales as well. On the land supply side, local authorities in hot cities attached more criteria for land bidding qualifications, which has further increased threshold for land biding, while more cities implemented "double-cap auction" policy when selling land.

The Group has conducted an in-depth analysis on the macroeconomic policy and adopted appropriate resource allocation strategies to each region in order to ensure a steady growth in the performance of the Company. During the reporting period, China's real estate investment rose 8.5% YoY to RMB5.06 trillion, whereas commodity housing sales totalled RMB5.92 trillion with GFA sold reached 747 million square meters, reflecting growth of 21.5% and 16.1% respectively compared to the same period in 2016. The Group achieved contracted sales of RMB63.22 billion in the first half of 2017 and locked in 53% of the Group's full-year sales target.

In the first half of 2017, China's total retail sales of consumer goods reached RMB17.23 trillion, up 10.4% YoY as physical consumption continued to recover. Benefitted from excellent mall operation and management expertise, the Group's shopping malls achieved retail sales of RMB16.31 billion, reflecting 33% YoY growth or 27.8% same store sales growth, which were well above the market average performance.

The Group improved efficiency of existing business through following approaches: (1) formulated strategic development plan for commercial properties and reshaped its management structure, (2) sorted out the development strategy and established holding company to centralize the property management business, and (3) promoted valued-added services to external customers for bigger market presence. Meanwhile the Group explored new business opportunities in senior housing, industrial real estate, township planning as well as long rent apartment businesses. With a proactive yet prudent manner, the Group makes effort to keep up with latest industry trend and seeks for new growth drivers to fulfill its commitment to shareholders, customers, employees, and the society as a whole.

Results Review

According to the delivery schedule, majority of the Group's presold projects is going to be handed over in the second half of the year 2017. In the first half of 2017, the Group realized a consolidated turnover of HK$35.26 billion, core net profit attributable to owners of the Company excluding revaluation gain from investment properties amounted to HK$3.25 billion, profit attributable to the owners of the Company including revaluation gain from investment properties amounted to HK$5.11 billion. In the first half of 2017, the Group's earnings per share achieved HK73.8 cents, of which HK46.9 cents per share was core net earnings. As of 30 June 2017, the net assets per share amounted to HK$17.55, representing an increase of 4.5% comparing to the end of 2016.

The Board has declared an interim dividend of HK10.0 cents per share, up 8.7% comparing to the interim dividend of 2016.

Development Property

The Group is dedicated to providing quality products and services to its customers. During the reporting period, the Group realized HK$29.09 billion turnover from development property.

In the first half of 2017, the Group achieved contracted sales of RMB63.22 billion with contracted GFA of 4.37 million square meters, up 13.8% and 1.7% YoY respectively.

Investment Property

To enhance management expertise in its shopping mall operation, the Group constantly optimizes tenant mix when necessary and introduces innovative experience to consumers, while building up "Shopping center + Internet" ecosystem. During the reporting period, application of our official mobile interactive app "e-MIXc" in 21 shopping malls has further improved customer experience and loyalty as well as commercial vitality. For office management, the Group constantly improves its office operating service system with an innovative approach. For hotel management, the Group penetrated high-end market and recorded significant revenue growth.

As at 30 June 2017, the Group's investment property in operation had a total GFA of 5.74 million square meters, including 13 MIXc malls, 8 Hi5/MIXc One malls and 2 other malls, leading the market in terms of scale. During the reporting period, Xi'an MIXc mall was opened with market leading opening rate of 90% on the opening day.

During the reporting period, the Group's investment properties, including hotel operations, realized turnover of HK$4.01 billion, of which turnover from hotel business amounted to HK$609 million, up 13.2% and 34.6% YoY respectively.

Land Bank

During the reporting period, the Group proactively replenished its land bank by acquiring 24 land parcels with total land premium of RMB43.65 billion (of which attributable land premium was RMB27.46 billion). Total GFA acquired was 5.77 million square meters, of which 5.12 million square meters were for development properties and 0.65 million square meters were for investment properties.

During the reporting period, the Group tapped into a new market, Lanzhou, the provincial capital of Gansu. As of 30 June 2017, the Group had expanded its geographical exposure to 57 cities nationwide with a total land bank GFA of 47.85 million square meters, of which 40.40 million square meters were for development properties and 7.45 million square meters were for investment properties. Land bank GFA in tier one and two cities accounted for 75% of total, the geographical mix as well as the high quality of its land bank matches well with the Group's business model.

Financial Policy

The Group adhered to its prudent financial policies. As of 30 June 2017, both total and net interest-bearing debt ratios were maintained at relatively low levels in property industry, with total interest-bearing debt ratio increased slightly to 42.0% versus 36.4% as at the year end of 2016, while net interest-bearing debt ratio expanded to 41.5% from 23.8% by 2016 year-end. During the reporting period, Standard and Poor's, Moody's and Fitch maintained the Company's credit ratings at "BBB+/stable", "Baa1/stable" and "BBB+/stable" respectively.

Environment, Social and Governance

Under the principle of "strategy orientated, culture-led and brand communication", the Group continuously improve its management for sustainable development and enterprise value enhancement through effective information disclosure, efficient management structure, prudent risk control and responsible branding. In order to effectively communicate with stakeholders, build up corporate image and improve internal management, the Group selects, measures and monitors key environmental, social and governance indicators complying with the information disclosure requirements.

During the reporting period, the Group formulated the "China Resources Land Green Building Management Plan" for energy saving and emission reduction. During the same period, the Group completed construction of the ninth "China Resources Hope Town", namely the Jinggangshan CR Hope Town. Committed to its SOE social responsibilities, the Group dedicates in new countryside construction through continuous participation in environmental transformation, industry support and organization reshaping.

According to the "Environmental, Social and Governance Report Guide" (the "Guide") issued by The Stock Exchange of Hong Kong Limited ("HKEx"), and based on the Guide's four reporting principles of materiality, quantitative, balance and consistency, the Group published its "Sustainability Report of China Resource Land Limited 2016" on the website of HKEx on 14 July 2017 after the Board's approval. The Group's 2016 Sustainability Report was awarded five-star rating, the highest rating by the Chinese Academy of Social Sciences Corporate Social Responsibility Research Center.

OUTLOOK

In the second half of 2017, the property market is likely to experience intensified city-specific regulations and tighter monetary policy, while land supply in tier one and two cities is expected to increase. In the long run, the government will encourage leasing market development and establish long-term mechanism for property industry.

The Group is scheduled to open four malls in the second half of 2017, namely Shenzhen MIXc World, Shanghai MIXc, Beijing Miyun MIXc and Taizhou MIXc. While steadily building up its commercial property portfolio, the Group seeks to explore tenant mix innovation, enhance customer's shopping experience and improve services in order to maintain its competitive advantages in the industry.

The Group adheres to its "development property + investment property + X" business model. While keeping its core business competence and market position, the Group will explore new growth engines from property management, senior housing and long-term rental apartment business in response to the dynamic market environment. The Group will keep an open mindset and invest precisely through diversified land channels for scale growth, while at the same time, the Group will continue to enhance its management efficiency and operational capacity, further strengthen its competitive advantages to achieve sustainable earnings growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2017, the Group's business of development property and investment property maintained a stable momentum. During the reporting period, contracted sales and construction progress of each project were in line with management's expectation, laying a solid foundation for 2017.

Review of Development Property Contracted Sales in the first half of 2017

In the first half of 2017, the Group achieved contracted sales of RMB63.22 billion with contracted GFA of 4.37 million square meters, up 13.8% and 1.7% YoY respectively.

The Group's contracted sales breakdown by region in the first half of 2017 is set out in the table below:

Region	**Contracted Sales**		**Contracted GFA**	
	RMB'000	*%*	*Sqm*	*%*
North China Region	15,071,634	24%	967,470	22%
East China Region	13,875,092	22%	884,846	20%
South China Region	15,788,522	25%	541,664	12%
West China Region	8,262,911	13%	895,261	21%
Northeast China Region	5,382,375	9%	626,553	14%
Central China Region	4,693,658	7%	447,584	11%
Others	143,521	0%	4,247	0%
Total	63,217,713	100%	4,367,625	100%

Review of Development Property Revenue in the first half of 2017

In the first half of 2017, the Group achieved development property revenue of HK$29.09 billion with booked GFA of 2.47 million square meters, 25.9% and 10.3% lower YoY respectively, which was mainly due to the uneven delivery schedule of development properties between first and second half of the year 2017. The gross profit margin of development property reached 33.0% in the first half of 2017, expanded from 32.5% in the first half of 2016 ("1H2016") and 32.3% in fiscal year of 2016 ("FY2016") respectively.

The Group's revenue breakdown by region in the first half of 2017 is listed below:

Region	**Revenue** *HK$'000*	**GFA Booked** *Sqm*
North China Region	8,379,265	568,214
East China Region	7,902,651	625,407
South China Region	1,367,144	53,863
West China Region	4,263,973	557,496
Northeast China Region	3,427,149	307,560
Central China Region	3,621,982	357,539
Others	125,018	3,849
Total	29,087,182	2,473,928

As of 30 June 2017, the Group had locked in unbooked contracted sales of HK$95.94 billion (including the revenue recognized in the first half of 2017), which is slightly lower when compared with the recognized contracted sales from development property of HK$98.73 billion in FY2016.

Review of Investment Property Business in the first half of 2017

As of 30 June 2017, the book value of the investment properties of the Group amounted to HK$106.27 billion, accounting for 21.5% of the Group's total assets value. In compliance with accounting policies, the Group engaged an independent appraiser to revalue its investment properties, including those under construction, and a revaluation gain of HK$1.86 billion (net of taxation and minority interests) was booked in the first half of 2017. In the first half of 2017, rental income of investment properties, including hotel operation, amounted to HK$4.01 billion, representing a 13.2% YoY growth.

The following table sets out the details of the Group's rental income and average occupancy rates of key investment properties in the first half of 2017:

Investment Property	**Open Date**	**Rental Income (HK$'000)**			**Avg. Occupancy Rate (%)**		
		1H2017	1H2016	% yoy	**1H2017**	1H2016	Pt yoy
Shenzhen MIXc	19/12/2004	**529,885**	500,011	6.0%	**99.2%**	98.3%	0.9
Hangzhou MIXc	22/04/2010	**253,918**	259,283	–2.1%	**92.6%**	94.6%	–2.0
Shenyang MIXc	15/05/2011	**287,332**	237,114	21.2%	**99.1%**	93.8%	5.3
Chengdu MIXc	11/05/2012	**141,460**	107,626	31.4%	**96.0%**	96.1%	–0.1
Nanning MIXc	01/09/2012	**271,533**	248,510	9.3%	**99.5%**	99.4%	0.1
Zhengzhou MIXc	19/04/2014	**48,571**	50,947	–4.7%	**80.5%**	87.9%	–7.4
Chongqing MIXc	19/09/2014	**128,795**	108,773	18.4%	**92.0%**	92.5%	–0.5
Wuxi MIXc	20/12/2014	**60,848**	56,772	7.2%	**85.2%**	76.7%	8.5
Qingdao MIXc	30/04/2015	**172,765**	127,340	35.7%	**90.8%**	91.1%	–0.3
Hefei MIXc	25/09/2015	**103,100**	84,235	22.4%	**96.0%**	92.6%	3.4
Ganzhou MIXc	19/09/2015	**58,001**	57,348	1.1%	**96.2%**	98.6%	–2.4
Wenzhou MIXc	30/04/2016	**94,439**	37,407	152.5%	**86.5%**	81.6%	4.9
Xi' an MIXc	21/04/2017	**14,871**	–	N/A	**97.0%**	–	N/A
Shanghai Times Square	18/01/1997	**10,113**	59,248	–82.9%	**closed for renovation**	90.8%	N/A
Bejing Phoenix Plaza	31/12/2011	**50,744**	55,198	–8.1%	**97.6%**	98.4%	–0.8
Beijing Qinghe Hi5	03/07/2011	**139,851**	143,033	–2.2%	**99.4%**	100.0%	–0.6
Hefei Shushan Hi5	01/05/2014	**17,615**	16,528	6.6%	**100.0%**	98.2%	1.8
Ningbo Yuyao Hi5	28/06/2014	**33,611**	30,677	9.6%	**96.1%**	90.7%	5.4
Shanghai Nanqiang Hi5	25/10/2014	**19,798**	19,076	3.8%	**98.4%**	99.4%	–1.0
Shangdong Zibo MIXc One	27/05/2015	**64,561**	53,707	20.2%	**91.6%**	90.0%	1.6
Shengyang Tiexi MIXc One	30/09/2015	**83,663**	58,755	42.4%	**95.3%**	88.4%	6.9
Changsha Xingsha MIXc One	28/11/2015	**29,013**	22,485	29.0%	**98.4%**	99.0%	–0.6
Shandong Rizhao MIXc One	26/09/2016	**32,887**	–	N/A	**99.8%**	–	N/A
Beijing CR Building	18/06/1999	**112,212**	125,845	–10.8%	**95.5%**	96.1%	–0.6
Shenzhen CR Building	09/12/2004	**87,605**	81,908	7.0%	**99.8%**	100.0%	–0.2
Shenyang CR Building	09/05/2011	**46,664**	51,771	–9.9%	**91.6%**	93.0%	–1.4
Chengdu CR Building	20/04/2012	**41,398**	32,230	28.4%	**86.1%**	83.3%	2.8
Nanning CR Building	06/06/2012	**17,036**	17,620	–3.3%	**80.9%**	80.0%	0.9
Hangzhou CR Building	23/03/2015	**27,804**	12,475	122.9%	**66.4%**	41.7%	24.7
Shanghai Times Square Office	01/07/1997	**50,364**	70,053	–28.1%	**79.2%**	95.0%	–15.8
Beijing Phoenix Plaza Office	01/12/2011	**155,986**	170,194	–8.3%	**94.4%**	93.4%	1.0
Beijing Qinghe Hi5 Office	25/02/2013	**10,788**	11,863	–9.1%	**100.0%**	100.0%	0.0
20 Gresham Street Office	30/09/2008	**14,778**	–	N/A	**100.0%**	N/A	N/A
Others	N/A	**191,062**	184,126	3.8%	N/A	N/A	N/A
Shenzhen Grand Hyatt Hotel	01/07/2010	**226,420**	226,512	0.0%	**86.1%**	74.0%	12.1
Shimei Bay Le Meridien Hotel	01/11/2008	**37,216**	36,467	2.1%	**47.3%**	37.4%	9.9
Shenyang Grand Hyatt Hotel	30/08/2013	**100,792**	109,005	–7.5%	**66.0%**	64.1%	1.9
Dalian Grand Hyatt Hotel	12/09/2014	**95,307**	80,876	17.8%	**48.8%**	40.3%	8.5
Huizhou Le Meridien Hotel	30/09/2016	**33,496**	–	N/A	**37.1%**	–	N/A
Zibo Sheraton Hotel	07/10/2016	**30,470**	–	N/A	**54.6%**	–	N/A
Hangzhou Park Hyatt Hotel	28/09/2016	**85,788**	–	N/A	**51.8%**	–	N/A
Total		**4,012,560**	3,545,018	13.2%	**–**	–	–

Details of the Group's key investment properties opened in the first half of 2017 are listed below:

Investment Properties		**City**	**Interest Attributable to the Group**	**Total GFA** *(Sqm)*	**Attributable GFA** *(Sqm)*
Xi'an MIXc		Xi'an	100%	164,003	164,003
Comprising:	Commercial			105,503	105,503
	Car Park			58,500	58,500

As of 30 June 2017, the Group's investment properties in operation achieved 5.74 million square meters in total GFA, plus another 7.45 million square meters GFA under construction or planning, details of which are set out below:

		Investment Properties in Operation		**Investment Properties Under Construction or Planning**	
		Total GFA *(Sqm)*	**Attributable GFA** *(Sqm)*	**Total GFA** *(Sqm)*	**Attributable GFA** *(Sqm)*
Total GFA		5,735,377	5,028,327	7,449,122	6,007,008
Comprising:	Commercial	3,294,246	2,840,729	4,426,309	3,724,783
	Office	429,602	412,477	2,249,735	1,608,068
	Hotel	377,151	310,136	599,468	507,928
	Others	1,634,378	1,464,985	173,610	166,229

Investment properties, shopping mall in particular, are the Group's key business focus. 2017 to 2019 will continue to be the peak years for new openings of the Group's shopping malls. The Group will further improve efficiency in construction and operation of its investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

Land Bank

In the first half of 2017, the Group acquired 24 quality land parcels totalling 5.77 million square meters in GFA with a total land premium of RMB43.65 billion (attributable land premium amounted to RMB27.46 billion). As of 30 June 2017, the total GFA of the Group's total land bank amounted to 47.85 million square meters, the regional breakdown of which is set out below:

Region	**Total GFA** *(Sqm)*	**Attributable GFA** *(Sqm)*
North China Region	9,111,012	7,888,534
East China Region	8,855,673	6,258,364
South China Region	12,447,055	10,407,443
West China Region	8,468,533	8,286,002
Northeast China Region	3,830,527	3,713,884
Central China Region	5,043,206	4,354,342
Others	98,524	67,200
Total	47,854,530	40,975,769

Sufficient land bank further reinforced the foundation for the Group's sustainable growth in the future. As of 30 June 2017, the Group's geographic presence has been extended to 57 cities.

Going forward, while maintaining a healthy financial position and adopting the optimal capital structure, the Group will strictly follow its financial return criteria to allocate its resources according to the business development needs. The Group will also replenish quality land bank at low cost through diversified land bank accesses to match its development strategies and business model, especially in the cities without tightening policies. Further land bank acquisitions will be funded by the Group's internal resources together with external financing.

Loans, Debt Ratios, Asset Pledge and Foreign Exchange Risk

As at 30 June 2017, the Group's total debt outstanding balance was HK$105.75 billion equivalent while its cash and bank balance amounted to HK$45.18 billion. The Group's net interest-bearing debt to equity ratio (including minority interests) was 41.5%, higher than 23.8% as of end of 2016.

As at 30 June 2017, 73% of the Group's interest-bearing debt was denominated in Renminbi, and 27% in Hong Kong dollars, US dollars and Pounds Sterling. Approximately 25% of the interest-bearing debt is repayable within one year while the rest is long term interest-bearing debt. The Group has maintained its borrowing cost at a sector-low level, with the weighted average cost of funding at approximately 4.13% as at 30 June 2017.

In the first half of 2017, the international credit rating agencies namely Standard and Poor's, Moody's and Fitch maintained the Company credit ratings at "BBB+/stable","Baa1/stable" and "BBB+/stable" respectively.

As of 30 June 2017, the Group had total loan facilities of RMB30.70 billion through asset pledge with pledge tenor ranging from 3 to 15 years, and the Group's total balance of asset-pledged loan was RMB17.91 billion, or HK$20.64 billion.

Two-way volatility of Renminbi exchange rate may increase as RMB exchange mechanism becomes more market-oriented. However, the Group's foreign exchange risk is well under control and will not pose a material impact on the Group's financial position. The Group will closely monitor its exchange risk exposure and adjust its debt profile when necessary based on market changes.

Employee and Compensation Policy

As of 30 June 2017, the Group had 34,108 full time employees in Mainland China and Hong Kong (including property management and agency subsidiaries). The Group remunerates its employees based on their performance, working experience and market salary levels. In addition, performance bonus is granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical coverage.

Contingent Liabilities

Temporary guarantees are provided to banks with respect to mortgage loans procured by some purchasers of the Group's properties. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the receipt of mortgaged loan by the purchasers, whichever is earlier. In the opinion of the Board, the fair value of these financial guarantee contracts is insignificant.

Corporate Governance

The Company recognizes the importance of maintaining high standards of corporate governance to the long-term sustainable development of the Group, and thus set up the Corporate Governance Committee on 9 March 2012 with an aim to further improve the Group's corporate governance standard.

Mr. Wu Xiangdong, an executive director of the Company, tendered his resignation as Chairman of the Company with effect from 9 November 2014. At the same time, Mr. Tang Yong, another executive director of the Company, was appointed as the Vice Chairman of the Company to lead the Board of the Company. Moreover, Mr. Tang Yong is responsible for managing the Company's daily operations at the same time. To maintain the operational continuity of the nomination committee, Mr. Wu remained as chairman of the nomination committee after his resignation as Chairman of the Company. During the period under review, the Vice Chairman has effectively presided over the daily operations and management of the Board after his appointment. In addition, the Vice Chairman did not attend the annual general meeting held on 2 June, 2017 due to other work arrangement.

Save for the above arrangements, during the six months ended 30 June 2017, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company will review its Board and committees' structure in order to maintain the quality of the board and the business operations, and to identify suitable candidates for the presidency and the post of Chairman of the Nomination Committee as soon as possible.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as code of conduct regarding securities transactions by the directors. Having made specific enquiry with all directors, all directors confirmed that they have complied with the required standard set out in the Model Code during the period under review.

Purchase, Sale or Redemption of Listed Securities

Save as disclosed above under "Strategic Incentive Award Scheme", 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.

Review by Audit Committee and Auditors

The 2017 Interim Report has been reviewed by Audit Committee which comprises five independent non-executive directors and two non-executive directors.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 had been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Interim Dividend

The Board has resolved to declare an interim dividend of HK10.0 cents per share for the six months ended 30 June 2017 (2016: HK9.2 cents) payable on or about 12 October 2017 to shareholders whose names appear on the Register of Members of the Company on 29 September 2017.

Closure of Register

The register of Members will be closed from 27 September 2017 (Wednesday) to 29 September 2017 (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 branch share registrar of the Company, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 26 September 2017 (Tuesday).

Publication of Interim Report on the Website of the Stock Exchange

The Company's 2017 Interim Report containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange and the Company in due course.

By Order of the Board
China Resources Land Limited
Tang Yong
Vice Chairman

Hong Kong, 23 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wu Xiangdong, Mr. Tang Yong, Mr. Yu Jian, Mr. Zhang Dawei, Mr. Li Xin and Mr. Xie Ji; the non-executive directors of the Company are Mr. Yan Biao, Mr. Chen Ying, Mr. Wang Yan and Mr. Chen Rong; and the independent non-executive directors of the Company are Mr. Andrew Y. Yan, Mr. Ho Hin Ngai, Bosco, Mr. Wan Kam To, Peter, Mr. Zhong Wei and Mr. Sun Zhe.