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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 2020 INTERIM RESULTS

HIGHLIGHTS

- Consolidated revenue for the first half of 2020 amounted to RMB44.87 billion, down by 2.1% YoY. Development property revenue was down by 1.7% YoY to RMB35.97 billion, rental income of investment properties (including hotel operations) was down by 12.5% YoY to RMB4.99 billion.
- Consolidated gross profit margin normalized to 33.5% in the first half of 2020 from 38.2% in the first half of 2019. Development property gross profit margin lowered to 31.1% in the first half of 2020 from 36.0% in the first half of 2019, while investment property (including hotel operations) gross profit margin increased from 67.6% in the first half of 2019 to 67.7% in the first half of 2020.
- Core profit attributable to the owners of the Company excluding revaluation gain from investment properties in the first half of 2020 reached RMB8.37 billion, up by 3.2% YoY; profit attributable to the owners of the Company including the revaluation gain from investment properties was down by 9.3% YoY to RMB11.54 billion.
- Booked GFA amounted to approximately 2.93 million square meters in the first half of 2020, increased by 18.2% YoY compared with approximately 2.48 million square meters in the first half of 2019.
- In the first half of 2020, the Group achieved contracted sales of RMB110.82 billion with contracted GFA of 6.321 million square meters, down by 6.7% and up by 1.0% YoY respectively. As of 30 June 2020, the Group had locked in contracted sales of RMB230.36 billion that were subject to recognition in 2020 and years to come, among which RMB106.96 billion will be recognized in the second half of 2020 as development property revenue.
- In the first half of 2020, total land bank newly added amounted to 4.95 million square meters. As of 30 June 2020, the Group's total land bank was approximately 71.09 million square meters.
- Earnings per share achieved RMB1.62 in the first half on 2020, down by 12.0% compared with RMB1.84 in the first half of 2019, while core earnings per share attributable to the owners of the Company was flat at RMB1.17.
- The board resolved to declare an interim dividend of RMB0.15 per share (equivalent to HK\$0.168 per share), up by 16.3% YoY from RMB0.129 per share (equivalent to HK\$0.144 per share) in the first half of 2019.

The board of directors (the “Board”) of China Resources Land Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020 (“the first half of 2020”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	44,868,621	45,848,952
Cost of sales		(29,822,986)	(28,329,888)
Gross profit		15,045,635	17,519,064
Gain on changes in fair value of investment properties		4,491,000	6,255,767
Gain on changes in fair value of financial instruments at fair value through profit or loss		35,359	12,633
Other income, other gains and losses		1,600,666	1,747,814
Selling and marketing expenses		(1,845,739)	(2,003,309)
General and administration expenses		(1,714,169)	(2,112,884)
Share of profits of investments in joint ventures		1,615,625	632,004
Share of profits of investments in associates		665,366	1,191,646
Finance costs	4	(564,580)	(726,389)
Profit before taxation	5	19,329,163	22,516,346
Income tax expenses	6	(6,094,545)	(7,893,032)
Profit for the period		13,234,618	14,623,314
Profit for the period attributable to:			
Owners of the Company		11,542,141	12,726,320
Owners of perpetual capital instruments		220,569	148,069
Non-controlling interests		1,471,908	1,748,925
		13,234,618	14,623,314
		RMB	RMB
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For profit for the period	8	1.62	1.84

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	13,234,618	14,623,314
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value hedges and cash flow hedges:		
Changes in fair value of hedging instruments due to forward elements and effective portion arising during the period	195,073	(6,315)
Exchange difference on translation of foreign operations	(421,077)	(335,059)
Net other comprehensive losses that may be reclassified to profit or loss in subsequent periods	(226,004)	(341,374)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
(Losses)/Gains on changes in fair value of equity instruments at fair value through other comprehensive income	(4,776)	32,649
Other comprehensive losses for the period	(230,780)	(308,725)
Total comprehensive income for the period	13,003,838	14,314,589
Total comprehensive income attributable to:		
Owners of the Company	11,506,994	12,579,583
Owners of perpetual capital instruments	220,569	148,069
Non-controlling interests	1,276,275	1,586,937
	13,003,838	14,314,589

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	30 June 2020	31 December 2019
<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	11,839,920	11,104,072
Right-of-use assets	4,725,327	4,664,852
Investment properties	163,851,474	156,489,981
Intangible assets	417,935	424,977
Goodwill	11,544	11,544
Investments in joint ventures	28,030,102	25,044,774
Investments in associates	16,555,292	15,785,956
Equity instruments at fair value through other comprehensive income	1,124,128	1,131,496
Derivative financial instruments	194,966	12,220
Prepayments and deposits for non-current assets	1,780,945	3,307,284
Deferred taxation assets	9,500,068	8,619,561
Amounts due from joint ventures	13,939,557	8,494,891
Amounts due from associates	3,448,339	3,721,911
Amounts due from non-controlling interests	6,238,603	3,199,816
	<u>261,658,200</u>	<u>242,013,335</u>
CURRENT ASSETS		
Properties for sale	384,777,003	355,122,141
Other inventories	968,065	1,087,786
Trade receivables, other receivables, prepayments and deposits	46,065,020	50,563,490
Contract assets	684,050	728,257
Financial assets at fair value through profit or loss	1,108,478	866,022
Amount due from the ultimate holding company	324	786
Amounts due from intermediate holding companies	29,299	21,328
Amounts due from fellow subsidiaries	1,028,146	1,106,454
Amounts due from joint ventures	29,578,028	19,018,012
Amounts due from associates	7,472,323	7,105,703
Amounts due from non-controlling interests	7,871,776	9,074,523
Prepaid taxation	13,158,198	11,700,600
Cash and bank balances	60,927,990	63,699,409
	<u>553,668,700</u>	<u>520,094,511</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

		30 June	31 December
		2020	2019
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables	<i>10</i>	99,595,794	98,213,278
Contract liabilities		255,476,177	226,719,664
Lease liabilities		203,809	206,484
Financial liability at fair value through profit or loss		230,033	243,941
Amount due to the ultimate holding company		480	230
Amounts due to intermediate holding companies		1,765	899,891
Amounts due to fellow subsidiaries		396,639	503,174
Amounts due to joint ventures		8,079,842	4,148,000
Amounts due to associates		4,595,573	3,183,451
Amounts due to non-controlling interests		6,593,697	7,041,359
Taxation payable		24,410,183	28,562,495
Bank borrowings – due within one year		27,842,752	17,472,159
Medium-term notes – due within one year		13,555,656	3,872,649
		<u>440,982,400</u>	<u>391,066,775</u>
NET CURRENT ASSETS		<u>112,686,300</u>	<u>129,027,736</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>374,344,500</u>	<u>371,041,071</u>
EQUITY			
Share capital		673,829	673,829
Reserves		177,703,013	172,900,303
		<u>178,376,842</u>	<u>173,574,132</u>
Equity attributable to owners of the Company		178,376,842	173,574,132
Perpetual capital instruments		–	10,000,000
Non-controlling interests		47,096,889	49,898,438
		<u>225,473,731</u>	<u>233,472,570</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	96,247,687	80,798,068
Senior notes – due after one year	13,967,472	13,743,971
Medium-term notes – due after one year	12,881,757	18,657,750
Lease liabilities	1,865,748	1,919,539
Financial liability at fair value through profit or loss	16,738	6,417
Amounts due to associates	447,885	–
Amounts due to non-controlling interests	2,230,000	3,002,386
Deferred taxation liabilities	21,213,482	19,440,370
	<u>148,870,769</u>	<u>137,568,501</u>
TOTAL OF EQUITY AND NON-CURRENT LIABILITIES	<u>374,344,500</u>	<u>371,041,071</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants 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.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

2. 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.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 7, HKFRS 9, and HKAS 39	Interest rate benchmark reform
Amendments to HKFRS 16	Covid-19-Related Rent Concessions (early adopted)
Amendments to HKAS 1 and HKAS 8	Definition of material

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

3. 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 2020 (Unaudited)

	Development properties for sale <i>RMB'000</i>	Property investments and management <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Construction, decoration services and others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
SEGMENT REVENUE					
Revenue					
Revenue from contracts with customers					
Recognised at a point in time	32,846,115	–	–	–	32,846,115
Recognised over time	3,125,948	1,531,956	349,713	8,522,179	13,529,796
Revenue from other sources					
Rental income	–	3,851,152	–	–	3,851,152
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment revenue	35,972,063	5,383,108	349,713	8,522,179	50,227,063
Inter-segment revenue	–	(747,805)	–	(4,610,637)	(5,358,442)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue from external customers	35,972,063	4,635,303	349,713	3,911,542	44,868,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Result					
Segment results	11,933,096	2,596,279	(144,846)	(82,846)	14,301,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other income, other gains and losses					1,600,666
Gain on changes in fair value of investment properties					4,491,000
Gain on changes in fair value of financial instruments at fair value through profit or loss					35,359
Unallocated expenses					(534,965)
Finance costs					(564,580)
					<u> </u>
Profit before taxation					<u>19,329,163</u>

3. 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 2019 (Unaudited)

	Development properties for sale <i>RMB'000</i>	Property investments and management <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Construction, decoration services and others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
SEGMENT REVENUE					
Revenue					
Revenue from contracts with customers					
Recognised at a point in time	36,609,722	–	–	–	36,609,722
Recognised over time	–	875,017	716,326	8,519,762	10,111,105
Revenue from other sources					
Rental income	–	4,449,908	–	–	4,449,908
Segment revenue	36,609,722	5,324,925	716,326	8,519,762	51,170,735
Inter-segment revenue	–	(346,179)	–	(4,975,604)	(5,321,783)
Revenue from external customers	36,609,722	4,978,746	716,326	3,544,158	45,848,952
Result					
Segment results	12,186,916	3,350,804	(3,684)	(88,204)	15,445,832
Other income, other gains and losses					
Gain on changes in fair value of investment properties					1,747,814
Gain on changes in fair value of financial instruments at fair value through profit or loss					6,255,767
Unallocated expenses					12,633
Finance costs					(219,311)
					(726,389)
Profit before taxation					22,516,346

4. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Total interests on bank borrowings, senior notes, medium-term notes and others	3,616,619	3,614,131
Total interest on lease liabilities	49,365	37,914
Total bank charges	110,812	94,238
Less: Amount capitalised in properties under development for sale, investment properties under development and construction in progress	<u>(3,212,216)</u>	<u>(3,019,894)</u>
	<u>564,580</u>	<u>726,389</u>

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	322,461	287,558
Depreciation of right-of-use assets	89,964	57,230
Amortisation of intangible assets	<u>7,042</u>	<u>7,042</u>

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The income tax expenses comprise of:		
PRC Enterprise Income Tax ("EIT") and withholding income tax	2,695,486	2,900,553
PRC Land Appreciation Tax ("LAT")	2,477,074	3,375,698
Tax charge/(credit) in other jurisdiction	<u>3,367</u>	<u>(38)</u>
	5,175,927	6,276,213
Deferred taxation	<u>918,618</u>	<u>1,616,819</u>
	<u>6,094,545</u>	<u>7,893,032</u>

6. INCOME TAX EXPENSES (CONTINUED)

(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 Mainland China 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.

(d) Tax charge in other jurisdiction

Tax charge in other jurisdiction mainly represents the current tax charge in the United Kingdom (the "UK"). Under the United Kingdom Tax Law, the tax rate of the subsidiary operating in the UK is 19%.

7. DIVIDENDS

A dividend of RMB0.937 (equivalent to HK\$1.026) per ordinary share that relates to the year ended 31 December 2019 amounting to RMB6,689,780,000 (equivalent to approximately HK\$7,316,344,000) was recognised during the six months ended 30 June 2020 and paid in July 2020.

A dividend of RMB0.949 (equivalent to HK\$1.112) per ordinary share that relates to the year ended 31 December 2018 amounting to RMB6,779,737,000 (equivalent to approximately HK\$7,707,205,000) was recognised during the six months ended 30 June 2019 and paid in July 2019.

An interim dividend of RMB0.15 (equivalent to HK\$0.168) per ordinary share in respect of the six months ended 30 June 2020 (2019: RMB0.129 (equivalent to HK\$0.144) per ordinary share) was declared by the Board of Directors of the Company on 26 August 2020. This interim dividend, amounting to RMB1,069,641,000 (equivalent to approximately HK\$1,197,998,000) (2019: RMB894,091,000 (equivalent to approximately HK\$998,055,000)), has not been recognised as a liability in these condensed consolidated financial statements.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary equity holder of the Company is based on the following data:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u>11,542,141</u>	<u>12,726,320</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>7,130,939,579</u>	<u>6,930,939,579</u>

No diluted earnings per share is presented for the six months ended 30 June 2020 and 30 June 2019 as there were no potential ordinary shares outstanding.

9. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade and bills receivables (<i>Note</i>)	3,319,550	2,746,618
Less: provision for impairment (<i>Note</i>)	(92,335)	(90,572)
	<u>3,227,215</u>	<u>2,656,046</u>
Prepayments for acquisition of land use rights	<u>4,255,752</u>	<u>13,651,542</u>
Other receivables	18,667,973	15,970,822
Less: provision for impairment	(452,095)	(420,741)
	<u>18,215,878</u>	<u>15,550,081</u>
Prepayments and deposits	<u>20,366,175</u>	<u>18,705,821</u>
	<u>46,065,020</u>	<u>50,563,490</u>

Note:

Proceeds receivable in respect of the sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Rental income from lease of properties and proceeds from construction contracts are generally receivable in accordance with the terms of the relevant agreements.

Except for the proceeds from sales of properties, rental income from lease of properties and proceeds from construction contracts which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 30 to 45 days to its customers or not granted with any credit period.

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 – 30 days	1,083,245	1,259,833
31 – 60 days	247,247	215,406
61 – 90 days	251,946	147,003
91 – 180 days	517,381	344,477
181 – 365 days	709,514	422,906
Over 1 year	<u>417,882</u>	<u>266,421</u>
	<u>3,227,215</u>	<u>2,656,046</u>

10. TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade and bills payables (<i>Note a</i>)	71,523,880	70,842,672
Other payables (<i>Note b</i>)	28,071,914	27,370,606
	<u>99,595,794</u>	<u>98,213,278</u>

Notes:

(a) Trade and bills payables

The average credit period of trade and bills payables are according to the terms in the contract normally ranges from 30 days to 1 year.

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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 – 30 days	29,433,753	32,069,923
31 – 60 days	2,031,468	3,109,428
61 – 90 days	1,612,558	2,536,177
91 – 180 days	4,831,545	6,903,590
181 – 365 days	14,774,051	11,023,956
Over 1 year	18,840,505	15,199,598
	<u>71,523,880</u>	<u>70,842,672</u>

(b) Other payables

Amounts mainly include other taxes payable, temporary receipts and accrued salaries.

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the business review and outlook of the Company and the Group for the half year ended 30 June 2020.

COVID-19 has swept the globe since the beginning of 2020, causing immeasurable losses to people around the world, and making a severe and far-reaching impact on the global economy. China has shouldered its responsibilities as a major country, and the people throughout China have banded together in the battle against COVID-19, saving time, and setting a good model for the global fight against the epidemic. In response to the appeal of the country, the Group has taken the initiative to offer support to the frontline of combating the epidemic immediately and fully implemented the preventive and control measures. A milestone victory has been achieved up to now. A total of 61 shopping malls (including 19 asset light projects), 10 hotels, 19 office buildings, and 19 leasing apartments under the Group had zero infection.

The Group has taken the lead in effectively promoting the resumption of work and production. All projects and sales offices of the Group have resumed their work at the end of March, and the major businesses have been recovered at the end of April. With the purpose of helping and supporting each other to overcome difficulties, the Group offered rental concession with aggregate amount of RMB700 million to tenants in 61 shopping malls with over 5000 brands.

The unexpected epidemic has brought a tough half-year for the service industries such as real estate and retail. The national sales of residential properties and the total retail sales of consumer goods both recorded YoY declines.

Facing difficult external environment, the Group has forged ahead steadily amid various challenges and has improved operating efficiency and minimized the impact of the COVID-19 through “cost reduction, quality improvement and efficiency enhancement” measures. To race against time and to deliver satisfactory half year results, the Group has secured project launching and booking schedules with online marketing and nationwide collaboration. As a result, the Group achieved a turnover of RMB44.87 billion and a core net profit of RMB8.37 billion in the first half of 2020 (“1H2020”), while the contracted sales reached RMB110.8 billion, beating the target of RMB100 billion for the first half.

Since operation resumption in April, the Group's investment property business quickly recovered with strong pick up in foot traffic and rental growth. The rental income in the first half reached RMB4.99 billion. The Group has maintained its market leader position with 42 MIXC/MIXC World/MIXONE malls in operation, 50 projects in pipeline and another 28 asset-light malls as of 30 June 2020. Since its first shopping mall, Shenzhen MIXC, opened in 2004, the Group's double-engine business model has not only produced stable recurrent rental incomes, but also helped to create great living spaces for people.

In the first quarter, the domestic land market was stagnant for a short period. The Group seized the land market window with precise projection and swift response to market dynamic, and successfully obtained a number of high-quality land parcels in core cities including Beijing, Shenyang, and Suzhou. In the second quarter, the epidemic situation improved and the market heated up quickly. The Group stick to disciplined investment policy which restricted to high bids on land, while keeping a proactive approach for good opportunities. During the period under review, the Group adhered to the principle of "optimize land bank structure, investment rhythm, and geographic exposure", focusing on tier one and two cities, setting its main layout to three major city clusters and national central cities, and acquired 30 new projects with attributable GFA of 3.78 million square meters. As of 30 June 2020, the Group has tapped into 81 cities with total land bank GFA of 71.09 million square meters and attributable GFA of 49.80 million square meters, which is sufficient for the development in the next 3 to 5 years, with land bank structure further optimized.

The Group could respond to "black swan" events cool and collected owing to its prudent financial policy. Standard & Poor's, Moody's, and Fitch Ratings maintained the company's credit ratings of "BBB+/Stable", "Baa1/Stable", and "BBB+/Stable". During the period under review, the Group issued onshore medium-term notes with three-year and five-year tenures at annual coupon rates of 2.42% and 2.95% respectively, setting new low records in the industry.

With excellent operation, precise investment, and prudent financial policy, the Group is confident to increase returns to shareholders. With the courage to face challenges, the Group is bound to break through the COVID-19 gloom. The board has resolved to declare an interim dividend of RMB0.15 per share (equivalent to HK\$0.168 per share), up 16.3% as compared to the interim dividend of 2019.

Facing decelerated growth of industry scale and increasingly fierce competition, business transformation of enterprises has entered the deep-water zone. Positioned as “an integrated operator in city investment, development and operation”, the Group proactively promotes synergetic innovative businesses and improves regional planning capability to cultivate new business models to sustain earnings growth. Among which, property management business under the Group is committed to “become the most trustworthy asset manager in China” with focus on quality property management, assets management, and intelligent IOT. As of 30 June 2020, the project to spin off the property management business has been kicked off and progressed smoothly as scheduled.

The Group keeps participating in poverty alleviation. In 1H2020, it engaged in the construction of three hope towns as not-for-profit projects, namely Hubei Hong’an, Guizhou Jianhe and Shanxi Yan’an, with an aim to promote philanthropy and fight against poverty. Besides, the Group’s ESG performance has been enhanced all-round and has received wide recognitions. The Group has published “the sustainable report” on HKEx website for seven consecutive years, awarded as the five-star report by the Expert Committee of the Social Responsibility Center of the Chinese Academy of Social Sciences, selected as a constituent stock of the Hang Seng ESG 50 Index for the first time, and was named one of the top 50 companies with the best ESG performance among the larger Hong Kong listed companies

In the post-epidemic era, people’s perception of living, consumption and culture will keep changing, which will have profound impacts on the sector’s development, but what remains unchanged is people’s pursuit for better and happy life. The Group’s position as “an integrated operator in city investment, development and operation” serves for the full life circle urban operation, improves urban functions, creates beautiful living space, and facilitates sustainable and high-quality city development through regional planning.

Milestone have been achieved in the battle against the epidemic, but there are still uncertainties ahead us to deliver satisfactory results. In the second half of 2020, the Group will continue to optimize its resources allocation through “optimize land bank structure, investment rhythm, and geographic exposure”; consolidate fundamental management through “cost reduction, quality improving and efficiency enhancement”; follow the national and CRH’s guidance to implement a normalized epidemic management and control system, fight against epidemic and to ensure achieving of performance targets and to increase return for shareholders.

The year of 2020 is the decisive year for building a moderately prosperous society in all aspects and realizing the first Centenary Goal. It is also the crucial year for the Group to close 13th Five-Year Plan and start the 14th Five-Year Plan. The fast growth era of the real estate industry has gone, leaning management, high-quality development, transformation and innovation have evolved as the key themes of the industry. The Group is fully confident and capable of realizing a perfect closure for the 13th Five-Year Plan. During the period of 14th Five-Year Plan, the Group will further take advantages of its competitiveness as an integrated operator in city investment, development and operation to forge ahead in the tide of the times.

MANAGEMENT DISCUSSION AND ANALYSIS

In 1H2020, the Group's development property and investment property businesses quickly recovered after the epidemic, and the progress of sales and construction of various projects were in line with expectations, laying a steady foundation for the 2020 annual results.

REVIEW OF 1H2020 RESULTS

Review of development property contracted sales in 1H2020

In 1H2020, the Group achieved contracted sales of RMB110.82 billion with contracted GFA of 6.321 million square meters, down by 6.7% and up by 1.0% YoY respectively.

The Group's contracted sales breakdown by region in 1H2020 is set out in the table below:

Region	Contracted Sales		Contracted GFA	
	RMB'000	%	Sqm	%
North China Region	21,676,542	19.6%	1,357,473	21.5%
East China Region	30,863,680	27.9%	1,137,919	18.0%
South China Region	28,600,189	25.8%	1,182,341	18.7%
West China Region	11,763,190	10.6%	1,128,043	17.8%
Northeast China Region	10,465,337	9.4%	908,524	14.4%
Central China Region	7,452,794	6.7%	606,331	9.6%
Total	110,821,732	100.0%	6,320,631	100.0%

Review of development property revenue in 1H2020

In 1H2020, the Group's development property revenue recorded 1.7% YoY decline to RMB35.97 billion with booked GFA increased by 18.2% YoY to 2.927 million square meters. The gross profit margin of development property was 31.1% in 1H2020, versus 36.0% in the first half of 2019 ("1H2019").

The Group's revenue breakdown by region in 1H2020 is listed as below:

Region	Revenue		GFA Booked	
	<i>RMB'000</i>	<i>%</i>	<i>Sqm</i>	<i>%</i>
North China Region	8,579,740	23.8%	603,106	20.6%
East China Region	8,647,543	24.0%	551,296	18.8%
South China Region	4,059,050	11.3%	250,175	8.6%
West China Region	5,217,559	14.5%	556,029	19.0%
Northeast China Region	6,242,765	17.4%	618,785	21.1%
Central China Region	3,225,406	9.0%	347,830	11.9%
Total	35,972,063	100.0%	2,927,221	100.0%

As of 30 June 2020, the Group had unbooked contracted sales of RMB230.36 billion that are subject to recognition as development property revenue in the second half of 2020 and years to come, among which RMB106.96 billion will be recognized in the second half of 2020, laying a solid foundation for good results in 2020.

Review of investment property business in 1H2020

Shopping mall

As of 30 June 2020, the fair value of the Group's shopping malls was RMB119.41 billion, accounted for 14.6% of the Group's total assets value. During the period, the rental income from shopping malls reached RMB3.91 billion, with YoY decline of 8.9% (if excluding rental concession impact, the YoY rental growth could have been 7.4%). The occupancy rate lowered 0.9 percentage point to 93.9%.

Office

As of 30 June 2020, the fair value of the office of the Group was RMB36.24 billion, accounted for 4.4% of the Group's total assets value. During the period, the rental income from office reached RMB0.73 billion, with YoY growth of 5.8%. In 1H2020 the overall occupancy rate increased by 1.8 percentage points to 73.7%.

Hotel

As of 30 June 2020, the Group had 10 hotels in operation, with carrying book value of RMB6.45 billion. During the period, due to the impact of COVID-19, hotel revenue declined 51.2% YoY to RMB0.35 billion, average hotel occupancy rate decreased 37 percentage points YoY to 32.0%, and the hotel business EBITDA margin decreased 19.6 percentage points YoY to 11.0%.

As of 30 June 2020, the Group's investment properties in operation achieved 10.91 million square meters in total GFA, plus another 10.62 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)	Attribute GFA (Sqm)	Total GFA (Sqm)	Attribute GFA (Sqm)
Total GFA	10,909,968	9,384,346	10,623,696	7,401,470
Comprising:				
Commercial	5,415,385	4,608,375	5,764,621	4,198,674
Office	808,415	744,316	2,299,699	1,446,570
Hotel	495,260	418,320	1,109,102	815,890
Others	4,190,908	3,613,335	1,450,274	940,336

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

Review of property management business in 1H2020

As of 30 June 2020, the Group's property management area increased 5.4% to 112 million square meters compared to the end of 2019, among which 98 million square meters was residential property area and 14 million square meters was commercial property area. Property management business achieved YoY growth in income by 9.1% to RMB2.72 billion, among which income from residential property management increased 9.3% YoY to RMB1.68 billion and income from commercial property management increased 8.9% to RMB1.04 billion.

Review of construction business in 1H2020

The Group's construction business mainly provides construction services and space management, based on a comprehensive and integrated urban construction system. The business' revenue declined 6.9% YoY to RMB5.79 billion in 1H2020.

Land bank

In 1H2020, the Group acquired 30 quality land parcels totaling 4.951 million square meters in GFA with a total land premium of RMB58.88 billion (attributable land premium amounted to RMB38.79 billion). As of 30 June 2020, the GFA of the Group's land bank totaled 71.087 million square meters, the regional breakdown of which is set out below:

Region	Total GFA (Sqm)	Attributable GFA (Sqm)
North China Region	14,956,494	8,967,823
East China Region	10,874,826	6,780,317
South China Region	15,728,606	9,642,484
West China Region	12,098,604	10,927,227
Northeast China Region	7,071,675	6,649,147
Central China Region	10,288,062	6,781,691
Overseas	69,183	48,658
Total	<u>71,087,450</u>	<u>49,797,347</u>

Sufficient land bank further reinforced the foundation for the Group's sustainable growth in the future. As of 30 June 2020, the Group has expanded its footprints to 81 cities.

Going forward, while maintaining healthy financial position and optimal capital structure, the Group will strictly follow its financial return criteria to allocate its resources. The Group will also replenish quality land bank at low cost through diversified land bank accesses to match its development strategies and business model, further land bank acquisitions will be funded by both internal resources and external financing.

Loans, debt ratios, asset pledge and foreign exchange risk

As of 30 June 2020, the Group's total debt outstanding balance was RMB164.5 billion equivalent while its cash and bank balance were equivalent to RMB60.9 billion. The Group's net interest-bearing debt to equity ratio (including minority interests) was 45.9%, higher than 30.3% as of end of 2019.

As of 30 June 2020, the non-RMB net interest-bearing debt exposure of the Group was 6.6%. Approximate 25% of the total interest-bearing debt was repayable within one year while the rest was long-term interest-bearing debt. The Group maintained its borrowing cost at a sector-low level, weighted average funding cost was 4.26% as at 30 June 2020, 19 basis points lower than 4.45% as of end of 2019.

To better support future growth, broaden financing channel and further reduce funding cost, 華潤置地控股有限公司, a wholly-owned subsidiary of the Company, issued twice RMB2.0 billion medium-term notes during the period with total principal amount of RMB4.0 billion, among which, RMB800 million due in 2023 and RMB1.2 billion due in 2025 were issued on 13 April; RMB1.5 billion due in 2023 and RMB500 million due in 2025 were issued on 6 May. All notes are issued in the interbank market of the PRC. Medium-term notes totaled RMB2.3 billion due in 2023 carry coupon rates of 2.65% and 2.42% per annum respectively, and medium-term, notes totaled RMB1.7 billion due in 2025 carry coupon rates of 3.20% and 2.95% per annum respectively.

In 1H2020, 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 2020, the Group had a total loan credit line of RMB66.2 billion through asset pledge with tenors ranging from 3 to 25 years, and the Group's total balance of asset-pledged loan was RMB25.2 billion.

As of 30 June 2020, the Group had principal amount of USD0.6 billion (equivalent to RMB4.25 billion) cross-currency swap contracts to hedge exchange rate risk, and principal amount of GBP85.8 million (equivalent to RMB0.75 billion) interest rate swap contracts to hedge interest rate risk. Two-way volatility of RMB 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 2020, the Group had 48,656 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

Certain temporary guarantees were 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 Company's corporate governance standard.

During the six months ended 30 June 2020, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

REVIEW BY AUDIT COMMITTEE AND AUDITORS

The 2020 Interim Report has been reviewed by Audit Committee which comprises four 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 2020 had been reviewed by the Company's independent auditor, Ernst & Young, 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 RMB0.15 per share for the six months ended 30 June 2020 (equivalent to HK\$0.168 per share, 1H2019: HK\$0.144) payable on or about 15 October 2020 to shareholders whose names appear on the Register of Members of the Company on 28 September 2020.

CLOSURE OF REGISTER

The register of Members will be closed on 28 September 2020 (Monday). 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 25 September 2020 (Friday).

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2020 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
Li Xin
President

PRC, 26 August 2020

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