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 2018 INTERIM RESULTS

HIGHLIGHTS

- Consolidated revenue for the first half of 2018 amounted to RMB43.78 billion, up by 40.4% YoY. Development property revenue was up by 42.5% YoY to RMB36.49 billion, rental income of investment properties (including hotel operations) was up by 22.1% YoY to RMB4.37 billion.
- Consolidated gross profit margin improved to 48.1% in the first half of 2018 from 35.0% in the first half of 2017. Development property gross profit margin improved to 48.6% in the first half of 2018 from 32.6% in the first half of 2017, while investment property (including hotel operations) gross profit margin went up to 66.6% in the first half of 2018 from 63.5% in the first half of 2017.
- Core profit attributable to the owners of the Company excluding revaluation gain from investment properties in the first half of 2018 reached RMB7.28 billion, up by 151.8% YoY; profit attributable to the owners of the Company including the revaluation gain from investment properties was up by 96.1% YoY to RMB8.85 billion.
- Booked GFA amounted to approximately 1.94 million square meters in the first half of 2018, decreased by 21.7% YoY compared with approximately 2.47 million square meters in the first half of 2017.
- As of 30 June 2018, the Group had locked in contracted sales of RMB216.57 billion that were subject to recognition in 2018 and years to come (including revenue booked in the first half of 2018), among which RMB96.51 billion will be recognized in 2018 as development property revenue (including revenue booked in the first half of 2018).
- In the first half of 2018, total land bank newly added amounted to 8.17 million square meters. As of 30 June 2018, the Group's total land bank was approximately 52.15 million square meters.
- Earnings per share achieved RMB1.28, up by 96.1% as compared with RMB0.65 in the first half of 2017, while core earnings per share attributable to the owners of the Company increased by 151.8% YoY to RMB1.05.
- The board resolved to declare an interim dividend of RMB0.11 per share (equivalent to HK$0.13), up by 30.0% YoY from HK$0.10 per share in the first half of 2017.

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 2018 (“the first half of 2018”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	**2017**
	NOTES	***RMB'000***	***RMB'000***
		(Unaudited)	**(Unaudited and restated)**
Revenue	*5*	43,778,110	31,170,633
Cost of sales		(22,711,787)	(20,259,236)
Gross profit		21,066,323	10,911,397
Gain on changes in fair value of investment properties		2,031,772	2,602,159
Gain on changes in fair value of financial instruments at fair value through profit or loss		29,388	–
Other income, other gains and losses		931,778	(382,968)
Selling and marketing expenses		(1,474,456)	(1,337,154)
General and administration expenses		(1,580,320)	(1,398,764)
Share of profits of investments in joint ventures		254,142	35,546
Share of profits of investments in associates		87,102	93,092
Finance costs	*6*	(929,162)	(643,347)
Profit before tax	*7*	20,416,567	9,879,961
Income tax expenses	*8*	(9,709,630)	(4,394,447)
Profit for the period		10,706,937	5,485,514
Profit for the period attributable to:			
Owners of the Company		8,850,911	4,514,107
Owner of perpetual capital instrument		137,667	–
Non-controlling interests		1,718,359	971,407
		10,706,937	5,485,514
Basic earnings per share (RMB)	*10*	1.28	0.65

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	**2017**
	RMB'000	***RMB'000***
	(Unaudited)	**(Unaudited and restated)**
Profit for the period	10,706,937	5,485,514
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	28,075	767,507
Item that will not be reclassified subsequently to profit or loss		
Gain on changes in fair value of equity instrument at fair value through other comprehensive income	2,883	–
Other comprehensive income for the period	30,958	767,507
Total comprehensive income for the period	10,737,895	6,253,021
Total comprehensive income attributable to:		
Owners of the Company	8,809,093	5,167,020
Owner of perpetual capital instrument	137,667	–
Non-controlling interests	1,791,135	1,086,001
	10,737,895	6,253,021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		8,913,597	8,345,355
Investment properties		106,721,334	99,208,544
Intangible assets		426,865	421,662
Land use rights		3,185,449	2,287,797
Goodwill		11,544	11,544
Investments in joint ventures		8,440,774	7,115,812
Investments in associates		8,438,962	6,382,453
Available-for-sale investments		–	51,877
Equity instruments at fair value through other comprehensive income		54,760	–
Financial assets at fair value through profit or loss		17,452	7,022
Prepayments and deposits for non-current assets		930,223	777,576
Deferred taxation assets		5,323,898	4,894,068
Amounts due from joint ventures		5,681,618	8,655,505
Amounts due from associates		5,150,585	6,266,067
Amounts due from non-controlling interests		316,784	1,926,192
		153,613,845	146,351,474
CURRENT ASSETS			
Properties for sale		265,348,859	223,489,200
Other inventories		900,638	954,412
Trade receivables, other receivables, prepayments and deposits	*11*	45,535,656	42,049,976
Contract assets		332,596	–
Financial assets at fair value through profit or loss		810,885	–
Amounts due from customers for contract works		–	421,386
Amount due from ultimate holding company		–	115
Amounts due from intermediate holding companies		33,181	18,657
Amounts due from fellow subsidiaries		183,496	814,511
Amounts due from joint ventures		7,798,970	1,187,231
Amounts due from associates		7,439,695	2,197,352
Amounts due from non-controlling interests		4,646,249	972,376
Prepaid taxation		10,092,642	8,219,810
Cash and bank balances		60,871,946	53,774,004
		403,994,813	334,099,030

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	**30 June 2018** *RMB'000* **(Unaudited)**	**31 December 2017** *RMB'000* **(Restated)**
CURRENT LIABILITIES			
Trade and other payables	*12*	67,790,287	64,108,641
Advances received from pre-sales of properties		–	119,372,967
Amounts due to customers for contract works		–	160,953
Contract liabilities		149,054,881	–
Amount due to the ultimate holding company		92	–
Amount due to an intermediate holding company		134	1,503,081
Amounts due to fellow subsidiaries		239,017	2,573,911
Amounts due to joint ventures		1,255,288	417,926
Amounts due to associates		1,658,434	1,203,701
Amounts due to non-controlling interests		12,012,864	5,210,687
Taxation payable		16,956,292	19,613,385
Bank borrowings — due within one year		24,629,120	25,255,749
Senior notes — due within one year		5,367,278	200,804
Medium term notes — due within one year		2,003,563	201,015
		280,967,250	239,822,820
NET CURRENT ASSETS		123,027,563	94,276,210
TOTAL ASSETS LESS CURRENT LIABILITIES		276,641,408	240,627,684
EQUITY			
Share capital		655,829	655,829
Reserves		122,692,042	119,062,651
Equity attributable to owners of the Company		123,347,871	119,718,480
Perpetual capital instrument		5,000,000	–
Non-controlling interests		30,549,842	24,521,792
		158,897,713	144,240,272
NON-CURRENT LIABILITIES			
Bank borrowings — due after one year		77,857,316	57,213,258
Senior notes — due after one year		7,696,537	12,708,505
Medium-term notes — due after one year		18,349,449	9,976,857
Financial liabilities at fair value through profit or loss		233,429	256,369
Amount due to an associate		40,000	–
Amounts due to non-controlling interests		729,311	3,964,387
Deferred taxation liabilities		12,837,653	12,268,036
		117,743,695	96,387,412
TOTAL OF EQUITY AND NON-CURRENT LIABILITIES		276,641,408	240,627,684

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018 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.

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 2017.

2. CHANGE OF PRESENTATION CURRENCY

The Company's functional currency is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in the prior financial period was Hong Kong dollars ("HK$").

Since the Group mainly operates its business in the Mainland China and most of the assets and liabilities of the Group are denominated in RMB, the directors of the Company consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB starting from 1 January 2018. The comparative figures have been restated to conform with current period's presentation in RMB.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the financial period. The share capital, the share premium and reserves are translated at the exchange rate at the date of transaction. The non-controlling interests for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period.

3. MERGER ACCOUNTING RESTATEMENT

Merger accounting for business combination involving businesses under common control

On 30 April 2018, China Resources Shenzhen Bay Development Company Limited ("CR Shenzhen Bay"), a wholly-owned subsidiary of China Resources (Holdings) Company Limited ("CRH"), entered into a Management Rights Authorization Termination Agreement with China Resources Land (Shenzhen) Development Company Limited ("CRL Shenzhen"), a wholly-owned subsidiary of the Group, to transfer the relevant assets and liabilities of the Shenzhen Bay Sports Center (the "Transferred Business") to CRL Shenzhen for a consideration of RMB322,000,000. Shenzhen Bay Sports Center is a multi-use stadium located within the Nanshan District of Shenzhen in the People's Republic of China (the "PRC"), built by CRL Shenzhen on behalf of the Nanshan Government. The consideration was settled by cash on 24 May 2018. The acquisition of the Transferred Business was completed on 1 May 2018.

The Transferred Business has been considered as business as it possessed of all three components of a business (inputs, processes and outputs) and is capable of providing a return to its owners. Since CR Shenzhen Bay and the Group are under common control of CRH, the acquisition of the Transferred Business has been accounted for as business combination under common control in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* ("AG 5") issued by the HKICPA.

Under merger accounting, the results of the Transferred Business has been combined from the date when they first came under the control of CRH. The assets and liabilities of the Transferred Business have been reflected at their existing carrying values at the date of combination. No amount has been recognised in respect of goodwill or excess of the 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, which, instead, has been recorded in other reserve in equity.

Accordingly, the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2017 have been restated to include the assets and liabilities and the operating results of the Transferred Business. The condensed consolidated statement of financial position as at 31 December 2017 have been restated to include the carrying amounts of the assets and liabilities of the Transferred Business.

4. 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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

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

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and related amendments
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28
Amendments to HKAS 40	Transfers of investment property

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current period, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2018. The Group had to change its accounting policies with effect from 1 January 2018 as a result of adopting HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). The adoption of these two standards have resulted in a decrease of RMB87,051,000 and an increase of RMB48,229,000 under HKFRS 9 and HKFRS 15, respectively, in the opening balance of total equity on 1 January 2018 (the date of initial application of HKFRS 9 and HKFRS 15). The adoption of the other standards did not require the Group to change its accounting policies or make retrospective adjustments as they did not have a material effect on the Group's financial statements.

5. SEGMENT INFORMATION

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

For the six months ended 30 June 2018 (Unaudited)

	Development properties for sale *RMB'000*	**Property investments and management** *RMB'000*	**Hotel operations** *RMB'000*	**Construction, decoration services and others** *RMB'000*	**Consolidated** *RMB'000*
SEGMENT REVENUE					
Revenue					
Revenue from contracts with customers					
Recognised at a point in time	36,485,963	–	–	–	36,485,963
Recognised over time	–	649,887	678,360	7,535,122	8,863,369
Revenue from other sources					
Rental income	–	3,294,342	–	–	3,294,342
Segment revenue	36,485,963	3,944,229	678,360	7,535,122	48,643,674
Inter-segment revenue	–	(253,977)	–	(4,611,587)	(4,865,564)
Revenue from external customers	36,485,963	3,690,252	678,360	2,923,535	43,778,110
Result					
Segment results	16,343,496	1,960,206	25,818	76,479	18,405,999
Unallocated other income, other gains and losses					931,778
Gain on changes in fair value of investment properties					2,031,772
Gain on changes in fair value of financial instruments at fair value through profit or loss					29,388
Unallocated expenses					(394,452)
Share of profits of investments in joint ventures					254,142
Share of profits of investments in associates					87,102
Finance costs					(929,162)
Profit before taxation					20,416,567

5. SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 30 June 2017 (Unaudited and restated)

	Development properties for sale *RMB'000*	Property investments and management *RMB'000*	Hotel operations *RMB'000*	Construction, decoration services and others *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE					
Revenue					
Segment revenue	25,596,765	3,185,298	585,964	4,745,033	34,113,060
Inter-segment revenue	–	(193,825)	–	(2,748,602)	(2,942,427)
Revenue from external customers	25,596,765	2,991,473	585,964	1,996,431	31,170,633
Result					
Segment results	7,237,945	1,334,711	(20,622)	35,381	8,587,415
Unallocated other income, other gains and losses					(382,968)
Gain on changes in fair value of investment properties					2,602,159
Unallocated expenses					(411,936)
Share of profits of investments in joint ventures					35,546
Share of profits of investments in associates					93,092
Finance costs					(643,347)
Profit before taxation					9,879,961

6. FINANCE COSTS

	Six months ended 30 June 2018 *RMB'000* (Unaudited)	2017 *RMB'000* (Unaudited and restated)
Total interests on bank borrowings, senior notes and medium-term notes	2,818,555	2,084,216
Total bank charges	58,484	64,068
Less: Amount capitalised in properties under development for sale, investment properties under development and construction in progress	(1,947,877)	(1,504,937)
	929,162	643,347

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Profit before tax has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	276,860	230,774
Amortisation of land use rights	23,095	8,118

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
The income tax expenses comprise of:		
Tax charge in other jurisdiction	5,080	–
PRC Enterprise Income Tax ("EIT") and withholding income tax	4,320,045	2,151,594
PRC Land Appreciation Tax ("LAT")	5,441,251	1,804,409
	9,766,376	3,956,003
Deferred taxation	(56,746)	438,444
	9,709,630	4,394,447

(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.

(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 20%.

9. DIVIDENDS

A dividend of HK86.7 cents per ordinary share that relates to the year ended 31 December 2017 amounting to HKD6,009,125,000 (equivalent to approximately RMB5,066,288,000) was recognised during the six months ended 30 June 2018 and paid in July 2018.

A dividend of HK61.2 cents per ordinary share that relates to the year ended 31 December 2016 amounting to HKD4,241,735,000 (equivalent to approximately RMB3,681,486,000) was recognised during the six months ended 30 June 2017 and paid in July 2017.

An interim dividend of RMB11.0 cents (equivalent to approximately HKD13.0 cents) per ordinary share in respect of the six months ended 30 June 2018 (2017: HK10.0 cents per ordinary share) was declared by the board of directors of the Company on 21 August 2018. This interim dividend, amounting to RMB762,403,000 (equivalent to approximately HKD901,022,000) (2017: HKD693,094,000 (equivalent to approximately RMB584,682,000)), has not been recognised as a liability in these condensed consolidated financial statements.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	**2017**
	RMB'000	***RMB'000***
	(Unaudited)	**(Unaudited and restated)**
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	8,850,911	4,514,107
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 2018 and 30 June 2017 as there were no potential ordinary shares outstanding.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2018 *RMB'000* (Unaudited)	31 December 2017 *RMB'000* (Restated)
Trade and bills receivables *(Note)*	2,543,215	2,432,200
Less: provision for impairment *(Note)*	(92,325)	(94,025)
	2,450,890	2,338,175
Other receivables	20,109,134	19,724,156
Less: provision for impairment	(392,645)	(325,662)
	19,716,489	19,398,494
Prepayments for acquisition of land use rights	8,320,457	11,437,680
Prepayments and deposits	15,047,820	8,875,627
	45,535,656	42,049,976

Notes:

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 provision for impairment) at the end of the reporting period:

	30 June 2018 *RMB'000* (Unaudited)	31 December 2017 *RMB'000* (Restated)
0–30 days	529,707	1,016,697
31–60 days	227,802	175,286
61–90 days	138,188	124,529
91–180 days	507,545	225,071
181–365 days	675,594	436,464
Over 1 year	372,054	360,128
	2,450,890	2,338,175

12. TRADE AND OTHER PAYABLES

	30 June 2018 *RMB'000* (Unaudited)	31 December 2017 *RMB'000* (Restated)
Trade and bills payables *(Note a)*	39,966,130	41,895,368
Other payables *(Note b)*	22,757,869	22,213,273
Dividend payable	5,066,288	–
	67,790,287	64,108,641

Notes:

(a) The average credit period of trade payables ranges 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 2018 *RMB'000* (Unaudited)	31 December 2017 *RMB'000* (Restated)
0–30 days	10,063,492	15,797,291
31–60 days	1,210,947	1,143,044
61–90 days	760,902	968,666
91–180 days	4,261,025	2,746,833
181–365 days	8,154,106	5,814,571
Over 1 year	15,515,658	15,424,963
	39,966,130	41,895,368

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

FORWARD

In the first half of 2018, China's GDP growth achieved 6.8%[1] with stabilized economy and further improved economic structure. Following central authority's reemphasized guidance of "housing is for living in, not for speculation" and "city-specific regulation", local governments committed to property restrictions together with stricter shanty town scheme approval procedure, and such tightening regulations turned out to be effective. At the same time, stricter supervision for financial deleverage and risk prevention has caused property sector under intense funding pressure. In addition, Chinese government is working on a long-term mechanism for property regulation by steadily making progress in property tax legislation, implementing a series of rental housing supportive policies and diversifying land supply channels.

In the first half of 2018, China's national real estate investment rose 9.7% YoY to RMB5.6 trillion, whereas commodity housing sales totaled RMB6.7 trillion with GFA sold reached 0.77 billion square meters, reflecting YoY growth of 13.2% and 3.3%[2] respectively. Conforming to government's strategy to better balance development of different regions, the Group further optimized investment allocation, coupled with strategies of further market penetration and higher operation efficiency, the Group achieved contracted sales of RMB94.27 billion in the first half of 2018, up 36.3% YoY.

During the first half of 2018, China's total retail sales of consumer goods reached RMB18.0 trillion, up 9.4%[2] YoY as consumption has become the key driver of China's economy. Benefited from excellent mall operation and management expertise, the Group's shopping malls achieved total retail sales of RMB21.41 billion, reflecting 30.1% YoY growth, which was well above the market average performance.

During the reporting period, focused on city upgrade, consumption upgrade and industrial upgrade opportunities, the Group further crystalized its "2+X" business model by promoting business innovations in senior housing, leasing apartment, industry fund, industrial town and culture & sport businesses, with a strategic target to transform the Group into an "Expert in urban investment, development and operation".

RESULTS REVIEW

In the first half of 2018, the Group realized a consolidated turnover of RMB43.78 billion, core net profit attributable to owners of the Company excluding revaluation gain from investment properties amounted to RMB7.28 billion, profit attributable to the owners of the Company including revaluation gain from investment properties amounted to RMB8.85 billion, the Group's earnings per share achieved RMB1.28, of which RMB1.05 per share were core net earnings. As of 30 June 2018, the net assets per share amounted to RMB17.80, representing an increase of 3.0% comparing to the end of 2017.

The Board has resolved to declare an interim dividend of RMB0.11 per share (equivalent to HK$0.13 per share), up 30.0% comparing to the interim dividend of 2017.

[1,2] *Data resources: National Bureau of Statistics of China*

DEVELOPMENT PROPERTY

The Group is dedicated to provide and continuously improve quality products and services to its customers. During the reporting period, by precise strategy of investment and operation, the Group realized RMB36.49 billion turnover from development property, up 42.5% YoY, with gross profit margin at 48.6%, further expanded by 16.0pt YoY.

INVESTMENT PROPERTY

As at 30 June 2018, the Group's investment properties in operation had a total GFA of 7.17 million square meters, including 16 Mixc malls, 12 Hi5/Mixc One (excluding asset light projects), leading the market in scale.

During the reporting period, Hangzhou Xiaoshan Mixc One was opened with 95% opening rate on its opening day. Besides, another 7 shopping malls will come into stream for operation in the second half of this year contributing to further scale expansion of the Group's investment property portfolio.

In the first half of 2018, the Group's turnover from investment properties realized a YoY growth of 22.1% to RMB4.37 billion, of which turnover from shopping mall business amounted to RMB3.07 billion, turnover from office business amounted to RMB0.62 billion and turnover from hotel business amounted to RMB0.68 billion, up 23.8%, 21.3% and 15.8% YoY respectively.

LAND BANK

In the first half of 2018, the Group continued to deepen market penetration, broaden investment channels and proactively replenish its land bank by acquiring 41 land parcels with total land premium of RMB67.29 billion (of which attributable land premium was RMB51.34 billion). Total GFA acquired was 8.17 million square meters, up 41.5% YoY, of which 7.55 million square meters were for development properties and 0.62 million square meters were for investment properties.

During the reporting period, the Group tapped into 2 new domestic markets, Hohhot and Xuchang. As of 30 June 2018, the Group has expanded its geographical exposure to 62 cities worldwide with a total land bank GFA of 52.15 million square meters, sufficient for the Group's next 3 years development, of which 43.22 million square meters were for development properties and 8.93 million square meters were for investment properties. Land bank GFA in tier 1 and 2 cities accounted for 75.6% of total, the geographical mix as well as the high quality of its land bank matches well with the Group's business model.

INNOVATIVE DEVELOPMENT

During the reporting period, the Group further crystalized its "2+X" business model by focusing on organic synergies among different businesses, and promoted city upgrade, consumption upgrade and industrial upgrade by exploring business innovations in senior housing, leasing apartment, industry fund, industrial town and culture & sport businesses.

FINANCIAL POLICY

The Group adhered to its prudent financial policies. As of 30 June 2018, both total and net interest-bearing debt ratios were maintained at relatively low levels in property sector, with total interest-bearing debt ratio increased slightly to 46.1% versus 42.3% as at the year end of 2017, while net interest-bearing debt ratio expanded to 47.2% from 35.9% by 2017 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

The Group complies with the best practices in ESG field and continuously improves its internal management. "Sustainability Report of China Resources Land Limited 2017" was published on the website of HKEx on 29 June 2018 as its fifth year sustainability report, rated as five-star report by the Corporate Social Responsibility Committee of the Chinese Academy of Social Sciences for three consecutive years. In 2018, the Group was selected as a constituent on Hang Seng Corporate Sustainability Index (the top 30 securities with the highest sustainability performance score in the eligible list).

In environment perspective, the Group emphasized the idea of integrating environment protection into corporate daily operation to reduce and minimize the side effects to environment.

In social perspective, the Group regards quality of product and service as its lifeline of business, attached importance to employee rights and development, proactively advocated social responsibility in supply chain management, intellectual property protection and community development. The Group achieved various degrees of improvement in job creation, labor and social security, safe production, tax compliance, and public welfare & charity etc.

In governance perspective, the Company and its Board is committed to good corporate governance practices and procedures. The Group has adopted the Corporate Governance Code to the Rules Governing the Listing of Securities on HKEx and reviewed the condition of its Board and board committees to maintain the quality of the Board as well as good corporate operations.

OUTLOOK

In the second half of 2018, conforming to Chinese national and regional development strategy, the Group will further improve operational efficiency through precise investment and excellent operation in its development business.

In tune with the consumption upgrade trend, the Group remained bullish on commercial real estate prospects and aimed to become the leader in commercial real estate by building end to end capabilities from solid investment to long term operation, and serving consumers' ever-upgrading needs with new retail technologies. Powered by asset management, we will explore opportunities in both revitalizing current commercial assets, and creating new assets. Focusing on both growth and performance, we are committed to co-winning with our business partners, and to providing our end consumers with brand new retail experiences.

While keeping market leading position in development property and investment property, the Group will carry on to proactively explore innovative business opportunities arising from diversified demand for value creation, and to promote balanced development of different types of business within the Group.

In 2018, the Group put forward to positioning itself as "Expert in urban investment, development and operation" in order to better match diversified demand from customers, governments, business partners and etc., to ensure sustainable growth and value creation, and to realize win-win solution for every stakeholder involved.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2018 ("1H 2018"), the Group's business of development property and investment property maintained 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 2018.

Review of Development Property Contracted Sales in 1H 2018

In 1H 2018, the Group achieved contracted sales of RMB94.27 billion with contracted GFA of 5.71 million square meters, up 36.3% and 25.7% YoY respectively.

The Group's contracted sales breakdown by region in 1H 2018 is set out in the table below:

Region	**Contracted Sales**		**Contracted GFA**	
	RMB'000	*%*	*Sqm*	*%*
North China Region	20,635,302	21.9%	1,069,831	18.7%
East China Region	22,082,380	23.4%	1,234,817	21.6%
South China Region	11,406,896	12.1%	557,612	9.8%
West China Region	10,924,245	11.6%	989,388	17.3%
Northeast China Region	11,963,951	12.7%	1,014,962	17.8%
Central China Region	6,243,092	6.6%	525,851	9.2%
Others	11,014,655	11.7%	317,582	5.6%
Total	94,270,521	100.0%	5,710,043	100.0%

Review of Development Property Revenue in 1H2018

In 1H 2018, the Group achieved 42.5% YoY growth in development property revenue of RMB36.49 billion with 21.7% lower YoY booked GFA of 1.94 million square meters. The gross profit margin of development property reached 48.6% in 1H 2018, much higher than 32.6% in 1H2017.

The Group's revenue breakdown by region in 1H 2018 is listed below:

Region	**Revenue** *RMB'000*	**GFA Booked** *Sqm*
North China Region	5,038,502	464,578
East China Region	12,824,286	623,419
South China Region	13,961,859	270,944
West China Region	2,004,128	302,810
Northeast China Region	862,435	107,178
Central China Region	1,767,085	165,897
Others	27,668	1,397
Total	36,485,963	1,936,223

As of 30 June 2018, the Group had locked in unbooked contracted sales of RMB216.57 billion (including the revenue recognized in 1H 2018) that are subject to recognition as development property revenue in 2H2018 and years to come, among which RMB96.51 billion will be recognized within the year (including the revenue recognized in 1H 2018), laying a solid foundation for good results in 2018.

Review of Investment Property Business in 1H 2018

As of 30 June 2018, the book value of the investment properties of the Group was RMB106.72 billion, accounting for 19.1% 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 RMB1.57 billion (net of taxation and minority interests) was booked in 1H 2018. In 1H 2018, rental income of investment properties, including hotel operation, amounted to RMB4.37 billion, representing a 22.1%YoY growth.

The following table sets out the details of the Group's rental income and average occupancy rates of key investment properties in 1H 2018:

Investment Property	**Open Date**	**Rental Income ('000)**			**Avg. Occupancy Rate(%)**		
		1H2018	**1H2017**	**% yoy**	**1H2018**	**1H2017**	**Pt yoy**
Shenzhen Mixc	19/12/2004	475,718	468,231	1.6%	99.9%	99.2%	0.7
Hangzhou Mixc	22/04/2010	259,744	224,452	15.7%	90.3%	92.6%	–2.3
Shenyang Mixc	15/05/2011	301,989	253,965	18.9%	98.9%	99.1%	–0.2
Chengdu Mixc	11/05/2012	150,659	125,011	20.5%	96.9%	96.0%	0.9
Nanning Mixc	01/09/2012	259,538	240,019	8.1%	99.5%	99.5%	0.0
Zhengzhou Mixc	19/04/2014	51,243	42,921	19.4%	87.4%	80.5%	6.9
Chongqing Mixc	19/09/2014	146,148	113,849	28.4%	93.8%	92.0%	1.8
Wuxi Mixc	20/12/2014	66,255	53,771	23.2%	87.6%	85.2%	2.4
Qingdao Mixc	30/04/2015	191,162	152,678	25.2%	87.6%	90.8%	–3.2
Hefei Mixc	25/09/2015	109,889	91,130	20.6%	97.4%	96.0%	1.4
Ganzhou Mixc	19/09/2015	69,721	51,274	36.0%	92.8%	96.2%	–3.4
Wenzhou Mixc	30/04/2016	104,144	83,450	24.8%	92.0%	86.5%	5.5
Xi'an Mixc	21/04/2017	33,136	13,133	152.3%	97.0%	97.0%	0.0
Shanghai Mixc[1]	23/09/2017	156,931	N/A	N/A	94.0%	N/A	N/A
Taizhou Mixc	31/12/2017	6,073	N/A	N/A	99.0%	N/A	N/A
Shanghai Times Square	18/01/1997	1,242	8,957	N/A	Closed for renovation	Closed for renovation	N/A
Beijing Phoenix Plaza Commercial	31/12/2011	44,080	44,848	–1.7%	95.1%	97.6%	–2.5
Beijing Qinghe Hi5	03/07/2011	136,283	123,638	10.2%	98.8%	99.4%	–0.6
Hefei Shushan Hi5	01/05/2014	18,838	15,562	21.1%	99.8%	100.0%	–0.2
Ningbo Yuyao Hi5	28/06/2014	32,296	29,710	8.7%	96.6%	96.1%	0.5
Shanghai Nanxiang Hi5	25/10/2014	17,131	17,499	–2.1%	93.5%	98.4%	–4.9
Shandong Zibo Mixc One	27/05/2015	63,538	57,073	11.3%	91.5%	91.6%	–0.1
Shengyang Tiexi Mixc One	30/09/2015	83,364	73,936	12.8%	94.8%	95.3%	–0.5
Changsha Xingsha Mixc One	28/11/2015	34,032	25,645	32.7%	99.2%	98.4%	0.8
Shandong Rizhao Mixc One	26/09/2016	29,084	29,082	0.0%	96.6%	99.8%	–3.2
Shenzhen Mixc World	27/09/2017	179,909	N/A	N/A	96.8%	N/A	N/A
Beijing Miyun Mixc One	10/11/2017	37,990	N/A	N/A	99.4%	N/A	N/A
Hangzhou Mixc One	15/06/2018	14,663	N/A	N/A	96.0%	N/A	N/A
Beijing CR Building	18/06/1999	100,078	99,188	0.9%	96.7%	95.5%	1.2
Shenzhen CR Building	09/12/2004	68,204	73,367	–7.0%	95.9%	99.8%	–3.9
Shenyang CR Building	09/05/2011	41,811	41,253	1.4%	97.4%	91.6%	5.8
Chengdu CR Building	20/04/2012	40,262	36,573	10.1%	91.1%	86.1%	5.0
Nanning CR Building	06/06/2012	21,620	15,252	41.8%	90.0%	80.9%	9.1
Hangzhou CR Building	23/03/2015	49,011	24,563	99.5%	90.4%	66.4%	24.0
Shanghai Times Square Office	01/07/1997	53,791	44,509	20.9%	95.1%	79.2%	15.9
Beijing Phoenix Plaza Office	01/12/2011	150,345	137,863	9.1%	97.0%	94.4%	2.6
Beijing Qinghe Hi5 Office	25/02/2013	9,474	9,535	–0.6%	100.0%	100.0%	0.0
20 Gresham Street Office[2]	30/09/2008	68,761	13,062	426.4%	100.0%	100.0%	0.0
Others	N/A	169,026	156,472	8.0%	N/A	N/A	N/A
Shenzhen Grand Hyatt Hotel	01/07/2010	221,406	200,144	10.6%	87.5%	86.1%	1.4
Shimei Bay Le Meridien Hotel	01/11/2008	34,832	32,956	5.7%	53.4%	47.3%	6.1
Shenyang Grand Hyatt Hotel	30/08/2013	96,235	89,071	8.0%	65.7%	66.0%	–0.3
Dalian Grand Hyatt Hotel	12/09/2014	91,972	84,116	9.3%	53.1%	48.8%	4.3
Huizhou Le Meridien Hotel	30/09/2016	36,197	29,571	22.4%	39.8%	37.1%	2.7
Zibo Sheraton Hotel	07/10/2016	33,678	26,907	25.2%	73.7%	54.6%	19.1
Hangzhou Park Hyatt Hotel	28/09/2016	110,943	75,783	46.4%	64.5%	51.8%	12.7
Shenzhen Bay Kapok Hotel[3]	03/11/2012	53,096	47,415	12.0%	72.4%	70.1%	2.3
Total		4,525,543	3,577,437	26.5%	N/A	N/A	N/A

1 Shanghai Mixc is not consolidated, the shareholding of which is 50%.
2 20 Gresham Street Office was acquired on 22 May 2017.
3 The operation right of Shenzhen Bay Kapok Hotel was injected by China Resources Group on 30 April 2018.

Details of the Group's key investment properties opened in 1H 2018 are listed below:

Investment Properties		City	Interest Attributable to the Group	Total GFA *(Sqm)*	Attributable GFA *(Sqm)*
Hangzhou Mixc One		Hangzhou	100%	186,060	186,060
Comprising:	Commercial			93,560	93,560
	Car Park			92,500	92,500

As of 30 June 2018, the Group's investment properties in operation achieved 7.17 million square meters in total GFA, plus another 8.93 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		**7,168,410**	**6,273,263**	**8,925,787**	**6,557,804**
Comprising:	Commercial	3,983,482	3,418,761	5,268,778	4,006,816
	Office	567,706	524,511	2,178,812	1,456,051
	Hotel	377,151	310,136	813,692	627,169
	Others	2,240,071	2,019,855	664,505	467,768

Investment properties, shopping mall in particular, are the Group's key business focus. 2018 to 2020 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 1H 2018, the Group acquired 41 quality land parcels totaling 8.17 million square meters in GFA with a total land premium of RMB67.29 billion (attributable land premium amounted to RMB51.34 billion). As of 30 June 2018, the total GFA of the Group's land bank amounted to 52.15 million square meters, the regional breakdown of which is set out below:

Region	**Total GFA** *(Sqm)*	**Attributable GFA** *(Sqm)*
North China Region	10,629,294	8,433,214
East China Region	10,208,786	6,676,615
South Chine Region	12,866,802	8,750,886
West China Region	8,450,673	7,384,966
Northeast China Region	4,685,500	4,566,727
Central China Region	5,189,671	4,289,537
Others	116,503	114,132
Total	52,147,229	40,216,077

Sufficient land bank further reinforced the foundation for the Group's sustainable growth in the future. As of 30 June 2018, the Group's geographic presence has been extended to 62 cities global wide.

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. 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 2018, the Group's total debt outstanding balance was RMB135.90 billion equivalent while its cash and bank balance amounted to RMB60.87 billion. The Group's net interest-bearing debt to equity ratio (including minority interests) was 47.2%, higher than 35.9% as of end of 2017.

On 9 March 2018, the Group completed issuance of RMB6.0 billion onshore MTN with a term of 3 years at a coupon rate of 5.38% per annum.

On 2 April 2018, the Group completed issuance of RMB4.0 billion onshore MTN, of which RMB0.5 billion notes shall have a term of 3 years at a coupon rate of 4.98% per annum and RMB3.5 billion notes shall have a term of 5 years at a coupon rate of 5.23% per annum.

As at 30 June 2018, the non-RMB net interest-bearing debt exposure of the Group was 22%. Approximately 22% of the Group's total 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 4.41% as at 30 June 2018.

In 1H 2018, the international credit rating agencies namely Standard and Poor's, Moody's and Fitch maintained the Company's credit ratings at "BBB+/stable","Baa1/stable" and "BBB+/stable" respectively.

As of 30 June 2018, the Group had total loan facilities of RMB31.23 billion through asset pledge with pledge tenor ranging from 3 to 14 years, and the Group's total balance of asset-pledged loan was RMB15.42 billion.

As RMB exchange mechanism becomes more market-oriented, RMB exchange rate has experienced higher two-way volatility. 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 2018, the Group had 40,789 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 mortgage 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 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 reporting period, the Vice Chairman has effectively presided over the daily operations and management of the Board.

Save for the above arrangements, during the six months ended 30 June 2018, 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 on a regular basis 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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

REVIEW BY AUDIT COMMITTEE AND AUDITORS

The 2018 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 2018 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 RMB0.11 per share (equivalent to HK$0.13 per share at the exchange rate of HK$1: RMB0.8768, being the average CNY Central Parity Rate announced by the People's Bank of China for the five business days prior to and excluding the date of this announcement) for the six months ended 30 June 2018 (2017: HK$0.10) payable on or about Friday, 12 October 2018 to shareholders whose names appear on the register of members of the Company on Friday, 28 September 2018. The interim dividend will be payable in cash in Hong Kong dollars.

CLOSURE OF REGISTER

The register of Members will be closed from 27 September 2018 (Thursday) to 28 September 2018 (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 2018 (Wednesday).

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2018 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, 21 August 2018

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.