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 2016 INTERIM RESULTS

Highlights

- Consolidated revenue for 1H 2016 amounted to HK$44.52 billion, up by 19.9% YoY. Development property revenue was up by 19.3% YoY to HK$39.15 billion, rental income of investment properties (including hotel operations) was up by 13.6% YoY to HK$3.53 billion.

- Consolidated gross profit margin improved to 33.9% in 1H 2016 from 32.2% in 1H 2015. Development property gross profit margin improved to 32.5% in 1H 2016 from 30.8% in 1H 2015, while investment property (including hotel operations) gross profit margin up to 61.2% in 1H 2016 from 60.8% in 1H 2015.

- Core profit attributable to the owners of the Company excluding revaluation gain from investment properties reached HK$6.30 billion, representing a YoY growth of 25.5%; profit attributable to the owners of the Company including the revaluation gain from investment properties was up by 19.1% YoY to HK$7.68 billion.

- Booked GFA amounted to approximately 2.75 million square meters in 1H 2016, increased by 22.9% YoY.

- As of 30 June 2016, the Group has locked in contracted sales of HK$92.93 billion that are subject to recognition as development revenue in 2016 (including revenue booked in 1H 2016), comparable to reported full year development revenue of HK$93.54 billion in 2015.

- In 1H 2016, the Group achieved contracted sales of RMB55.57 billion with a contracted gross floor area of 4.30 million square meters, up by 50.2% and 32.1% YoY respectively.

- In 1H 2016, total land bank newly added amounted to 4.98 million square meters. As of 30 June 2016, the Group's total land bank was approximately 42.09 million square meters.

- The Board resolved to declare an interim dividend of HK9.2 cents per share, up by 5.7% YoY from HK8.7 cents per share in 1H 2015.

The board of directors (the "Board") of China Resources Land Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 ("1H 2016") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTES	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited and restated)
Revenue	4	44,522,279	37,144,301
Cost of sales		(29,426,700)	(25,201,652)
Gross profit		15,095,579	11,942,649
Gain on changes in fair value of investment properties		2,055,330	2,137,285
Other income and other gains		1,264,353	635,599
Selling and marketing expenses		(1,451,088)	(1,396,943)
General and administration expenses		(1,530,914)	(979,764)
Share of profit of investments in joint ventures		140,630	81,912
Share of profit (loss) of investments in associates		16,733	(2,976)
Finance costs	5	(247,907)	(351,821)
Profit before taxation		15,342,716	12,065,941
Income tax expenses	6	(6,221,089)	(4,614,336)
Profit for the period	7	9,121,627	7,451,605
Profit for the period attributable to:			
Owners of the Company		7,683,972	6,450,285
Non-controlling interests		1,437,655	1,001,320
		9,121,627	7,451,605
Earnings per share	9		
- Basic		HK110.9 cents	HK97.9 cents
- Diluted		N/A	HK97.8 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	**2015**
	HK$'000	**HK$'000**
	(Unaudited)	**(Unaudited and restated)**
Profit for the period	9,121,627	7,451,605
Other comprehensive income (item that may be reclassified subsequently to profit or loss)		
Exchange (loss) gain arising on translation to presentation currency	(3,671,043)	124,055
Total comprehensive income for the period	5,450,584	7,575,660
Total comprehensive income attributable to:		
Owners of the Company	4,486,184	6,539,607
Non-controlling interests	964,400	1,036,053
	5,450,584	7,575,660

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		7,657,934	7,159,369
Investment properties		90,281,950	88,319,071
Land use rights		2,030,419	2,097,459
Investments in joint ventures		3,360,981	4,234,510
Investments in associates		6,652,970	6,292,824
Available-for-sale investments		215,461	13,075
Prepayments for non-current assets		1,835,658	299,387
Deferred taxation assets		2,074,112	691,596
Amounts due from joint ventures		3,428,208	985,946
Amounts due from associates		4,073,516	-
Amounts due from non-controlling interests		1,219,540	474,435
		122,830,749	110,567,672
CURRENT ASSETS			
Properties for sale		192,494,862	188,339,658
Other inventories		702,128	626,188
Trade receivables, other receivables, prepayments and deposits	10	38,277,808	27,563,986
Amounts due from customers for contract works		218,230	330,086
Amounts due from intermediate holding companies		13,041	13,008
Amounts due from fellow subsidiaries		150,221	99,474
Amounts due from joint ventures		770,166	4,628,693
Amounts due from associates		3,903,749	6,707,495
Amounts due from non-controlling interests		933,038	1,089,412
Prepaid taxation		8,625,166	3,394,781
Cash and bank balances		46,480,110	45,874,885
		292,568,519	278,667,666
CURRENT LIABILITIES			
Trade and other payables	11	53,571,733	51,373,234
Advances received from pre-sales of properties		103,071,234	96,258,522
Amounts due to customers for contract works		169,570	162,059
Amount due to the ultimate holding company		107	110
Amounts due to fellow subsidiaries		4,920,055	4,976,166
Amounts due to joint ventures		1,074,063	607,066
Amounts due to associates		77,214	168,602
Amounts due to non-controlling interests		9,102,884	5,070,745
Taxation payable		10,481,049	9,951,120
Bank and other borrowings - due within one year		9,586,868	6,369,155
Senior notes – due within one year		-	7,773,576
		192,054,777	182,710,355
NET CURRENT ASSETS		100,513,742	95,957,311
TOTAL ASSETS LESS CURRENT LIABILITIES		223,344,491	206,524,983

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
EQUITY		
Share capital	693,094	693,094
Reserves	115,385,347	114,272,681
Equity attributable to owners of the Company	116,078,441	114,965,775
Non-controlling interests	18,402,407	16,858,423
	134,480,848	131,824,198
NON-CURRENT LIABILITIES		
Bank and other borrowings - due after one year	53,170,201	46,665,670
Senior notes – due after one year	15,344,630	15,341,724
Medium-term notes – due after one year	5,849,957	-
Amount due to a joint venture	350,053	-
Amount due to an associate	-	202,917
Amounts due to non-controlling interests	2,766,808	1,293,381
Deferred taxation liabilities	11,381,994	11,197,093
	88,863,643	74,700,785
TOTAL OF EQUITY AND NON-CURRENT LIABILITIES	223,344,491	206,524,983

Notes:

1. BASIS OF PREPARATION

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

2. MERGER ACCOUNTING RESTATEMENT

Merger accounting for business combination involving entities under common control

Before August 2015, 華潤置地南京發展有限公司 ("華潤置地（南京）") was 60% held by 華潤置地（蘇州）有限公司 ("華潤置地（蘇州）"), a wholly-owned subsidiary of the Company, and 40% held by 深圳市潤鑫三號投資合夥企業（有限合夥） ("深圳潤鑫三號"). 華威永盛企業管理有限公司 ("華威永盛"), 51% owned by a wholly owned subsidiary of China Resources (Holdings) Company Limited ("CRH"), is the general partner and has control of 深圳潤鑫三號 by virtue of its power to make investment decisions for and on behalf of 深圳潤鑫三號. The principal activity of 華潤置地（南京） is property development. The interest in 華潤置地（南京） was accounted for as a joint venture under HKFRS 11 as all of the strategic financial and operating decisions must be approved by all of the joint venture partners with unanimous consent.

During August 2015, 華潤置地（蘇州） and 深圳潤鑫三號 revised the memorandum and association of 華潤置地（南京） and stipulated that the decision for operating, investing and financing activities (the "relevant activities") was made by simple majority of voting rights. Since 華潤置地（蘇州） has simple majority of voting rights on the relevant activities on 華潤置地（南京）, 華潤置地（南京） became a subsidiary of the Group.

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

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

The net assets of the combining entity or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entity or business against the related investment cots have been made to other reserves in the condensed consolidated statement of changes in equity.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the prior periods have been restated to include the operating results of 華潤置地（南京） as if this acquisition had been completed since the date the entity came under the control of CRH.

The effect of restatements described above on the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the six months ended 30 June 2015 has resulted in an increase in the Group's profit for the period and the Group's total comprehensive income for the period by HK$11,573,000 and HK$11,816,000, respectively. The effect of restatements has no impact on the Group's revenue and the Group's profit attributable to owners of the Company for the period.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

<u>Application of Revised Hong Kong Financial Reporting Standards ("HKFRSs")</u>

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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

4. SEGMENT INFORMATION

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

For the six months ended 30 June 2016

	Sale of developed properties HK$'000	Property investment and management HK$'000	Hotel operations HK$'000	Construction, decoration services and others HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
Revenue					
External sales	39,152,616	3,080,371	452,870	1,836,422	44,522,279
Result					
Segment result	11,383,083	1,413,306	(51,788)	(108,066)	12,636,535
Unallocated other income					1,264,353
Gain on changes in fair value of investment properties					2,055,330
Unallocated expenses					(522,958)
Share of profit of investments in joint ventures					140,630
Share of profit of investments in associates					16,733
Finance costs					(247,907)
Profit before taxation					15,342,716

For the six months ended 30 June 2015 (Restated)

	Sale of developed properties HK$'000	Property investment and management HK$'000	Hotel operations HK$'000	Construction, decoration services and others HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
Revenue					
External sales	32,827,258	2,642,308	467,640	1,207,095	37,144,301
Result					
Segment result	8,624,844	1,259,792	(27,129)	(146,581)	9,710,926
Unallocated other income					635,599
Gain on changes in fair value of investment properties					2,137,285
Unallocated expenses					(144,984)
Share of profit of investments in joint ventures					81,912
Share of loss of investments in associates					(2,976)
Finance costs					(351,821)
Profit before taxation					12,065,941

4. SEGMENT INFORMATION （Continued）

(b) The following is an analysis of the Group's assets by reporting and operating segments:

	30 June 2016 HK$'000	31 December 2015 HK$'000
SEGMENT ASSETS		
Sale of developed properties	254,113,403	239,963,987
Property investment and management	93,499,531	89,711,905
Hotel operations	6,056,962	5,306,017
Construction, decoration services and others	1,996,440	1,582,893
Unallocated	59,732,932	52,670,536
Total segment assets	415,399,268	389,235,338

5. FINANCE COSTS

	Six months ended 30 June	
	2016 HK$'000	2015 HK$'000 (Restated)
Total interests and bank charges on bank borrowings, other borrowings, senior notes and medium-term notes	2,233,513	2,396,749
Less: Amount capitalised in properties under development for sale, investment properties under development and construction in progress	(1,719,423)	(1,903,248)
	514,090	493,501
Exchange gain	(266,183)	(141,680)
	247,907	351,821

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	**2015**
	HK$'000	**HK$'000**
		(Restated)
The income tax expenses comprise of:		
PRC Enterprise Income Tax (“EIT”) and withholding income tax	4,444,246	2,060,404
PRC Land Appreciation Tax ("LAT")	2,780,662	2,061,139
	7,224,908	4,121,543
Deferred taxation	(1,003,819)	492,793
	6,221,089	4,614,336

(i) 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.

(ii) 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.

(iii) LAT

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

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	**2015**
	HK$'000	**HK$'000**
		(Restated)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	228,106	220,108
Amortisation of land use rights	13,580	11,942

8. DIVIDENDS

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

A dividend of HK41.0 cents per ordinary share that relates to the year ended 31 December 2014 amounting to HK$2,840,865,000 was recognised during the six months ended 30 June 2015 and paid in July 2015.

An interim dividend of HK9.2 cents per ordinary share in respect of the six months ended 30 June 2016 (2015: HK8.7 cents per ordinary share) was declared by the board of directors of the Company on 26 August 2016. This interim dividend, amounting to HK$637,646,000 (2015: HK$602,992,000), has not been recognised as a liability in these condensed consolidated financial statements.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	**2015**
	HK$'000	**HK$'000**
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	7,683,972	6,450,285
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,930,939,579	6,590,541,098
Effect of dilutive potential ordinary shares on share options	-	4,148,189
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,930,939,579	6,594,689,287

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

10. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2016 HK$'000	31 December 2015 HK$'000 (Audited)
Trade and bills receivables (Note)	1,465,565	878,604
Less: allowance for doubtful debts (Note)	(114,253)	(116,611)
	1,351,312	761,993
Other receivables	14,974,008	13,018,391
Less: allowance for doubtful debts	(384,746)	(392,504)
	14,589,262	12,625,887
Prepayments for acquisition of land use rights	14,023,801	6,768,361
Prepayments and deposits	8,313,433	7,407,745
	38,277,808	27,563,986

Note:

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

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

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

	30 June 2016 HK$'000	31 December 2015 HK$'000 (Audited)
Within one year	1,185,336	625,193
Over one year	165,976	136,800
	1,351,312	761,993

11. TRADE AND OTHER PAYABLES

	30 June 2016 HK$'000	31 December 2015 HK$'000 (Audited)
Trade and bills payables (Note a & b)	36,461,019	37,120,183
Other payables (Note c)	13,735,346	14,253,051
Dividend payable	3,375,368	-
	53,571,733	51,373,234

Notes:

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

(b) 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 2016 HK$'000	31 December 2015 HK$'000 (Audited)
Within one year	27,777,017	26,728,996
Over one year	8,684,002	10,391,187
	36,461,019	37,120,183

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

FOREWORD

In the first half of 2016 ("1H 2016"), China's residential market recovered with strong growth in the sales of commodity housing. This was on the backdrop of the central government's policy guidance on property inventory destocking and overall prudent and moderate macroeconomic policy. Divergence among cities' property markets further accelerated driven by long-term macro factors including economic development, industry structure and migration. In tier 1 and top tier 2 cities, both average selling price ("ASP") and transaction volume continued to rise, showing significant progress of destocking, while overall risk remained in tier 3 and 4 cities despite initial signs of improvement in sales. For China's commercial property market, the competitive landscape continued to intensify with homogenization of retail properties despite continuous growth in the nation's total retail sales of consumer goods. The Group adapted accordingly to both China's residential and commercial property market landscapes and exceeded its contracted sales target for 1H 2016, achieved strong year-on-year ("YoY") growth in both contracted value and contracted gross floor area ("GFA"), and delivered steady growth in both revenue and profit attributable to the owners of the Company, benefiting from its strategic focus on tier 1 and tier 2 cities and its brand recognition by customers.

Results Review

In 1H 2016, the Group's total consolidated revenue achieved HK$44.52 billion, representing a YoY growth of 19.9%; core net profit attributable to the owners of the Company excluding revaluation gain from investment properties reached HK$6.30 billion, up 25.5% YoY; profit attributable to the owners of the Company including revaluation gain from investment properties increased by 19.1% to HK$7.68 billion. During the reporting period, the Group's earnings per share achieved HK110.9 cents, up 13.3% YoY, while core net earnings per share increased by 19.4% to HK91.0 cents. As at 30 June 2016, the net asset per share was HK$16.75, increased by 1.0% from that of 31 December 2015.

The Board of the Company resolved to declare an interim dividend of HK9.2 cents per share, representing an increase of 5.7% over that of 2015.

Development Property

With the Group's acute adaptation to China's property cycle in recent years, and its enhanced standardization management in product positioning, project planning, cost control and development efficiency, the Group achieved development property revenue of HK$39.15 billion, representing a YoY growth of 19.3%. Development property gross profit margin improved to 32.5% in 1H 2016 from 30.8% in 1H 2015.

During 1H 2016, sales of the national commodity housing reached RMB4.87 trillion with GFA sold at 643 million square meters, up 42.1% and 27.9% YoY respectively. Benefitting from its proactive adaption to market conditions and the property sector's overall recovery, the Group achieved satisfactory contracted sales. During the reporting period, the Group achieved contracted sales of RMB55.57 billion with contracted GFA of 4.30 million square meters, up 50.2% and 32.1% YoY respectively.

Investment Property

In 1H 2016, China's total retail sales of consumer goods amounted to RMB15.6 trillion, up 10.3% YoY. During the reporting period, the Group's rental revenue from investment properties (including hotel operations) increased by 13.6% to HK$3.53 billion. As at 30 June 2016, total GFA of the Group's operational investment properties reached 5.16 million square meters, including 12 Mixc malls, 7 Hi5/Mixc One malls and 2 other malls. The Group's scale of retail properties is among the market leaders.

Wenzhou Mixc started operation in 1H 2016 and achieved a market-leading average opening rate of 86.4% on grand opening.

Facing the intensifying competitive dynamics in the shopping mall sector, the Group responded quickly via embracement of internet technology, implementation of "Shopping mall + Internet" eco operation system, innovation of tenant mix, customer service and experience improvement as well as enhancement in its operational capabilities, and has maintained its market leading position in retail sales in 1H 2016.

Land Bank

In 1H 2016, land market competition among tier 1 and hot tier 2 cities intensified. The number of land king deals reached historical high, with transacted land premium rate surging while transaction volume declining YoY. At the same time, inventory pressure among tier 3 and 4 cities remained as a result of mismatch between land oversupply and insufficient housing demand. Adopting active yet prudent principle, the Group refined its research on investment opportunities among different cities and replenished quality land parcels via diversified channels by tracking closely to the land market with a focus in its core strategic tier 1 and 2 cities, and increasing project level joint venture cooperation.

The Group acquired 15 land parcels with a total land premium of RMB26.93 billion (of which attributable land premium was RMB16.08 billion) in the 1H 2016. Total GFA acquired reached 4.98 million square meters, of which 4.39 million square meters were for development properties and 0.59 million square meters were for investment properties.

As of 30 June 2016, the Group has expanded its geographical presence to 56 cities nationwide, with a total land bank GFA of 42.09 million square meters, of which 35.77 million square meters were for development properties, and 6.32 million square meters were for investment properties. The percentage of total land bank GFA in tier 1 and 2 cities reached 72%. The Group's land bank is sufficient for the next 3 to 5 year's development. The geographical mix as well as the high quality of its land bank matches well with the Group's business model.

Financial Policy

The Group adheres to its prudent financial policies. As of 30 June 2016, total interest-bearing debt and net interest-bearing debt ratios remained at relatively low levels in the sector at 38.4 % (slightly higher than that of 36.6% by 2015 year-end) and 27.9% respectively. 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. The solid financial position facilitates the Group with diversified funding channels at low cost.

During the reporting period, the Group continued to increase its RMB borrowings by issuance of Medium Term Notes ("MTN"), the first such issuance by overseas entity in real estate industry in China's debt market capital and also the largest single issuance of MTN to date, the Group has increased the RMB denominated portion in total interest bearing debt, which has effectively lowered exchange rate risk while maintained its financing cost advantage.

Corporate Social Responsibilities

The Group continues to uphold its green principles of "no corporate development at the expense of environment, no sacrifice of long-term interests of the environment in exchange for corporate's short-term benefits". The Group has incorporated social responsibility into its business and is committed to the quality of products and services for customers through supply chain enhancement, safety responsibility conviction, energy-saving and emission-reduction enforcement, as well as extensive green building development. To maintain good corporate image and sustainable growth, the Group includes social responsibilities in all aspects of its operations.

For years, the Group has assigned volunteers to participate in new countryside construction. Construction of Jinzhai Hope Town, the eighth "China Resources Hope Town" sponsored by CRH, was completed by the Group in 1H 2016. The Group participated in the development of the grassland pasturage project in Haiyuan County, Ningxia which was initiated by the State Council. Schwarzman College at Tsinghua University, sponsored and managed by the Group, is expected to be completed by the end of this year. Being a SOE, the Group has always lived up to CRH's social responsibility mission – "Create Better Lives Together" in its social responsibility practices.

In 1H 2016, the Group took part in preparation and publication of <Social Responsibility Report 3.0 of the Chinese Entities (Real Estate)> which demonstrates the Company's outstanding achievement and important role in sharing corporate social responsibility in addition to bringing positive impacts to our corporate brand image and the overall healthy development of real estate industry in China. The Group achieved the highest 5-Star rating from the China Academy of Social Science Research Center on its Corporate Social

Responsibility Report, which is also the first time our report being recognized as one of the most outstanding corporate social responsibility reports in China. For three consecutive years, the Group has been highly ranked in Social Responsibility Development Index in the sector.

Outlook

Looking into the second half of 2016, the Group expects China's economy to maintain steady growth. It is also expected that different cities may apply respective property polices, while from nationwide perspective, moderate policy stance for the overall property sector shall remain. At the same time the sector shall benefit from supportive policies including acceleration in urbanization, further Hukou reform as well as two-child policy. The Group remains positive on property market prospects.

Rizhao Mixc One is expected to open in the second half of 2016. While the Group steadily builds up its commercial property portfolio, it seeks to explore tenant mix innovation, enhances customers' shopping experiences, and strengthens service quality in order to maintain its competitive advantages.

In the second half of 2016, the Group will continue to follow its business philosophy – "better quality, better city", and provide products and services with supreme quality by improving professional expertise and operation efficiency. Guided by its proactive yet cautious policies, the Group will continue to obtain and integrate quality land resources via various channels, to enhance return on asset and to reinforce its leading role in the market. The Group will explore business innovations, seek new profit drivers and enhance our competitiveness in order to achieve stable earnings growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In 1H 2016, the Group's development property and investment property both achieved satisfactory results. During the reporting period, contracted sales and construction progress of projects were in line with management's expectations, establishing a solid foundation for 2016.

Review of Development Property in 1H 2016

In 1H 2016, the Group achieved contracted sales of RMB55.57 billion with contracted GFA of 4.30 million square meters, up by 50.2% and 32.1% YoY respectively.

Details of the Group's contracted sales breakdown by region in 1H 2016 is set out in the table below:

Region	Contracted Sales		Contracted GFA	
	RMB'000	%	Sqm	%
Beijing	12,760,818	23.0%	565,864	13.2%
Shanghai	4,168,883	7.5%	159,466	3.7%
Shenzhen	9,110,000	16.4%	353,278	8.2%
Chengdu	5,059,786	9.1%	641,399	14.9%
Shenyang	5,066,535	9.1%	586,713	13.7%
Shandong	6,681,239	12.0%	655,618	15.3%
Jiangsu	7,455,404	13.4%	667,649	15.5%
Wuhan	3,621,335	6.5%	470,635	11.0%
Fujian	1,646,800	3.0%	195,715	4.5%
Total	**55,570,800**	**100.0%**	**4,296,337**	**100.0%**

Review of Development Property Revenue in 1H 2016

In 1H 2016, the Group achieved development property revenue of HK$39.15 billion with booked GFA of 2.75 million square meters, representing a YoY growth of 19.3% and 22.9% respectively. Gross profit margin of development property reached 32.5% in 1H 2016, better than 30.8% and 30.1% in 1H 2015 and full year 2015 respectively.

Details of the Group's revenue breakdown by region in 1H 2016 is listed below:

Region	Revenue	GFA Booked
	HK$'000	Sqm
Beijing	3,809,636	142,373
Shanghai	7,846,965	245,445
Shenzhen	5,189,009	171,405
Chengdu	4,178,421	429,529
Shenyang	4,046,489	385,001
Shandong	4,681,586	386,098
Jiangsu	4,450,019	414,980
Wuhan	3,433,100	422,523
Fujian	1,517,391	157,394
Total	**39,152,616**	**2,754,748**

As of 30 June 2016, the Group has locked in contracted sales of HK$92.93 billion that are subject to recognition as development property revenue in 2016 (including revenue booked in 1H 2016), comparable to the reported full year development property revenue of HK$93.54 billion in 2015.

Review of Investment Property Business in 1H 2016

As of 30 June 2016, the book value of the investment properties of the Group amounted to HK$90.28 billion, accounting for 21.7% of the Group's total assets value. In compliance with accounting policies, the Group engaged an independent appraiser to revalue its investment properties, including those under construction, and a revaluation gain of HK$1.38 billion (net off taxation and minority interests) was booked in 1H 2016 based on the appraisal report. In 1H 2016, rental income of investment properties, including hotel operation, amounted to HK$3.53 billion, representing a 13.6% YoY growth.

The following table sets out the details of the Group's rental income and occupancy rates of key investment properties in 1H 2016:

Investment Property	Opening Date	Revenue (HK$'000)			Avg. Occupancy Rate (%)		
		1H 2016	1H 2015	%YoY	1H 2016	1H 2015	Pt YoY
Shenzhen Mixc	19/12/2004	500,011	524,514	-4.7%	98.3%	99.5%	-1.2
Hangzhou Mixc	22/04/2010	259,283	239,087	8.4%	94.6%	98.9%	-4.3
Shenyang Mixc	15/05/2011	237,114	195,108	21.5%	93.8%	96.0%	-2.2
Chengdu Mixc	11/05/2012	107,626	128,626	-16.3%	96.1%	96.7%	-0.6
Nanning Mixc	01/09/2012	248,510	245,158	1.4%	99.4%	99.2%	0.2
Zhengzhou Mixc	19/04/2014	50,947	61,648	-17.4%	87.9%	93.5%	-5.6
Chongqing Mixc	19/09/2014	108,773	83,477	30.3%	92.5%	85.0%	7.5
Wuxi Mixc	20/12/2014	56,772	62,326	-8.9%	76.7%	75.4%	1.3
Qingdao Mixc	30/04/2015	127,340	56,876	123.9%	91.1%	82.6%	8.5
Hefei Mixc	25/09/2015	84,235	NA	NA	92.6%	NA	NA
Ganzhou Mixc	19/09/2015	63,369	NA	NA	98.6%	NA	NA
Wenzhou Mixc	30/04/2016	37,407	NA	NA	81.6%	NA	NA
Shanghai Times Square Commercial	18/01/1997	59,248	59,156	0.2%	90.8%	90.1%	0.7
Beijing Phoenix Plaza	01/02/2010	43,332	40,800	6.2%	98.4%	97.4%	1.0
Beijing Qinghe Hi5	28/06/2011	143,033	129,198	10.7%	100.0%	100.0%	-
Hefei Shushan Hi5	01/05/2014	16,528	15,155	9.1%	98.2%	96.1%	2.1
Ningbo Yuyao Hi5	28/06/2014	30,677	29,270	4.8%	90.7%	89.8%	0.9
Shanghai Nanxiang Hi5	25/10/2014	19,076	20,232	-5.7%	99.4%	99.2%	0.2
Zibo Mixc One	27/05/2015	53,707	24,052	123.3%	90.0%	85.0%	5.0
Shenyang Tiexi Mixc One	30/09/2015	58,755	NA	NA	88.4%	NA	NA
Changsha Xingsha Mixc One	28/11/2015	22,485	NA	NA	99.0%	NA	NA
Beijing CR Building	18/06/1999	125,845	115,397	9.1%	96.1%	91.3%	4.8
Shenzhen CR Building	09/12/2004	81,908	81,804	0.1%	100.0%	99.2%	0.8
Shenyang CR Building	09/05/2011	51,771	56,087	-7.7%	93.0%	89.3%	3.7
Chengdu CR Building	20/04/2012	32,230	32,790	-1.7%	83.3%	70.2%	13.1
Nanning CR Building	06/06/2012	17,620	10,837	62.6%	80.0%	91.9%	-11.9

Investment Property	Opening Date	Revenue (HK$'000)			Avg. Occupancy Rate (%)		
		1H 2016	1H 2015	%YoY	1H 2016	1H 2015	Pt YoY
Hangzhou CR Building	23/03/2015	12,475	NA	NA	41.7%	NA	NA
Shanghai Times Square Office	01/07/1997	70,053	63,472	10.4%	95.0%	96.2%	-1.2
Beijing Phoenix Plaza Office	01/12/2011	170,194	177,049	-3.9%	93.4%	92.0%	1.4
Beijing Qinghe Hi5 Office	25/02/2013	11,863	12,174	-2.6%	100.0%	100.0%	-
Others	N/A	178,194	178,015	0.1%	NA	NA	NA
Shenzhen Grand Hyatt Hotel	01/07/2010	226,512	261,897	-13.5%	74.0%	74.0%	-
Shimei Bay Le Meridien Hotel	01/11/2008	36,467	36,009	1.3%	37.4%	53.2%	-15.8
Shenyang Grand Hyatt Hotel	30/08/2013	109,005	109,269	-0.2%	72.8%	67.4%	5.4
Dalian Grand Hyatt Hotel	12/09/2014	80,876	60,465	33.8%	40.3%	36.6%	3.7
Total		**3,533,241**	**3,109,948**	**13.6%**	**NA**	**NA**	**NA**

Details of the Group's newly opened investment properties during 1H 2016 are listed below:

Property	City	Interest Attributable to the Group (%)	Total GFA (Sqm)	Attributable GFA (Sqm)
Wenzhou Mixc	Wenzhou	51.0%	250,019	127,509
Comprising: Commercial			155,893	79,505
Car Park			94,126	48,004

As of 30 June 2016, the Group's investment properties in operation achieved 5.16 million square meters in total GFA, while that under construction and planning reached 6.32 million square meters in total GFA, details are listed below:

	Investment Properties In Operation		Investment Properties Under Construction and Planning	
	Total GFA (Sqm)	Attributable GFA (Sqm)	Total GFA (Sqm)	Attributable GFA (Sqm)
Total GFA	**5,161,865**	**4,496,576**	**6,320,445**	**5,340,539**
Comprising: Commercial	3,094,389	2,640,872	4,388,010	3,697,364
Office	407,044	389,919	1,196,296	1,041,945
Hotel	225,709	199,052	618,896	502,314
Others	1,434,723	1,266,733	117,243	98,916

Investment properties, shopping mall in particular, are the Group's key business focus. 2016 to 2018 are the peak years for new openings of the Group's shopping malls. The Group will continue to enhance the construction and operation efficiency for sustainable growth in recurrent rental income, further strengthen the Group's unique double-engine competitive edge to improve profitability and investment return.

Land Bank

In 1H 2016, the Group acquired 15 quality land parcels of 4.98 million square meters in GFA with a total consideration of RMB26.93 billion. As of 30 June 2016, the total GFA of the Group's land bank amounted to 42.09 million square meters. Breakdown by region is set out below:

Region	Total GFA (Sqm)	Attributable GFA (Sqm)
Beijing	2,995,753	2,354,826
Shanghai	2,101,548	1,185,134
Shenzhen	10,308,400	7,400,720
Chengdu	7,552,355	6,994,192
Shenyang	3,446,538	3,202,907
Shandong	4,491,253	4,327,973
Jiangsu	5,881,682	4,986,927
Wuhan	3,314,550	2,787,296
Fujian	2,002,630	1,778,190
Total	**42,094,709**	**35,018,165**

Sufficient land bank further reinforced the foundation for the Group's sustainable growth in the future. As of 30 June 2016, the Group's geographic presence has been extended to 56 cities.

Going forward, while maintaining healthy financial position with an optimal capital structure, the Group will focus on core strategic cities and strictly follow its financial return criteria in replenishing quality land bank to match its development strategies and business model. The Group will diversify its access to land bank through joint ventures and other channels. 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

Benefiting from strong operating cash inflow and prudent financial management, the Group further strengthened its balance sheet in 1H 2016 and maintained relatively low debt ratios. As at 30 June 2016, the Group's total debt was HK$83.95 billion equivalent while its cash and bank balance amounted to HK$46.48 billion. The Group's net interest-bearing debt to equity ratio (including minority interests) was 27.9%, slightly higher than 23.0% as at the year end of 2015.

The Group continues to strengthen its financial management and optimize its debt profile. On 30 May 2016, the Group completed the issuance of RMB5.0 billion onshore MTN, of which RMB2.0 billion notes shall have a term of 3 years at a coupon rate of 3.2% per annum and RMB3.0 billion notes shall have a term of 5 years at a coupon rate of 3.6% per annum. The Group was the first overseas entity in real estate industry to issue MTN in the China debt market.

As of 30 June 2016, 65% of the Group's interest-bearing debt was denominated in RMB and 35% in HK$ and US$. Approximately 11.4% of the interest-bearing debt is repayable within one year while the rest is long term debt. The Group has maintained its borrowing cost at a relatively low level in the sector, with the weighted average cost of funding at 4.29% as at 30 June 2016.

In 1H 2016, the international credit rating agencies 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 2016, the Group had total loan facilities of RMB26.33 billion through asset pledge with pledge tenor ranging from 3 to 12 years, and the Group's total balance of asset-pledged loan was RMB15.54 billion (HK$18.18 billion).

The Group's residential and investment properties are all located in Mainland China. We estimate Renminbi exchange rate's two-way volatility may increase as Renminbi exchange mechanism becomes more market-oriented. The Group's foreign exchange risk is expected to be under control, and not to pose a material impact on the Group's financial position despite RMB's continuing moderate depreciation in 1H 2016. The Group will closely monitor its exchange risk exposure and will adjust its debt profile when necessary based on market changes.

Employee and Compensation Policy

As of 30 June 2016, the Group had 30,947 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 satisfaction of mortgaged loan by the purchasers, whichever is earlier. In the opinion of the Board, the fair value of the financial guarantee contracts is not significant.

Corporate Governance

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

Mr. Wu Xiangdong, an executive director of the Company, tendered his resignation as Chairman of the Company with effect from 9 November 2014. At the same time, Mr. Tang Yong, another executive director of the Company, was appointed as the Vice Chairman of the Company to lead the Board of the Company. Moreover, Mr. Tang Yong is responsible for managing the Company's daily operations at the same time. To maintain the operational continuity of the nomination committee, Mr. Wu remained as chairman of the nomination committee after his resignation as Chairman of the Company. During the period under review, the Vice Chairman has effectively presided over the daily operations and management of the Board after his appointment.

Save for the above arrangements, during the six months ended 30 June 2016, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company will review its Board and committees' structure in order to maintain the quality of the board and the business operations, and to identify suitable candidates for the presidency and the post of Chairman of the Nomination Committee as soon as possible.

In order to strengthen the geographical strategy and fully utilize the competitiveness of market position, human and other resources in tier 1 and other regional-hub cities, the Group restructured its business regions from nine to six in July 2016. The six new regions include Beijing, Shanghai, Shenzhen, Chengdu, Shenyang and Wuhan regions. The original Shandong region was merged into Beijing region, the original Jiangsu region was merged into Shanghai region, whilst the Shenzhen region is now inclusive of the original Fujian region.

The Group established a Co-President management structure. Mr. Zhang Dawei and Mr. Li Xin, previous Senior Vice Presidents of the Company, got promoted as Co-Presidents to assist Mr. Tang Yong, Vice Chairman in making business decisions and form the core management team.

The purposes of the re-organization are to further strengthen management efficiency, optimize resources allocation, to drive sustainable business growth and to ensure the strategic goals of the Company are achieved.

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.

Strategic Incentive Award Scheme

As an incentive to retain and encourage the employees for the continual operation and development of the Group, the Board of the Company resolved to adopt the Strategic Incentive Award Scheme (the "Strategic Scheme") on 30 May 2008 (the "Adoption Date"). The Strategic Scheme was subsequently amended on 8 December 2009. Unless sooner terminated by the Board of Directors, the Strategic Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years. According to the Strategic Scheme, shares up to 2.5% of the issued share capital of the Company as at the Adoption Date will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Scheme.

As of 30 June 2016, the Company had through Trustee purchased 87,629,259 shares, representing 2.1715% of the issued share capital of the Company as at the Adoption Date, from the market at an aggregate consideration of HK$1,179,681,515.17 (including transaction costs). During the six months ended 30 June 2016, an aggregate number of 6,615,852 shares of the Company have been allocated to the participants (including directors and employees of the Group) by the Company under such scheme, whilst 13,980,396 shares of the Company were vested during the period.

Purchase, Sale or Redemption of Listed Securities

Save as disclosed above under "Strategic Incentive Award Scheme", neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

Review by Audit Committee and Auditor

The interim results of the Group for the six months ended 30 June 2016 have been reviewed by Audit Committee of the Company 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 2016 had been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Interim Dividend

The Board has resolved to declare an interim dividend of HK9.2 cents per share for the six months ended 30 June 2016 (2015: HK8.7 cents) payable on or about 13 October 2016 to shareholders whose names appear on the Register of Members of the Company on 30 September 2016.

Closure of Register

The register of Members will be closed from 28 September 2016 (Wednesday) to 30 September 2016 (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 27 September 2016 (Tuesday).

Publication of Interim Report on the Website of the Stock Exchange

The Company's 2016 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, 26 August 2016

As at the date of this announcement, the executive Directors are Mr. Wu Xiangdong, Mr. Tang Yong (Vice Chairman) and Mr. Yu Jian; the non-executive Directors are Mr. Yan Biao, Mr. Du Wenmin, Mr. Ding Jiemin, Mr. Wei Bin, Mr. Chen Ying and Mr. Wang Yan; and the independent non-executive Directors are Mr. Wang Shi, Mr. Andrew Y. Yan, Mr. Ho Hin Ngai, Bosco, Mr. Wan Kam To, Peter and Mr. Ma Weihua.