



**CHINA MERCHANTS LAND'S 2018 CONTRACTED SALES REACHED RMB34.43 BILLION
ANNUAL PROFIT WAS APPROX. RMB2.206 BILLION
PARENT COMPANY'S ASSET INJECTION, FIRST BATCH OF ASSETS IN BEIJING AND
SHANGHAI**

China Merchants Land Limited ("China Merchants Land" or "the Company", stock code: 00978) and its subsidiaries (the "Group") announced an audited revenue of RMB11,955,899,000 for the year ended 31 December 2018 (the "Year") (2017: RMB17,310,562,000). Profit for the Year amounted to RMB2,205,512,000 (2017: RMB2,938,983,000). The decrease in revenue and profit for the Year as compared with those of last year was mainly due to the decrease in the total gross floor area completed and delivered during the Year. The profit attributable to the owners of the Company was RMB1,216,132,000 (2017: RMB1,638,124,000). The board of China Merchants Land recommended the payment of a final dividend of HK\$0.08 per share in respect of the year ended 31 December 2018 (2017: HK\$0.1 per share). Based on the closing share price as at 15 March, dividend yield reached 6 per cent.

During the Year, the Group's basic earnings per share were RMB24.79 cents (2017: RMB33.40 cents). The Group's gross profit margin was approximately 33 per cent (2017: 33 per cent), which was the same as last year.

Property development business: contract sales increased substantially, pre-sales amount doubled, future performance is promising; net gearing ratio is low, and development potential is sufficient; sales target for 2019 increased to RMB38 billion

During the Year, the Group together with its associates and joint ventures achieved aggregate contracted sales of RMB34,431,766,000 (2017: RMB24,156,757,000), representing an increase of approximately 43 per cent year-on-year. Aggregate contracted sales area was 1,741,931 sq m (2017: 1,382,636 sq m), representing a year-on-year increase of approximately 26 per cent. The average selling price was approximately RMB19,766 per sq m (2017: RMB17,472 per sq m), representing a year-on-year increase of approximately 13 per cent. The cash collection was 98 per cent for the Year. The Group's net gearing ratio was 50 per cent. Excluding shareholders' loan, net gearing ratio only accounts for 8 per cent. The ability of financing is strong and the development momentum is sufficient. Deposits received in respect of pre-sale of properties amounted to RMB14,886,338,000, up by 105 per cent as compared with that of 2017. The growth

for 2019 is positive with strong and sustainable saleable resources. The Group's sales target for 2019 is RMB38 billion.

Optimize the investment plan, intensively engages in developed cities and focus on Guangdong-Hong Kong-Macao Greater Bay Area, seize the opportunity to cooperate with the parent company to participate in the development of Shenzhen Qianhai & Shekou Free Trade Zone; increase investment, give priority to net population inflow provincial cities

As at 31 December 2018, the Group's portfolio of property development projects consisted of 29 projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an, with a primary focus on the development of residential properties, as well as residential and commercial complex properties; products types include apartments, villas, offices and retail shops etc. During the Year, projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an accounted for approximately 33 per cent, 12 per cent, 32 per cent, 22 per cent and 1 per cent respectively, of the total revenue of the Group.

Adhering to the business development principle of "continued dedication to innovative development", China Merchants Land has been focusing on the development of property projects in existing core premium cities across the Guangdong-Hong Kong-Macao Greater Bay Area. At present, it has invested in Guangzhou, Foshan and Hong Kong, and actively promotes the development opportunities with the parent company to participate in the Shenzhen Qianhai & Shekou Free Trade Zone. As at 31 December 2018, the Group's saleable gross floor area of the projects which had not been sold or pre-sold was approximately 5,867,015 sq m. Approximately 1,759,000 sq m was in Greater Bay Area (i.e. Guangzhou and Foshan), accounting for close to 30 per cent of the total land bank. Increase resources, on the basis of intensively develop existing cities; priority is given to cities such as provincial cities with a net inflow of population.

Implementing strategic transformation, parent company's asset injection, the first batch of assets in Beijing and Shanghai, the assets under management exceeded RMB5 billion; the asset management business has covered the first-tier cities in Hong Kong, Beijing and Shanghai.

Basing on the judgment of the market environment and demand, the Group has continued to push ahead with strategic transformation in the past two years. During the Year, the Group and its controlling shareholder, China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK"), signed the revised and restated non-competition deed, which was approved unanimously by independent shareholders at the shareholders' meeting held on 29 January 2019.

As an important step for the kick-off of "asset-light" asset management business, China Merchants Land announced the entering into (1) an agreement in relation to acquisition of a real estate fund and (2) an purchase agreement of an asset management company with CMSK, strategically

deploying asset-light management business, entering the Beijing and Shanghai markets with the combination of assets and finance. According to the agreements, CMSK will transfer, through its wholly-owned subsidiary, 20 per cent of the interests in a partnership which holds three properties to China Merchants Land. Moreover, CMSK intends to transfer to China Merchants Land 51 per cent equity interest of the management company providing asset management services to the above properties. The fund holds a mixed development project situated at Chaoyang District, Beijing, China (Beijing Merchants Tower), a mixed development project situated at Pudong District, Shanghai, China (Shanghai Merchants Tower) and a mixed development project situated at Jingan District, Shanghai, China (Shanghai Merchants Plaza).

Through the aforesaid acquisitions, the Group will commence the exclusive asset management business for office premises in Beijing and Shanghai and, upon the completion of the acquisitions, will further conduct asset management business in Shenzhen and other cities in China on an exclusive basis, thereby gradually increasing the proportion of asset-light business.

The Company also intends to further expand its service apartment business in Hong Kong. Apart from the CM+ Service Apartment in Sheung Wan, Hong Kong, the Company will proactively identify opportunities for the management of suitable service apartment projects owned by third parties and CMSK, so as to consolidate the “CM+” brand. In addition, China Merchants Land is entitled to participate in property-related investments on a minority basis (shareholding of not more than 30 per cent) across China. The Group will actively layout in the top-tier markets of Guangdong-Hong Kong-Macao Greater Bay Area, Beijing and Shanghai.

Looking into 2019, it is expected that the property market policies will continue to emphasize stability, in order to establish long-term mechanism for the healthy development of the market. The positioning of “houses are for living in, not for speculation” remains unchanged, and municipal governments will assume primary responsibility and execute policies according to local conditions. The Group will continue to adhere to the principle of “continued dedication to innovative development” in developing its business, and on the back of the abundant resources of China Merchants Group and CMSK, the Group will fully leverage its competitive edge as the overseas listed platform, to facilitate diversified business development after corporate transformation as well as to actively explore the asset management market and identify market investment opportunities.

About China Merchants Land Limited

China Merchants Land is a holding company with comprehensive capabilities of property development, operation and management. Its property portfolio spans across Guangzhou, Foshan, Nanjing, Chongqing and Xi'an. China Merchants Shekou Industrial Zone Holdings Co., Ltd. indirectly owns a 74.35 per cent equity interest in the Company.

Press Release

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(Attached with China Merchants Land's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018)

China Merchants Land Limited (Stock Code: 00978)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	For the year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Revenue	11,955,899	17,310,562
Cost of sales	<u>(7,967,879)</u>	<u>(11,604,104)</u>
Gross profit	3,988,020	5,706,458
Other income	289,246	198,341
Net foreign exchange (losses) gains	(143,582)	198,625
Selling and marketing expenses	(348,037)	(323,972)
Administrative expenses	(162,740)	(140,611)
Fair value loss on derivative financial instruments	(27,696)	(13,983)
Fair value loss of financial asset at fair value through profit or loss	(2,039)	-
Share of profits of associates	326,002	137,379
Share of profits of joint ventures	386,509	1,139
Gain on deemed disposal of joint ventures	-	1,031
Gain on disposal of subsidiaries	1,818	-
Finance costs	<u>(511,180)</u>	<u>(462,929)</u>
Profit before tax	3,796,321	5,301,478
Income tax expense	<u>(1,590,809)</u>	<u>(2,362,495)</u>
Profit for the year	<u>2,205,512</u>	<u>2,938,983</u>
Other comprehensive income (expense), net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign statements of foreign operations	<u>10,342</u>	<u>(24,365)</u>
Total comprehensive income for the year	<u>2,215,854</u>	<u>2,914,618</u>
Profit for the year attributable to:		
Owners of the Company	1,216,132	1,638,124
Non-controlling interests	<u>989,380</u>	<u>1,300,859</u>
	<u>2,205,512</u>	<u>2,938,983</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,226,474	1,613,759
Non-controlling interests	<u>989,380</u>	<u>1,300,859</u>
	<u>2,215,854</u>	<u>2,914,618</u>
Earnings per share		
Basic (RMB cents)	<u>24.79</u>	<u>33.40</u>
Diluted (RMB cents)	<u>24.74</u>	<u>30.61</u>