



CHINA MERCHANTS LAND'S 2020 H1 CONTRACTED SALES ROSE BY 24% TO RMB19,680 MILLION, WITH SOLID FINANCIAL POSITION AND ORDERLY IMPLEMENTATION OF ASSET-LIGHT OPERATION

19 August 2020 - China Merchants Land Limited ("China Merchants Land" or the "Company", stock code: 00978) and its subsidiaries (the "Group") announced the interim results for the six months ended 30 June 2020 (the "Period"). In the first half of the year, facing the outbreak of COVID-19 and a complex and volatile domestic and international environment, the Group strove to overcome the challenges of the aforesaid market conditions. During the Period, the Group recorded a turnover of RMB2,980,635,000 (2019 corresponding period: RMB2,904,538,000), representing an increase of approximately 3 per cent as compared to the corresponding period of last year. Such increase was attributable to the increase in the total gross floor area ("GFA") completed and delivered. During the Period, the Group, together with its associated companies and joint ventures, achieved an aggregate contracted sales amount of RMB19,677,670,000, representing an increase of 24 per cent year-on-year. Aggregate contracted sales area was 1,115,000 sq m, up by 20 per cent year-on-year. The average selling price was approximately RMB17,638 per sq m, representing an increase of 2.9 per cent year-on-year. Contract liabilities, which reflects advance in receipts, amounted to RMB22,011,966,000, representing an increase of 54 per cent compared with the year-end of 2019.

During the Period, the Group recorded a profit of RMB167,658,000 (2019 corresponding period: RMB528,223,000), representing a decrease of approximately 69 per cent year-on-year. The profit attributable to the owners of the Company was RMB82,861,000 (2019 corresponding period: RMB491,215,000), representing a decrease of approximately 83 per cent year-on-year. The decrease in the profit attributable to the owners of the Company was due to the significant decrease in the income from associates and joint ventures carried forward during the Period; a year-on-year increase in the interest expense due to the year-on-year increase of the average balances of borrowings of the Group and the projects of joint ventures accounting for a higher percentage in the projects carried forward during the Period and hence a decrease in the net profit attributable to the Company. During the Period, the Group's gross profit amounted to RMB875,503,000, with a gross profit margin of 29 per cent. The basic earnings per share were RMB1.69 cents (2019 corresponding period: RMB10.01 cents). The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

The Group's financial position remained sound, with strong financing capacity and net gearing ratio controlled at the industry average level. As at 30 June 2020, the Group's net gearing ratio (i.e.

total interest-bearing debt minus bank balances and cash to equity ratio (including non-controlling interests) was 43 per cent (31 December 2019: 45 per cent). The Group continued to optimize its debt structure, which was better than the industry's. In addition, the Group had a lower proportion of foreign liabilities which allowed it to effectively manage foreign exchange risk.

As at 30 June 2020, the Group's portfolio of property development projects consisted of 36 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 and types of products included apartments, villas, offices and retail shops etc. During the Period, projects in Foshan, Guangzhou, Chongqing, Nanjing, Xi'an and Hong Kong accounted for approximately 29 per cent, 20 per cent, 42 per cent, 7 per cent, 1 per cent and 1 per cent respectively of the total revenue of the Group. The saleable GFA of the properties comprising the projects which had not been sold or pre-sold as at 30 June 2020 was 5,835,670 sq m. In terms of newly acquired resources, the total permissible area of the newly acquired land parcels controlled by the Group in Xi'an and Chongqing amounted to 437,163 sq m. In addition, the Group's first development project through minority-investment in Wenzhou, Zhejiang also achieved nice sales results.

During the Period, the Group's asset-light business transformation was being implemented as planned. The re-amended and restated non-competition deed amendments entered into between China Merchants Land and its controlling shareholder, China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK") was approved by shareholders last year; at the same time, the Company strategically carried out asset-light management business including entering the Beijing and Shanghai markets through industry-finance integration, for the management of three mid to high-end commercial buildings namely Beijing Merchants Tower in Chaoyang District, Beijing, Shanghai Merchants Tower in Pudong District, Shanghai and Shanghai Merchants Plaza in Jing'an District, Shanghai. In addition to managing private equity value-added real estate fund, the Group had also made significant progress in managing real estate investment trust. Upon the listing of China Merchants Commercial Real Estate Investment Trust ("CMC REIT") on The Stock Exchange of Hong Kong Limited on 10 December 2019, the Group commenced income-generating REIT management business through China Merchants Land Asset Management Co., Limited (a wholly-owned subsidiary of the Group and the REIT manager of the CMC REIT). During the Period, the rental income from investment properties and asset management service amounted to RMB133,912,000 and RMB9,103,000 respectively.

Affected by social incidents in Hong Kong and the outbreak of COVID-19, the number of visitors to Hong Kong during the Period plummeted year-on-year. The Group's self-operated CM+ Hotels and Serviced Apartments in Sheung Wan were also affected. However, where there are risks, there are also opportunities. In addition to further optimizing the operation of its serviced

apartments in Hong Kong, the Group will actively identify investment opportunities in Hong Kong to fully exploit the CM+ brand effect.

Looking ahead, on the macroeconomic side, if the outbreak in the Mainland is effectively controlled, the Group expects the economy will gradually recover in the second half of the year. For the real estate market, it will benefit from a stable and relatively loose financial environment; a decrease in financing costs for real estate enterprises and decline in the cost of homeownership will be conducive to market recovery. It is expected that the real estate market will continue to recover in the short to medium term, and the commodity housing sales area for the whole year is expected to decrease slightly year-on-year. In addition, the gradual rally of the land market in China shows that the market continues to be optimistic about the sales prospects of cities in popular areas in the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Greater Bay Area and other relatively populated core cities in Central region. The Group will continue to adhere to the business development principle of “continued capability and services improvement, and innovative development”. The Group will take advantage of the abundant inventory resources of China Merchants Group and CMSK and actively explore market investment opportunities.

About China Merchants Land Limited

China Merchants Land is a Hong Kong listed company with comprehensive capabilities in property development and asset management. The asset management platform that the Company is actively building is a whole industry chain property business platform encompassing industrial and financial capability for value added real estate fund and REITs’ investment properties. The Group’s property development, value added real estate fund investment management, and asset management businesses span across Hong Kong as well as first and second-tier major cities in China. Its controlling shareholder China Merchants Shekou Industrial Zone Holdings Co., Ltd. indirectly owns a 74.35 per cent equity interest in the Company.

(Attached with China Merchants Land’s condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020)

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China Merchants Land Limited (Stock Code: 00978)
Condensed Consolidated Statement of Profit or Loss
and Other Comprehensive Income For the Six Months Ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	2,980,635	2,904,538
Cost of sales	<u>(2,105,132)</u>	<u>(1,954,854)</u>
Gross profit	875,503	949,684
Other income	115,235	107,640
Net foreign exchange (losses) gains	(1,140)	49,308
Selling and marketing expenses	(157,085)	(96,116)
Administrative expenses	(93,522)	(131,604)
Gain on disposal of a subsidiary	–	204
Share of profits of associates	27,317	302,110
Share of losses of joint ventures	(1,752)	(17,630)
Finance costs	<u>(293,904)</u>	<u>(217,010)</u>
Profit before tax	470,652	946,586
Income tax expense	<u>(302,994)</u>	<u>(418,363)</u>
Profit for the period	<u>167,658</u>	<u>528,223</u>
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	<u>9,650</u>	<u>1,914</u>
Total comprehensive income for the period	<u>177,308</u>	<u>530,137</u>
Profit for the period attributable to :		
Owners of the Company	82,861	491,215
Non-controlling interests	<u>84,797</u>	<u>37,008</u>
	<u>167,658</u>	<u>528,223</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	92,511	493,129
Non-controlling interests	<u>84,797</u>	<u>37,008</u>
	<u>177,308</u>	<u>530,137</u>
Earnings per share		
Basic (RMB cents)	<u>1.69</u>	<u>10.01</u>
Diluted (RMB cents)	<u>N/A</u>	<u>N/A</u>