



CHINA MERCHANTS LAND'S 2019 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ROSE 48% TO RMB1.79 BILLION REFORM AND TRANSFORMATION CONTINUE EXPANDING INTO REIT MANAGEMENT BUSINESS

27 March 2020 -- China Merchants Land Limited (“China Merchants Land” or “the Company”, stock code: 978.HK) and its subsidiaries (the “Group”) announced an audited revenue of RMB19,453,295,000 (2018: RMB11,955,899,000) for the year ended 31 December 2019 (the “Year”), representing a year-on-year increase of approximately 63 per cent. Profit for the Year amounted to RMB2,699,736,000 (2018: RMB2,205,512,000), representing a year-on-year increase of approximately 22 per cent. The profit attributable to the owners of the Company was RMB1,794,470,000 (2018: RMB1,216,132,000), representing a year-on-year increase of approximately 48 per cent. The board of China Merchants Land recommended the payment of a final dividend of HK\$0.14 per share in respect of the year ended 31 December 2019 (2018: HK\$0.1 per share).

During the Year, the Group’s basic earnings per share were RMB36.58 cents (2018: RMB24.79 cents). The Group’s gross profit margin was approximately 33 per cent (2018: 33 per cent), which was the same as last year.

During the Year, the Group, together with its associates and joint ventures, achieved an aggregate contracted sales of RMB37,633,312,000 (2018: RMB34,431,766,000), representing a year-on-year increase of approximately 9 per cent. Aggregate contracted sales area was 2,116,012 sq m. (2018: 1,741,931 sq m), representing a year-on-year increase of approximately 21 per cent. The average selling price was approximately RMB17,785 per sq m (2018: RMB19,766 per sq m).

As at 31 December 2019, the Group’s portfolio of property development projects consisted of 33 projects in Guangzhou, Foshan, Chongqing, Xi’an, Nanjing and Jurong, with a primary focus on the development of residential properties, as well as residential and commercial complex properties; types of products include apartments, villas, offices and retail shops, etc. In 2019, projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi’an accounted for approximately 18 per cent, 25 per cent, 18 per cent, 28 per cent, and 11 per cent, respectively, of the total revenue of the Group.

Adhering to the business development principle of “continued capability and services improvement, and 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, by leveraging on the abundant inventory resources of China Merchants Group Limited and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (“CMSK”). The saleable gross floor area of properties which had not been sold or presold as at 31 December 2019 was 5,954,429 sq m. With respect to intensive development of existing cities, priority is given to cities such as provincial capital cities that have a net inflow of population.

Basing on the judgment of the market environment and demand, the Group completed the re-amended and restated non-competition deed (the “Non-competition Deed”) entered with CMSK during the Year. Pursuant to the Non-competition Deed, China Merchants Land will be able to carry out REIT management business in all cities across China. REITs are distinctive products regulated by the Hong Kong regulatory bodies and are well recognized by global investors. The REIT management business presents a unique opportunity for China Merchants Land to become a leading REIT management service provider.

The Group will implement its business plans effectively, by leveraging CMSK’s competitive edge in capital resources to expedite planning for its new businesses, so that the Group could effectively grasp market opportunities arising from the shift from creation of new markets to intensive development of existing markets, as well as make flexible response to market changes.

Looking into 2020, under the influence of risks arising from various factors such as the novel coronavirus outbreak, political and economy conditions, the global economy is expected to slow down in the first half of the year, but may bottom-out in the second half of the year. The growth rate for the year may slightly decline when comparing to that of 2019. The global economy is characterised by its high level of financialisation, high liquidity, low growth rate, low inflation rate and huge bubble. These coupled with the uncertainty on whether the trade tariff between the U.S. and the PRC will be cancelled or increased will expose China’s economy to more risks and challenges; however, in general, it will take a “cautious” outlook.

For the real estate industry in the PRC, as the overarching themes of “houses are for living not for speculation” and “carrying out city-specific policies” in the past years will continue to be followed, it is expected that, in 2020, the top priority of the Ministry of Housing and Urban-Rural Development of the PRC is to stabilise land prices, housing prices and market expectations, improve housing security system across cities and towns, and step up efforts in addressing the housing problems of poor families in urban areas; plan and develop leased residential properties to solve the housing problems of new citizens; and enhance the quality of cities and living environment to build

“beautiful cities” and serve cities as “living organism”, thereby facilitating quality development of cities. 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 the asset management market and grasp 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 tiers 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.

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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 2019)

China Merchants Land Limited (Stock Code: 978.HK)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	2019	2018
	RMB'000	RMB'000
Revenue	19,453,295	11,955,899
Cost of sales	<u>(13,123,667)</u>	<u>(7,967,879)</u>
Gross profit	6,329,628	3,988,020
Other income	370,897	289,246
Net foreign exchange gains (losses)	44,482	(143,582)
Selling and marketing expenses	(507,007)	(348,037)
Administrative expenses	(247,011)	(162,740)
Fair value losses on derivative financial instruments	–	(27,696)
Fair value gain (loss) on financial asset at fair value through profit or loss (“FVTPL”)	3,031	(2,039)
Gain on disposal of a joint venture	18,013	–
Gain on disposal of subsidiaries	204	1,818
Share of profits of associates	433,017	326,002
Share of profits of joint ventures	40,423	386,509
Finance costs	<u>(733,006)</u>	<u>(511,180)</u>
Profit before tax	5,752,671	3,796,321
Income tax expense	<u>(3,052,935)</u>	<u>(1,590,809)</u>
Profit for the year	<u>2,699,736</u>	<u>2,205,512</u>
Other comprehensive income, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	<u>14,190</u>	<u>10,342</u>
Total comprehensive income for the year	<u>2,713,926</u>	<u>2,215,854</u>
Profit for the year attributable to:		
Owners of the Company	1,794,470	1,216,132
Non-controlling interests	<u>905,266</u>	<u>989,380</u>
	<u>2,699,736</u>	<u>2,205,512</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,808,660	1,226,474
Non-controlling interests	<u>905,266</u>	<u>989,380</u>
	<u>2,713,926</u>	<u>2,215,854</u>
Earnings per share		
Basic (RMB cents)	<u>36.58</u>	<u>24.79</u>
Diluted (RMB cents)	<u>N/A</u>	<u>24.74</u>