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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of China Merchants Land Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue	3	19,453,295	11,955,899
Cost of sales		(13,123,667)	(7,967,879)
Gross profit		6,329,628	3,988,020
Other income	5	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	6	(733,006)	(511,180)

		2019	2018
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	8	5,752,671	3,796,321
Income tax expense	7	<u>(3,052,935)</u>	<u>(1,590,809)</u>
Profit for the year		2,699,736	2,205,512
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>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	<i>10</i>		
Basic		36.58	24.79
Diluted		<u>N/A</u>	<u>24.74</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	At 31 December	
	2019	2018
NOTES	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	289,943	222,947
Right-of-use assets	32,275	–
Investment properties	4,065,318	2,571,070
Goodwill	160,210	160,210
Interests in associates	2,232,629	711,547
Interests in joint ventures	3,528,493	3,761,580
Financial asset at FVTPL	104,492	16,711
Other receivables	3,200,762	5,608,301
Deferred tax assets	1,022,890	741,121
	<u>14,637,012</u>	<u>13,793,487</u>
CURRENT ASSETS		
Properties for sale	47,057,932	41,163,479
Deposits paid for acquisitions of land use rights	–	290,228
Trade and other receivables	11 17,191,986	8,425,494
Contract costs	72,942	75,625
Prepaid income tax	504,240	656,091
Bank balances and cash	8,957,799	6,866,261
	<u>73,784,899</u>	<u>57,477,178</u>
CURRENT LIABILITIES		
Contract liabilities	14,288,848	14,886,338
Trade and other payables	12 18,338,632	11,015,791
Lease liabilities	22,521	–
Loans from non-controlling interests	736,546	1,408,924
Loans from an intermediate holding company	3,098,298	3,287,611
Bank borrowings	1,289,292	1,095,980
Income tax payable	4,350,852	2,743,268
	<u>42,124,989</u>	<u>34,437,912</u>
NET CURRENT ASSETS	<u>31,659,910</u>	<u>23,039,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>46,296,922</u>	<u>36,832,753</u>

	At 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Loans from non-controlling interests	3,262,640	4,936,731
Loan from an intermediate holding company	200,000	200,000
Bank borrowings	11,474,256	5,818,890
Bond payable	1,900,000	1,900,000
Lease liabilities	254,813	–
Deferred tax liabilities	375,646	180,104
	<u>17,467,355</u>	<u>13,035,725</u>
NET ASSETS	<u>28,829,567</u>	<u>23,797,028</u>
CAPITAL AND RESERVES		
Share capital	39,132	39,132
Reserves	9,466,609	8,078,761
	<u>9,505,741</u>	<u>8,117,893</u>
Equity attributable to owners of the Company	9,505,741	8,117,893
Non-controlling interests	19,323,826	15,679,135
	<u>28,829,567</u>	<u>23,797,028</u>
TOTAL EQUITY	<u>28,829,567</u>	<u>23,797,028</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

China Merchants Land Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) is incorporated in the Cayman Islands as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are investment holding, properties development and assets management.

The Company’s immediate holding company is Success Well Investments Limited (“Success Well”), a limited liability company incorporated in the British Virgin Islands. One of its intermediate holding company is China Merchants Shekou Industrial Zone Holding Co., Ltd. (“China Merchants Shekou”) which is established in the People’s Republic of China (the “PRC”) and listed on the Shenzhen Stock Exchange Limited. The ultimate holding company of the Company is China Merchants Group Limited (“CMG”). CMG is a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council and is owned and controlled by the PRC government.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” and the related interpretations.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 January 2019 RMB'000
Non-current assets			
Right-of-use assets	–	46,246	46,246
Investment properties	2,571,070	212,502	2,783,572
Interests in joint ventures	3,761,580	(2,684)	3,758,896
Deferred tax assets	741,121	9,573	750,694
Current liability			
Lease liabilities	–	21,632	21,632
Non-current liability			
Lease liabilities	–	275,411	275,411
Equity attributable to shareholders of the Company			
	8,117,893	(15,868)	8,102,025
Non-controlling interests	15,679,135	(15,538)	15,663,597

Details of the adjustments and changes in accounting policies will be set out in the annual report.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2019 RMB'000	2018 RMB'000
<i>By types of goods or services</i>		
Sales of properties for sale	19,143,720	11,768,295
Properties operation income	36,257	33,691
Asset management services income	1,361	–
Rental income from investment properties	271,957	153,913
	<u>19,453,295</u>	<u>11,955,899</u>

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments”, which requires operating segments to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision makers (“CODM”) in order to allocate resources to segments and to assess their performance. The CODM is the Company’s executive directors.

For the management purpose, the Group was organised into the following two operating and reportable segments: (i) Development and sales of properties and property leasing (“**Properties Segment**”); and (ii) Sales of electronic and electrical related products and building related materials and equipment (“**Trading Segment**”) for the year ended 31 December 2018. Each of which was considered as a separate operating segment by the CODM.

During the year ended 31 December 2019, the Group commenced the business engaging in asset management along with the listing of China Merchants Commercial Real Estate Investment Trust, an associate of China Merchants Shekou, and asset management for office premises and shopping malls (“**Asset Management Segment**”) is considered as a new operating and reporting segment by the CODM. No prior year segment disclosures have been represented to conform with the current year’s presentation.

Moreover, Trading Segment was discontinued in the current year. No impact to the consolidated financial statements was noted for both years ended 31 December 2019 and 2018. The amounts for these discontinued operations are nil thus the segment information reported below and notes to the consolidated financial statements do not include any amounts for these discontinued operations.

Segment revenue and results

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

	Asset Management Segment RMB’000	Properties Segment RMB’000	Consolidated RMB’000
For the year ended 31 December 2019			
Segment revenue			
– external customers	<u>1,361</u>	<u>19,451,934</u>	<u>19,453,295</u>
Segment results	<u>589</u>	<u>6,374,952</u>	6,375,541
Unallocated net foreign exchange gains			68,980
Unallocated income			3,835
Unallocated expenses			(62,143)
Unallocated finance costs			<u>(633,542)</u>
Profit before tax			<u>5,752,671</u>

	Trading Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the year ended 31 December 2018			
Segment revenue			
– external customers	<u>–</u>	<u>11,955,899</u>	<u>11,955,899</u>
Segment results	<u>–</u>	<u>4,372,678</u>	4,372,678
Unallocated net foreign exchange losses			(143,575)
Unallocated income			6,177
Fair value losses on derivative financial instruments			(27,696)
Unallocated expenses			(35,114)
Unallocated finance costs			<u>(376,149)</u>
Profit before tax			<u>3,796,321</u>

There was no inter-segment sales during both years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of unallocated corporate costs, fair value loss on derivative financial instruments, net of certain finance costs, certain interest income and certain net foreign exchange gains/losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	Asset Management Segment RMB'000	Properties Segment RMB'000	Consolidated RMB'000
At 31 December 2019			
Segment assets	<u>12,091</u>	<u>86,540,096</u>	86,552,187
Goodwill			160,210
Other unallocated assets			<u>1,709,514</u>
Total assets			<u>88,421,911</u>
Segment liabilities	<u>1,320</u>	<u>43,971,881</u>	43,973,201
Other unallocated liabilities			<u>15,619,143</u>
Total liabilities			<u>59,592,344</u>
	Trading Segment RMB'000	Properties Segment RMB'000	Consolidated RMB'000
At 31 December 2018			
Segment assets	<u>–</u>	<u>70,415,255</u>	70,415,255
Goodwill			160,210
Other unallocated assets			<u>695,200</u>
Total assets			<u>71,270,665</u>
Segment liabilities	<u>–</u>	<u>35,516,531</u>	35,516,531
Other unallocated liabilities			<u>11,957,106</u>
Total liabilities			<u>47,473,637</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets, other than goodwill and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than bonds payable, loans from an intermediate holding company of the investment holding companies and bank borrowings of the investment holding companies, are allocated to reportable and operating segments.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets.

	Asset Management Segment RMB'000	Properties Segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2019			
Addition to non-current assets (<i>Note</i>)	12	1,926,512	1,926,524
Interest income	–	345,509	345,509
Depreciation of property, plant and equipment	–	21,934	21,934
Depreciation of investment properties	–	160,187	160,187
Depreciation of right-of-use assets	–	17,095	17,095
Impairment losses on properties for sale	–	358,710	358,710
	<u>–</u>	<u>358,710</u>	<u>358,710</u>
	Trading Segment RMB'000	Properties Segment RMB'000	Consolidated RMB'000

For the year ended 31 December 2018

Addition to non-current assets (<i>Note</i>)	–	2,139,752	2,139,752
Interest income	–	272,277	272,277
Depreciation of property, plant and equipment	–	17,249	17,249
Depreciation of investment properties	–	47,381	47,381
Impairment losses on properties for sale	–	419,650	419,650
	<u>–</u>	<u>419,650</u>	<u>419,650</u>

Note: Non-current assets exclude deferred tax assets and financial asset at FVTPL.

The Group's revenue from external customers is derived from the PRC, including Hong Kong. No single customer of the Group contributed 10% or more to the Group's revenue for both years.

Substantially all of the Group's non-current assets, excluding deferred tax assets and financial asset at FVTPL are located in the PRC.

Geographical information

The Group's Properties Segment and Asset Management Segment are located in Foshan, Guangzhou, Nanjing and Jurong, Chongqing, Xi'an and Hong Kong.

Information about the revenue from external customers of Properties Segment and Asset Management Segment are presented based on the location of the operations. Assets of Properties Segment and Asset Management Segment are presented based on the location of the assets.

	Revenue from external customers		Segment assets	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Foshan	3,449,775	3,928,201	15,548,423	15,210,485
Guangzhou	4,896,172	1,359,500	10,433,847	7,870,838
Nanjing and Jurong	5,441,516	2,579,408	30,782,681	24,564,880
Chongqing	3,440,677	3,880,841	22,101,689	18,674,530
Xi'an	2,164,456	178,720	3,777,265	2,237,141
Hong Kong	60,699	29,229	3,908,282	1,857,381
	<u>19,453,295</u>	<u>11,955,899</u>	<u>86,552,187</u>	<u>70,415,255</u>

5. OTHER INCOME

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Bank interest income	72,305	39,543
Interest income from associates	39,414	30,205
Interest income from joint ventures	225,696	95,829
Interest income from third parties (<i>Note</i>)	–	85,593
Others	33,482	38,076
	<u>370,897</u>	<u>289,246</u>

Note: During the year ended 31 December 2018, the amount represented interest income of RMB85,593,000 which arose from advances to independent third parties for acquisitions of equity interests in their subsidiaries. These advances were unsecured and interest bearing ranging from 8% to 10% per annum. The acquisitions have subsequently been cancelled and the advances have been repaid from the third parties in the same year.

6. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on:		
– bank borrowings	611,084	280,511
– lease liabilities	13,919	–
– loans from an intermediate holding company	204,379	157,861
– loans from non-controlling interests	209,560	250,436
– bonds	97,961	170,764
– convertible bonds	–	67,326
	<u>1,136,903</u>	<u>926,898</u>
Total borrowing costs	1,136,903	926,898
Less: Amounts capitalised in the cost of qualifying assets	<u>(403,897)</u>	<u>(415,718)</u>
	<u>733,006</u>	<u>511,180</u>

Borrowing costs capitalised to properties under development for sale were determined by the contracted interest rates of respective borrowings.

7. INCOME TAX EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
The income tax expenses (credits) comprise of:		
Hong Kong Profits Tax	129	–
PRC Enterprise Income Tax (“EIT”)		
– Current year	1,628,795	1,001,774
– Underprovision in prior year	15,209	11
Land appreciation tax (“LAT”)	<u>1,600,752</u>	<u>733,504</u>
	3,244,885	1,735,289
Deferred tax	<u>(191,950)</u>	<u>(144,480)</u>
	<u>3,052,935</u>	<u>1,590,809</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory EIT rate of the subsidiaries incorporated in the PRC is 25%. Further, 5% or 10% withholding income tax is generally imposed on dividends relating to profits earned by the PRC entities that are owned by non-PRC entities within the Group.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less estimated deductible expenditures including cost of land use right, borrowing costs and all relevant property development expenditures.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2019.

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits in Hong Kong for the year ended 31 December 2018.

8. PROFIT BEFORE TAX

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' remuneration):		
Salaries and other allowances	399,824	341,402
Pension scheme contributions	30,416	26,538
	<hr/>	<hr/>
Total staff costs	430,240	367,940
Less: Amounts capitalised to properties under development and for sale	(256,628)	(208,797)
	<hr/>	<hr/>
	173,612	159,143
	<hr/>	<hr/>
Gross rental income from investment properties	(271,957)	(153,913)
Less: Direct operating expenses incurred	345,267	204,540
	<hr/>	<hr/>
	73,310	50,627
	<hr/>	<hr/>
Cost of properties for sale recognised as expenses	12,777,650	7,763,339
Depreciation of investment properties	160,187	47,381
Depreciation of right-of-use assets	17,095	–
Depreciation of property, plant and equipment	21,934	17,249
Auditor's remuneration	4,062	3,783
Impairment losses on properties for sale	358,710	419,650
(Gain) loss on disposal of property, plant and equipment	(4)	9
	<hr/>	<hr/>

9. DIVIDENDS

During the year ended 31 December 2019, a final dividend of Hong Kong dollars (“HK\$”) HK\$0.08 per ordinary share in respect of the year ended 31 December 2018 (2018: HK\$0.1 per ordinary share in respect of the year ended 31 December 2017) was declared and paid to the shareholders of the Company. The aggregate amount of final dividend paid from share premium of the Company during the year amounted to approximately RMB345,208,000 (2018: RMB401,004,000).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HK\$0.14 (equivalent to approximately RMB0.13) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming general meeting.

10. 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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share, being profit for the year attributable to owners of the Company	1,794,470	1,216,132
Effect of dilutive potential ordinary shares:		
– Fair value changes on convertible bonds	–	27,696
– Interest on convertible bonds	–	67,326
Earnings for the purpose of diluted earnings per share	<u>1,794,470</u>	<u>1,311,154</u>
	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,905,257,860	4,905,257,860
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>N/A</u>	<u>393,696,134</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>N/A</u>	<u>5,298,953,994</u>
Basic earnings per share (RMB cents)	<u>36.58</u>	<u>24.79</u>
Diluted earnings per share (RMB cents)	<u>N/A</u>	<u>24.74</u>

11. TRADE RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	<u>19,814</u>	<u>2,386</u>

The Group's credit terms with its trade customers are generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 60 days from the date of agreement.

The ageing analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
0 – 180 days	10,871	1,678
181 – 365 days	8,180	5
Over 1 year	763	703
	<u>19,814</u>	<u>2,386</u>

12. TRADE PAYABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables	<u>7,981,782</u>	<u>4,294,917</u>

Trade payables arise from Properties Segment comprise construction costs and other project-related expenses which are payable based on project progress and the average credit period of these trade payables is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aging analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
0 to 60 days	4,138,742	1,434,640
61 to 180 days	1,929,141	319,582
181 to 365 days	1,138,470	1,546,752
Over 365 days	775,429	993,943
	<u>7,981,782</u>	<u>4,294,917</u>

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.14 (equivalent to approximately RMB0.13) per share in respect of the year ended 31 December 2019, representing a total payment of approximately HK\$686,736,000 (equivalent to approximately RMB624,930,000). The proposed final dividend is subject to the approval of the relevant resolution at the forthcoming annual general meeting of the Company to be held, the final dividend is expected to be paid on or about 30 June 2020 to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2019, the global economic growth was the weakest since the global financial crisis ten years ago, reflecting the common factors affecting various countries and country-specific factors. During the year, the addition of trade barriers and relevant uncertainties adversely affected global business confidence and economic activities. In some economies including China, existing periodic and structural slowdown was intensified by such uncertainties. In terms of the growth rate of other economies worldwide during the year, China was still ranked among the highest. The gross domestic product (GDP) of China in 2019 was RMB99.0865 trillion, representing an increase of 6.1% as compared with that of last year, with the GDP per capita passing the threshold of US\$10,000 and reaching US\$10,276 at the average exchange rate of the year.

For the real estate industry in China, being one of the pillars of domestic economic growth, the National Real Estate Climate Index in 2019 remained at moderate level, and the industry maintained a generally high growth rate. In 2019, investment in real estate development in the PRC was RMB13.2194 trillion, representing an increase of 9.9% as compared with that of last year, and a growth of 0.4 percentage point compared to last year. Among which, investment in residential buildings was RMB9,707.1 billion, representing an increase of 13.9%, and a growth of 0.5 percentage point compared to last year.

In 2019, the area of commercial houses sold was 1,715.58 million sq.m., representing a decrease of 0.1% as compared with that of last year, where the growth from January to November was 0.2%, compared to the growth of 1.3% last year. Among which, the area of residential properties sold increased by 1.5%, the area of office buildings sold decreased by 14.7%, and the area of commercial business properties sold decreased by 15.0%. The sales of commercial houses was RMB15,972.5 billion, representing an increase of 6.5%, where the growth rate down by 0.8 percentage point from January to November, and down by 5.7 percentage point from last year. Among which, the sales of residential properties increased by 10.3%, the sales of office buildings decreased by 15.1%, and the sales of commercial business properties decreased by 16.5%.

FINANCIAL REVIEW

For the year of 2019, profit amounted to RMB2,699,736,000 (2018: RMB2,205,512,000), representing a year-on-year increase of approximately 22%. 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%. Basic earnings per share was RMB36.58 cents (2018: RMB24.79 cents), representing a year-on-year increase of approximately 48%.

Equity attributable to owners of the Company was RMB9,505,741,000 as at 31 December 2019 (2018: RMB8,117,893,000), representing an increase of approximately 17% as compared with that of the end of last year.

The Group, together with its associates and joint ventures, achieved aggregate contracted sales of RMB37,633,312,000 (2018: RMB34,431,766,000), representing a year-on-year increase of approximately 9%. 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%. The average selling price was approximately RMB17,785 per sq.m. (2018: RMB19,766 per sq.m.), representing a year-on-year decrease of approximately 10%.

TURNOVER

In 2019, the Group recorded turnover of RMB19,453,295,000 (2018: RMB11,955,899,000), representing a year-on-year increase of approximately 63%. This was mainly due to the increase in the total gross floor area completed and delivered in 2019. In 2019, projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong and Xi'an accounted for approximately 18%, 25%, 18%, 28%, and 11%, respectively, of the total revenue of the Group.

GROSS PROFIT

Gross profit amounted to RMB6,329,628,000 (2018: RMB3,988,020,000), representing a year-on-year increase of approximately 59%. This was mainly due to the increase in the total gross floor area completed and delivered in 2019. The gross profit margin was approximately 33% (2018: 33%), which was at previous year's level.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates was RMB433,017,000 (2018: RMB326,002,000), representing a year-on-year increase of approximately 33%, which was mainly attributable to the completion of the projects by Guangzhou Lianzhou Real Estate Company Limited (廣州聯洲房地產有限公司) in 2019 and carrying forward of the revenue thereof.

SHARE OF PROFITS OF JOINT VENTURES

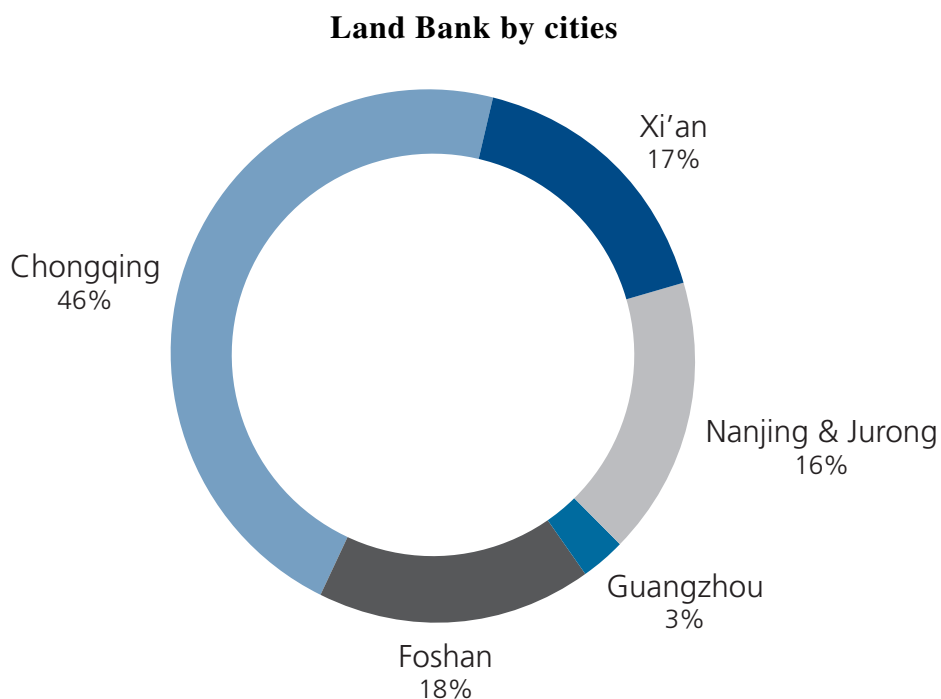
Share of profits of joint ventures was RMB40,423,000 (2018: RMB386,509,000), representing a year-on-year decrease of approximately 90%, was mainly due to the completion of a project of a joint venture Nanjing Zhaoyang Real Estate Development Company Limited (南京招陽房地產開發有限公司) (“**Nanjing Zhaoyang**”) in 2018 and contributed share of profits amounted to approximately RMB364 million. In 2019, the project of Nanjing Zhaoyang contributed share of profits amounted to approximately RMB 9 million.

BUSINESS REVIEW

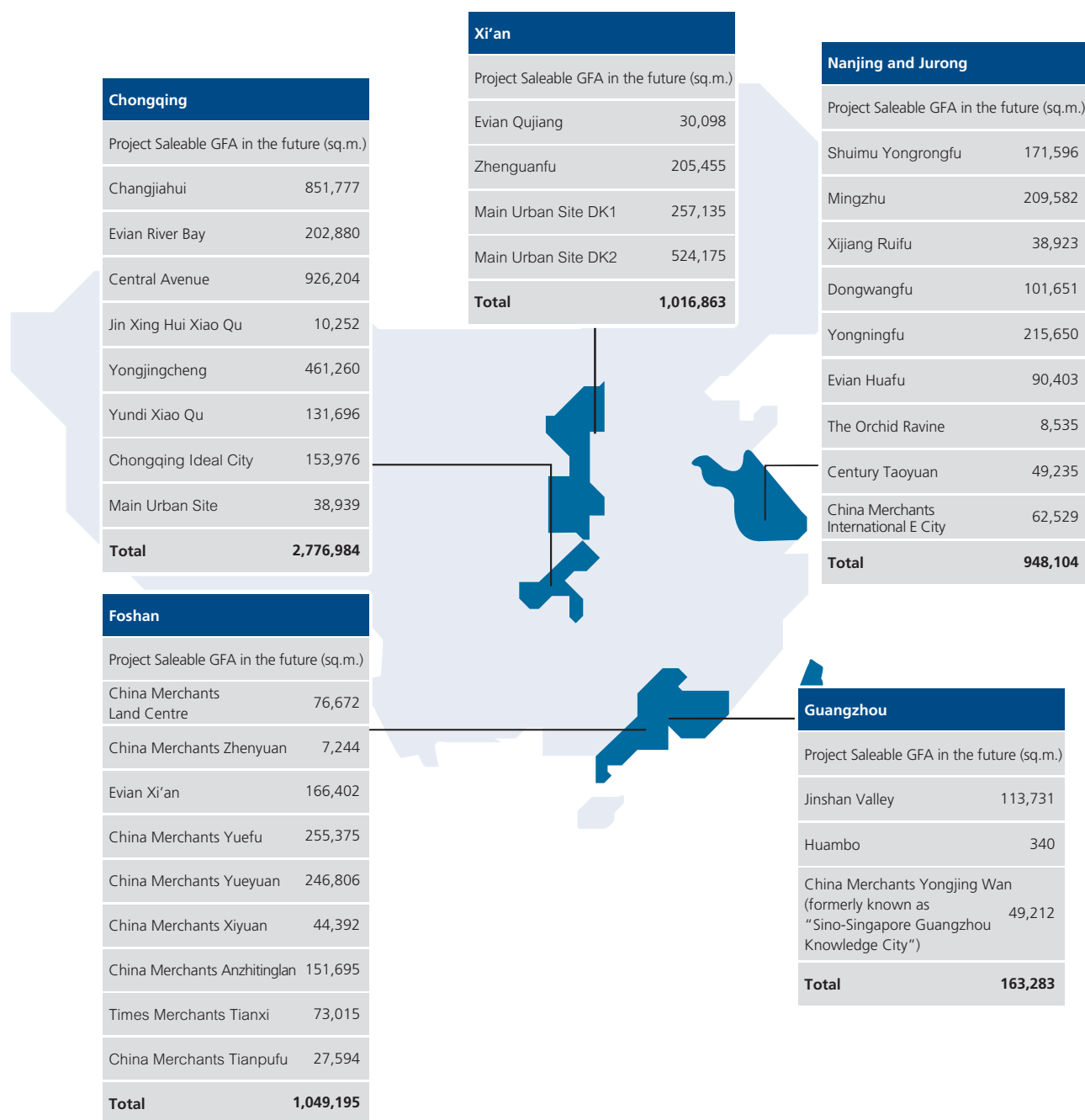
Property Development Business

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.

A breakdown of land bank by cities and a map showing the geographical locations and the land bank of the projects of the Group in the PRC are set out below. The saleable gross floor area of properties which had not been sold or presold as at 31 December 2019 ("**Land Bank**") was 5,954,429 sq.m..



A map showing the geographical location and land bank of the projects of the Group in the PRC as at 31 December 2019



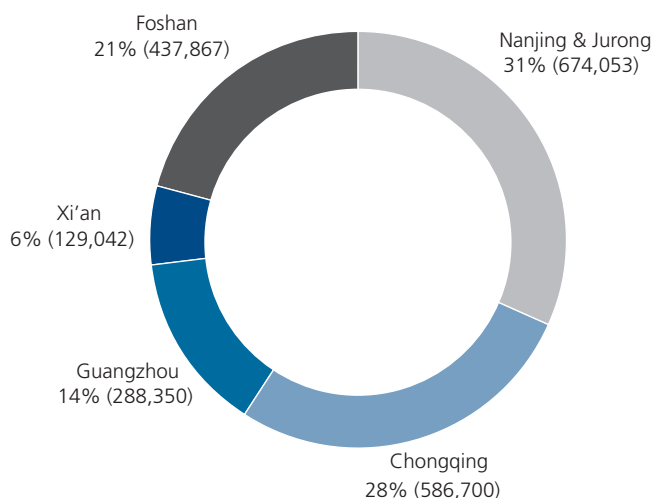
The table below shows the details of the Group's property development projects as at 31 December 2019 which (i) had been completed, (ii) were under development, or (iii) were held for future development. All figures in relation to area are rounded up to the nearest whole number:

Project	The Company's attributable interest in the projects	Total GFA	Completed						Under development			Future development	
			Future Total GFA Saleable	GFA completed	Total GFA saleable/rentable	Of which sold and delivered	Of which not sold but not yet delivered	Of which pre-sold/ held for investment	GFA under development	Total GFA saleable/rentable	Of which sold	GFA	Total GFA saleable/rentable
Evian Tianhu	50%	293,503	-	293,503	272,364	272,364	-	-	-	-	-	-	-
Evian Xicheng	50%	438,393	-	438,393	398,707	398,707	-	-	-	-	-	-	-
Park 1872	100%	308,694	-	308,694	270,338	245,690	24,648	-	-	-	-	-	-
China Merchants Land Center	51%	222,684	76,672	222,684	196,810	61,596	58,542	76,672	-	-	-	-	-
Evian Yongjingwan	50%	233,851	-	233,851	213,269	213,269	-	-	-	-	-	-	-
Evian Huafu	50%	383,025	-	383,025	356,314	356,227	87	-	-	-	-	-	-
Evian Gongguan	55%	317,111	-	317,111	290,689	284,390	6,299	-	-	-	-	-	-
China Merchants Zhenyuan	50%	133,683	7,244	133,683	121,656	114,412	-	7,244	-	-	-	-	-
China Merchants Xi'an	60%	231,602	166,402	107,354	97,835	15,206	22,890	59,739	124,248	112,615	5,952	-	-
China Merchants Yuefu	50%	315,441	255,375	104,987	100,617	26,183	21,122	53,312	118,203	116,141	-	92,251	85,922
China Merchants Yueyuan	50%	313,768	246,806	-	-	-	-	-	313,768	284,961	38,155	-	-
China Merchants Xiyuan	100%	128,836	44,392	128,836	123,121	60,332	18,397	44,392	-	-	-	-	-
Times Merchants Tianxi	50%	159,375	73,015	-	-	-	-	-	159,375	114,124	41,109	-	-
China Merchants Tianpufu	100%	40,442	27,594	-	-	-	-	-	40,442	27,594	-	-	-
China Merchants Anzhitinglan	100%	178,649	151,695	-	-	-	-	-	178,649	172,678	20,983	-	-
Foshan subtotal		3,699,057	1,049,195	2,672,121	2,441,720	2,048,376	151,985	241,359	934,685	828,113	106,199	92,251	85,922
Jinshan Valley	100%	1,276,523	113,731	1,198,538	995,696	899,015	33,138	63,543	77,985	60,767	10,579	-	-
Huambo	51%	126,202	340	126,202	104,216	103,796	80	340	-	-	-	-	-
China Merchants Yongjing Wan	60%	392,674	49,212	392,674	275,016	195,711	30,093	49,212	-	-	-	-	-
Guangzhou subtotal		1,795,399	163,283	1,717,414	1,374,928	1,198,522	63,311	113,095	77,985	60,767	10,579	-	-
Changjiahui	50%	1,897,545	851,777	772,411	742,648	515,282	2,367	224,999	423,790	422,690	230,559	701,344	434,647
Evian River Bay	100%	540,430	202,880	270,889	260,713	222,553	14,183	23,977	187,126	178,539	81,796	82,415	82,160
Central Avenue	50%	1,599,435	926,204	540,058	527,508	365,756	144	161,608	927,303	865,482	232,610	132,074	131,724
Jin Xing Hui Xiao Qu	100%	97,594	10,252	97,594	95,440	84,574	614	10,252	-	-	-	-	-
Yongjingcheng	100%	525,386	461,260	-	-	-	-	-	209,726	200,243	48,427	315,660	309,444
Yundi Xiao Qu	100%	135,756	131,696	-	-	-	-	-	135,756	131,696	-	-	-
Chongqing Ideal City	51%	186,408	153,976	-	-	-	-	-	186,408	178,699	24,723	-	-
Main Urban Site	100%	47,012	38,939	-	-	-	-	-	47,012	45,492	6,553	-	-
Chongqing subtotal		5,029,566	2,776,984	1,680,952	1,626,309	1,188,165	17,308	420,836	2,117,121	2,022,841	624,668	1,231,493	957,975
Zijinshan No.1	51%	213,870	-	213,870	145,376	145,376	-	-	-	-	-	-	-
China Merchants International E City	100%	372,916	62,529	372,916	324,531	255,412	6,590	62,529	-	-	-	-	-
Evian Huafu	51%	358,646	90,403	358,646	276,163	185,760	-	90,403	-	-	-	-	-
The Orchid Ravine	51%	345,296	8,535	345,296	273,174	264,421	218	8,535	-	-	-	-	-
Century Taoyuan	18%	221,743	49,235	127,799	127,762	102,231	25,531	-	93,944	83,703	34,468	-	-
Dongwangfu	51%	324,279	101,651	-	-	-	-	-	324,279	255,677	154,026	-	-
Xijiang Ruifu	31%	72,670	38,923	-	-	-	-	-	72,670	57,270	18,347	-	-
Mingzhu	20%	278,840	209,582	-	-	-	-	-	1,300	1,300	-	277,540	208,282
Shuimu Yongrongfu	28%	243,760	171,596	-	-	-	-	-	243,760	171,596	-	-	-
Yongningfu	51%	351,434	215,650	-	-	-	-	-	351,434	263,765	48,115	-	-
Nanjing subtotal		2,783,454	948,104	1,418,527	1,147,006	953,200	32,339	161,467	1,087,387	833,311	254,956	277,540	208,282
Evian Qujiang	100%	538,269	30,098	538,269	497,185	415,263	51,824	30,098	-	-	-	-	-
Merchants Zhenguanfu	100%	230,634	205,455	-	-	-	-	-	230,634	205,455	-	-	-
Main Urban Site DK1	51%	263,086	257,135	-	-	-	-	-	263,086	257,135	-	-	-
Main Urban Site DK2	51%	533,188	524,175	-	-	-	-	-	533,188	524,175	-	-	-
Xi'an subtotal		1,565,177	1,016,863	538,269	497,185	415,263	51,824	30,098	1,026,908	986,765	-	-	-
Total		14,872,653	5,954,429	8,027,283	7,087,148	5,803,526	316,767	966,855	5,244,086	4,731,797	996,402	1,601,284	1,252,179

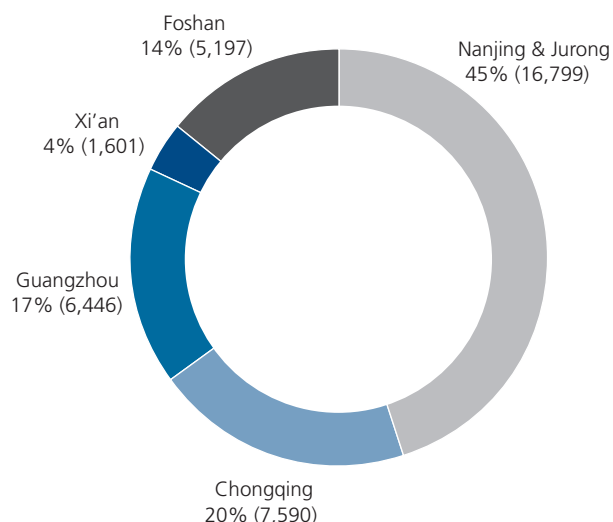
Contracted sales

For the year ended 31 December 2019, the Group together with its associates and joint ventures, achieved aggregate contracted sales of approximately RMB37,633,312,000 and aggregate contracted sales area was approximately 2,116,012 sq.m.

**Contracted sales area by region in 2019
(sq.m.)**



**Contracted sales amount by region in 2019
(RMB million)**



Newly Acquired Land Bank

The newly acquired lands over which the Group has a majority control for the year ended 31 December 2019 are as follows:

Projects	Total land consideration (RMB million)	Total site area (sq.m.)	Total permissible area (sq.m.)	Average land premium (RMB/sq.m.)
Nanjing Mingzhu	670	21,683	54,207	12,360
Nanjing Shuimu Yongrongfu	3,140	79,884	175,744	17,867
Nanjing Xijiang Ruifu	2,990	78,892	122,505	24,407
Xi'an Merchants Zhenguanfu	1,188	59,104	165,491	7,179
Xi'an Main Urban Site DK1	595	79,201	192,053	3,098
Xi'an Main Urban Site DK2	1,211	8,664	402,460	3,009
Xi'an Silk Road Center	141	20,288	88,337	1,596
Foshan Merchants Tianpufu	309	12,688	31,719	9,742
Foshan Times Merchants				
Tianxi	988	43,518	115,221	8,575
Chongqing Ideal City	723	74,723	131,930	5,479

Foshan

In 2019, contracted sales amount in Foshan was approximately RMB5,197 million and contracted sales area was 437,867 sq.m. As at 31 December 2019, total GFA of the Group's projects in Foshan reached 3,699,057 sq.m. and the saleable GFA in the future will amount to 1,049,195 sq.m.

In 2019, sales of the Group's projects in Foshan mainly comprised of China Merchants Xi'an ("招商曦岸") and Times Merchants Tianxi ("時代招商天禧"):

- Located in the northern part of Shunde, Foshan China Merchants Xi'an is situated at the bridgehead of Guangzhou-Foshan border and commands a 1,100,000 sq.m. landscape along Binjiang Hua'an in Chencun. The area where the project is located in enjoys a comprehensive "6 vertical and 4 horizontal" transportation network, is easily accessible to popular locations ranging from Changui, Foshan to Panyu, Guangzhou and central Guangzhou within 30 minutes. The project occupied a site area of approximately 69,000 sq.m. with a gross floor area of approximately 230,000 sq.m., and structures a distinctive phoenix-themed garden.



Photo of Foshan China Merchants Xi'an



Photo of Foshan China Merchants Xi'an

- Located in Dali area, Nanhai District, Foshan, "Times Merchants Tianxi" enjoys the "three vertical and three horizontal" multi-dimensional transportation network, including Guangsan Expressway, Guangfo Road, etc., bring excellent accessibility to various locations, i.e. reaching Qiandeng Lake in 15 minutes. Further, it offers well-developed facilities in business, transportation, education and ecology in the surrounding area.



Computerised photo of Times Merchants Tianxi



Computerised photo of Times Merchants Tianxi

Guangzhou

In 2019, contracted sales amount in Guangzhou was approximately RMB6,446 million and contracted sales area was 288,350 sq.m., As at 31 December 2019, total GFA of the Group's projects in Guangzhou reached 1,795,399 sq.m. and the saleable GFA in the future will amount to 163,283 sq.m.

In 2019, sales of the Group's project in Guangzhou comprised of China Merchants Yongjing Wan:

Guangzhou China Merchants Yongjing Wan is located at Guangzhou New Knowledge City, Huangpu District, Guangzhou, with a site area of 179,000 sq.m, GFA of 395,000 sq.m. and plot ratio of 1.49. The project is adjacent to Metro Line 21, four top hospitals, eight business centres and more than 20 schools, creating a comprehensive and quality living area.



Computerised photo of China Merchants
Yongjing Wan

Chongqing

In 2019, contracted sales amount in Chongqing was approximately RMB7,590 million and contracted sales area was 586,700 sq.m.. As at 31 December 2019, total GFA of the Group's projects in Chongqing reached 5,029,566 sq.m. and the saleable GFA in the future will amount to 2,776,984 sq.m.

In 2019, sales of the Group's projects in Chongqing mainly comprised of Yongjingcheng:

- Chongqing Yongjingcheng is located in the heart of the central area of northern district and only 31-meter away from Lianhua Station of Metro Line 3, which is “achievable” product in Airport New Town. Such project aims to construct an ideal, low-density and eco-friendly residential area through ingenious mansions which restore the sense of ritual of living by gardens in Yong's style. It possesses with one ring road, two railways and various arteries with great access to main business circles, providing convenient living style.



Computerised photo of Chongqing Merchants
Yongjingcheng

Nanjing and Jurong

In 2019, contracted sales amount in Nanjing and Jurong was approximately RMB16,799 million and contracted sales area was 674,053 sq.m.. As at 31 December 2019, total saleable GFA of the Group's projects in Nanjing and Jurong reached 2,783,454 sq.m. and the saleable GFA in the future will amount to 948,104 sq.m.

In 2019, strong sales of the Group's projects in Nanjing and Jurong mainly comprised of Nanjing Yongningfu and Dongwangfu:

- Nanjing Yongningfu, a flagship product by the brand name of China Merchants in Nanjing market, is located in the heart of Yushan Road, Jiangbei National New District and situated opposite to Hexi CBD. It is approximately 200 metres away from Yushan Road metro station and 1 kilometre away from Fifth Yangtze Bridge, which will be completed by the end of the year of 2020. It is in proximity to comprehensive facilities such as Wonder City (under construction), Pukou Citizen's Centre, G31 plot for business complex (under planning) and Hankai Academy, and is around 1 kilometer away from Lanxi Wetland Park.



Computerised photo of Nanjing Yongningfu

- Nanjing Dongwangfu is located at Jiangning district, Nanjing, the core district of Zidong area. The core district of Zidong area follows the structure of “one centre, two axes, three cores, five areas” in planning. The project is in vicinity of prestigious Xianlin University Town with rich academic atmosphere. It is merely 1 kilometre away from Dongliu Station of Metro Line 4 (opened). Nonetheless, the three main commercial areas, namely Xueze Road, Xianlin Jingying and Wan Da Mao, bring great convenience for residents.



Computerised photo of Nanjing Dongwangfu

Xi'an

In 2019, contracted sales amount in Xi'an was approximately RMB1,601 million and contracted sales area was 129,042 sq.m., As at 31 December 2019, total GFA of the Group's projects in Xi'an reached 1,565,177 sq.m. and the saleable GFA in the future will amount to 1,016,863 sq.m..

In 2019, the major sales of the Group's project in Xi'an comprised of Evian Qujiang:

Located at the planning zone of Qujiang Phase II in the southeast of the Xi'an and around 10 kilometers away from Bell Tower, the landmark building in the centre of Xi'an, Evian Qujiang is the first project of the Group in Xi'an.

The planned gross site area for construction is 135,638 sq.m., and total planned GFA is 537,026 sq.m. By introducing renowned kindergartens in addition to the planned public secondary and primary schools on the south side, demands from various owners for housing, education, shopping and leisure could be fully satisfied.



Photo of Xi'an Evian Qujiang



Computerised photo of Xi'an Evian Qujiang

Asset Management Business

Upon the listing of the China Merchants Commercial Real Estate Investment Trust (“**CMC REIT**”) on the Main Board of the Stock Exchange of Hong Kong Limited on 10 December 2019, the Company has commenced its REIT management business through China Merchants Land Asset Management Co., Limited, a wholly-owned subsidiary of the Company and the REIT manager of the CMC REIT.

Trading Business

The Group did not conduct business in the trading segment in 2019 and decided to concentrate its strength on developing other principal businesses.

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 31 December 2019, the net assets attributable to owners of the Company amounted to RMB9,505,741,000 (2018: RMB8,117,893,000).

On 18 December 2018, the Company completed the issuance of senior bonds due 2021 in the aggregate principal amount of RMB1,900,000,000 bearing coupon rate of 4.6% per annum.

As at 31 December 2019, bank balances and cash was RMB8,957,799,000 (2018: RMB6,866,261,000). In terms of currency denomination, bank balances and cash can be divided into RMB8,221,751,000 in Renminbi, RMB976,000 in US\$ and RMB735,072,000 in Hong Kong dollars (“**HK\$**”).

As at 31 December 2019, total interest-bearing debt of the Group was RMB21,961,032,000 (2018: RMB18,648,136,000). In terms of maturity, the outstanding total interest-bearing debt can be divided into RMB5,124,136,000 repayable within one year, RMB8,110,510,000 repayable after one year but within two years and RMB8,726,386,000 repayable after two years but within five years. In terms of currency denomination, the outstanding total interest-bearing debt can be divided into RMB21,260,119,000 in Renminbi and RMB700,913,000 in US\$.

At 31 December 2019, the Group's net interest-bearing debt (total interest-bearing debt minus bank balances and cash) to equity (including non-controlling interests) ratio (the "**Net Gearing Ratio**") was 45% (2018: 50%). Although the financial position of the Group is stable and the potential financing capacity is strong, the Group will continue to take the relatively stable financial policies and to control the net gearing ratio at the industry average level. The capital cost of the Group still remained at industry-low level. As at 31 December 2019, the weighted average finance costs is 4.99%.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US\$ and HK\$. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities.

NON-COMPETITION DEED

To minimise actual and potential competition, the Group and China Merchants Property Development Co., Ltd.* (招商局地產控股股份有限公司) ("**CMPD**") (a company later merged with CMSK (as defined below) in December 2015) entered into a non-competition deed on 19 June 2013 as amended and supplemented on 4 October 2013 (the "**Non-Competition Deed**"). On 30 December 2015, the Company, CMPD and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) ("**CMSK**")^{Note 1} had entered into a deed of amendment and novation ("**Novation Deed**") pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effective from 30 December 2015. Other than that, all the other terms of the Non-Competition Deed shall remain unchanged^{Note 2}. On 17 December 2018, the Company and CMSK entered into an amended and restated non-competition deed which supersede and replace in its entirety the Non-Competition Deed (the "**Amended and Restated Non-Competition Deed**"), and subsequently entered into a re-amended and restated non-competition deed (the "**Re-Amended and Restated Non-Competition Deed**") on 21 October 2019, which supersede and replace in its entirety the Amended and Restated Non-Competition Deed.

Notes:

1. According to the announcements published by CMSK and CMPD on the Shenzhen Stock Exchange, on 30 December 2015, CMSK and CMPD had completed the major asset restructuring and integration exercise pursuant to which, among other things, all assets, liabilities, businesses, employees, contracts and all others rights and obligations of CMPD have been taken up and assumed by CMSK in replacement of CMPD, CMPD was delisted from the Shenzhen Stock Exchange and the shares of CMSK became listed on the Shenzhen Stock Exchange, all with effect from 30 December 2015.
2. In the above paragraph under the heading of "Non-competition Deed", for the avoidance of doubt, references to CMSK should be construed as referring to CMPD in the context of any time before 30 December 2015.

Pursuant to the Amended and Restated Non-Competition Deed, (i) CMSK and its subsidiaries (excluding the Group) (“**CMSK Group**”) will not compete with the Group in the cities of Foshan, Guangzhou, Nanjing, and Jurong (the “**Four CML Cities**”) except for certain operation transitional assets (“**Operation Transitional Assets**”) located in Foshan which would be retained by CMSK Group but managed by the Group under certain operation agreement entered into between the Group and CMSK; (ii) with respect to Chongqing and Xi’an, the Company is considering to cease to conduct Property Business (other than participating in property-related investments on a minority basis across the PRC (the “**Non-Controlling Investment Arrangement**”)) in and exit from such two cities in due course, depending on the results of an annual review process; (iii) CMSK Group will not compete with the Group in the cities of Chongqing and Xi’an unless the Group ceases to conduct Property Business (other than the Non-Controlling Investment Arrangement) in such city; (iv) the Group will not compete with CMSK in 46 other cities in the PRC (“**CMSK Cities**”) except the Group will have the rights to participate in the Non-Controlling Investment Arrangement across the PRC (including the CMSK Cities); (v) the Group will also be entitled to conduct the Asset Management Business for office premises in Beijing and Shanghai exclusively, subject to the duly transfer of all equity interest of CMSK Group in Asset Management Business for office premises in Beijing and Shanghai to the Group (the “**Proposed Transfer I**”); and (vi) the Company will no longer have the perpetual right of first refusal to conduct Property Business (the “**Right of First Refusal**”) for other cities in the PRC in which neither the Group nor the CMSK Group has an Property Business as at the date of the Non-Competition Deed (“**Unoccupied Cities**”).

Pursuant to the Re-Amended and Restated Non-Competition Deed, the Group will have the rights to participate in the REIT Management Business for REITs with underlying properties permitted to be situated in or come from all over the PRC on an exclusive basis. In return, the Company (by itself or through its subsidiaries) are entitled to receive cash and/or units in the REITs. Other than the inclusion of the REIT Management Business and the updates to the terms with respect to the Asset Management Business for Office Premises in Beijing and Shanghai in order to reflect the situation at the time of the completion of the Proposed Transfer I, the other terms with respect to the (a) Non-Controlling Investment Arrangement; (b) Asset Management Business for Office Premises in CML Cities plus Beijing and Shanghai; and (c) Property Business of the Re-Amended and Restated Non-Competition Deed remain unchanged compared to the Amended and Restated Non-Competition Deed.

For details of the Non-Competition Deed and Operation Transitional Assets, please refer to the section headed “Relationship with the Controlling Shareholders” in the circular of the Company dated 10 October 2013.

For details of the Amended and Restated Non-Competition Deed, the Four CML Cities, Property Business, Non-Controlling Investment Arrangement, the CMSK Cities, Asset Management Business, the Proposed Transfer I, the Right of First Refusal and the Unoccupied Cities, please refer to the circular of the Company dated 10 January 2019.

For the details of the Re-Amended and Restated Non-Competition Deed, REIT Management Business and REITs, please refer to the circular of the Company dated 21 October 2019.

The independent board committee comprising all the independent non-executive Directors of the Company, had (i) reviewed the quarterly reports prepared by the Company's management containing latest information on the respective property projects portfolios of CMSK Group and the Group; (ii) carried out a review on the implementation of and compliance with the Amended and Restated Non-Competition Deed and/or Re-Amended and Restated Non-Competition Deed by CMSK Group and the Group during the year ended 31 December 2019; and (iii) confirmed that the terms of the Amended and Restated Non-Competition Deed and/or Re-Amended and Restated Non-Competition Deed had been complied with by CMSK Group and the Group during the year ended 31 December 2019.

The Group will gradually transform into an asset-light property operator, while continue to operate its traditional property development business in Guangzhou, Foshan, Nanjing, Jurong, Chongqing and Xi'an (subject to the Company's plan to exit from Chongqing and Xi'an). Upon the annual review of the portfolio of the Group's Property Business for the year ended 31 December 2019, taking into account the financial resources available to the Group at the relevant time and the relevant market conditions, the Group decides to continue its Property Business in Chongqing and Xi'an for the time being.

OUTLOOK AND PROSPECTS

Looking forward to the year of 2020, global economy will under the influence of risks arising from various factors such as the outbreak of novel coronavirus (COVID-19), political and economy conditions. It is expected that the economy will 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 be slightly declined in comparing to 2019, where the characteristics of global economy will mainly consist of high financialisation, high liquidity, low growth rate, low inflation rate and huge bubble. At the same time, risks and challenges that the PRC economy is exposed to have increased due to the uncertainty on whether the trade tariff between the U.S. and the PRC will be cancelled or increased. With respect to the pre-judgement on the PRC economy, based on the achievement of the top three goals: "doubling GDP and income of urban and rural residents", building a moderately prosperous society in all respects and overcoming "middle-income trap",

it is expected that the macro policies in 2020 will adhere to the bottom-line concept and aim to strengthen the risk awareness, as well as set stabilizing growth as the core of macroeconomic control measures.

For the real estate industry in PRC, on top of the overarching themes of “houses are for living not for speculation“ and “carrying out city-specific policies“ in the past years, it is expected that, in 2020, the first priority of the Ministry of Housing and Urban-Rural Development of the PRC is to stable land prices, housing prices and market expectations, and improve housing security system across cities and towns, in order to strengthen the housing security for the needs across cities; planning and developing leased residential properties to resolve the housing problems of new citizens; and enhancing the quality of cities and living environment to build“ beautiful city” and serve cities as “living organism”, thereby facilitating the high quality development of cities.

The Group will continue to carry out asset management business to create a new income sources for the shareholders of the Group and continue to strengthen its governance capabilities, including a results-oriented plan with the onshore operations team, incorporating a detailed completion timeline and individual accountability. It is expected that the completion of asset enhancement initiatives together with the approaching launch of Metro Line 12 in 2022 will promote the overall rental level of the properties year by year. Leases are managed effectively and proactively, improving the degree of refinement in tenant composition and professionalism of value-added services. For the acquisition of new assets, the REIT Manager will search for special investment opportunities in addition to actively screening the assets of China Merchants Group for suitable injections into China Merchants Commercial REIT. Increasing operational income is essential to the revenue of the asset management business and the interest of shareholders of the Group.

The Group will continue to adhere to the principle of “sustaining intensive engagement and innovative development” by leveraging on the abundant inventory resources of CMG and CMSK and actively grasp market investment opportunities.

EMPLOYEE REMUNERATION AND RELATIONS

The Group remunerates the employees by reference to their qualifications, experience, responsibilities, profitability of the Group and current market conditions.

As at 31 December 2019, the Group had 872 (2018: 808) employees in the PRC and Hong Kong.

The Group determines its staff remuneration based on various factors such as qualifications, years of experience, market conditions and performance of the individual employees. A share option scheme was adopted at the annual general meeting of the Company held on 27 September 2011 (the “**2011 Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group’s operations. No grants under the 2011 Share Option Scheme were made during the year ended 31 December 2019.

CONTINGENT LIABILITIES

The Group has contingent liabilities amounted to RMB4,467,492,000 as at 31 December 2019 (2018: RMB4,172,353,000).

PLEDGE OF ASSETS

As at 31 December 2019, land located in Chongqing, Foshan, Nanjing and Jurong with carrying values of approximately RMB6,348,122,000 (2018: RMB4,549,627,000) have been pledged to secure bank borrowings amounting to RMB1,501,276,000 (2018: RMB1,216,586,000) granted to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year of 2019.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors and one non-executive director. Dr. Wong Wing Kuen, Albert, chairman of the Audit Committee, has the appropriate professional qualification and experience in financial matters as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). This committee is authorised by the Board and is responsible for reviewing the financial reports, internal control principles and for maintaining an appropriate relationship with the Company’s auditors. The Audit Committee has reviewed the Group’s consolidated financial statements for the year of 2019, including the internal controls, financial reporting matters, accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures above in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year of 2019 as set out in this preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions of the Corporate Governance Code (the **"CG Code"**) as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2019, save that:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors and all the independent non-executive Directors do not have specific terms of appointment. However, all of them are subject to retirement by rotation and re-election at the annual general meeting according to the Company's articles of association. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

Code Provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, and develop a balanced understanding of the views of shareholders. Mr. XU Yongjun, a non-executive Director and Mr. HE Qi, an independent non-executive Director, did not attend the annual general meeting (the **"AGM"**) of the Company held on 24 April 2019 due to other business engagement. However, there were sufficient executive Directors, independent non-executive Directors and non-executive Directors present to enable the Board to develop a balanced understanding of the views of the Company's shareholders.

Code Provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting. Mr. XU Yongjun, the chairman of the Board, could not attend the AGM held on 24 April 2019 due to other business engagement. However, he had appointed Mr. HUANG Junlong, a non-executive Director as his alternate director who chaired the AGM and answered questions for shareholders of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted its code of conduct for securities transactions by Directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2019.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year of 2019 containing all information required by the Listing Rules will be despatched to the Company’s shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at ir.cmland.hk.

On behalf of the Board
China Merchants Land Limited
XU Yongjun
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi as independent non-executive Directors.