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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of China Merchants Land Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the period from 1 January 2020 to 30 June 2020 together with the comparative figures for the period from 1 January 2019 to 30 June 2019 as follows:

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

For the six months ended 30 June 2020

	<i>NOTES</i>	Six months ended 30 June	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	2,980,635	2,904,538
Cost of sales		(2,105,132)	(1,954,854)
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	6	(293,904)	(217,010)

		Six months ended 30 June	
		2020	2019
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit before tax		470,652	946,586
Income tax expense	7	<u>(302,994)</u>	<u>(418,363)</u>
Profit for the period	8	167,658	528,223
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)	10	<u>1.69</u>	<u>10.01</u>
Diluted (RMB cent)	10	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>NOTES</i>	30.6.2020	31.12.2019
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		277,868	289,943
Right-of-use assets		66,699	32,275
Investment properties		4,138,552	4,065,318
Goodwill		160,210	160,210
Interests in associates		2,749,952	2,232,629
Interests in joint ventures		3,539,981	3,528,493
Financial asset at fair value through profit or loss		104,492	104,492
Other receivables		1,252,182	3,200,762
Deferred tax assets		1,037,779	1,022,890
		<u>13,327,715</u>	<u>14,637,012</u>
Current assets			
Properties for sale		50,363,361	47,057,932
Deposits paid for acquisitions of land use rights		703,311	–
Trade and other receivables	<i>11</i>	20,936,693	17,191,986
Contract costs		133,340	72,942
Prepaid income tax		838,151	504,240
Bank balances and cash		8,468,524	8,957,799
		<u>81,443,380</u>	<u>73,784,899</u>
Current liabilities			
Trade and other payables	<i>12</i>	18,390,496	18,338,632
Contract liabilities		22,011,966	14,288,848
Lease liabilities		27,849	22,521
Loans from non-controlling interests	<i>13</i>	780,555	736,546
Loans from an intermediate holding company		2,551,453	3,098,298
Bank borrowings	<i>14</i>	4,012,804	1,289,292
Income tax payable		3,749,624	4,350,852
		<u>51,524,747</u>	<u>42,124,989</u>
Net current assets		<u>29,918,633</u>	<u>31,659,910</u>
Total assets less current liabilities		<u>43,246,348</u>	<u>46,296,922</u>

	<i>NOTES</i>	30.6.2020 RMB'000 (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
Non-current liabilities			
Loans from non-controlling interests	<i>13</i>	2,730,322	3,262,640
Loan from an intermediate holding company		–	200,000
Bank borrowings	<i>14</i>	8,680,077	11,474,256
Bonds payable		1,900,000	1,900,000
Lease liabilities		280,441	254,813
Deferred tax liabilities		367,841	375,646
		<u>13,958,681</u>	<u>17,467,355</u>
Net assets		<u>29,287,667</u>	<u>28,829,567</u>
Capital and reserves			
Share capital		39,132	39,132
Reserves		8,936,122	9,466,609
		<u>8,975,254</u>	<u>9,505,741</u>
Equity attributable to owners of the Company		<u>20,312,413</u>	<u>19,323,826</u>
Non-controlling interests			
Total equity		<u>29,287,667</u>	<u>28,829,567</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

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 interim report.

The principal activities of the Group are development and sales of property, property leasing and assets management.

The condensed consolidated financial information is presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. 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 (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial asset at fair value through profit or loss which is measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

4. REVENUE

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

	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
By types of goods or services		
Sales of properties for sale	2,784,614	2,706,698
Rental income from investment properties	133,912	147,945
Properties operation income	53,006	49,895
Asset management service	9,103	–
	<u>2,980,635</u>	<u>2,904,538</u>
By timing of revenue recognition		
At a point in time	2,784,614	2,706,698
Over time	62,109	49,895
	<u>2,846,723</u>	<u>2,756,593</u>
Revenue from contracts with customers	2,846,723	2,756,593
Rental income from investment properties	133,912	147,945
	<u>2,980,635</u>	<u>2,904,538</u>

5. 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 maker (“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 period ended 30 June 2019. Each of which was considered as a separate operating segment by the CODM.

During the second half of 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 Industrial Zone Holdings Co., Ltd., and asset management for office premises and shopping malls (“**Asset Management Segment**”) is considered as a new operating and reportable segment by the CODM. No prior period segment disclosures have been represented to conform with the current period’s presentation.

Moreover, Trading Segment was discontinued in the second half of 2019. No impact to the condensed consolidated financial statements was noted for both period ended 30 June 2020 and 2019. The amounts for these discontinued operations are nil thus the segment information reported below and notes to the condensed 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 <i>RMB'000</i>	Properties segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the six months ended 30 June 2020 (unaudited)			
Segment revenue – external customers	<u>9,103</u>	<u>2,971,532</u>	<u>2,980,635</u>
Segment results	<u>5,489</u>	<u>721,257</u>	726,746
Unallocated net foreign exchange losses			(2,816)
Unallocated finance costs			(228,211)
Unallocated income			3,533
Unallocated expenses			<u>(28,600)</u>
Profit before tax			<u>470,652</u>
	Trading segment <i>RMB'000</i>	Properties segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the six months ended 30 June 2019 (unaudited)			
Segment revenue – external customers	<u>–</u>	<u>2,904,538</u>	<u>2,904,538</u>
Segment results	<u>–</u>	<u>1,097,161</u>	1,097,161
Unallocated net foreign exchange gains			49,307
Unallocated finance costs			(182,147)
Unallocated income			3,514
Unallocated expenses			<u>(21,249)</u>
Profit before tax			<u>946,586</u>

There were no inter-segment sales for both periods.

Segment results represent the profit earned by each segment without allocation of unallocated corporate expenses, 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.

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– bank borrowings	321,549	250,371
– lease liabilities	7,582	7,081
– loans from an intermediate holding company	92,205	95,286
– loans from non-controlling interests	86,067	128,052
– bonds	43,943	54,019
	<hr/>	<hr/>
Total borrowing costs	551,346	534,809
Less: Amount capitalised in the cost of qualifying assets	(257,442)	(317,799)
	<hr/>	<hr/>
	293,904	217,010
	<hr/>	<hr/>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The income tax expenses (credit) comprise of:		
PRC Enterprise Income Tax (“EIT”)	148,675	252,447
Land Appreciation Tax (“LAT”)	177,013	220,143
	<hr/>	<hr/>
	325,688	472,590
Deferred tax	(22,694)	(54,227)
	<hr/>	<hr/>
	302,994	418,363
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No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit in Hong Kong for both reporting periods.

Under the Law of the People’s Republic of China (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 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 deductible expenditures including cost of land use right and all property development expenditures.

8. PROFIT FOR THE PERIOD

The profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	14,100	10,263
Depreciation of right-of-use assets	10,560	8,487
Depreciation of investment properties	<u>83,629</u>	<u>45,699</u>

9. DIVIDEND

During the current period, a final dividend in respect of the year ended 31 December 2019 of HK\$0.14 (2019: HK\$0.08) per ordinary share was declared and paid to the shareholders of the Company. The aggregate amount of final dividend paid from the share premium of the Company during the current period amounted to approximately RMB625,204,000 (2019: RMB342,735,000).

No interim dividend was paid, declared or proposed during the six months ended 30 June 2020, nor has any dividend been proposed since the end of the interim reporting period (2019: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share, being profit for the period attributable to owners of the Company	<u>82,861</u>	<u>491,215</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,905,257,860</u>	<u>4,905,257,860</u>

No diluted earnings per share is presented for the period ended 30 June 2020 and 2019 as there were no potential ordinary shares outstanding.

11. TRADE AND OTHER RECEIVABLES

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
Trade receivables	<u>66,268</u>	<u>19,814</u>

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

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
0 – 180 days	55,322	10,871
181 – 365 days	9,316	8,180
Over 1 year	<u>1,630</u>	<u>763</u>
	<u>66,268</u>	<u>19,814</u>

12. TRADE AND OTHER PAYABLES

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
Trade payables	<u>4,482,905</u>	<u>7,981,782</u>

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

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
0 to 60 days	1,758,920	4,138,742
61 to 180 days	193,231	1,929,141
181 to 365 days	1,536,877	1,138,470
Over 1 year	<u>993,877</u>	<u>775,429</u>
	<u>4,482,905</u>	<u>7,981,782</u>

13. LOANS FROM NON-CONTROLLING INTERESTS

Details of the terms of the loans are set out as below:

	Effective interest rate per annum	30.6.2020	31.12.2019
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Fixed-rate loans denominated in:			
RMB	4.75% to 6.6% (31 December 2019: 4.35% to 8%)	2,801,996	3,298,273
United States dollars	4% (31 December 2019: 4%)	708,881	700,913
		<u>3,510,877</u>	<u>3,999,186</u>
Analysed as:			
Current portion		780,555	736,546
Non-current portion		2,730,322	3,262,640
		<u>3,510,877</u>	<u>3,999,186</u>

14. BANK BORROWINGS

The Group's bank borrowings were subject to variable-rate interest at RMB Benchmark Loan Rates or fixed-rate interest at RMB Benchmark Loan Rates per annum offered by the People's Bank of China at the respective date of borrowings' agreements. The effective interest rates on the Group's bank borrowings ranged from 4.2% to 5.5% (31 December 2019: 4.0% to 5.5%) per annum.

As at 30 June 2020, land with carrying values of approximately RMB5,540,143,000 (31 December 2019: RMB6,348,122,000) have been pledged to secure bank borrowings amounting to RMB2,298,153,000 (31 December 2019: RMB1,501,276,000) granted to the Group.

15. COMMITMENTS

At the end of the reporting period, the Group had the following commitments contracted for but not provided in the condensed consolidated financial statements in respect of:

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
Construction of properties under development for sale	13,715,863	9,942,081
Capital injection to a joint venture	715,100	1,025,650
Leasehold improvements	<u>–</u>	<u>35,906</u>
	<u>14,430,963</u>	<u>11,003,637</u>

16. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities of the Group were as follows:

	30.6.2020 <i>RMB'000</i> (Unaudited)	31.12.2019 <i>RMB'000</i> (Audited)
Guarantee given to banks in connection with facilities granted to customers	<u>4,741,252</u>	<u>4,467,492</u>

The Group acted as guarantor to the mortgage loans granted to certain purchasers of the Group's properties and agreed to repay the outstanding loan and interest accrual thereon, if the purchasers default the repayment of loan before the issue of the property certificate. The directors of the Company consider that the fair value of the financial guarantee contracts is not significant as the default rate is low.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW ANALYSIS

We have experienced a special year of 2020. In the first half of the year, in the face of the severe challenges of the outbreak of coronavirus and a complex and volatile domestic and international environment, the entire country, under the leadership of the Central Government, promoted the prevention and control of the epidemic to protect social development and boost economic through the implementation of various measures. The situation of epidemic prevention and control continues to improve, and the resumption of work and production and business is accelerated. The GDP in the first half of the year was RMB45,661.4 billion, down 1.6% year-on-year at comparable prices. On a quarterly basis, the first quarter was down 6.8% year-on-year and the second quarter was up 3.2% year-on-year. On a quarter-over-quarter basis, GDP grew by 11.5% in the second quarter.

The total value of China's real estate development and investment decreased by 7.7% year-on-year in the first quarter and increased by 1.9% year-on-year in the second quarter. In January-June, the sales area of commercial properties decreased by 8.4% year-on-year, diminishing 3.9 percentage points than the corresponding figure of January to May. In January-June, the sales value of commercial properties was RMB6,689.5 billion, down 5.4% year-on-year, diminishing 5.2 percentage points than the corresponding figure of January to May. This showed speedy recovery of the property investment, land acquisition and commencement of construction remained strong, while sales fundamentals were resilient again and sales performance continued to pick up. Among them, after the epidemic eased, the backlog of home purchases was actively released, and China's real estate market continued to recover.

In the first half of the year, the monetary policy was more lenient, making it less difficult for real estate development enterprises to raise funds, which enabled them to basically reach the same level of paid-in investments as in the same period last year. Among them, domestic loans amounted to RMB1,379.2 billion, up by 3.5%; foreign investment amounted to RMB4.6 billion, up by 8.0%; self-financed funds amounted to RMB2,694.3 billion, up by 0.8%; deposits and advance receipts amounted to RMB2,647.4 billion, down by 7.0%; and personal mortgage loans amounted to RMB1,320.2 billion, up by 3.1%.

Overall, against the backdrop of the epidemic, China's economy declined before rising during the first half of the year. In the second quarter of 2020, economic growth turned from negative to positive with major indicators resumed growth and economic performance recovered steadily. Also, basic livelihood protection was strong, market expectations were generally positive, and the overall situation of social development was stable.

FINANCIAL REVIEW

During the six months period ended 30 June 2020, profit amounted to RMB167,658,000 (the corresponding period of 2019: RMB528,223,000), representing a decrease of approximately 69% as compared with the last corresponding period.

Profit attributable to the owners of the Company was RMB82,861,000 (the corresponding period of 2019: RMB491,215,000), representing a decrease of approximately 83% as compared with the last corresponding period. The decrease in profit attributable to the owners of the Company during the six months period ended 30 June 2020 were primarily due to the following reasons:

- (i) the significant decrease in the income from the associates and joint ventures of the Group carried forward for the six months ended 30 June 2020, and therefore a year-on-year decrease of the share of profits of associates and joint ventures under the equity method;
- (ii) 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
- (iii) the projects of joint ventures accounted for a higher percentage in the projects of the Group carried forward for the six months ended 30 June 2020 and therefore a decrease in the net profit attributable to the Company.

For the six months period ended 30 June 2020, the Group had no material exposure to fluctuations in exchange rates and no exchange rates related.

During the six months period ended 30 June 2020, basic earnings per share was RMB1.69 cents (the corresponding period of 2019: RMB10.01 cents), representing a decrease of approximately 83% compared to the corresponding period of last year.

For the six months ended 30 June 2020, the Group, together with its associated companies and joint ventures, had achieved an aggregate contracted sales amount of RMB19,677,670,000, representing a year-on-year increase of 24%. The aggregate contracted sales area was 1,115,000 sq.m., representing a year-on-year increase of 20%. The average selling price was approximately RMB17,638 per sq.m., representing an increase of 2.9% as compared to the corresponding period of last year.

As at 30 June 2020, equity attributable to owners of the Company was RMB8,975,254,000 representing a decrease of approximately 5.58% as compared to the last financial year ended 31 December 2019 of RMB9,505,741,000.

Turnover

For the first half of 2020, the Group recorded turnover of RMB2,980,635,000 (the corresponding period of 2019: RMB2,904,538,000), representing an increase of approximately 3% 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 in the first half of 2020. For the first half of 2020, projects in Foshan, Guangzhou, Chongqing, Nanjing, Xi’an and Hong Kong accounted for 29%, 20%, 42%, 7%, 1% and 1% of the total turnover of the Group respectively.

Gross Profit

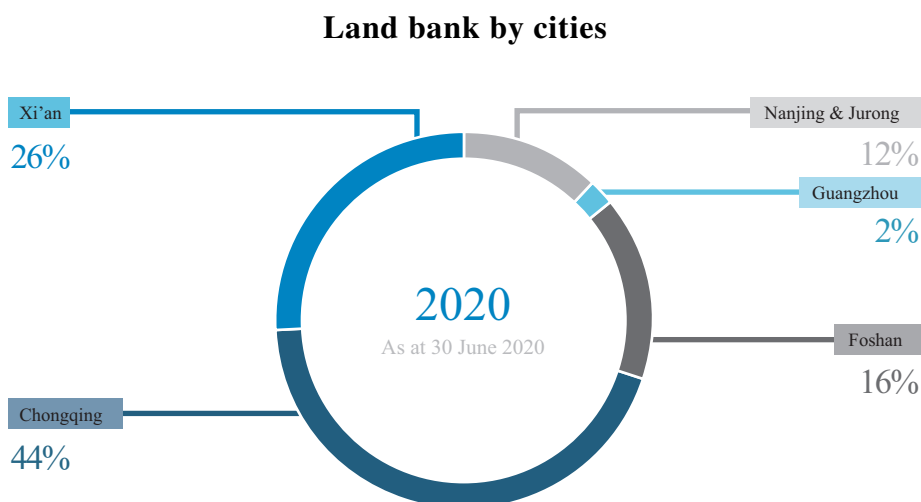
Gross profit amounted to RMB875,503,000 (the corresponding period of 2019: RMB949,684,000), representing a decrease of approximately 7% as compared to the corresponding period of last year. The gross profit margin was 29%, representing a decrease of approximately 4 percentage points as compared to the corresponding period of last year (the corresponding period of 2019: 33%). For the first half of 2020, over 53% of the recognised revenue were derived from projects with relatively lower profit margin.

BUSINESS REVIEW

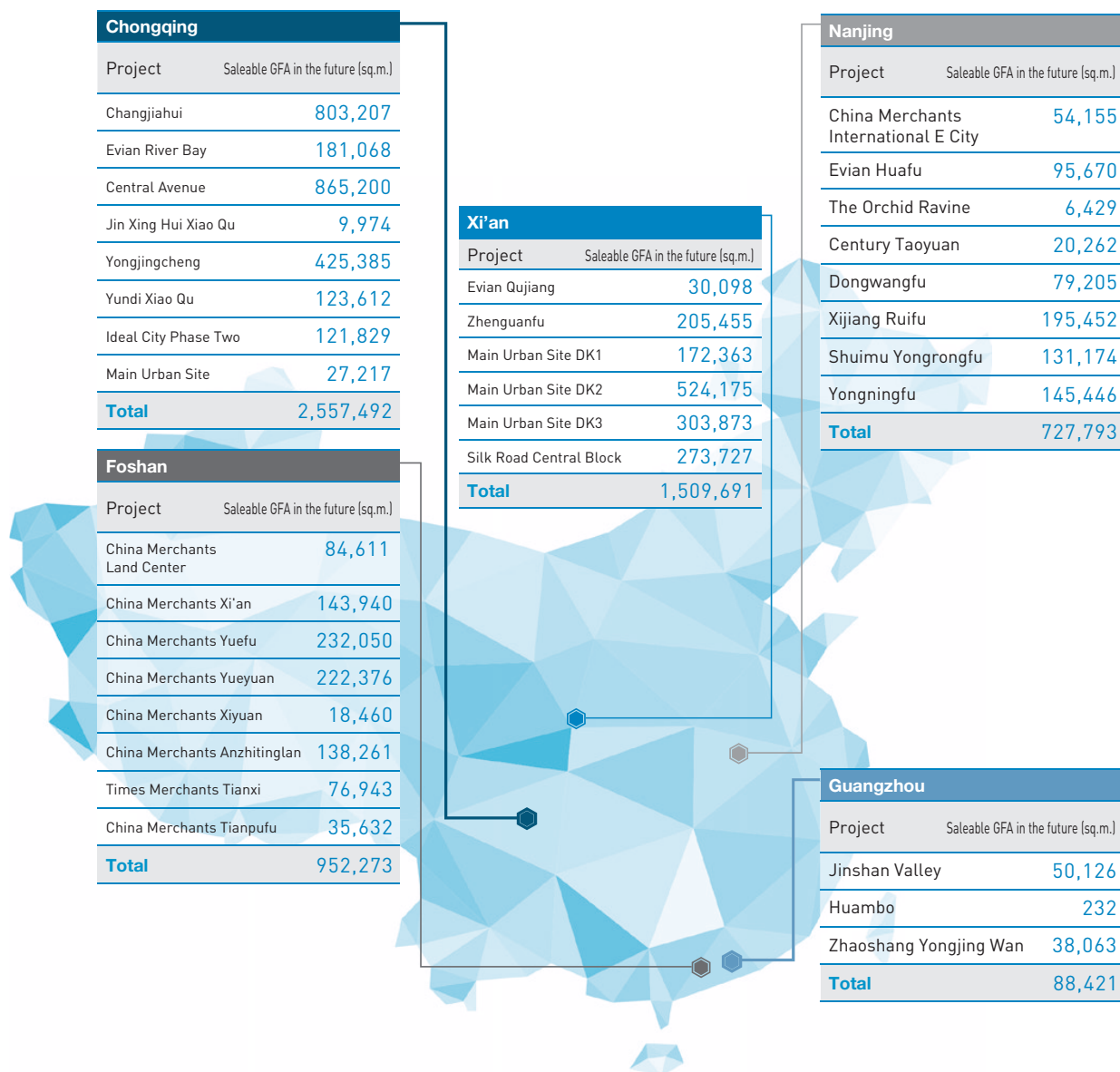
Property Development Business

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, products types including apartments, villas, offices and retail shops, etc.

Below is the 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. The saleable GFA of the properties comprising the projects which had not been sold or presold as at 30 June 2020 ("**Land Bank**") was 5,835,670 sq.m..



A map showing the geographical location and land bank of the projects of the Group in the PRC as at 30 June 2020



The table below details the Group's property development projects as at 30 June 2020 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:

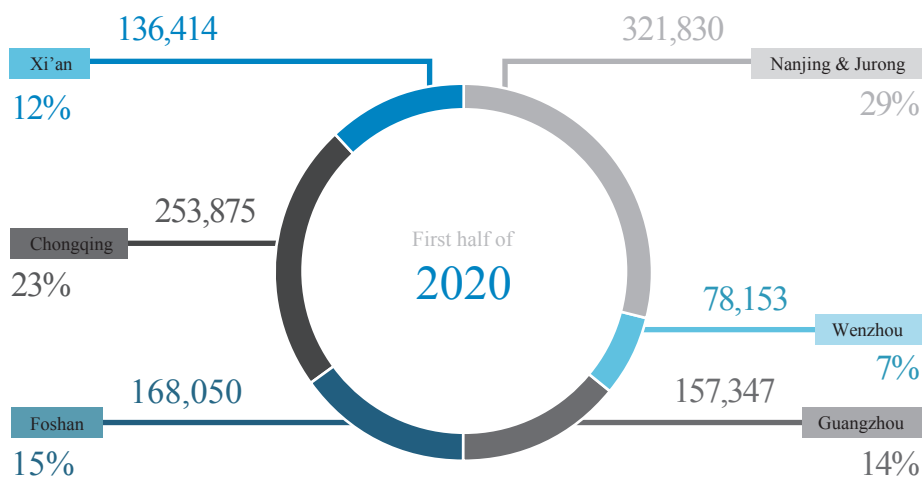
Projects	The Company's attributable interest in the projects	Completed							Under development			Future development	
		Total GFA	Future Total GFA Saleable	Total GFA completed	Total GFA saleable/rentable	Of which sold and delivered	Of which not sold but not yet delivered	Of which pre-sold/ held for investment	GFA under development	Total GFA saleable/rentable	Of which sold	Total GFA saleable/rentable	
													GFA
Park 1872	100%	308,694	-	308,694	270,338	256,985	13,353	-	-	-	-	-	-
China Merchants Land Center	51%	222,684	84,611	222,684	196,810	66,238	45,961	84,611	-	-	-	-	-
Evian Gongguan	55%	317,111	-	317,111	290,689	285,581	5,108	-	-	-	-	-	-
China Merchants Zhenyuan	40%	133,683	-	133,683	121,656	121,656	-	-	-	-	-	-	-
China Merchants Xi'an	60%	231,607	143,940	231,607	210,468	29,243	37,285	143,940	-	-	-	-	-
China Merchants Yuefu	50%	328,018	232,050	108,714	100,481	52,388	16,391	31,702	219,304	204,771	4,423	-	-
China Merchants Yueyuan	50%	317,752	222,376	90,027	72,126	40,527	12,702	18,897	227,725	213,337	9,858	-	-
China Merchants Xiyuan	100%	128,836	18,460	128,836	123,123	77,302	27,361	18,460	-	-	-	-	-
China Merchants Anzhitinglan	90%	181,895	138,261	-	-	-	-	-	181,895	173,326	35,065	-	-
Times Merchants Tianxi	50%	163,553	76,943	-	-	-	-	-	163,553	149,477	72,534	-	-
China Merchants Tianpufu	100%	40,449	35,632	-	-	-	-	-	40,449	35,632	-	-	-
Foshan subtotal		2,374,282	952,273	1,541,356	1,385,691	929,920	158,161	297,610	832,926	776,543	121,880	-	-
Jinshan Valley	100%	1,276,524	50,126	1,198,539	995,695	937,305	33,322	25,068	77,985	60,767	35,709	-	-
Huambo	51%	126,202	232	126,202	104,216	103,885	99	232	-	-	-	-	-
China Merchants Yongjing Wan	60%	392,674	38,063	392,674	286,773	214,128	34,582	38,063	-	-	-	-	-
Guangzhou subtotal		1,795,400	88,421	1,717,415	1,386,684	1,255,318	68,003	63,363	77,985	60,767	35,709	-	-
Changjiahui	50%	1,892,531	803,207	803,011	776,321	554,314	-	222,007	388,176	388,176	241,623	701,344	434,647
Evian River Bay	100%	547,721	181,068	461,267	445,386	231,491	101,071	112,824	86,454	82,160	13,916	-	-
Central Avenue	50%	1,596,876	865,200	800,624	782,296	512,964	21,417	247,915	664,178	606,854	121,293	132,074	131,724
Jin Xing Hui Xiao Qu	100%	97,594	9,974	97,594	95,440	85,466	-	9,974	-	-	-	-	-
Yongjingcheng	100%	519,683	425,385	76,225	76,225	46,386	5,277	24,562	316,403	298,250	21,238	127,055	123,811
Yundi Xiao Qu	100%	135,756	123,612	-	-	-	-	-	135,756	123,612	-	-	-
Ideal City Phase Two	51%	185,208	121,829	-	-	-	-	-	185,208	177,499	55,670	-	-
Main Urban Site	100%	47,012	27,217	-	-	-	-	-	47,012	45,492	18,275	-	-
Chongqing subtotal		5,022,381	2,557,492	2,238,721	2,175,668	1,430,621	127,765	617,282	1,823,187	1,722,043	472,015	960,473	690,182

Projects	The Company's attributable interest in the projects	Completed						Under development			Future development		
		Total GFA	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 not pre-sold/ held for investment	GFA under development	Total GFA saleable/rentable	Of which sold	Total GFA saleable/rentable	
													GFA
China Merchants International E City	70%	372,916	54,155	372,916	324,531	261,396	8,980	54,155	-	-	-	-	-
Evian Huafu	51%	358,646	95,670	358,646	276,163	180,493	-	95,670	-	-	-	-	-
The Orchid Ravine	51%	593,474	6,429	593,474	273,189	266,760	-	6,429	-	-	-	-	-
Century Taoyuan	18%	221,743	20,262	181,927	140,902	103,810	31,144	5,948	39,816	30,837	16,523	-	-
Dongwangfu	51%	317,257	79,205	-	-	-	-	-	317,257	236,071	156,866	-	-
Xijiang Ruifu	40%	278,840	195,452	-	-	-	-	-	278,840	209,585	14,133	-	-
Shuimu Yongrongfu	55%	243,367	131,174	-	-	-	-	-	243,367	171,596	40,422	-	-
Yongningfu	51%	351,434	145,446	-	-	-	-	-	351,434	285,587	140,141	-	-
Nanjing subtotal		2,737,677	727,793	1,506,963	1,014,785	812,459	40,124	162,202	1,230,714	933,676	368,085	-	-
Evian Qujiang	100%	538,269	30,098	538,269	497,186	415,264	51,824	30,098	-	-	-	-	-
Zhenganfu	51%	230,634	205,455	-	-	-	-	-	230,634	205,455	-	-	-
Main Urban Site DK1	51%	277,313	172,363	-	-	-	-	-	277,313	257,135	84,772	-	-
Main Urban Site DK2	51%	533,188	524,175	-	-	-	-	-	533,188	524,175	-	-	-
Main Urban Site DK3	51%	324,198	303,873	-	-	-	-	-	324,198	303,873	-	-	-
Silk Road Central Block	51%	293,336	273,727	-	-	-	-	-	293,336	273,727	-	-	-
Xi'an subtotal		2,196,938	1,509,691	538,269	497,186	415,264	51,824	30,098	1,658,669	1,564,365	84,772	-	-
Total		14,126,678	5,835,670	7,542,724	6,460,014	4,843,582	445,877	1,170,555	5,623,481	5,057,394	1,082,461	960,473	690,182

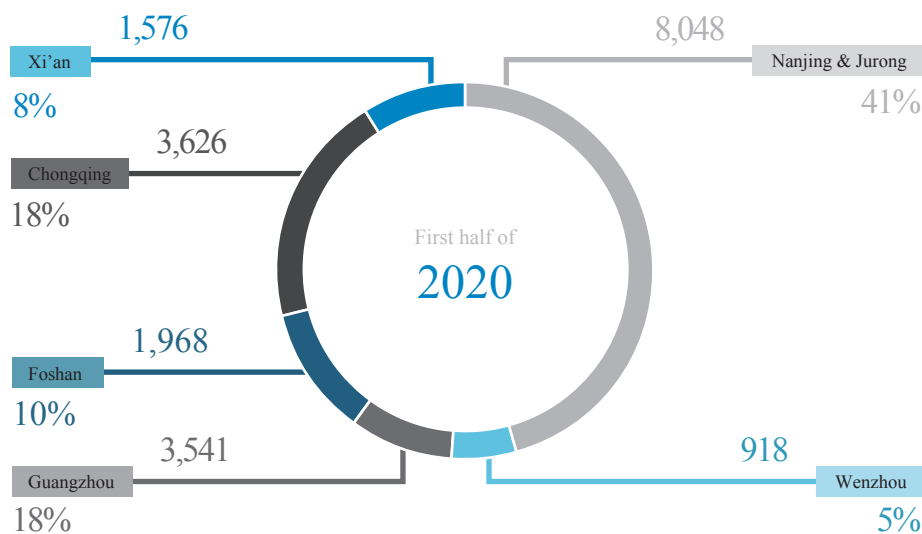
Contracted sales

For the first half of 2020, the Group, together with its associates and joint ventures, recorded contracted sales of approximately RMB19,677,670,000 and the saleable area sold was approximately 1,115,000 sq.m..

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



Contracted sales amount by region (RMB million)



Newly Acquired Land Bank

The newly acquired lands controlled by the Group at 30 June 2020 are as follows:

Project	Total consideration (RMB million)	Total site area (sq.m.)	Total permissible area (sq.m.)	Average land premium (RMB/sq.m.)
Xi'an Silk Road Central South Block	160	19,717	88,727	1,806
Xi'an Main Urban Site DK3	827	95,153	232,883	3,552
Xi'an Merchants Huayu Chang'an Xi	480	27,692	41,538	11,556
Chongqing Water and soil project	<u>412</u>	<u>61,679</u>	<u>74,015</u>	<u>5,566</u>

Asset Management Business

Upon the listing of the CMC REIT on the Stock Exchange 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, which has been generating income. For the first half of 2020, the Company has recorded asset management service income of RMB9,103,000.

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 30 June 2020, the net assets attributable to shareholders of the Group were approximately RMB8,975,254,000 (31 December 2019: RMB9,505,741,000). As at 30 June 2020, bank balances and cash was RMB8,468,524,000 (31 December 2019: RMB8,957,799,000). In terms of currency denomination, bank balances and cash can be divided into RMB7,862,067,000 in Renminbi, RMB29,974,000 in US\$ and RMB576,483,000 in Hong Kong dollars.

As at 30 June 2020, total interest-bearing debt of the Group was RMB20,954,655,000 (31 December 2019: RMB21,961,032,000). In terms of maturity, the outstanding total interest-bearing debt (excluding bonds payable) can be divided into RMB2,889,010,000 repayable within one year, RMB11,774,095,000 repayable after one year but within two years and RMB6,291,550,000 repayable after two years but within five years. In terms of currency denomination, the outstanding total interest-bearing debt can be divided into RMB20,245,774,000 in Renminbi and RMB708,881,000 in US\$.

At 30 June 2020, the Group's net interest-bearing debt (total interest-bearing debt minus bank balances and cash) to equity ratio (including non-controlling interests) (the "**net gearing ratio**") was 43% (31 December 2019: 45%). 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 monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US\$ and HKD, those foreign currencies are mostly used in investments in Hong Kong, thus the foreign exchange risks are relatively low. 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

On 21 October 2019, a re-amended and restated non-competition deed was entered into between the Group and CMSK Group pursuant to which, among other things, (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 cities; (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; and (vi) the Company shall be entitled to conduct the REIT Management Business exclusively for REITs in Hong Kong with underlying properties permitted to come from all over the PRC.

For details, please refer to the announcement and the circular of the Company dated 21 October 2019.

OUTLOOK AND PROSPECTS

On the macroeconomic side, in the second half of the year, under the premise that the domestic epidemic is under effective control, China's economy may gradually recover, the expedition of infrastructure investment and the real estate investment turned up year-on-year will drive fixed asset investment improvement, while consumption may be hindered by a combination of factors, the growth space is predicted to be constrained. In general, China's economy is expected to improve quarter by quarter in the second half of the year, but we need to be vigilant of the risks brought about by a variety of uncertainties, and the overall economic growth pressure is still relatively large. The domestic financial environment will remain relatively loose, and a reasonable abundance of liquidity will provide a more favorable capital demand for economic recovery and development. For the real estate market, the real estate market will also be benefitted from a stable and relatively loose financial environment, with a decrease in financing costs for real estate enterprises and a reduction in the cost of capital. The decline in the cost of homeownership, among other things, has helped the market recover.

In terms of policy, looking ahead to the whole year, the keynote of "housing and not speculation" will remain unchanged, the city-by-city policy is likely to focus on fine-tuning policies such as relaxing residence registration, actively focusing on the population gathering benefits brought by the residence registration reform, and concentrating investment layout on the polycentric model of "eastern city clusters and central cities in the central and western regions with outstanding population attraction".

It is expected that the real estate market will continue to rebound in the short to medium term, but it is unlikely to make a significant turnaround under the current policy. As a result of the concessionary marketing strategy adopted by property enterprises, there is no basis for a sustained overall increase in property prices, and there may be a possibility of slight fluctuations. In addition, as the national land market gradually heats up, the market continues to be optimistic about the sales prospects of cities in hotspots such as the Yangtze River Delta region and the Greater Bay Area of Guangdong, Hong Kong and Macao.

However, considering the second half of the land market still has the opportunity to release high-quality land, land transactions are expected to continue to run at a high level of floor prices, coupled with real estate enterprises to launch a higher proportion of high-middle priced and improvement projects, which can provide strong support for housing prices, it is expected that the second half of the overall housing prices will be mainly stable, influenced by structural shifts and other factors, the average sales price may remain slightly up.

INTERIM DIVIDEND

No interim dividend was declared by the Directors for the six months period ended 30 June 2020 (the corresponding period of 2019: Nil).

PLEDGE OF ASSETS

As at 30 June 2020, lands located in Chongqing, Foshan, Nanjing and Jurong with carrying values of approximately RMB5,540,143,000 (31 December 2019: RMB6,348,122,000) has been pledged to secure bank borrowings amounting to RMB2,298,153,000 (31 December 2019: RMB1,501,276,000) granted to the Group.

CONTINGENT LIABILITIES

The Group has contingent liabilities amounting to RMB4,741,252,000 as at 30 June 2020 (31 December 2019: RMB4,467,492,000).

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 30 June 2020, the Group had 907 (31 December 2019: 872) employees in the PRC and Hong Kong.

The Group's total expenses on salaries and allowances (including directors' remuneration) for the six months period ended 30 June 2020 was approximately RMB137,819,000 (the corresponding period of 2019: RMB155,926,000). Apart from basic salaries, fringe benefits such as contributions to the state-managed retirement benefit schemes and MPF scheme and group medical insurance are also offered to the employees. Appropriate trainings have been provided to employees throughout the six months period ended 30 June 2020.

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 options had been granted under the 2011 Share Option Scheme during the six months period ended 30 June 2020 and since its adoption.

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

During the six months period ended 30 June 2020, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Company (“**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 Listing Rules. The Audit Committee is responsible for reviewing the financial reports, internal control principles and for maintaining an appropriate relationship with the Company’s external auditor. The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group’s unaudited condensed consolidated financial statements for the six months period ended 30 June 2020, including the accounting principles and practices adopted by the Group.

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 six months period ended 30 June 2020, 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 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.5.5(2) stipulates that if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, the reason the board believes the individual would still be able to devote sufficient time to the board should be set out in the AGM circular. The Company did not immediately include the reasons of supporting Dr. Wong to be re-elected in the AGM, but a supplemental announcement dated 24 April 2020 was issued to provide the reasons with more details.

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 and Ms. Liu Ning, both are the non-executive directors, Dr. So Shu Fai, the executive director and Mr. He Qi, the independent non-executive director, did not attend the annual general meeting (the “AGM”) of the Company held on 20 May 2020 due to other business engagement. However, there were sufficient Directors, including executive Directors, independent non-executive Directors and non-executive Director, 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 20 May 2020 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 a code of conduct for securities transactions by Directors on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the six months period ended 30 June 2020.

On behalf of the Board
XU Yongjun
Chairman

Hong Kong, 19 August 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.