招商局商業房託基金
China Merchants Commercial REIT

# China Merchants Commercial Real Estate Investment Trust

*(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*

**(Stock Code: 1503)**

**Managed by**
**China Merchants Land Asset Management Co., Limited**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "**Board**") of China Merchants Land Asset Management Co., Limited (the "**Manager**"), as manager of China Merchants Commercial Real Estate Investment Trust ("**CMC REIT**") is pleased to announce the unaudited financial results of the CMC REIT and its subsidiaries for the six months ended 30 June 2021 (the "**Reporting Period**") as follows:

## FINANCIAL HIGHLIGHTS

| | Six months ended 30 June 2021 | 2020 (“**2020 Relevant Period**”) | Change |
|---|---|---|---|
| Revenue (RMB’000) | **211,802** | 177,906 | 19.1% |
| Net property income (RMB’000) | **161,024** | 138,703 | 16.1% |
| Distributable income (RMB’000) | **97,600** | 81,932 | 19.1% |
| Payout ratio | **100%** | 100% | – |
| Distribution per unit (HK$) | **0.1039** | 0.0809 | 28.4% |
| Annual Distribution Yield[1] | **7.5%** | 5.9% | – |

| | 30 Jun 2021 | 31 Dec 2020 | Change |
|---|---|---|---|
| Total assets (RMB million) | **7,369** | 7,207 | 2.2% |
| Net assets per unit attributable to Unitholders (RMB) | **3.50** | 3.47 | 0.9% |
| Net assets attributable to Unitholders (RMB million) | **3,945** | 3,910 | 0.9% |
| Value of Portfolio (RMB million) | **6,708** | 6,644 | 1.0% |
| Gearing Ratio[2] | **28.8%** | 27.9% | – |

*Notes:*

*(1) Based on the closing unit price of CMC REIT on 30 June 2021 and two times the distribution per unit for the Reporting Period.*

*(2) This is calculated by dividing total borrowings over total assets.*

## DISTRIBUTION

Total distributable income is the consolidated profit after tax, before distribution to the unitholders of CMC REIT ("**Unitholders**") as adjusted to eliminate the effects of the Adjustments as set out in the Trust Deed ("**Distributable Income**"). Distributable Income for the Reporting Period was RMB97.60 million (2020 Relevant Period: RMB81.93 million). Based on the Distributable Income, the distribution per unit to Unitholders for the Reporting Period is HK$0.1039 (equivalent to RMB0.0865), which represents an annual distribution yield of 7.5%, based on the closing Unit Price on 30 June 2021 (being HK$2.78).

Pursuant to the Trust Deed, CMC REIT is required to distribute to Unitholders no less than 90% of its Distributable Income for each financial period. For the Reporting Period, the Manager intends to distribute to the Unitholders 100% of the Distributable Income.

Pursuant to the DPU Commitment as defined in the offering circular of CMC REIT dated 28 November 2019 (the "**Offering Circular**"), Eureka Investment Company Limited being the holding company of the Vendor (as defined in the Offering Circular), has undertaken to make a cash payment to the Trustee (in its capacity as the trustee of CMC REIT) for the benefit of CMC REIT if the Annualized Provisional DPU (as defined in the Offering Circular) is less than the Annualized Committed DPU for the Relevant Period (as defined in the Offering Circular), so that in such circumstances the annualized distribution per Unit of CMC REIT for the Relevant Period shall be equal to the Annualized Committed DPU. The Annualized Committed DPU for year ending 31 December 2021 is HK$0.2541 per Unit.

The Distribution for the Reporting Period (**Interim Distribution**) will be paid to entities regarded as Unitholders as at the record date (as described in detail under the heading of "CLOSURE OF REGISTER OF UNITHOLDERS"). As such, those who are not regarded as Unitholders on the record date have no entitlement to receive the Interim Distribution.

The distribution to Unitholders will be paid in Hong Kong dollars. The exchange rate of the distribution per unit for the Reporting Period is the average central parity rate as announced by the People's Bank of China for the five business days preceding the date of this announcement.

## CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of determining entitlement for the Interim Distribution, the register of Unitholders will be closed from Tuesday, 7 September 2021 to Thursday, 9 September 2021, both days inclusive, during which period no transfer of units will be registered, and the record date will be on Thursday, 9 September 2021. In order to qualify for the Interim Distribution, all unit certificates with completed transfer forms must be lodged with the unit registrar of CMC REIT, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 6 September 2021. The payment of the Interim Distribution will be made on Wednesday, 29 September 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

2021 remains a challenging year for both China and other countries. Growth trade friction and travel restrictions, together with the emergence of the virulent delta variant of COVID-19 in some parts of the world, have been acting to dampen economic recovery. However, China has achieved exceptional success in the post-pandemic era. In the first half of 2021, China realized its first centenary goal – building a broadly prosperous society. The vaccine rollout was speeded up with over 1.2 billion doses administered. Having largely succeeded in its efforts in epidemic prevention and control, the Chinese government is now implementing precise policies to foster a post-epidemic economic recovery. For the first half of 2021, the GDP of China was approximately RMB53.2 trillion, a year-on-year increase of 12.7% at constant prices. The total retail sales of consumer goods reached RMB21.2 trillion, up 23.0% year on year. Nationwide per capita disposable income had a year-on-year increase of 12.6% to RMB17,642. The urban unemployment rate in June was maintained at 5%.

One of the goals of the 14th five-year plan is to innovatively promote the quality development of the Greater Bay Area of China. Accordingly, Shenzhen will relentlessly implement the Plan (2020-2025) to Comprehensively Transform Shenzhen into a Pilot Demonstration Zone for Socialism with Chinese Characteristics. Shenzhen will strive to double the size of its economy and per capita GDP of 2020 by 2035. The GDP of Shenzhen in the first half of 2021 increased 9.7% year on year to RMB1.4 trillion, bolstered by a significant rebound in consumer spending. Retail sales of consumer goods amounted to RMB448.51 billion, a 23.2% increase year on year.

In Shenzhen 320,000 sq.m of Grade A office space was launched in the first half, pushing up the total Grade A office stock to 6.6 million sq.m. In spire of this supply, office demand buoyed by the economic rebound, reduced vacancy rates by 2.8 percentage points to 22.3% in the first half. Rents contracted marginally to RMB211.1/sq.m. Office demand in Nanshan is strongly underpinned by the hi-tech industry. The vacancy rate witnessed an eight percentage points drop to 25.8% due to relocations to the area and the set up of offices by Internet hi-tech companies, such as Keep and Aftership. Rental rates in Nanshan rose 1.7% to RMB196.9/sq.m in the first half. Approximately 6.6 million sq.m of office supply is in the pipeline scheduled for delivery in Shenzhen through 2025, making the market more challenging. However, most of the new supply is in emerging commercial areas and peripheral districts, and their impact on the established core commercial districts will be quire limited. Meanwhile, with the support of the hi-tech industry cluster, the mature office market in Shenzhen, especially in Nanshan remains resilient.

No new retail properties were launched in Shenzhen in the first half. The market enjoyed a drop in vacancy rate to 6.1% and ground floor rentals of core retail malls rose 7.6% to RMB880.5/sq.m. Retail malls in Nanshan also saw a decrease in vacancy rates to 7.2% and a significant increase in rentals compared to the end of last year, to RMB788.5/sq.m. (ground floor of core retail malls). The rebound of the retail market shows the confidence of consumers in the economic recovery. In the post-pandemic era, community malls with large catchments should continue to benefit from the partial reallocation of consumers' forgone cross-district consumption to nearby retailers.

## Property Overview

| | Occupancy rate (%) as at | | | Valuation (RMB million) as at | | | Passing Rent (RMB/sq.m.) as at | | |
|---|---|---|---|---|---|---|---|---|---|
| | **30 Jun 2021** | 31 Dec 2020 | 30 Jun 2020 | **30 Jun 2021** | 31 Dec 2020 | 30 Jun 2020 | **30 Jun 2021** | 31 Dec 2020 | 30 Jun 2020 |
| New Times Plaza | **88.6** | 91.9 | 89.5 | **2,074** | 2,065 | 2,061 | **178.3** | 174.6 | 173.4 |
| Cyberport Building | **76.7** | 72.9 | 68.8 | **1,057** | 1,042 | 1,039 | **126.9** | 123.3 | 119.9 |
| Technology Building | **100.0** | 83.7 | 97.1 | **888** | 868 | 868 | **115.3** | 104.1 | 101.7 |
| Technology Building 2 | **79.5** | 74.4 | 86.9 | **1,096** | 1,082 | 1,082 | **114.8** | 111.9 | 113.5 |
| Garden City Shopping Centre | **89.0** | 91.5 | 73.1 | **1,593** | 1,587 | 1,559 | **173.1** | 166.6 | 171.7 |
| Total Property Portfolio | **87.1** | 84.3 | 83.2 | **6,708** | 6,644 | 6,609 | | | |

* In the Unaudited Operating Statistics for the Three Months Ended 30 June 2021 previously disclosed, the occupancy rate of New Times Plaza was given as 90.2% as compared to 88.6% above. During the process of replacing one tenant with another for a particular space, the space was left unoccupied for a short period that included June 30, making it technically vacant, resulting in the discrepancy.

Over the Reporting Period, the occupancy rate of the overall properties portfolio increased from 84.3% as at 31 December 2020 to 87.1% as at 30 June 2021, representing an increase of 2.8 percentage points. In particular, the average occupancy rate of office buildings increased by 4.3 percentage points from 82.2% on 31 December 2020 to 86.5% on 30 June 2021. At the Garden City Shopping Centre, occupancy weakened marginally.

Over the Reporting Period, the passing rent of all our properties saw an increase. The passing rental rates at the offices properties increased moderately, with the exception of Technology Building where the passing rent was higher by over 10%. On the retail front, where the recurrence of the epidemic in Shenzhen continues to exert pressure on retailers, an increase in passing rent was also achieved.

A revaluation of our properties was carried out as at 30 June 2021, by Cushman & Wakefield Limited, an independent property valuer and CMC REIT's principal valuer. The market value of our portfolio increased from RMB6,644 million as of 31 December 2020 to RMB6,708 million as of 30 June 2021, an increase of RMB64 million.

**New Times Plaza**

Due to the impact of the unpredictable epidemic and the ample supply of new office buildings in Shenzhen, the operating environment for the Shenzhen Grade A office market is less than ideal. Despite these market uncertainties, New Times Plaza has managed to improve its rental rates without significant fluctuations in occupancy rate. The passing rent of the building increased by RMB3.7/sq.m. to RMB178.3/sq.m. as of 30 June 2021. The gradual renovation of New Times Plaza is now underway, laying the foundation for further improvement in both rents and occupancy rate in the future.

**Cyberport Building, Technology Building and Technology Building 2**

Tenants of Cyberport Building, Technology Building and Technology Building 2 are mostly start-ups and small to medium-sized enterprises. Due to the long-term implications of the current epidemic on their operations, some tenants have chosen to relocate to lower-priced properties. At Technology Building however, a new anchor tenant took up all vacant space in the second quarter of 2021 and in contrast full occupancy was reached even though the occupancy rate was only 83.7% six months ago. This has also driven up the passing rent at Technology Building by approximately 11%, to RMB115.3/sq.m. Some existing tenants from Technology Building were relocated to the Cyberport Building and Technology Building 2, resulting in a boost to their occupancy rate.

**Garden City Shopping Centre**

Passing rent of Garden City Shopping Centre increased by approximately 4% compared to the end of 2020. The shopping centre continues to achieve higher rentals by optimizing the tenant mix, by introducing trendy brands and new stores, and by improving customer satisfaction. The occupancy rate however fell slightly from 91.5% as of 31 December 2020 to 89% as of 30 June 2021. This is a temporary fluctuation caused by adjustments being made to the tenant mix. The epidemic situation in Shenzhen was volatile in the first half of 2021, and the Manager adjusted Garden City Shopping Centre's prevention, control and promotion efforts in accordance with the development of the epidemic and government policies to ensure that the impact of the epidemic on customer flow and occupancy rate was kept to a minimum.

**Financial Review**

Total revenue of CMC REIT for the Reporting Period was RMB211.8 million, an increase of RMB33.9 million over the revenue for 2020 Relevant Period. This significant increase of 19% was mainly a reflection of the recovery from last year's epidemic outbreak and the proper operational strategies and efforts made by the Manager. In general, leasing on both the office and retail fronts are picking up, albeit gradually.

The property operating expenses of CMC REIT for the Reporting Period were RMB50.8 million. At RMB24.6 million, property management expenses were the largest component (48.4%) of property operating expenses. Operation manager's fee and other taxes contributed to 17.0% and 30.3% of the property operating expenses respectively. After deducting property operating expenses, net property income was approximately RMB161.0 million.

The appraised value of the CMC REIT's portfolio increased RMB64 million compared to 31 December 2020. Financial costs for the Reporting Period were RMB29 million, comprising RMB27 million in interest expense on bank borrowings, with the remainder consisting of amortization of upfront payments.

**Rental Income for each property**

| | **Reporting Period Rental Income** *RMB million* | 2020 Relevant Period Rental Income *RMB million* | **Change** |
|---|---|---|---|
| New Times Plaza | **62.0** | 56.1 | 10.5% |
| Cyberport Building | **20.7** | 16.1 | 28.6% |
| Technology Building | **26.2** | 20.6 | 27.2% |
| Technology Building 2 | **24.3** | 17.5 | 38.9% |
| Garden City Shopping Centre | **47.8** | 40.9 | 16.9% |
| Total | **181.0** | 151.2 | 19.7% |

The rental income of Reporting Period is RMB181 million, with a significant increase of 19.7% when compare to 2020 Relevant Period.

**Capital Structure**

Total net borrowings of CMC REIT were RMB2,125 million, equivalent to a gearing ratio of 28.8%. This ratio is lower than the permitted limit of 50% as stipulated by the amended Code on Real Estate Investment Trusts (the "**REIT Code**") gazetted in December 2020. Gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 46.47% (2020 year end: 45.75%).

Pursuant to the onshore facility agreement and offshore facility agreement entered into between the banks and the PRC Property Companies (as defined in the Offering Circular) in November 2019, CMC REIT has obtained onshore loan facility and offshore loan facility of RMB100 million and RMB2,400 million, respectively. As at 30 June 2021, CMC REIT has drawn down an amount of RMB2,132 million from the abovementioned loan facility, which is secured and will mature at the end of 2022. The secured term loans bear interest at a fixed rate of 1.2%–4.5% per annum or HIBOR plus 0.9% per annum, respectively.

**Net Assets Attributable to Unitholders**

As at 30 June 2021, net assets attributable to Unitholders amounted to RMB3,945 million (31 December 2020: RMB3,910 million) or RMB3.50 per Unit, equivalent to HKD4.20 per Unit (31 December 2020: RMB3.47 per Unit, equivalent to HKD4.12) based on central parity rate as announced by the People's Bank on 30 June 2021, representing a 51.1% premium to the closing unit price of HKD2.78 on 30 June 2021.

## Renovation and Enhancement

The Manager has been proceeding with the asset enhancement plan formulated in 2020. When fully implemented, the renovations will enhance the overall quality and specifications of our properties and strengthen their competitiveness in the market. The renovation of the office buildings is progressing smoothly and is expected to be completed before the end of the year. Noisy and dusty work is scheduled during non-office hours to minimize the disturbance to tenants. The more extensive work on Garden City Shopping Centre is expected to extend into 2022.

Based on the experience gained from fitting out two show floors at the end of 2020, a new design that optimizes cost and quality was chosen for New Times Plaza's renovation. The renovation of the remaining floors of the building is currently underway and should be completed by the fourth quarter of 2021. Since the nearby subway construction site occupies parts of the outdoor area of New Times Plaza, the renovation of the outdoor landscape and billboards will only begin after the subway construction is completed, sometime before the end of this year.

For Technology Building 2 and Cyberport Building, floor designs were revised based on the feedback of tenants located on the show floors. After a bidding process, a company with abundant decoration and renovation experience listed in both Mainland China and Hong Kong has been chosen to undertake the renovation work, to be completed in the fourth quarter of 2021. Since the Technology Building is being leased entirely to one major tenant over time, we will consider the renovation plan after discussions with the tenant.

At the Garden City Shopping Centre, the renovation of the first and second floor of the south wing with an area of 1,050 square meters has been completed. The application of heat-insulating film to the glass roof of the north wing has also been completed, greatly reducing energy consumption in summer. In addition, following the renovation of the former Bauhinia City area, new tenants have completed the fit out and interior decoration of their shops and the occupancy rate in that section has reached nearly 90%. The design for refreshing the landscape has already started and the renovation of the outdoor landscape is expected to begin before the end of the year. While the Garden City Shopping Centre enhancement project is ongoing, the mall will continue to operate normally and enhancement works will proceed by phases flexibly, to minimize the impact on tenants and customers. All enhancement works are expected to finish in the second half of 2022.

## Asset Enhancement Budget

The total estimated budget of the asset enhancement remains at RMB399 million, of which the estimated budget of renovation of the Technology Building will be vacated to other properties due to the lease of the building in its entirety to a single major tenant. The renovation budget for the four properties may be adjusted based on the change of renovation plan.

**Prevention of COVID-19**

In the first half year of 2021, the COVID-19 epidemic was kept well under control in China. The Manager strictly complied with the government's epidemic prevention requirements throughout the Reporting Period.

For our four office properties, we not only undertook the disinfection and cleaning of office and public areas several times a day, but also arranged temperature checks, health QR code checks and mask inspections for people entering the buildings. Moreover we have increased the frequency of the inspection, cleaning and disinfection of filtering equipment in the buildings and enhanced air circulation. In the second quarter we assisted and cooperated with the Guangdong government in its program to arranged several nucleic acid tests. New Times Plaza arranged a nucleic acid test for all tenants inside the building, and Technology Building 2 provided public areas for nucleic acid testing for tenants. Cyberport Building is providing a public area for COVID-19 vaccine injection service in the long term.

At the Garden City Shopping Centre, we disinfected public areas and shops comprehensively at fixed times every day; arranged temperature checks, health QR code checks and masks inspections; these have already become an integral part of daily epidemic prevention. In addition, in the second quarter of 2021, the Garden City Shopping Centre also cooperated with government to provide nucleic acid testing sites for 4 times, for a total of 12 days.

The five properties of CMC REIT's have maintained a record of zero cases of infection throughout the recurrent outbreaks, and also fulfilled its social responsibility by working with the government to provide anti-epidemic services to tenants and surrounding residents.

**Outlook**

The property market remains challenging because of the twists and turns of COVID-19. Several domestic cases were founded in late May in Shenzhen. The government immediately rolled out large-scale COVID-19 tests and implemented strict pandemic control and infection prevention policies. By the end of June, the outbreak came under control and no new cases were found for the consecutive 21 days in Shenzhen. However, the periodic outbreaks of COVID-19 have brought up concerns that the pandemic lifestyle has become the new normal. The demand for commercial property is likely to shrink due to pessimistic market sentiment. The disruption also could restrain the output of construction. The Manager is cautiously optimistic about the business and expansion of CMC REIT and will fully leverage the capabilities and resources of China Merchants Group to enhance returns for Unitholders and to develop optimal win-win solutions for all its stakeholders.

In early July 2021, the Shenzhen government issued a public consultation that proposes the voluntary rezoning of commercial land to residential land. The paper targets to resolve the twin problems of residential property undersupply and commercial property oversupply in Shenzhen. This policy if enacted is favorable to the commercial property market and to consumer spending and could ease the downward pressure on commercial rents in the long run. The expansion of residential supply could also increase population inflow, resulting in higher demand for retail malls and office worksites.

For the following six months, the Manager will optimize its portfolio through proactive asset management on existing assets. We will closely track the progress of the renovation work scheduled in the coming two years, which will enhance the quality of the buildings and their market competitiveness. At the same time, we will proactively adjust the tenant mix, introducing more trendy retail tenants and quality enterprises, improving the tenant profile to mitigate the downside risk. The Manager plans to expand its portfolio through new project injection and is actively sourcing new investment opportunities with its sponsor the China Merchants Group and external parties. To diversify the portfolio, the Manager will focus on first-tier cities, including Beijing, Shanghai, and also strong second-tier cities. The Manager's preference is to increase retail property exposure to unlock the potential of the upward trend consumption market in Mainland China and enhance income resilience.

## PORTFOLIO HIGHLIGHTS

### Tenant's Industry Profile

The following tables depict the industry profile of our tenants by reference to their rental area as a percentage of the total GRA as at 30 June 2021, and their percentage contribution to Gross Rental Income in June 2021:

| **Breakdown for all properties:** | **Percentage of GRA** | **Percentage of monthly rental income** |
|---|---:|---:|
| Scientific and Information Technology | 20.4% | 18.9% |
| Real Estate | 9.0% | 13.7% |
| Leasing and Business Service | 8.5% | 7.2% |
| Health Care Service | 8.0% | 7.2% |
| Department Store | 7.4% | 10.7% |
| Food and Beverage | 6.6% | 10.1% |
| Life Style | 6.6% | 7.3% |
| Logistics | 4.8% | 6.2% |
| Finance | 3.7% | 4.9% |
| Construction and Engineering | 3.0% | 3.3% |
| Petroleum | 2.7% | 3.8% |
| Others | 6.4% | 6.7% |

| **Breakdown for office buildings** | **Percentage of GRA** | **Percentage of monthly rental income** |
|---|---|---|
| Scientific and Information Technology | 26.3% | 25.9% |
| Real estate | 11.6% | 18.7% |
| Leasing and Business Service | 11.0% | 9.9% |
| Health Care Service | 10.3% | 9.8% |
| Logistics | 6.2% | 8.5% |
| Finance | 4.7% | 6.5% |
| Construction and Engineering | 3.9% | 4.5% |
| Petroleum | 3.5% | 5.2% |
| Wholesale and Retail | 2.0% | 2.5% |
| Hotel | 1.7% | 1.6% |
| Food and Beverage | 0.9% | 1.8% |
| Life Style | 0.8% | 1.0% |
| Manufacturing | 0.2% | 0.3% |
| Supermarket | 0.1% | 0.2% |
| Others | 3.3% | 3.6% |

| **Breakdown for retail property** | **Percentage of GRA** | **Percentage of monthly rental income** |
|---|---|---|
| Department Store | 32.8% | 39.9% |
| Life Style | 26.4% | 24.2% |
| Food and Beverage | 26.2% | 32.6% |
| Supermarket | 3.4% | 2.9% |
| Finance | 0.2% | 0.4% |

*Note: The Tenants' industry sector are based on the classification of the Manager.*

**Lease Expiry Profile of all properties**

The following tables set out the tenant expires of the properties shown as a percentage of their GRA and as a percentage of monthly rental income as of June 2021:

| | **Percentage of GRA** | **Percentage of monthly rental income** |
|---|---|---|
| 2021 | 17.0% | 23.1% |
| 2022 | 26.9% | 34.1% |
| 2023 | 21.8% | 21.9% |
| 2024 | 10.8% | 10.7% |
| 2025 and beyond | 10.6% | 10.2% |
| Vacant | 12.9% | 0.0% |

**Lease Expiry profile of office buildings**

| Expiry Period | Percentage of GRA | Percentage of monthly rental income |
|---|---|---|
| 2021 | 17.8% | 25.7% |
| 2022 | 27.5% | 34.1% |
| 2023 | 26.1% | 26.0% |
| 2024 | 12.3% | 11.6% |
| 2025 and beyond | 2.8% | 2.6% |
| Vacant | 13.5% | 0.0% |

**Lease Expiry profile of retail property**

| Expiry Period | Percentage of GRA | Percentage of monthly rental income |
|---|---|---|
| 2021 | 14.3% | 16.2% |
| 2022 | 24.9% | 34.4% |
| 2023 | 7.2% | 10.7% |
| 2024 | 5.3% | 8.1% |
| 2025 and beyond | 37.3% | 30.6% |
| Vacant | 11.0% | 0.0% |

## CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, policies and procedures have been put in place to promote the operation of CMC REIT in a transparent manner and with built-in checks and balances. The Manager has adopted a compliance manual (the "**Compliance Manual**") which sets out corporate governance policies as well as the responsibilities and functions of each key officer. The Compliance Manual also clearly defines reporting channels, workflows, and specifies procedures and forms designed to facilitate the compliance of the Manager with the relevant rules and regulations.

The corporate governance policies of CMC REIT have been adopted having due regard to the requirements under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), with necessary changes as if those rules were applicable to REITs. The Manager has in place a policy on the prevention of misuse of inside information and such policy has been incorporated in the Compliance Manual and communicated to the Manager's Directors and senior management.

During the Reporting Period, the Manager and CMC REIT complied with the Code on Real Estate Investment Trusts, the relevant provisions of the Securities and Futures Ordinance, the Listing Rules applicable to CMC REIT, the Trust Deed and the Compliance Manual in all material aspects.

## EMPLOYEES

CMC REIT is an externally managed trust and does not employ any staff.

## NEW UNITS ISSUED

During the Reporting Period, there were no new Units issued.

## REPURCHASE, SALE OR REDEMPTION OF UNITS

Pursuant to the Trust Deed, the Manager shall not repurchase any units on behalf of CMC REIT unless permitted to do so under the relevant codes and guidelines issued by SFC from time to time. During the Reporting Period under review, there was no sale or redemption of units by CMC REIT or its wholly-owned and controlled entities.

## PUBLIC FLOAT OF THE UNITS

As the Manager is aware, not less than 25% of the outstanding units in issue of CMC REIT were held in public hands as of 30 June 2021.

## SUMMARY OF ALL SALE AND PURCHASE OF REAL ESTATE

CMC REIT did not enter into any real estate sales and purchases during the Reporting Period.

## REVIEW OF FINANCIAL RESULTS

The unaudited interim results of CMC REIT for the Reporting Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager in accordance with their respective terms of reference, in conjunction with the external auditors of CMC REIT.

## PUBLICATION OF INTERIM REPORT

The interim report of CMC REIT for the Reporting Period will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and CMC REIT at www.cmcreit.com, and will be despatched to Unitholders on or around Monday, 20 September 2021.

By order of the Board
**China Merchants Land Asset Management Co., Limited**
**(as manager of China Merchants Commercial Real Estate Investment Trust)**
**Mr. HUANG Junlong**
*Chairman of the Manager*

Hong Kong, 17 August 2021

*As of the date of this announcement, the Board of the Manager comprises Mr. HUANG Junlong (Chairman), Mr. YU Zhiliang and Ms. LIU Ning as Non-executive Directors, Mr. GUO Jin as Executive Director, and Mr. LIN Hua, Mr. LIN Chen and Ms. WONG Yuan Chin, Tzena as Independent Non-executive Directors.*

## FINANCIAL STATEMENTS

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

| | | For six months period ended | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | *4* | **211,802** | 177,906 |
| Property operating expenses | *5* | **(50,778)** | (39,203) |
| Net property income | | **161,024** | 138,703 |
| Exchange gains (losses) | | **16,575** | (25,541) |
| Other income | *6* | **4,892** | 5,211 |
| Increase (decrease) in fair value of investment properties | | **57,874** | (5,294) |
| Manager's fee | | **(10,845)** | (9,103) |
| Trust and other expenses | | **(3,451)** | (3,356) |
| Finance costs | *7* | **(29,486)** | (29,604) |
| Profit before tax and distribution to unitholders | *8* | **196,583** | 71,016 |
| Income taxes | *9* | **(63,816)** | (25,395) |
| Profit for the period, before distribution to unitholders | | **132,767** | 45,621 |
| Distribution to unitholders | | **(97,600)** | (81,932) |
| Profit (loss) for the period, after distribution to unitholders | | **35,167** | (36,311) |
| Total comprehensive income (expense) for the period, after transactions with unitholders | | **35,167** | (36,311) |
| Basic earnings per unit | *10* | **RMB0.12** | RMB0.04 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AS AT 30 JUNE 2021*

| | NOTES | As at 30 June 2021 RMB'000 (unaudited) | As at 31 December 2020 RMB'000 (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | *11* | **6,708,000** | 6,644,000 |
| Property, plant and equipment | | **480** | 535 |
| | | **6,708,480** | 6,644,535 |
| **Current assets** | | | |
| Trade and other receivables | *12* | **13,590** | 8,859 |
| Amounts due from related companies | | **18,599** | 69,067 |
| Structured deposits | | **–** | 129,514 |
| Bank balances and cash | | **628,488** | 355,320 |
| | | **660,677** | 562,760 |
| **Total assets** | | **7,369,157** | 7,207,295 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **119,691** | 83,417 |
| Amounts due to related companies | | **19,096** | 18,834 |
| Distribution payable | | **97,600** | 142,073 |
| Tax payables | | **17,376** | 10,490 |
| Secured bank borrowings | *14* | **828** | 620 |
| | | **254,591** | 255,434 |
| **Non-current liabilities, excluding net assets attributable to unitholders** | | | |
| Secured bank borrowings | *14* | **2,124,175** | 2,011,934 |
| Deferred tax liabilities | | **1,045,538** | 1,030,241 |
| **Total non-current liabilities, excluding net assets attributable to unitholders** | | **3,169,713** | 3,042,175 |
| **Total liabilities, excluding net assets attributable to unitholders** | | **3,424,304** | 3,297,609 |
| **Net assets attributable to unitholders** | | **3,944,853** | 3,909,686 |
| **Number of units in issue** | | **1,127,819,549** | 1,127,819,549 |
| **Net asset value per unit** | *15* | **RMB3.50** | RMB3.47 |

## DISTRIBUTION STATEMENT

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

| | For six months period ended | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Profit for the period, before distribution to unitholders** | **132,767** | 45,621 |
| Adjustments: | | |
| (Increase) decrease in fair value of investment properties | **(57,874)** | 5,294 |
| Non-cash finance costs | **2,400** | 2,400 |
| Exchange (gains) losses | **(16,575)** | 25,541 |
| Reversal of impairment losses for expected credit loss model | **(6)** | – |
| Depreciation | **39** | 31 |
| Deferred tax | **36,849** | 19,011 |
| Overprovision of withholding tax | **–** | (15,966) |
| **Total distributable income to unitholders *(note (ii))*** | **97,600** | 81,932 |
| **Payout ratio *(note (i))*** | **100%** | 100% |
| **Distributions per unit ("DPU")** | | |
| Proposed interim distribution per unit to be paid *(note ii)* | **RMB0.0865** | RMB0.0726 |

*Notes:*

(i) Pursuant to the Trust Deed, the total distributable income is profit for the period, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income statement for the relevant period. China Merchants Commercial REIT is required to distribute to unitholders not less than 90% of its distributable income of each financial period. The Manager intends to distribute to the Unitholders an amount of 100% of annual total distributable income of China Merchants Commercial REIT for each relevant period from the 10 December 2019 ("**Listing Date**") to 31 December 2022, and at least 90% of the total annual distributable income for each financial year thereafter.

(ii) The proposed interim distribution per unit of RMB0.0865 (six months ended 30 June 2020: RMB0.0726) for the six months ended 30 June 2021 is calculated based on the interim distribution to be paid to unitholders of RMB97,600,000 (six months ended 30 June 2020: RMB81,932,000) for the period and 1,127,819,549 (six months ended 30 June 2020: 1,127,819,549) units in issue as at 30 June 2021.

(iii) Pursuant to the DPU commitment deed entered into among, Eureka Investment Company Limited ("**Eureka**"), China Merchants Commercial REIT and DB Trustees (Hong Kong) Limited (the "**Trustee**"), Eureka has undertaken to make a payment to the Trustee for the benefit of China Merchants Commercial REIT if the annualised provisional DPU is less than the annualised committed DPU for the relevant periods as set out below:

| Relevant period | Annualised committed DPU |
|---|---|
| Listing Date to 31 December 2019 | HK$0.2360 per unit |
| 12 months ending 31 December 2020 | HK$0.2360 per unit |
| 12 months ending 31 December 2021 | HK$0.2541 per unit |
| 12 months ending 31 December 2022 | HK$0.2614 per unit |

The final DPU for the period from Listing Date to 31 December 2019 after taking into account the effect of the distribution commitment is HK$0.0142 (equivalent to RMB0.0127). Pursuant to the Trust Deed, the distribution for the period from and including the Listing Date to 31 December 2019 and the interim distribution for the six months ended 30 June 2020 (details set out in note ii) will be paid together to individuals regarded as unitholders on the record date of the interim distribution for the six months ended 30 June 2020. The first distribution will be made no later than 30 November 2020. All distributions will be paid in Hong Kong dollars.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

### 1. GENERAL INFORMATION

China Merchants Commercial REIT is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**HKSE**"). China Merchants Commercial REIT is governed by the deed of trust dated 15 November 2019, as amended from time to time (the "**Trust Deed**"), entered into between China Merchants Land Assets Management Co., Limited (the "**Manager**") and the Trustee, and the Code on Real Estate Investment Trusts (the "**REIT Code**") issued by the Securities and Futures Commission of Hong Kong.

The principal activity of China Merchants Commercial REIT is investment holding and its subsidiaries own and invest in income-producing commercial properties in Shekou, Shenzhen with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit. The address of the registered office of the Manager and the Trustee, are Room 2603 to 2606, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong and level 60, International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong, respectively.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of China Merchants Commercial REIT.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKSE and with International Accounting Standard 34 "Interim Financial Reporting" and the relevant disclosure requirements set out in Appendix C of the REIT Code issued by the Securities Futures Commission of Hong Kong.

### 3. PRINCIPAL ACCOUNTING POLICES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

**Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendment to IFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

Except as described below, the application of the amendments to IFRSs in the current interim 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 interim financial information.

***Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"***

*Accounting policies*

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

***Transition and summary of effects***

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for medium term notes and bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

## 4. REVENUE AND SEGMENT INFORMATION

### Revenue recognition

| | For six months period ended | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Rental income from office buildings and a shopping centre | **180,926** | 151,204 |
| Management fee income | **18,896** | 17,245 |
| Carpark income | **4,472** | 3,410 |
| Others | **7,508** | 6,047 |
| **Revenue from contracts with customers recognised over time** | **30,876** | 26,702 |
| | **211,802** | 177,906 |

### Segment information

The Group determines its operating segments based on the reports reviewed by the Manager, being the chief operating decision maker (the "**CODM**"), that are used to make strategic decisions. The Group's reportable segments are classified as (i) office buildings; and (ii) shopping centre, which are based on the types of properties held by the Group. Office buildings segment aggregates the operating segments, each being an individual office building, namely New Times Plaza, Cyberport Building, Technology Building and Technology Building 2, on the basis that the similar economic characteristic and nature of services provided. There is no aggregation of operating segment for shopping centre segment.

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

**For the period ended 30 June 2021 (unaudited)**

| | **Office buildings** | **Shopping centre** | **Total** |
|---|---|---|---|
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| Segment revenue | **149,315** | **62,487** | **211,802** |
| Segment results | **175,945** | **47,812** | **223,757** |
| Exchange gains | | | **16,575** |
| Other income | | | **5** |
| Manager's fee | | | **(10,845)** |
| Trust and other expenses | | | **(3,451)** |
| Finance costs | | | **(29,458)** |
| **Profit before tax and distribution to unitholders** | | | **196,583** |
| Income taxes | | | **(63,816)** |
| **Profit for the period, before distribution to unitholders** | | | **132,767** |

**For the period ended 30 June 2020 (unaudited)**

| | Office buildings *RMB'000* | Shopping centre *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Segment revenue | 124,863 | 53,043 | 177,906 |
| Segment results | 103,380 | 35,182 | 138,562 |
| Exchange losses | | | (25,541) |
| Other income | | | 58 |
| Manager's fee | | | (9,103) |
| Trust and other expenses | | | (3,356) |
| Finance costs | | | (29,604) |
| **Profit before tax and distribution to unitholders** | | | 71,016 |
| Income taxes | | | (25,395) |
| **Profit for the period, before distribution to unitholders** | | | 45,621 |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before tax earned by each segment without allocation of exchange gains (losses), certain other income, other unallocated operating expenses and other unallocated finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

**As at 30 June 2021 (unaudited)**

| | **Office buildings** ***RMB'000*** | **Shopping centre** ***RMB'000*** | **Total** ***RMB'000*** |
|---|---|---|---|
| Segment assets | **5,408,099** | **1,694,001** | **7,102,100** |
| Unallocated assets | | | **267,057** |
| Consolidated total assets | | | **7,369,157** |
| Segment liabilities | **925,114** | **262,075** | **1,187,189** |
| Unallocated liabilities | | | **2,237,115** |
| Consolidated total liabilities | | | **3,424,304** |

**As at 31 December 2020 (audited)**

| | Office buildings *RMB'000* | Shopping centre *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Segment assets | 5,391,434 | 1,697,897 | 7,089,331 |
| Unallocated assets | | | 117,964 |
| Consolidated total assets | | | 7,207,295 |
| Segment liabilities | 880,665 | 250,281 | 1,130,946 |
| Unallocated liabilities | | | 2,166,663 |
| Consolidated total liabilities | | | 3,297,609 |

## 5. PROPERTY OPERATING EXPENSES

| | **For six months period ended** | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Advertising and promotion | **831** | 1,630 |
| Agency fee | **138** | 87 |
| Property management expenses | **24,601** | 21,656 |
| Operations manager's fee | **8,655** | 7,394 |
| Other taxes | **15,410** | 8,056 |
| Others | **1,143** | 380 |
| | **50,778** | 39,203 |

## 6. OTHER INCOME

| | **For six months period ended** | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interest income | **4,754** | 4,471 |
| Others | **138** | 740 |
| | **4,892** | 5,211 |

## 7. FINANCE COSTS

| | For six months period ended | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interest expense on bank borrowings | **27,086** | 27,204 |
| Amortisation of upfront payments | **2,400** | 2,400 |
| | **29,486** | 29,604 |

## 8. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

| | For six months period ended | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Profit before tax and distribution to unitholders has been arrived at after charging (crediting): | | |
| Auditors' remuneration | **1,502** | 1,358 |
| Depreciation | **39** | 31 |
| Trustee's remuneration | **661** | 694 |
| Principal valuer's fee | **83** | 91 |
| Bank charges | **16** | 271 |
| Interest income | **(4,754)** | (4,471) |

## 9. INCOME TAXES

| | For six months period ended | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Current tax | | |
| EIT | | |
| Current period | **27,120** | 21,569 |
| (Over)underprovision in prior period | **(153)** | 781 |
| Withholding tax | | |
| Overprovision in prior period | **–** | (15,966) |
| Deferred tax | **36,849** | 19,011 |
| | **63,816** | 25,395 |

No provision for Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits in Hong Kong in both periods.

Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the BVI.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory income tax rate of the PRC subsidiaries is 25% for the current period.

## 10. BASIC EARNINGS PER UNIT

The calculation of the basic earnings per unit before distribution to unitholders is based on the profit for the period, before distribution to unitholders with the weighted average number of units of 1,127,819,549 (six months ended 30 June 2020: 1,127,819,549) in issue during the period.

There were no dilutive potential units during the period ended 30 June 2021 and 30 June 2020, therefore the diluted earnings per unit has not been presented.

## 11. INVESTMENT PROPERTIES

| | **30 June 2021** <br> ***RMB'000*** <br> **(unaudited)** | 31 December 2020 <br> *RMB'000* <br> (audited) |
|---|---|---|
| FAIR VALUE | | |
| At beginning of the period/year | **6,644,000** | 6,609,000 |
| Additions during the period/year | **6,126** | 8,968 |
| Fair value changes on investment properties | **57,874** | 26,032 |
| At the end of the period/year | **6,708,000** | 6,644,000 |

## 12. TRADE AND OTHER RECEIVABLES

| | **30 June 2021** <br> ***RMB'000*** <br> **(unaudited)** | 31 December 2020 <br> *RMB'000* <br> (audited) |
|---|---|---|
| Trade receivables | **4,654** | 1,654 |
| Deferred rent receivables | **8,936** | 7,205 |
| | **13,590** | 8,859 |

Trade receivables represent lease receivables. Lease receivables under rental of office buildings and shopping centre are generally required to be settled by tenants within 30 days upon issuance of demand note.

The following is an ageing analysis of trade receivables, presented based on the date of demand note:

| | **30 June 2021** | 31 December 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Within 1 month | **1,756** | 304 |
| More than 1 months but within 3 months | **1,625** | 165 |
| Over 3 months | **1,273** | 1,185 |
| | **4,654** | 1,654 |

## 13. TRADE AND OTHER PAYABLES

| | **30 June 2021** | 31 December 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade payables | **1,038** | 537 |
| Other tax payables | **37,607** | 1,587 |
| Rental receipt in advance | **4,852** | 8,351 |
| Receipt on behalf of tenants *(note)* | **8,473** | 10,078 |
| Rental deposit received from tenants | **58,660** | 54,661 |
| Accruals and other payables | **9,061** | 8,203 |
| | **118,653** | 82,880 |
| | **119,691** | 83,417 |

*Note:*

The Group collected the turnover of tenants, who operate food and beverage business in a shopping centre, on behalf of them and is obligated to remit to them every half month.

The credit period granted by suppliers to the Group ranges from 30 to 90 days during the period. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

| | **30 June 2021** | 31 December 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Within 1 month | **203** | 159 |
| More than 1 month but within 3 months | **226** | – |
| Over 3 months | **609** | 378 |
| | **1,038** | 537 |

## 14. SECURED BANK BORROWINGS

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|---|---|---|
| Secured bank borrowings | **2,132,003** | 2,021,954 |
| Loan front-end fee | **(7,000)** | (9,400) |
| | **2,125,003** | 2,012,554 |

The maturity of the secured bank borrowings is as follows:

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|---|---|---|
| Within one year | **828** | 620 |
| More than one years but not exceeding two years | **2,124,175** | 2,011,934 |
| | **2,125,003** | 2,012,554 |

## 15. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 30 June 2021 of RMB3,944,853,000 (31 December 2020: RMB3,909,686,000) by the number of units in issue of 1,127,819,549 units as at 30 June 2021 (31 December 2020: RMB1,127,819,549).

## 16. NET CURRENT ASSETS

At 30 June 2021, the Group's net current assets, calculated as current assets less current liabilities, amounted to RMB406,086,000 (31 December 2020: RMB307,326,000).

## 17. TOTAL ASSETS LESS CURRENT LIABILITIES

At 30 June 2021, the Group's total assets less current liabilities amounted to RMB7,114,566,000 (31 December 2020: RMB6,951,861,000).

## 18. CAPITAL COMMITMENT

| | 30 June 2021 RMB'000 (unaudited) | 31 December 2020 RMB'000 (audited) |
|---|---|---|
| Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the condensed consolidated financial statements | **14,619** | 15,209 |