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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 2021**

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 2021 to 30 June 2021 together with the comparative figures for the period from 1 January 2020 to 30 June 2020 as follows:

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

For the six months ended 30 June 2021

	<i>NOTES</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	7,304,633	2,980,635
Cost of sales		(5,848,117)	(2,105,132)
Gross profit		1,456,516	875,503
Other income		157,810	115,235
Net foreign exchange gains (losses)		8,047	(1,140)
Selling and marketing expenses		(279,914)	(157,085)
Administrative expenses		(105,859)	(93,522)
Share of profits of associates		55,715	27,317
Share of profits (losses) of joint ventures		23,883	(1,752)
Finance costs	6	(306,504)	(293,904)

		Six months ended 30 June	
		2021	2020
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit before tax		1,009,694	470,652
Income tax expense	7	(449,526)	(302,994)
Profit for the period	8	560,168	167,658
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		8,007	9,650
Total comprehensive income for the period		568,175	177,308
Profit for the period attributable to:			
Owners of the Company		296,714	82,861
Non-controlling interests		263,454	84,797
		560,168	167,658
Total comprehensive income for the period attributable to:			
Owners of the Company		304,721	92,511
Non-controlling interests		263,454	84,797
		568,175	177,308
Earnings per share			
Basic (RMB cents)	10	6.05	1.69

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>NOTES</i>	30.6.2021	31.12.2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		263,443	272,778
Right-of-use assets		161,607	202,910
Investment properties		3,212,598	3,266,458
Goodwill		160,210	160,210
Interests in associates		8,371,112	8,102,901
Interests in joint ventures		3,494,410	3,551,133
Financial asset at fair value through profit or loss		106,899	106,899
Other receivables		5,651,547	4,583,367
Deferred tax assets		1,114,191	953,844
		<u>22,536,017</u>	<u>21,200,500</u>
Current assets			
Properties for sale		61,843,888	50,168,069
Deposits paid for acquisitions of land use rights		1,753,226	444,838
Trade and other receivables	<i>11</i>	34,420,171	28,059,097
Contract costs		426,138	371,470
Prepaid income tax		1,601,075	1,063,094
Bank balances and cash		12,465,948	9,718,815
		<u>112,510,446</u>	<u>89,825,383</u>
Current liabilities			
Trade and other payables	<i>12</i>	46,082,271	31,289,620
Contract liabilities		32,273,791	23,798,352
Lease liabilities		35,545	31,980
Loans from non-controlling interests	<i>13</i>	1,219,365	1,722,334
Loans from an intermediate holding company		1,801,626	1,796,823
Bank borrowings	<i>14</i>	5,769,983	6,128,418
Income tax payable		4,168,802	4,197,466
Bonds payables		1,900,000	1,900,000
		<u>93,251,383</u>	<u>70,864,993</u>
Net current assets		<u>19,259,063</u>	<u>18,960,390</u>
Total assets less current liabilities		<u>41,795,080</u>	<u>40,160,890</u>

	<i>NOTES</i>	30.6.2021 RMB'000 (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
Non-current liabilities			
Loans from non-controlling interests	<i>13</i>	475,017	765,817
Loan from an intermediate holding company		200,000	200,000
Bank borrowings	<i>14</i>	8,653,821	6,979,382
Lease liabilities		389,952	410,939
Deferred tax liabilities		410,090	537,918
		<u>10,128,880</u>	<u>8,894,056</u>
Net assets		<u>31,666,200</u>	<u>31,266,834</u>
Capital and reserves			
Share capital		39,132	39,132
Reserves		9,480,321	9,461,794
		<u>9,519,453</u>	<u>9,500,926</u>
Equity attributable to owners of the Company		22,146,747	21,765,908
Non-controlling interests		<u>31,666,200</u>	<u>31,266,834</u>
Total equity		<u>31,666,200</u>	<u>31,266,834</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

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.

Potential impacts on application of the agenda decision of the IFRS Interpretations Committee (the "Committee") – Costs Necessary to Sell Inventories

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realizable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's existing accounting policy is to determine net realisable value taking into consideration incremental costs only. As at 30 June 2021, the Group is still in the process of assessing the potential impact and has yet to implement the change in accounting policy based on the Committee's agenda decision. The impacts on such change, if any, will be disclosed in the Group's future consolidated financial statements.

4. REVENUE

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

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
By types of goods or services		
Sales of properties for sale	7,144,654	2,784,614
Rental income from investment properties	129,960	133,912
Properties operation income	20,907	53,006
Asset management service	9,112	9,103
	<u>7,304,633</u>	<u>2,980,635</u>
By timing of revenue recognition		
At a point in time	7,144,654	2,784,614
Over time	30,019	62,109
	<u>7,174,673</u>	<u>2,846,723</u>
Rental income from investment properties	129,960	133,912
	<u>7,304,633</u>	<u>2,980,635</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 is organised into the following two operating and reportable segments: (i) Development and sales of properties and property leasing (“**Properties Segment**”); and (ii) Asset management for office premises and shopping malls (“**Asset Management Segment**”). Each of which was considered as a separate operating segment by the CODM.

Segment revenue and results

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

	Asset management segment RMB’000	Properties segment RMB’000	Consolidated RMB’000
For the six months ended 30 June 2021 (unaudited)			
Segment revenue – external customers	<u>9,112</u>	<u>7,295,521</u>	<u>7,304,633</u>
Segment results	<u>5,142</u>	<u>1,237,718</u>	1,242,860
Unallocated net foreign exchange losses			(8,102)
Unallocated finance costs			(205,588)
Unallocated income			8,236
Unallocated expenses			<u>(27,712)</u>
Profit before tax			<u>1,009,694</u>

	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>

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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– bank borrowings	342,861	321,549
– lease liabilities	7,245	7,582
– loans from an intermediate holding company	41,634	92,205
– loans from non-controlling interests	62,041	86,067
– bonds	44,186	43,943
	<u>497,967</u>	<u>551,346</u>
Total borrowing costs	497,967	551,346
Less: Amount capitalised in the cost of qualifying assets	(191,463)	(257,442)
	<u>306,504</u>	<u>293,904</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The income tax expenses (credit) comprise of:		
PRC Enterprise Income Tax (“EIT”)	619,771	148,675
Land Appreciation Tax (“LAT”)	117,929	177,013
	<u>737,700</u>	<u>325,688</u>
Deferred tax	(288,174)	(22,694)
	<u>449,526</u>	<u>302,994</u>

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	10,596	14,100
Deprecation of right-of-use assets	8,490	10,560
Depreciation of investment properties	<u>72,067</u>	<u>83,629</u>

9. DIVIDEND

During the current period, a final dividend in respect of the year ended 31 December 2020 of HK\$0.07 (2020: HK\$0.14) 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 RMB286,644,000 (2020: RMB625,204,000).

No interim dividend was paid, declared or proposed during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the interim reporting period (2020: 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share, being profit for the period attributable to owners of the Company	<u>296,714</u>	<u>82,861</u>
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
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 2021 and 2020 as there were no potential ordinary shares outstanding.

11. TRADE AND OTHER RECEIVABLES

	30.6.2021	31.12.2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	<u>32,972</u>	<u>105,526</u>

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

	30.6.2021 <i>RMB'000</i> (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
0 – 180 days	27,558	102,877
181 – 365 days	4,007	675
Over 1 year	<u>1,407</u>	<u>1,974</u>
	<u>32,972</u>	<u>105,526</u>

12. TRADE AND OTHER PAYABLES

	30.6.2021 <i>RMB'000</i> (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
Trade payables	<u>6,061,545</u>	<u>5,339,157</u>

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

	30.6.2021 <i>RMB'000</i> (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
0 to 60 days	3,933,998	2,573,702
61 to 180 days	371,458	550,292
181 to 365 days	1,266,304	1,409,736
Over 1 year	<u>489,785</u>	<u>805,427</u>
	<u>6,061,545</u>	<u>5,339,157</u>

13. LOANS FROM NON-CONTROLLING INTERESTS

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

	Effective interest rate per annum	30.6.2021	31.12.2020
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Fixed-rate loans denominated in:			
RMB	4.75% to 6.6% (31 December 2020: 4.75% to 6%)	1,043,082	1,833,073
United States dollars	4% (31 December 2020: 4%)	651,300	655,078
		<u>1,694,382</u>	<u>2,488,151</u>
Analysed as:			
Current portion		1,219,365	1,722,334
Non-current portion		475,017	765,817
		<u>1,694,382</u>	<u>2,488,151</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 1.29% to 5.25% (31 December 2020: 4% to 4.99%) per annum.

As at 30 June 2021, land with carrying values of approximately RMB3,238,956,000 (31 December 2020: RMB3,424,620,000), investment properties with carrying values of approximately RMB1,240,645,000 (2020: RMB1,274,083,000) and shareholding of a subsidiary with carrying values of approximately RMB185,702,000 (2020: Nil) have been pledged to secure bank borrowings amounting to RMB1,737,038,000 (31 December 2020: RMB2,222,409,000) 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:

	30.6.2021 RMB'000 (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
Construction of properties under development for sale	7,494,188	10,984,363
Capital injection to joint ventures	1,277,200	1,666,310
Leasehold improvements	105,716	45,610
	<u>8,877,104</u>	<u>12,696,283</u>

16. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, financial guarantee contracts of the Group were as follows:

	30.6.2021 RMB'000 (Unaudited)	31.12.2020 <i>RMB'000</i> (Audited)
Guarantee given to banks in connection with facilities granted to customers (<i>Note i</i>)	3,006,087	3,601,980
Guarantee given to banks in connection with facilities granted to joint ventures and associates (<i>Note ii</i>)	<u>1,628,599</u>	<u>1,965,493</u>

Notes:

- (i) 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 at initial recognition is not significant as the default rate is low.
- (ii) The directors of the Company consider that the fair value of the financial guarantee at the initial date of providing this guarantee is insignificant.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW ANALYSIS

In the first half of 2021, China's gross domestic product (GDP) was RMB53,216.7 billion, up 12.7% year-on-year at constant prices. Of this, GDP grew by 18.3% year-on-year in the first quarter and 7.9% year-on-year in the second quarter. The two-year average growth rate of the GDP in second quarter was 5.5% (measured as the geometric mean of the two-year year-on-year rates in the second quarter of 2020 and the second quarter of 2021), which was 0.5 percentage points faster than the first quarter's. The second quarter GDP grew 1.3% quarter-on-quarter from the first quarter. The national economy can be described as having continued to recover steadily to its pre-pandemic growth levels in the first half of the year.

Investment in property development nationwide reached RMB7,217.9 billion during the first half of the year, up 15.0% year-on-year. Of which, investment in residential properties amounted to RMB5,424.4 billion, representing an increase of 17.0%, while the construction area reached 6,174.8 million square meters, an increase of 10.5%. The nationwide sales area of commercial housing reached 886.35 million square meters, up 27.7% year-on-year, of which residential area sold increased by 29.4% and amount sold increased by 41.9%. This reflected the real estate sales market was hot in the first half of the year. The nationwide real estate developers contributed capital of RMB10,289.8 billion in the first half of the year, an increase of 23.5% year-on-year. Of which, self-financing funds amounted to RMB3,015.3 billion, an increase of 11.9%; deposits and pre-receipts amounted to RMB3,962.5 billion, an increase of 49.7%; and personal mortgage loans amounted to RMB1,635.5 billion, an increase of 23.9%, reflecting the high growth in sales in the real estate market, which led to an increase in sales returns by real estate developers in general and became an important support for the faster growth in real estate development investment.

This year, under the positioning of “houses are for living in ,not for speculation”, China's real estate regulation and control policies have been continuously improved, following the “three red lines” policy and mortgage concentration management, the new policy of “two concentrations” of land supply has been implemented to promote the stable and healthy development of the real estate market, but the growth of real estate development investment is still resilient, and the rate of price increase in first-tier and strong second-tier cities is still relatively fast, among which, Guangzhou, Nanjing, Jurong, Foshan, Xi'an and Chongqing, where the Company has deployed, are all located in the core or sub-core of regional city clusters. They have higher levels in economy and productivity, enjoy synergies with the urban agglomerations and have attracted consistent year-on-year growth in resident population, which has increased demand for residential properties and a leading share of the national residential sales market.

FINANCIAL REVIEW

During the six months period ended 30 June 2021, profit amounted to RMB560,168,000 (the corresponding period of 2020: RMB167,658,000), representing an increase of approximately 234% as compared with the last corresponding period.

Profit attributable to the owners of the Company was RMB296,714,000 (the corresponding period of 2020: RMB82,861,000), representing an increase of approximately 258% as compared with the last corresponding period. The increase in profit attributable to the owners of the Company during the six months period ended 30 June 2021 were primarily due to the following reasons:

- (i) compared to the same period in 2020, the Group has recorded a significant increase in carried forward income and gross profit;
- (ii) compared to the same period in 2020, some of the associates and joint venture projects in Nanjing were carried forward, and the investment income recognized by the Group under the equity method increased year-on-year.

For the six months period ended 30 June 2021, the Group had no material exposure to fluctuations in exchange rates and no exchange rates related.

During the six months period ended 30 June 2021, basic earnings per share was RMB6.05 cents (the corresponding period of 2020: RMB1.69 cents), representing an increase of approximately 258% compared to the corresponding period of last year.

As at 30 June 2021, equity attributable to owners of the Company was RMB9,519,453,000 representing an increase of approximately 0.2% as compared to the last financial year ended 31 December 2020 of RMB9,500,926,000.

Turnover

For the first half of 2021, the Group recorded turnover of RMB7,304,633,000 (the corresponding period of 2020: RMB2,980,635,000), representing an increase of approximately 145% 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 2021. For the first half of 2021, projects in Foshan, Guangzhou, Chongqing, Nanjing, Xi’an and Hong Kong accounted for 31%, 11%, 29%, 27%, 1% and 1% of the total turnover of the Group respectively.

Gross Profit

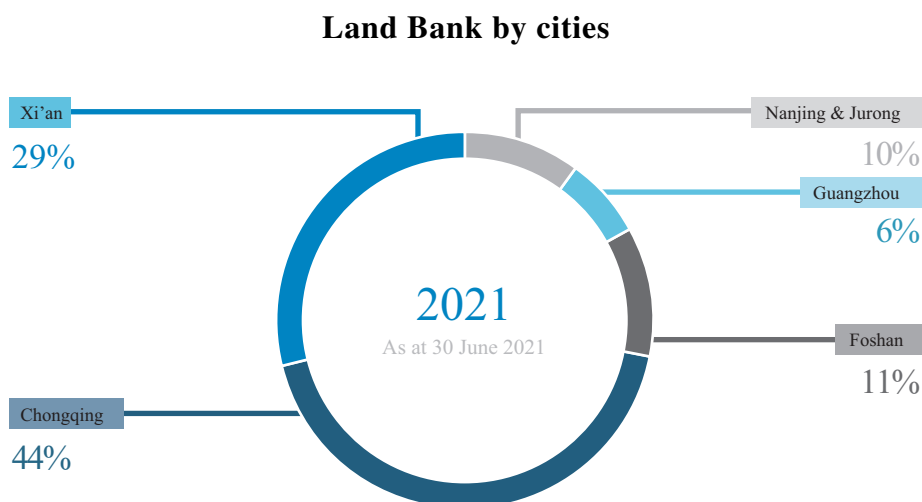
Gross profit amounted to RMB1,456,516,000 (the corresponding period of 2020: RMB875,503,000), representing an increase of approximately 66% as compared to the corresponding period of last year. The gross profit margin was 20%, representing a decrease of approximately 9 percentage points as compared to the corresponding period of last year (the corresponding period of 2020: 29%). For the first half of 2021, approximately 60% of the recognised revenue were derived from projects with relatively lower profit margin of 20%.

BUSINESS REVIEW

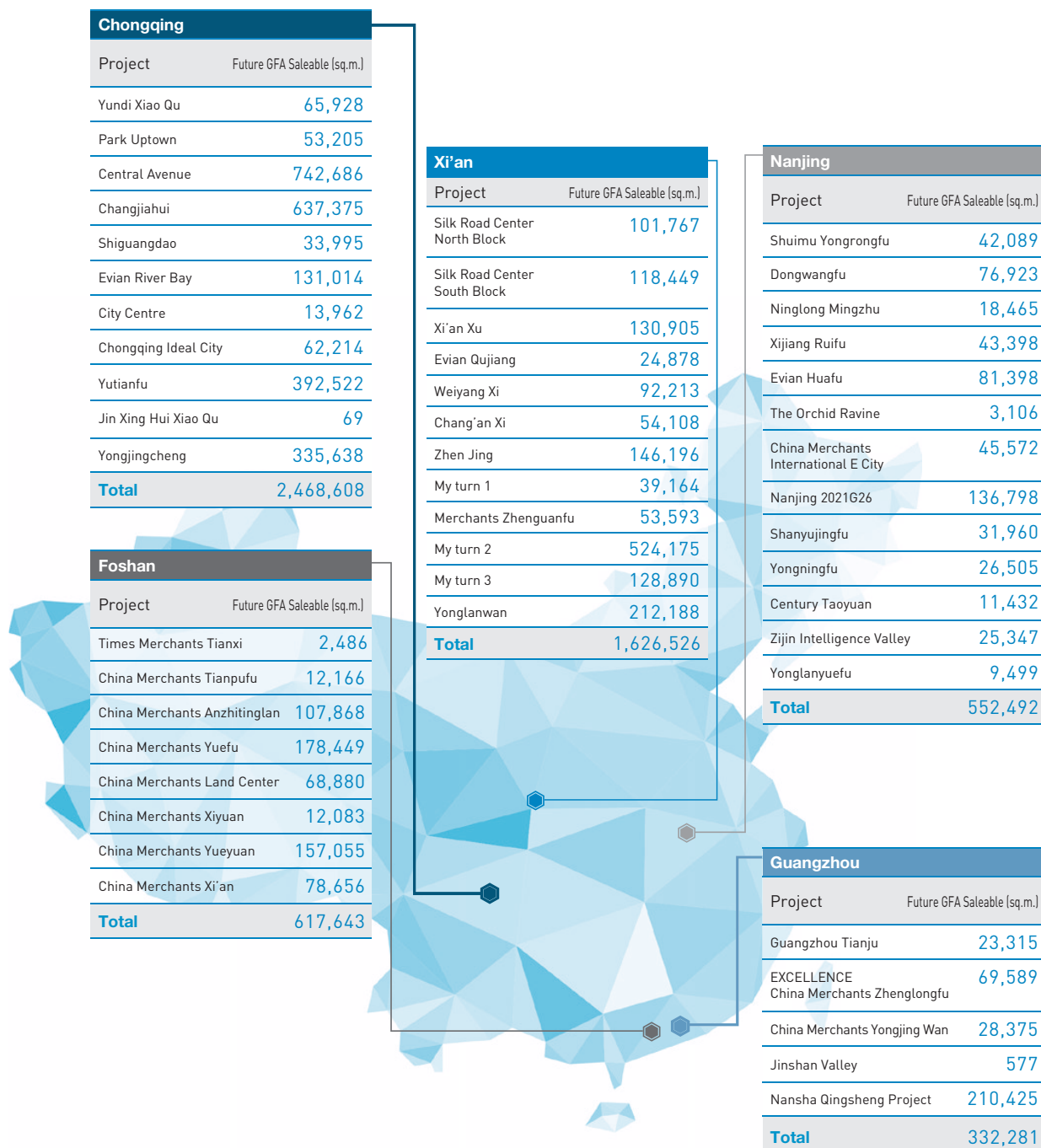
Property Development Business

As at 30 June 2021, the Group's portfolio of property development projects consisted of 49 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.

The saleable GFA of the properties comprising the projects which had not been sold or presold as at 30 June 2021 ("**Land Bank**") was 5,597,550 sq.m.. 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.



A map showing the geographical location and land bank of the projects of the Group in the PRC as at 30 June 2021



The table below details the Group's property development projects as at 30 June 2021 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
China Merchants Land Center	51%	222,684	68,880	222,684	196,810	94,267	33,663	68,880	-	-	-	-	-
China Merchants Xi'an	60%	231,607	78,656	231,607	210,494	88,301	43,537	78,656	-	-	-	-	-
China Merchants Yuefu	50%	328,019	178,449	108,714	96,483	74,451	2,004	20,028	219,305	203,996	45,575	-	-
China Merchants Yueyuan	50%	314,257	157,055	86,532	73,735	62,325	2,161	9,249	227,725	208,563	60,757	-	-
China Merchants Xiyuan	100%	128,836	12,083	128,836	118,058	104,846	1,129	12,083	-	-	-	-	-
China Merchants Anzhitinglan	90%	181,895	107,868	42,619	36,024	15,372	14,248	6,404	139,276	122,958	21,494	-	-
Times Merchants Tianxi	50%	175,097	2,486	175,097	127,611	122,768	2,357	2,486	-	-	-	-	-
China Merchants Tianpufu	34%	40,449	12,166	-	-	-	-	-	40,449	37,419	25,253	-	-
Foshan subtotal		1,622,844	617,643	996,089	859,215	562,330	99,099	197,786	626,755	572,936	153,079	-	-
Huambo	51%	125,945	-	125,945	104,216	104,216	-	-	-	-	-	-	-
Jinshan Valley	100%	1,277,295	577	1,277,295	1,079,888	1,035,924	43,387	577	-	-	-	-	-
China Merchants Yongjing Wan	60%	392,674	28,375	392,674	291,547	261,864	1,308	28,375	-	-	-	-	-
Guangzhou Tianju	50%	65,532	23,315	-	-	-	-	-	65,532	41,825	18,510	-	-
EXCELLENCE China Merchants Zhenglongfu	50%	118,803	69,589	-	-	-	-	-	118,803	69,589	-	-	-
Nansha Qingsheng Project	100%	337,289	210,425	-	-	-	-	-	337,289	210,425	-	-	-
Guangzhou subtotal		2,317,538	332,281	1,795,914	1,475,651	1,402,004	44,695	28,952	521,624	321,839	18,510	-	-
Changjiahui	50%	1,624,725	637,375	1,022,159	999,798	830,674	1,836	167,288	179,919	179,919	132,479	422,647	422,647
Evian River Bay	100%	525,851	131,014	488,107	488,107	392,718	2,119	93,270	37,744	37,744	-	-	-
Central Avenue	50%	1,524,668	742,686	898,967	898,966	612,851	10,539	275,576	625,701	625,701	158,591	-	-
Jin Xing Hui Xiao Qu	100%	97,594	69	97,594	95,440	85,929	9,442	69	-	-	-	-	-
Yongjingcheng	100%	503,125	335,638	264,372	255,152	136,448	-	118,704	238,753	238,753	21,819	-	-
Yundi Xiao Qu	100%	122,178	65,928	122,178	122,178	36,155	20,095	65,928	-	-	-	-	-
Chongqing Ideal City	51%	190,499	62,214	-	-	-	-	-	190,499	181,659	119,445	-	-
City Centre	100%	46,780	13,962	46,780	45,568	30,229	1,377	13,962	-	-	-	-	-
Park Uptown	100%	103,167	53,205	-	-	-	-	-	103,167	103,167	49,962	-	-
Shiguangdao	100%	33,995	33,995	-	-	-	-	-	33,995	33,995	-	-	-
Yutianfu	100%	466,601	392,522	-	-	-	-	-	118,276	107,672	-	348,325	284,850
Chongqing subtotal		5,239,183	2,468,608	2,940,157	2,905,209	2,125,004	45,408	734,797	1,528,054	1,508,610	482,296	770,972	707,497

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	GFA	Total GFA saleable/rentable
China Merchants International													
E City	100%	372,916	45,572	372,916	324,531	274,313	4,646	45,572	-	-	-	-	-
Evian Huafu	51%	358,646	81,398	358,646	276,163	193,849	916	81,398	-	-	-	-	-
The Orchid Ravine	51%	343,699	3,106	343,699	273,174	269,668	400	3,106	-	-	-	-	-
Century Taoyuan	18%	221,743	11,432	194,904	150,952	136,481	5,982	8,489	26,839	20,786	17,843	-	-
Dongwangfu	51%	315,793	76,923	156,101	151,463	72,391	79,072	-	159,692	84,453	7,530	-	-
Xijiang Ruifu	20%	278,840	43,398	-	-	-	-	-	278,840	226,638	183,240	-	-
Shuimu Yongrongfu	28%	243,759	42,089	-	-	-	-	-	243,759	184,922	142,833	-	-
Yongningfu	51%	351,438	26,505	147,662	138,504	133,600	2,414	2,490	203,776	146,039	122,024	-	-
Ninglong Mingzhu	31%	71,701	18,465	71,701	71,701	53,236	-	18,465	-	-	-	-	-
Yonglanyuefu	51%	105,930	9,499	-	-	-	-	-	105,930	84,380	74,881	-	-
Zijin Intelligence Valley	60%	50,710	25,347	-	-	-	-	-	50,710	25,347	-	-	-
Nnajing 2021G26	51%	170,589	136,798	-	-	-	-	-	-	-	-	170,589	136,798
Shanyujingfu	20%	69,032	31,960	-	-	-	-	-	69,032	54,495	22,535	-	-
Nanjing subtotal		2,954,796	552,492	1,645,629	1,386,488	1,133,538	93,430	159,520	1,138,578	827,060	570,886	170,589	136,798
Evian Quijiang	100%	538,269	24,878	538,269	495,725	470,847	-	24,878	-	-	-	-	-
Merchants Zhenguanfu	51%	231,174	53,593	-	-	-	-	-	231,174	197,304	143,711	-	-
My turn 1	51%	277,313	39,164	-	-	-	-	-	277,313	242,864	203,700	-	-
My turn 2	51%	562,692	524,175	-	-	-	-	-	562,692	524,175	-	-	-
My turn 3	51%	325,294	128,890	-	-	-	-	-	325,294	289,347	160,457	-	-
Silk Road Center North Block	51%	160,808	101,767	-	-	-	-	-	160,808	126,946	25,179	-	-
Silk Road Center South Block	51%	138,106	118,449	-	-	-	-	-	138,106	118,449	-	-	-
Chang'an Xi	51%	63,626	54,108	-	-	-	-	-	63,626	54,108	-	-	-
Weiyang Xi	51%	112,359	92,213	-	-	-	-	-	112,359	92,213	-	-	-
Zhen Jing	51%	170,906	146,196	-	-	-	-	-	170,906	146,196	-	-	-
Xi'an Xu	51%	156,232	130,905	-	-	-	-	-	-	-	-	156,232	130,905
Yonglanwan	51%	226,883	212,188	-	-	-	-	-	-	-	-	226,883	212,188
Xi'an subtotal		2,963,662	1,626,526	538,269	495,725	470,847	-	24,878	2,042,278	1,791,602	533,047	383,115	343,093
Total		15,098,023	5,597,550	7,916,058	7,122,288	5,693,723	282,632	1,145,933	5,857,289	5,022,047	1,757,818	1,324,676	1,187,388

Newly participated projects

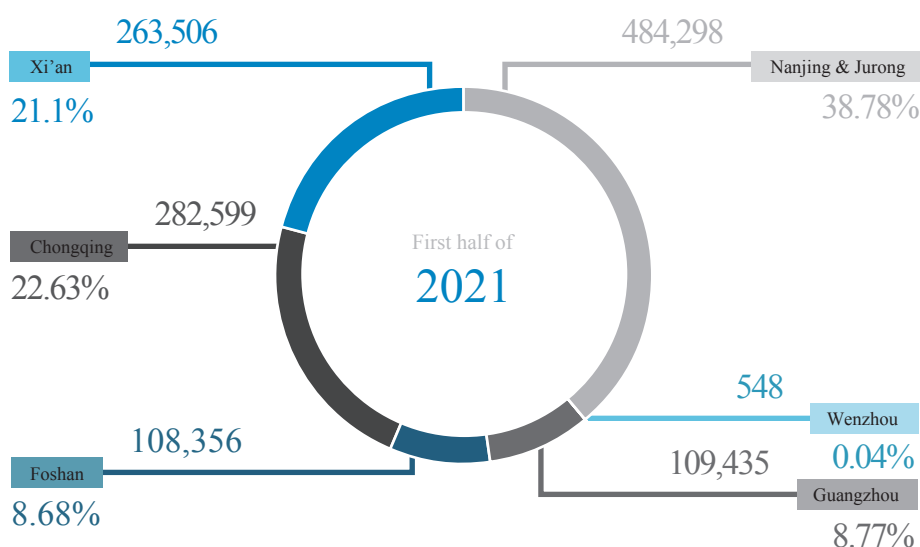
The projects newly participated and controlled by the Group during the first half of 2021 are as follows:

Projects	Total land consideration <i>(RMB million)</i>	Total site area <i>(sq.m.)</i>	Total permissible area <i>(sq.m.)</i>	Average land cost <i>(RMB/sq.m.)</i>
North of Shagongbaoyong, Qingsheng Hub Block, Nansha District, Guangzhou	4,131	59,907	228,126	18,108
Lot 2021G24, Xuanwu District, Nanjing	8,890	214,519	475,537	18,695
Lot 2021G26, Jiangxinzhou, Jianye District, Nanjing	3,790	44,750	125,301	30,247
Lot CB2-2-227, Chanba District, Xi'an	1,955	53,811	107,602	18,167
Lot XXQH-WB05-40, Qinhan New City, Xixian New District, Xi'an	1,444	62,712	156,780	9,213
Lot AH, Xiyongzutuan, Shapingba District, Chongqing	3,250	186,552	310,711	10,460
Lot K08, Dayang Shizutuan, Jiulongpo District, Chongqing	325	12,825	25,650	12,671

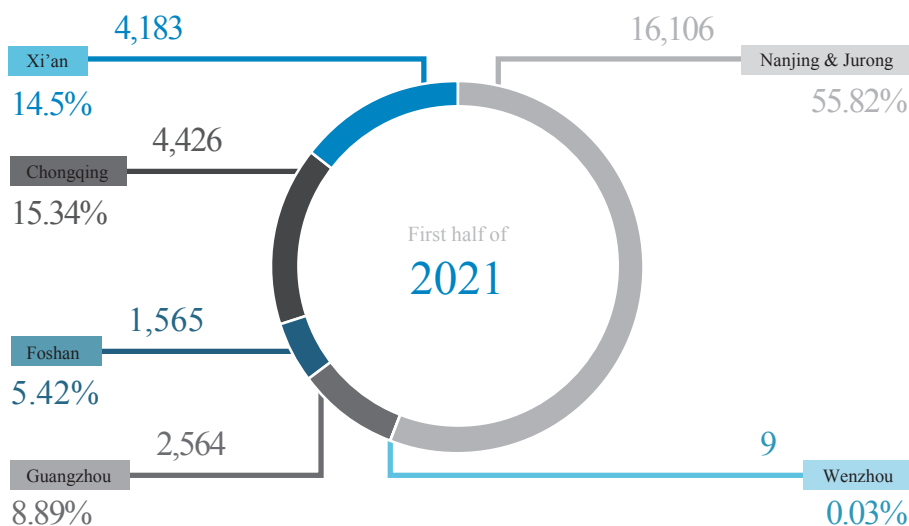
Contracted Sales

For the six months ended 30 June 2021, the Group, together with its associated companies and joint ventures, had achieved an aggregate contracted sales amount of RMB28,853 million, representing a year-on-year increase of 47%. The aggregate contracted sales area was 1,248,742 sq.m., representing a year-on-year increase of 12%. The average selling price was approximately RMB23,106 per sq.m., representing an increase of 31% as compared to the corresponding period of last year.

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



Contracted sales amount by region (RMB million)



Asset Management Business

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 China Merchants Commercial Real Estate Investment Trust, which has been generating income. For the six months period ended 30 June 2021, the Company has recorded asset management service income of RMB9,112,000.

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 30 June 2021, the net assets attributable to shareholders of the Group were approximately RMB9,519,453,000 (31 December 2020: RMB9,500,926,000). As at 30 June 2021, bank balances and cash was RMB12,465,948,000 (31 December 2020: RMB9,718,815,000). In terms of currency denomination, bank balances and cash can be divided into RMB11,865,080,000 in Renminbi, RMB38,325,000 in US\$ and RMB562,543,000 in Hong Kong dollars.

As at 30 June 2021, total interest-bearing debt of the Group was RMB20,019,812,000 (31 December 2020: RMB19,492,774,000). In terms of maturity, the outstanding total interest-bearing debt (excluding bonds payable) can be divided into RMB8,790,974,000 repayable within one year, RMB2,257,145,000 repayable after one year but within two years, RMB6,781,193,000 repayable after two years but within five years and RMB290,500,000 repayable after five years.

At 30 June 2021, 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 24% (31 December 2020: 31%). 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 Company 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 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

Looking ahead to the second half of the year, the central government will maintain the policy of “houses are for living in ,not for speculation” and “city-specific policies” and may introduce targeted policies and measures for the establishment of a more perfect real estate market order. The trend of continued tight policies in the real estate industry is expected to remain unchanged in the second half of the year.

On the other hand, the development of China’s real estate market remains polarised. The demand for real estate is stronger in areas with better industrial development and higher population inflow. For example, Guangzhou’s resident and registered populations net increased by 500,000 and 310,000 respectively in 2020 compared to the previous year, with most of them being young people with high education, quality and lifestyle. The inflow of population has led to an increase in demand in the real estate market, especially with the recovery of the market after the epidemic and the overall abundance of liquidity, demand for real estate has been gradually released. The neighbouring Foshan, which benefits from the overflow of demand from Guangzhou, has brought support for its housing demand. According to the 7th National Population Census, the average household size in China was 2.62 persons, a decrease of 0.48 person from 3.1 persons in the 2010 census. The trend towards smaller household sizes will also lead to an expansion in housing demand. The seventh national census also showed a net inflow of people to cities such as Xi’an, Chongqing and Foshan, where the Company has been focusing its efforts.

In order to stand out from the crowd, the Company will leverage on the vast platform of its parent companies, the China Merchants Group and China Merchants Shekou Industrial Zone Holdings Company Limited. We will combine our strengths to use all resources to grow our economic scale. We will enhance product margins by refining and creating residential masterpieces that meet the tastes of our customer base by identifying quality projects. We will also accelerate the pace of exploring the potential quality businesses in Hong Kong and overseas by proactively seizing the investment opportunities and more deeply participating in quality property development. We will also strengthen our investment property businesses in Hong Kong by making a stronger brand effect in order to leverage the advantages of our overseas listed platform and explore larger markets for creating value for our shareholders.

INTERIM DIVIDEND

No interim dividend was declared by the Directors for the six months period ended 30 June 2021 (the corresponding period of 2020: Nil).

PLEDGE OF ASSETS

As at 30 June 2021, lands (including properties for sale) located in Chongqing, Foshan, Nanjing and Jurong with carrying values of approximately RMB3,238,956,000 (31 December 2020: RMB3,424,620,000), investment properties with carrying values of approximately RMB1,240,645,000 (31 December 2020: RMB1,274,083,000), and shareholding with carrying values of approximately RMB185,702,000 (31 December 2020: Nil) has been pledged to secure bank borrowings amounting to RMB1,737,038,000 (31 December 2020: RMB2,222,409,000 granted to the Group).

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 2021, the Group had 896 (31 December 2020: 814) employees in the PRC and Hong Kong.

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 2021 and since its adoption.

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

During the six months period ended 30 June 2021, 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 2021, 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 2021, 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.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, the non-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 26 May 2021 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 26 May 2021 due to other business engagement. However, he had appointed Mr. Huang Junlong, a non-executive Director as his alternate director who presided at 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 2021.

On behalf of the Board
XU Yongjun
Chairman

Hong Kong, 18 August 2021

As at the date of this announcement, the board of directors of the Company 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.