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: 01503)

Managed by
China Merchants Land Asset Management Co., Limited

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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**" or "**China Merchants Commercial REIT**") is pleased to announce the audited financial results of CMC REIT and its subsidiaries for the year ended 31 December 2021 (the "**Reporting Year**") as follows:

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2021	2020 (“**2020 Relevant Year**”)	**Change**
Revenue (RMB’000)	**432,831**	370,125	16.9%
Net Property Income (RMB’000)	**320,304**	273,943	16.9%
Distributable Income (RMB’000)	**170,403**	162,667	4.8%
Payout ratio	**100%**	100%	–
Distribution per Unit (HK$)	**0.1858**	0.1721	8.0%
Distribution per Unit Yield	**7.1%**[1]	7.0%	–
Committed Distribution per Unit (HK$)	**0.2541**	0.2360	7.7%
Committed Distribution per Unit Yield	**9.7%**[2]	9.6%	–

Notes:

(1) Based on the closing price of the units of CMC REIT on 31 December 2021 and the distribution per unit for the year ended 31 December 2021.

(2) Based on the closing price of the units of CMC REIT on 31 December 2021 and the committed distribution per unit for the year ended 31 December 2021.

	31 December 2021	31 December 2020	**Change**
Total Assets (RMB million)	**7,564**	7,207	5.0%
Net Assets Attributable to Unitholders (RMB million)	**4,007**	3,910	2.5%
Net Assets per Unit Attributable to Unitholders (RMB)	**3.55**	3.47	2.3%
Value of Portfolio (RMB million)	**6,746**	6,644	1.5%
Gearing Ratio	**29.2%**	27.9%	–

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 Year was RMB170.40 million (2020 Relevant Year: RMB162.67 million). Based on the Distributable Income, the distribution per unit to Unitholders for the Reporting Year is HK$0.1858 (equivalent to RMB0.1511).

Pursuant to the Trust Deed, CMC REIT is required to distribute to the Unitholders no less than 90% of its distributable income of each financial period. The Manager intends to distribute to the Unitholders 100% of the distributable income for 2021.

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 (“**Eureka**”), 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 trustee of CMC REIT) for the benefit of CMC REIT if the Annualised Provisional DPU (as defined in the Offering Circular) is less than the Annualised Committed DPU for the Relevant Period (as defined in the Offering Circular), so that in such circumstances the annualised distribution per Unit of CMC REIT for the Relevant Period shall be equal to the Annualised Committed DPU. The Annualised Committed DPU for year ended 31 December 2021 is HK$0.2541 per Unit.

Including cash payments received under the DPU Commitment, the final distribution per unit for the period from 1 July 2021 to 31 December 2021 is HK$0.1502 (“**Final Distribution**”). Together with the paid interim distribution per unit of HK$0.1039, the total distribution per unit for the Reporting Year amounted to HK$0.2541, equivalent to a distribution yield of 9.7%, based on the closing price of CMC REIT on 31 December 2021 (being HK$2.61).

The Final 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 Final Distribution.

The Final Distribution payable to Unitholders will be paid in Hong Kong dollar. The exchange rate of the distribution per unit for the Reporting Year 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 Final Distribution, the register of Unitholders will be closed from Tuesday, 12 April 2022 to Thursday, 14 April 2022, both days inclusive, during which period no transfer of units will be registered, and the record date will be on Thursday, 14 April 2022. In order to qualify for the Final 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, 11 April 2022. The payment of the Final Distribution will be made on Friday, 27 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2021, the economy was still in the stage of recovery. With the continuous increase in the number of people vaccinated in China and the government's adherence to the policy of dynamic "zero infection", the negative impact of the epidemic on the economy has declined, and the overall economic performance of China in 2021 was relatively good. In 2021, the annual GDP increased by 8.1% year-on-year to RMB114 trillion. According to urban surveys, the national unemployment rate for the year was 5.1% in average, which was lower than the macro-control target of 5.5%. The unemployment rate remained generally stable. The overall consumer market in China expanded steadily, with total retail sales of consumer goods reaching RMB44.1 trillion, representing a year-on-year increase of 12.5%. The per capita disposable income was RMB35,128, representing an actual year-on-year increase of 8.1%. 2021 was also a milestone year for China. China has achieved its first centenary goal – building a society of common prosperity for all. This is a monumental solution to the historic problem of income inequality and poverty that has initiated the path to a modern socialist country on all fronts.

Despite some cases of COVID-19 appeared in Shenzhen during year 2021, the overall economic development remained positive. In September, the central government announced the expansion of Qianhai, Shenzhen, which boosted market confidence in the economic development of Shenzhen. Shenzhen's GDP grew by 6.7% year-on-year, exceeding RMB3 trillion for the first time. The total retail sales of consumer goods increased by 9.6% year-on-year to RMB949.8 billion, which was within a short distance to reach trillions.

In 2021 the office market in Shenzhen was relatively robust with net absorption exceeding new supply throughout the year, resulting in a decline in the office vacancy rate in the city. However, as the existing vacancies accumulated from previous years had not been fully absorbed, competition for tenants remained fierce. As most landlords opted for the quantity over price strategy, overall office rentals in the city still dropped marginally year-on-year. Within the Nanshan District, active leasing demand from the TMT sector led to a significant decline in vacancy rates. As these companies are less sensitive to cost, rents within the Nanshan District have also increased in general.

In 2021, there were several commercial launches outside Shenzhen's core business district, but this had no significant impact on the overall market. The continuous inflow of people and expectations of strong economic expansion continue to provide a solid foundation for the development of the retail sector in the city. With tenant's increasing confidence in the Shenzhen retail market, vacancy rates in retail market have declined while rents have increased year-on-year.

Property Overview

	Occupancy rate (%) as at			Valuation (RMB million) as at			Passing Rent (RMB/sq.m.) as at		
	31 Dec 2021	30 Jun 2021	31 Dec 2020	**31 Dec 2021**	30 Jun 2021	31 Dec 2020	**31 Dec 2021**	30 Jun 2021	31 Dec 2020
New Times Plaza	**91.9**	88.6	91.9	**2,077**	2,074	2,065	**179.4**	178.3	174.6
Cyberport Building	**71.3**	76.7	72.9	**1,065**	1,057	1,042	**126.9**	126.9	123.3
Technology Building	**100.0**	100.0	83.7	**888**	888	868	**119.6**	115.3	104.1
Technology Building 2	**81.2**	79.5	74.4	**1,101**	1,096	1,082	**116.1**	114.8	111.9
Garden City Shopping Centre	**90.5**	89.0	91.5	**1,615**	1,593	1,587	**176.8**	173.1	166.6
Total Property Portfolio	**87.7**	87.1	84.3	**6,746**	6,708	6,644			

Over the Reporting Year, the occupancy rate of the overall properties portfolio increased from 84.3% as at 31 December 2020 to 87.7% as at 31 December 2021, representing an increase of 3.4 percentage points. In particular, the average occupancy rate of office buildings increased by 4.7 percentage points from 82.2% on 31 December 2020 to 86.9% on 31 December 2021. At the Garden City Shopping Centre, occupancy weakened marginally.

Over the Reporting Year, the passing rent of all our properties saw an increase, ranging from 2.7% to 14.9%. In particular, passing rent of Technology Building saw a significant increase of 14.9% and of the Garden City Shopping Centre, there was an increase of 6.1%.

A revaluation of our properties was carried out as at 31 December 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 RMB6,746 million as of 31 December 2021, an increase of RMB102 million.

New Times Plaza

New Times Plaza performed well in 2021 with an average occupancy rate of over 90% for the year. The occupancy rate at the end of the year increased to 91.9%. Due to more flexible leasing strategies adopted by the Manager during the year and additional value-added services, the passing rent increased gradually from RMB174.6/sq.m. to RMB179.4/sq.m. over the Reporting Year, an increase of approximately 3%.

Cyberport Building, Technology Building and Technology Building 2

The occupancy rate of Cyberport Building decreased slightly from 72.9% to 71.3% in 2021 as some tenants moved out upon the expiration of their leases to avoid the inconvenience caused by renovation and enhancement works. The Manager is currently conducting leasing promotions through various channels and one of the priorities of the operations manager in 2022 is to fill most of the vacant space.

Shenzhen Qianhai Shekou Free Trade Zone Hospital, the major tenant of Technology Building has commenced operations and the occupancy rate remains at 100% as this tenant continues to expand its leased area by taking up all the spaces vacated by other tenants. Some of the tenants have been moving to Technology Building 2, and as a result, the occupancy rate of Technology Building 2 increased from 74.4% to 81.2% over the Reporting Year. The passing rents of the Net Valley Properties experienced increases ranging from 2.9% to 14.9% during 2021.

Garden City Shopping Centre

Throughout 2021 Shenzhen's commercial complexes were affected by the recurring impact of the ongoing COVID-19 epidemic, but Garden City Shopping Centre managed to sustain commercial activity at a stable level over the year. On top of maintaining an occupancy rate of over 88% during the Reporting Year, passing rents were lifted 6.1% by RMB10.2/sq.m. through the introduction of select emerging commercial brands more in line with current consumer habits during tenant turnover.

Financial Performance

Total revenue of CMC REIT for the Reporting Year was RMB432.8 million, an increase of RMB62.7 million over the revenue for 2020 Relevant Year. This significant increase of 16.9% was mainly a reflection of stable 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 Year were RMB112.5 million. At RMB55.5 million, property management expenses were the largest component 49.3% of property operating expenses. Operation manager's fee and other taxes contributed to 17.0% and 27.3% of the property operating expenses respectively. After deducting property operating expenses, net property income was approximately RMB320.3 million for the Reporting Year.

The appraised value of the CMC REIT's portfolio increased RMB102.0 million compared to 31 December 2020. Financial costs for the Reporting Year were RMB59.3 million, comprising approximately RMB54.5 million in interest expense on bank borrowings, with the remainder consisting of amortization of upfront payments.

Rental Income for each property

	Reporting Year *RMB million*	2020 Relevant Year *RMB million*	**Change**
New Times Plaza	**124.3**	115.4	7.7%
Cyberport Building	**41.6**	34.9	19.2%
Technology Building	**52.6**	42.8	22.9%
Technology Building 2	**47.5**	40.9	16.1%
Garden City Shopping Centre	**107.6**	78.5	37.1%
Total	**373.6**	312.5	19.6%

The rental income of Reporting Year was RMB373.6 million, with a significant increase of 19.6% when compare to 2020 Relevant Year.

Capital Structure

Total net borrowings of CMC REIT were RMB2,209.9 million, equivalent to a gearing ratio of 29.2%. 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 47.03% (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 31 December 2021, CMC REIT has drawn down an amount of RMB2,214.5 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 31 December 2021, net assets attributable to Unitholders amounted to RMB4,007 million (31 December 2020: RMB3,910 million) or RMB3.55 per Unit, equivalent to HKD4.34 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 31 December 2021, representing a 66.3% premium to the closing unit price of HKD2.61 on 31 December 2021.

Renovation and Enhancement

The Manager is in the midst of an asset enhancement program encompassing all our properties except Technology Building. These renovations are currently underway and are expected to enhance the overall quality of the properties and help them remain competitive in the face of the new office and retail developments coming online in 2022.

New Times Plaza has commenced its renovation of the common areas on each floor, and we expected these to be completed by the first half of 2022. Some floors are not being renovated as yet due to the existing tenants' business requirements and those are not included in the enhancement plan at present. There construction of the adjacent subway project which occupies parts of the building's outdoor area is behind schedule. Consequently, our renovations of the outdoor landscape and billboards will be delayed as these external projects are dependent on the progress of the subway's construction.

The renovations and enhancements for the common areas and lobbies of both Technology Building 2 and Cyberport Building have been completed and normal operations have resumed. In 2022, the feedback and experience of tenants will be used to determine whether further renovations and upgrades shall be conducted.

The renovations of Technology Building will be performed according to the operational needs of Shenzhen Qianhai Shekou Free Trade Zone Hospital, the major tenant which will eventually lease the building in its entirety.

The passage connecting Garden City Shopping Centre with the subway has obtained the written approvals from the Shenzhen Government and Shenzhen Metro Group and the preparation of a fire safety report and the issuing of a construction tender is in progress, and is expected to be completed in the first half of 2023. The interior and exterior façade design and landscape design are close to being finalized and are undergoing final amendments. Upgrading works at the Garden City Shopping Centre and the construction of the passage to the subway will be executed in parallel.

Prevention of COVID-19

In 2021, COVID-19 continued to recur, but was generally under control in Mainland China. The Manager strictly implemented the government's epidemic prevention requirements throughout the year, and a comprehensive set of epidemic prevention measures were in place. Therefore, no suspected or confirmed cases were identified in all properties throughout the year.

The four office buildings carried out the following epidemic prevention work as an integral part of their daily duties: disinfection and cleaning of office areas and public areas multiple times a day; installation of thermometers at entrances and exits; assignment of special inspectors to check the proper wearing of masks and verify health codes; and cleaning and disinfection of air filtration equipment and ensuring adequate internal air circulation. Apart from these, Technology Building is the largest vaccination point in the Zhaoshang Subdistrict and the only vaccination point for foreigners in the city. The largest nucleic acid testing site in Zhaoshang Subdistrict was set up in the outdoor area of Technology Building 2. During the year, New Times Plaza coordinated with hospitals to provide on-site nucleic acid testing services twice for tenants and applied for, received and distributed public epidemic prevention resources to every tenant.

Throughout the year, Garden City Shopping Centre has never relaxed even when the epidemic was temporarily under control with no confirmed cases were reported. Epidemic prevention requirements such as temperature measurement, mask wearing, public area disinfection and fresh air supply were implemented. During the year, Garden City Shopping Centre provided sites for large-scale nucleic acid testing more than ten times, with on-site coordination provided by staff.

In 2021, the Manager placed heavy emphasis on epidemic prevention and control, fulfilling its social responsibilities and contributing to the battle against COVID-19.

Outlook

In the beginning of 2022, the recovery of the economics remains challenging amid the lingering uncertainty arising from the resurgence of COVID-19, inflation, dynamism international relations and the ongoing deleveraging campaign. In the "2022 REPORT ON THE WORK OF THE GOVERNMENT", China has set the growth of GDP to around 5.5%. The stablisation is coming to be the key strategy for the coming year.

By 2025, the competition in Shenzhen office market will further intensify as the amount of new supply will be close to the stock of the last decades. Although most of the office buildings coming on stream are located in emerging peripheral districts, they could have an impact on the established business districts. Over the same timeframe the trend of stronger consumer spending is expected to continue, and the overall retail commercial market should remain resilient looking forward however the competition for quality tenants will become increasingly fierce.

The Manager will adopt proactive asset management measures to continuously enhance the market competitiveness and operating performance of its assets to generate stable returns for the investors. Fortunately, several stations of Shenzhen Metro Line 12 connecting the Shekou and Baoan launching in 2022 are located around our properties, and their accessibility will be significantly enhanced. The Manager intends to maximize asset value by taking advantage of the situation and actively accelerating the progress of asset enhancement and renovation.

Looking ahead to 2022, the Manager will actively arrange refinancing to lock in the current low interest rate and take the opportunity to stagger the expiry of debt and optimize the overall capital structure. This will make CMC REIT more resilient against financial risk. At the same time, the Manager will also actively look for suitable properties in first and second tier cities across the market to be injected into CMC REIT, so as to increase the AUM and diversify the portfolio under management. Currently, the Manager is actively in negotiations with the China Merchants Group as well as external parties, with a view to executing the asset injection that increases returns for unitholders as soon as possible.

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 Gross Rentable Area ("**GRA**") as at 31 December 2021, and their percentage contribution to Gross Rental Income in December 2021:

Breakdown for all properties	**Percentage of GRA**	**Percentage of monthly rental income**
Scientific and Information Technology	**17.7%**	16.6%
Real Estate	**10.0%**	14.5%
Health Care Service	**8.7%**	7.8%
Leasing and Business Service	**8.3%**	7.1%
Department Store	**7.4%**	11.3%
Food and Beverage	**7.1%**	10.7%
Life Service	**6.7%**	7.3%
Logistics	**4.8%**	6.2%
Finance	**3.9%**	5.0%
Construction and Engineering	**3.1%**	3.3%
Petroleum	**2.7%**	3.7%
Wholesale and Retail	**1.7%**	1.9%
Hotel	**1.3%**	1.1%
Supermarket	**0.8%**	1.1%
Education	**0.7%**	0.3%
Manufacturing	**0.2%**	0.3%
Others	**2.6%**	1.8%
Vacant	**12.3%**	–

Breakdown for office buildings	**Percentage of GRA**	Percentage of monthly rental income
Scientific and Information Technology	**22.9%**	23.0%
Real Estate	**13.0%**	20.1%
Health Care Service	**11.2%**	10.8%
Leasing and Business Service	**10.8%**	9.9%
Logistics	**6.2%**	8.5%
Finance	**5.0%**	6.9%
Construction and Engineering	**4.0%**	4.6%
Petroleum	**3.5%**	5.1%
Wholesale and Retail	**2.1%**	2.6%
Hotel	**1.7%**	1.6%
Food and Beverage	**1.2%**	1.8%
Education	**0.9%**	0.5%
Life Service	**0.8%**	1.1%
Manufacturing	**0.3%**	0.5%
Supermarket	**0.1%**	0.3%
Others	**3.2%**	2.7%
Vacant	**13.1%**	–

Breakdown for retail property	**Percentage of GRA**	**Percentage of monthly rental income**
Department Store	**32.9%**	40.4%
Food and Beverage	**27.2%**	33.0%
Life Service	**27.1%**	23.2%
Supermarket	**3.3%**	3.4%
Vacant	**9.5%**	–

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 December 2021:

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2021	**0.1%**	0.2%
2022	**37.7%**	50.0%
2023	**21.7%**	22.5%
2024	**13.9%**	13.7%
2025	**5.2%**	6.2%
2026 and beyond	**9.2%**	7.4%
Vacant	**12.2%**	–

Lease Expiry Profile of office buildings

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2021	**0.1%**	0.2%
2022	**40.1%**	53.7%
2023	**25.4%**	25.8%
2024	**15.9%**	14.9%
2025	**1.6%**	1.7%
2026 and beyond	**3.8%**	3.7%
Vacant	**13.1%**	–

Lease Expiry Profile of retail property

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2021	**0.0%**	0.0%
2022	**29.4%**	40.3%
2023	**8.9%**	14.0%
2024	**7.1%**	10.5%
2025	**17.5%**	18.2%
2026 and beyond	**27.7%**	17.0%
Vacant	**9.4%**	–

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 various provisions of the Trust Deed, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), the Code on Real Estate Investment Trusts (the "**REIT Code**") and other 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. To prevent the misuse of inside information and to monitor and supervise any dealings of Units, the Manager has adopted a code containing rules on dealings by the directors and the Manager equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Throughout the Reporting Year, the Manager and CMC REIT has complied with the REIT Code, the relevant provisions of the SFO, the Listing Rules applicable to CMC REIT, the Trust Deed and the Compliance Manual in all material respects. The governance framework of CMC REIT and the corporate governance report for the year ended 31 December 2021 will be set out in the 2021 Annual Report.

EMPLOYEES

CMC REIT is managed by the Manager and does not employ any staff.

NEW UNITS ISSUED

During the Reporting Year, 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 Year, there was no sale or redemption of units by CMC REIT or its wholly-owned and controlled entities.

PUBLIC FLOAT OF THE UNITS

Based on the information that is publicly available and as far as the Manager is aware, not less than 25% of the issued units were held in public hands as at 31 December 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 Year.

REVIEW OF FINANCIAL RESULTS

The financial results of CMC REIT for the Reporting Year have been reviewed by the Disclosures Committee and Audit Committee of the Manager in accordance with their respective terms of reference, and audited by the independent auditors of CMC REIT.

PUBLICATION OF ANNUAL REPORT

The annual report of CMC REIT for the Reporting Year 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 Friday, 22 April 2022.

ANNUAL GENERAL MEETING OF UNITHOLDERS

The forthcoming annual general meeting of Unitholders of CMC REIT will be held on Wednesday, 25 May 2022, notice of which will be published and issued to Unitholders in accordance with the Trust Deed in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

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, 22 March 2022

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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	**2021** **RMB'000**	2020 *RMB'000*
Revenue	*4*	**432,831**	370,125
Property operating expenses	*5*	**(112,527)**	(96,182)
Net property income		**320,304**	273,943
Exchange gains		**64,530**	132,730
Other income, gains and losses	*6*	**11,444**	11,038
Increase in fair value of investment properties		**81,507**	26,032
Manager's fee		**(18,934)**	(18,074)
Trust and other expenses		**(13,034)**	(6,308)
Finance costs	*7*	**(59,252)**	(59,982)
Profit before tax and distribution to unitholders	*8*	**386,565**	359,379
Income taxes	*9*	**(118,864)**	(74,327)
Profit for the year, before distribution to unitholders		**267,701**	285,052
Distribution to unitholders		**(170,403)**	(162,667)
Profit for the year, after distribution to unitholders		**97,298**	122,385
Total comprehensive income for the year, after transactions with unitholders		**97,298**	122,385
Basic earnings per unit	*10*	**RMB0.24**	RMB0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTES	**2021** **RMB'000**	2020 RMB'000
Non-current assets			
Investment properties	*11*	**6,746,000**	6,644,000
Property, plant and equipment		**425**	535
		6,746,425	6,644,535
Current assets			
Trade and other receivables	*12*	**10,171**	8,859
Amounts due from related companies		**73,280**	69,067
Structured deposits		**–**	129,514
Bank balances and cash		**734,089**	355,320
		817,540	562,760
Total assets		**7,563,965**	7,207,295
Current liabilities			
Trade and other payables	*13*	**105,926**	83,417
Amounts due to related companies		**15,528**	18,834
Distribution payable		**136,392**	142,073
Tax payable		**15,172**	10,490
Secured bank borrowings	*14*	**2,209,875**	620
		2,482,893	255,434
Non-current liabilities, excluding net assets attributable to unitholders			
Secured bank borrowings	*14*	**–**	2,011,934
Deferred tax liabilities		**1,074,088**	1,030,241
Total non-current liabilities, excluding net assets attributable to unitholders		**1,074,088**	3,042,175
Total liabilities, excluding net assets attributable to unitholders		**3,556,981**	3,297,609
Net assets attributable to unitholders		**4,006,984**	3,909,686
Number of units in issue		**1,127,819,549**	1,127,819,549
Net asset value per unit	*15*	**RMB3.55**	RMB3.47

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	RMB'000	*RMB'000*
Profit for the year, before distribution to unitholders	**267,701**	285,052
Adjustments:		
Increase in fair value of investment properties	**(81,507)**	(26,032)
Non-cash finance costs	**4,800**	4,800
Exchange gains	**(64,530)**	(132,730)
(Reversal of) impairment losses under expected credit loss model	**(18)**	213
Depreciation	**110**	77
Deferred tax	**43,847**	47,253
Overprovision of withholding tax in prior year	**–**	(15,966)
Total distributable income to unitholders ***(note (i))***	**170,403**	162,667
Interim distribution, paid to unitholders *(note (ii))*	**97,600**	81,932
Final distribution, payable to unitholders *(note (iii))*	**72,803**	80,735
Total distribution for the year	**170,403**	162,667
Payout ratio	**100%**	100%
Distribution per unit ("DPU")		
Proposed final distribution per unit to be paid		
Before taking into account the effect of the distribution commitment	**RMB0.1511**	RMB0.1442
After taking into account the effect of the distribution commitment *(note iv)*	**RMB0.2075**	RMB0.1986

Notes:

(i) Pursuant to the Trust Deed, the total distributable income is profit for the year, 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 consolidated statement of profit or loss and other comprehensive income for the relevant year. China Merchants Commercial REIT is required to distribute to unitholders not less than 90% of its distributable income of each financial period. The Manager's policy is to distribute to the Unitholders an amount of 100% of annual total distributable income of China Merchants Commercial REIT for each relevant period from 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 interim distribution per unit of RMB0.0865 for the six months ended 30 June 2021 is calculated based on the interim distribution of RMB97,600,000 for the period and 1,127,819,549 units in issue as at 30 June 2021.

(iii) The proposed final distribution per unit of RMB0.0646 (2020: RMB0.0716) for the year ended 31 December 2021 is calculated based on the final distribution to be paid to unitholders of RMB72,803,000 (2020: RMB80,735,000) for the year and 1,127,819,549 (2020: 1,127,819,549) units in issue as at 31 December 2021.

(iv) Pursuant to the DPU commitment deed entered into among, Eureka, China Merchants Commercial REIT and 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 year ended 31 December 2021 after taking into account the effect of the distribution commitment is HK$0.2541 (equivalent to RMB0.2075). All distributions are settled in Hong Kong dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 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 OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the relevant provisions of the Trust Deed, the REIT Code and disclosures required by the Rules Governing the Listing of Securities on the HKSE.

The Group has planned to renew the existing available banking facilities of RMB2,500,000,000, including term loans for financing its investment properties.

The Manager are of opinion that, the Group is able to meet the requirements listed under the draft of banking facilities letter in financial, operational, legal and litigation aspects. Therefore, the renewal of existing banking facilities is just subject to the Group's discretion. Moreover, the Group has received quotations from several other banks who have high interest in providing banking facilities to the Group if the Group does not renew the banking facilities with the existing bank.

As at 31 December 2021, the fair value of investment properties of RMB6,746,000,000 which is above the total amount of the banking facilities expected to be renewed or obtained from other banks. In view of sufficient headroom between the amount of banking facilities and the fair value of investment properties, the Manager are of the opinion that the renewal of existing available bank facilities or obtaining banking facilities from other banks are highly probable.

The Manager are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

Except as described below, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard 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 consolidated financial statements.

Amendments 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 year had no material impact on the Group's financial positions and performance for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for Secured bank borrowings measured at amortised cost. Additional disclosures as required by IFRS 7 are set out in respective note in consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue recognition

	2021	2020
	RMB'000	*RMB'000*
Rental income from office buildings and a shopping centre	**373,555**	312,544
Management fee income	**39,831**	35,254
Carpark income	**9,845**	7,559
Others	**9,600**	14,768
Revenue from contracts with customers recognised over time	**59,276**	57,581
	432,831	370,125

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 five investment properties, which are being individual office buildings, namely New Times Plaza, Cyberport Building, Technology Building and Technology Building 2, a shopping centre namely Garden City Shopping mall.

Segment revenues and results

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

For the year ended 31 December 2021

	New Times Plaza *RMB'000*	**Cyberport Building** *RMB'000*	**Technology Building** *RMB'000*	**Technology Building 2** *RMB'000*	**Garden City Shopping mall** *RMB'000*	**Total** *RMB'000*
Segment revenue	**143,143**	**47,487**	**57,604**	**52,755**	**131,842**	**432,831**
Segment results	**115,901**	**53,120**	**67,520**	**58,119**	**116,623**	**411,283**
Exchange gains						**64,530**
Other income						**1,763**
Manager's fee						**(18,934)**
Trust and other expenses						**(13,034)**
Finance costs						**(59,043)**
Profit before tax and distribution to unitholders						**386,565**
Income taxes						**(118,864)**
Profit for the year, before distribution to unitholders						**267,701**

For the year ended 31 December 2020

	New Times Plaza *RMB'000*	Cyberport Building *RMB'000*	Technology Building *RMB'000*	Technology Building 2 *RMB'000*	Garden City Shopping mall *RMB'000*	Total *RMB'000*
Segment revenue	133,954	39,925	47,096	46,073	103,077	370,125
Segment results	109,162	32,624	39,323	37,164	92,636	310,909
Exchange gains						132,730
Other income						56
Manager's fee						(18,074)
Trust and other expenses						(6,308)
Finance costs						(59,934)
Profit before tax and distribution to unitholders						359,379
Income taxes						(74,327)
Profit for the year, before distribution to unitholders						285,052

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, certain other income, Manager's fee, certain trust and other expenses and certain 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 31 December 2021

	New Times Plaza *RMB'000*	Cyberport Building *RMB'000*	Technology Building *RMB'000*	Technology Building 2 *RMB'000*	Garden City Shopping mall *RMB'000*	Total *RMB'000*
Segment assets	**2,244,391**	**1,123,619**	**967,463**	**1,165,638**	**1,745,494**	**7,246,605**
Unallocated assets						**317,360**
Consolidated total assets						**7,563,965**
Segment liabilities	**350,015**	**203,550**	**165,580**	**215,484**	**266,635**	**1,201,264**
Unallocated liabilities						**2,355,717**
Consolidated total liabilities						**3,556,981**

As at 31 December 2020

	New Times Plaza *RMB'000*	Cyberport Building *RMB'000*	Technology Building *RMB'000*	Technology Building 2 *RMB'000*	Garden City Shopping mall *RMB'000*	Total *RMB'000*
Segment assets	2,216,390	1,096,590	929,037	1,149,415	1,697,898	7,089,330
Unallocated assets						117,965
Consolidated total assets						7,207,295
Segment liabilities	333,456	189,334	158,572	201,257	248,324	1,130,943
Unallocated liabilities						2,166,666
Consolidated total liabilities						3,297,609

5. PROPERTY OPERATING EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Advertising and promotion	**4,813**	4,133
Agency fee	**376**	365
Property management expenses	**55,480**	48,787
Operations manager's fee	**19,092**	15,612
Other taxes	**30,746**	23,831
Others	**2,020**	3,454
	112,527	96,182

6. OTHER INCOME, GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Interest income from bank deposits	**8,563**	6,246
Interest income from structured deposits	**1,695**	235
Compensation income	**1,081**	3,312
Government subsidy	**–**	1,338
Others	**105**	(93)
	11,444	11,038

7. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**54,452**	55,182
Amortisation of upfront payments	**4,800**	4,800
	59,252	59,982

8. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	2021	2020
	RMB'000	*RMB'000*
Profit before tax and distribution to unitholders has been arrived at after charging (crediting):		
Auditors' remuneration	**3,707**	2,400
Depreciation	**110**	77
Trustee's remuneration	**1,322**	1,322
Principal valuer's fee	**82**	171
Bank charges	**23**	293
Interest income from bank deposits	**(8,563)**	(6,246)
Interest income from structured deposits	**(1,695)**	(235)

9. INCOME TAXES

	2021	2020
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")		
Current year	**53,559**	42,297
(Over)underprovision in prior years	**(94)**	743
Withholding tax		
Current year	**21,552**	–
Overprovision in prior years	**–**	(15,966)
Deferred tax	**43,847**	47,253
	118,864	74,327

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

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 EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory income tax rate of the PRC subsidiaries is 25% for the current year and prior 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 year, before distribution to unitholders of RMB267,701,000 (2020: RMB285,052,000) with the weighted average number of units of 1,127,819,549 (2020: 1,127,819,549) in issue during the year.

There were no dilutive potential units during the year ended 31 December 2021 and 31 December 2020, therefore the diluted earnings per unit has not been presented.

11. INVESTMENT PROPERTIES

	2021	2020
	RMB'000	*RMB'000*
FAIR VALUE		
At the beginning of the year	**6,644,000**	6,609,000
Additions during the year	**20,493**	8,968
Fair value changes on investment properties	**81,507**	26,032
At the end of the year	**6,746,000**	6,644,000

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**2,982**	1,654
Deferred rent receivable	**6,979**	7,205
Other receivables	**210**	–
	10,171	8,859

Trade receivables represent lease receivables. Lease receivables under rental of office buildings and a 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:

	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**1,438**	304
More than 1 month but within 3 months	**1,229**	165
Over 3 months	**315**	1,185
	2,982	1,654

13. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**3,836**	537
Other taxes payables	**12,554**	1,587
Rental receipt in advance	**3,796**	8,351
Receipt on behalf of tenants *(note)*	**9,038**	10,078
Rental deposit received from tenants	**62,067**	54,661
Accruals and other payables	**14,635**	8,203
	102,090	82,880
	105,926	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. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**2,458**	159
More than 1 month but within 3 months	**1,128**	–
Over 3 months	**250**	378
	3,836	537

14. SECURED BANK BORROWINGS

	2021	2020
	RMB'000	*RMB'000*
Secured bank borrowings	**2,214,475**	2,021,954
Front-end fee	**(4,600)**	(9,400)
	2,209,875	2,012,554

The maturity of the secured bank borrowings are as follows:

	2021	2020
	RMB'000	*RMB'000*
Within one year	**2,209,875**	620
More than one year but not exceeding two years	**–**	2,011,934
	2,209,875	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 31 December 2021 of RMB4,006,984,000 (2020: RMB3,909,686,000) by the number of units in issue of 1,127,819,549 (2020: 1,127,819,549) units as at 31 December 2021.

16. NET CURRENT LIABILITIES/ASSETS

At 31 December 2021, the Group's net current liabilities, calculated as current assets less current liabilities, amounted to RMB1,665,353,000 (2020: net current assets of RMB307,326,000).

17. TOTAL ASSETS LESS CURRENT LIABILITIES

At 31 December 2021, the Group's total assets less current liabilities amounted to RMB5,081,072,000 (2020: RMB6,951,861,000).

18. CAPITAL COMMITMENT

	2021 ***RMB'000***	2020 *RMB'000*
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the consolidated financial statements	**46,950**	15,209