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 2022

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 2022 (the "**Reporting Year**") as follows:

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2022	2021 **("2021 Relevant Year")**	**Change**
Revenue (RMB'000)	**431,702**	432,831	-0.3%
Net Property Income (RMB'000)	**318,286**	320,304	-0.6%
Distributable Income (RMB'000)	**138,551**	170,403	-18.7%
Payout ratio	**100%**	100%	–
Distribution per Unit (HK$)	**0.1400**	0.1858	-24.7%
Distribution per Unit Yield[1]	**7.0%**	7.1%	-0.1pp
Committed Distribution per Unit (HK$)	**0.2614**	0.2541	2.9%
Committed Distribution per Unit Yield[1]	**13.1%**	9.7%	3.4pp

Notes:

(1) Based on the closing price of the units of CMC REIT on the last business day in the relevant year.

	31 December 2022	31 December 2021	**Change**
Total Assets (RMB million)	**10,824**	7,564	43.1%
Net Assets Attributable to Unitholders (RMB million)	**3,659**	4,007	-8.7%
Net Assets per Unit Attributable to Unitholders (RMB)	**3.24**	3.55	-8.7%
Value of Portfolio (RMB million)	**9,547**	6,746	41.5%
Gearing Ratio	**37.4%**	29.2%	8.2pp

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 RMB138.55 million (2021 Relevant Year: RMB170.40 million). Based on the Distributable Income, the distribution per unit to Unitholders for the Reporting Year is HK$0.1400 (equivalent to RMB0.1228).

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 the Reporting Year.

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 2022 is HK$0.2614 per Unit.

Including cash payments received under the DPU Commitment, the final distribution per unit for the period from 1 July 2022 to 31 December 2022 is HK$0.1307 ("**Final Distribution**"). Together with the paid interim distribution per unit of HK$0.1307, the total distribution per unit for the Reporting Year amounted to HK$0.2614, equivalent to a distribution yield of 13.1%, based on the closing price of CMC REIT on 30 December 2022 (being HK$1.99).

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 Wednesday, 12 April 2023 to Friday, 14 April 2023, both days inclusive, during which period no transfer of units will be registered, and the record date will be on Friday, 14 April 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 11 April 2023. The payment of the Final Distribution will be made on Tuesday, 30 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2022 bouts of COVID-19 resurged intermittently as the highly infectious Omicron variant spread across Mainland China, bringing various cities to an economic standstill at the end of the year. In addition, the Federal Reserve's interest rate hikes led to a strong US dollar, creating certain imbalances in China's economy and increasing short-term volatility in the USD RMB exchange rate. Consumer confidence was dampened with the total retail sales falling 0.2% over the year. According to urban surveys, the national unemployment rate was 5.5%, and the unemployment rate for 16-24 year olds even reached double digits. As such, economic growth for the entire year was significantly impacted and GDP increased by only 3%.

The market launch of a large number of office buildings was delayed due to the epidemic, resulting in a three-year low in the supply of office buildings in Shenzhen and Beijing in 2022. Although the supply pressure was relatively weak during the year, demand was equally weak and leasing activity was subdued. At the end of the year, the monthly rental rate of office buildings in Shenzhen dropped by 3.3% year on year to RMB203.5/sq.m. while the vacancy rate increased by 3.8 percentage points to 22.8%. Nanshan District (excluding Qianhai) had also been significantly affected, with monthly rent decreasing by 2.8% compared to the same period last year, to approximately RMB 206.5/sq.m. and vacancy rate increasing by 5.7 percentage points to 22.2%. The overall market in Beijing was slightly weak, resulting in a decrease in both transactions and rents. The CBD area performed better with a monthly rental of approximately RMB358.0/sq.m, basically unchanged from the end of last year, and the vacancy rate decreased slightly by 1.0 percentage point to 10.1%.

In the retail sector, at the end of 2022, some tenants were forced to temporarily close down; there was a manpower shortage and a reduced number of consumers going out due to widespread occurrence of epidemic infections in Shenzhen. This had a significant operational impact on shopping malls. During the year, overall monthly retail rentals in Shenzhen decreased by 5.2% while the vacancy rate increased by 4.3 percentage points to 10.4%. There was no new supply in the Nanshan District during the year, and the rental levels were relatively stable. The monthly rental of the first floor of high-quality shopping malls dropped by only 2.6% to RMB779.3/sq.m. However, vacancy rates increased by 5.6 percentage points to 12.1% due to the continued impact of the epidemic. In order to stimulate the consumer market, various consumption vouchers in respect of catering, retail and other areas were distributed in all districts in the city.

Source: National Bureau of Statistics, Cushman & Wakefield

Property Overview

Property	Occupancy rate (%) as at			Passing Rent (RMB/sq.m.) as at		
	31 Dec 2022	30 Jun 2022	31 Dec 2021	**31 Dec 2022**	30 Jun 2022	31 Dec 2021
Office						
New Times Plaza	**84.0**	92.3	91.9	**184.4**	182.2	179.4
Cyberport Building	**85.9**	75.9	71.3	**126.1**	125.6	126.9
Technology Building	**100.0**	100.0	100.0	**129.8**	122.3	119.6
Technology Building 2	**90.5**	76.8	81.2	**120.1**	116.9	116.1
Onward Science & Trade Center	**70.0**	70.4	–	**319.3**	319.2	–
Average	**85.9**	84.1	86.9			
Retail						
Garden City Shopping Centre	**72.2**	84.5	90.5	**181.1**	173.3	176.8
Property Portfolio	**83.2**	84.2	87.7			

Over the Reporting Year, the occupancy rate of the overall property portfolio decreased from 87.7% as at 31 December 2021 to 83.2% as at 31 December 2022. This decrease of 4.5 percentage points was partly due to the mid-year acquisition of Onward Science & Trade Centre. Efforts to improve Onward Science & Trade Centre's 70% occupancy rate have been hampered by COVID-19 and this dragged down our overall occupancy by 2.2 percentage points. Within the original portfolio, fortunes have been mixed. Three properties within the Shekou Net Valley have improved in terms of occupancy but not the remaining two properties. Disruption from the asset enhancement initiative at Garden City Shopping Centre has caused the occupancy rate there to collapse 18.3 percentage points to 72.2%, this is understandable. At the same time, New Times Plaza was affected by very weak demand for high-end office premises and its occupancy rate weakened by 7.9 percentage points to 84.0%.

As at 31 December 2022, the passing rent of our properties saw increases all around as compared to a year ago, with the exception of Cyberport Building. In particular, the passing rent at Technology Building improved by over RMB10.2/sq.m. due to its transition to a single-tenant building. There was a spillover effect on Technology Building 2, which saw its passing rent increase by RMB4.0/sq.m.

Property	Valuation (RMB million) as at		
	31 Dec 2022	30 Jun 2022	31 Dec 2021
Office			
New Times Plaza	**2,084**	2,086	2,077
Cyberport Building	**1,073**	1,067	1,065
Technology Building	**927**	892	888
Technology Building 2	**1,113**	1,103	1,101
Onward Science & Trade Center	**2,730**	2,730	–
Retail			
Garden City Shopping Centre	**1,620**	1,620	1,615
Property Portfolio	**9,547**	**9,498**	**6,746**

A revaluation of our properties was carried out as at 31 December 2022, by Knight Frank Petty Limited, an independent property valuer and CMC REIT's principal valuer. The market value of our portfolio increased from RMB6,746 million as of 31 December 2021 to RMB9,547 million as of 31 December 2022. RMB2,730 million of this increase came from the acquisition of Onward Science & Trade Center, while the majority of the remaining balance of RMB71 million came from higher valuations at Technology Building and Technology Building 2.

New Times Plaza

There was a marked fall in occupancy at New Times Plaza in the second half of 2022 from 92.3% to 84.0% as several leases were not renewed when they expired. In Shenzhen COVID-19 has severely weakened demand for high-end office buildings, and this coupled with the looming supply of new Grade A office space in adjacent areas has made it very challenging to retain expiring tenants or find replacement tenants for them. As the expiring rent rates of exiting tenants was relatively low, the passing rent at New Time Plaza actually increased to RMB184.4/sq.m., representing an increase of 2.8% from the end of 2021. As the asset enhancement initiatives for the lobby and common areas of New Times Plaza have essentially been completed, in 2023 the management will strive to rebuild occupancy through additional channels for sourcing tenants and the use of more flexible leasing terms.

Cyberport Building, Technology Building and Technology Building 2

Technology Building has been the bright spot of our portfolio ever since it secured Shenzhen Qianhai Shekou Free Trade Zone Hospital as its main tenant. It managed a 100% occupancy rate throughout 2022 and as Shenzhen Qianhai Shekou Free Trade Zone Hospital has continued to take over the leases of expiring tenants at higher rents, over 2022 Technology Building recorded an 8.5% increase in passing rent to RMB129.8/sq.m.

Operations at Technology Building 2 and Cyberport Building also saw significant improvements in 2022. Although small and medium-sized firms have been heavily impacted by the ongoing epidemic, the main target tenants of Technology Building 2 and Cyberport Building, both buildings saw a significant increase in their occupancy rates. At Technology Building 2 the occupancy increased 9.3 percentage points to 90.5% while at Cyberport Building the occupancy increased 14.6 percentage points to 85.9%. The rental rates of Technology Building 2 increased by 3.4%.

The Manager has established a healthy tenant cycle for our three properties in Net Valley and we expect them to continue to outperform our other properties in 2023.

Garden City Shopping Centre

In 2022 Garden City Shopping Centre saw a decrease in occupancy rate of 18.3 percentage points from 90.5% to 72.2%. This was mainly due to two factors: firstly, the reemergence of the epidemic in Shenzhen has had a great impact on retailers and many have opted to downsize or exit their businesses; and secondly, the commencement of the upgrading and renovation works for Garden City Shopping Centre, has also deterred some tenants from renewing their leases. The works are being carried out in three phases with each phase covering approximately one-third of the Mall's floor area. In addition we have left some shops vacant with a view of introducing new tenants of higher quality upon completion of the renovation works. The passing rent of Garden City Shopping Centre increased slightly by RMB4.3/sq.m. to RMB181.1/sq.m. as some rental sub-average tenants didn't renew their leases.

Onward Science & Trade Center

A majority stake in Onward Science & Trade Center was acquired by CMC REIT on 30 June 2022. The property is located within the prosperous business district in Beijing. In order to cope with the escalating negative impact of COVID-19 in the second half of the year, the leasing team of the property mainly focused on maintaining stability, and minimizing any inconvenience to tenants. The occupancy rate as of 31 December 2022 declined marginally by 0.4 percentage point to 70.0% from that as of 30 June 2022, while the passing rent remained stable at RMB319.3/sq.m. The occupancy rate at Onward Science & Trade Center is expected to recover with the gradual recovery of the China economy in 2023.

Financial Performance

Total revenue of CMC REIT for the Reporting Year was RMB431.7 million, a decrease of RMB1.1 million over the revenue for 2021. This revenue consists of property management income and rental income. Rental income, the dominant component of total revenue was RMB378.9 million, an increase of RMB5.3 million compared to 2021.

Rental Income for each property

	Reporting Year *RMB million*	2021 Relevant Year *RMB million*	**Change**
New Times Plaza	**116.9**	124.3	**-6.0%**
Cyberport Building	**33.7**	41.6	**-19.0%**
Technology Building	**50.4**	52.6	**-4.2%**
Technology Building 2	**43.7**	47.5	**-0.8%**
Garden City Shopping Centre	**79.0**	107.6	**-26.6%**
Onward Science & Trade Center	**55.2**	NA	**NA**
Total	**378.9**	373.6	**1.4%**

If we disregard the RMB55.2 million of incremental rental income contributed by Onward Science & Trade Center, there was a year on year decrease of 13.4%. This decrease in income was primarily due to the rental relief package aimed at tenants that are individuals or small enterprises provided to tenants. In the second quarter of 2022, selected tenants were granted a maximum of 3 months of rental rebate under the scheme. Cyberport Building which has a disproportionately high number of these types of tenants experienced a 19% drop in rental income. The total relief on rental was RMB36.4 million. The rebated amounts by building are listed below:

RMB million

New Times Plaza	4.0
Cyberport Building	8.7
Technology Building	4.9
Technology Building 2	2.6
Garden City Shopping Centre	16.2
Total	36.4

A second factor in the fall of rental income was renovation activities at Garden City Shopping Centre, which depressed occupancy levels materially. The impact of both factors resulted in a 26.6% fall in rental income at the shopping centre.

The property operating expenses of CMC REIT for the Reporting Year were RMB113.4 million (2021 Relevant Year: RMB112.5 million). At RMB54.1 million, property management expenses was the largest component contributing to 47.7% of property operating expenses. Operation manager's fee and other taxes contributed to 18.4% and 23.2% of the property operating expenses respectively. After deducting property operating expenses, net property income was approximately RMB318.3 million, down marginally from RMB320.3 million in 2021.

Financial costs for the Reporting Year were RMB94.9 million (2021 Relevant Year: RMB59.3 million), comprising RMB90.3 million in interest expense on bank borrowings, with the remainder consisting of amortization of upfront payments.

Capital Structure

Total net borrowings of CMC REIT were RMB4,053 million, equivalent to a gearing ratio of 37.4%. This ratio is lower than the permitted limit of 50% as stipulated by the Code on Real Estate Investment Trusts (the "**REIT Code**"). Gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 62.6% (2021 year end: 47.0%).

CMC REIT has obtained a new secured offshore loan facility of up to HKD4,500 million maturing on 15 December 2025 and a new secured onshore loan facility of RMB100 million. As at 15 December 2022, CMC REIT had drawn down RMB4,022 million (equivalent to HKD4,445 million) from the new offshore loan facility and RMB31 million from the onshore facility to repay all its preexisting debt, comprising:

(1) HKD2,698 million drawn down from a secured offshore facility repayable on 16/12/2022;

(2) RMB31 million drawn down from an unsecured onshore facility repayable on 16/12/2022;

(3) HKD115 million drawn down from an offshore secured facility repayable on 17/5/2023;

(4) HKD1,629 million drawn down from an offshore secured facility repayable on 30/06/2023.

The new offshore loans bear interest at a fixed rate of 3.55% per annum. The new onshore loans bear interest at a fixed rate of 3.20% per annum.

The above loan rollover has replaced all HKD loans with RMB loans, eliminating the previous currency mismatch and its associated currency risk. As the new loan facilities have a concentrated maturity, in 2023 we plan to further optimize the debt structure, by adjusting the maturity of our loans to diversify this maturity risk. At the same time, to reduce interest expense, we will explore new financing channels using cross-border RMB to capitalize on lower RMB interest rates.

Net Assets Attributable to Unitholders

As at 31 December 2022, net assets attributable to Unitholders amounted to RMB3,659 million (31 December 2021: RMB4,007 million) or RMB3.24 per Unit, equivalent to HKD3.63 per Unit ("**NAV per Unit**") (31 December 2021: RMB3.55 per Unit, equivalent to HKD4.34) based on central parity rate as announced by the People's Bank on 30 December 2022. As the change in appraised value of our properties was marginally positive in 2022, the main cause for the decrease in NAV per Unit was the depreciation of the RMB against HKD.

The closing unit price of HKD1.99 on 30 December 2022 was at a 45.2% discount to the NAV per Unit.

Asset Enhancement

In the second half of 2022, the renovation and acceptance of work of the main lobby and the common areas on each floor of New Times Plaza were completed and the landscaping upgrade of its outdoor area, other than the area connected with the subway, was also completed. As asset enhancement works at Cyberport Building and Technology Building 2 were concluded earlier, the asset enhancement program for our office buildings in Shenzhen can now be considered complete. No asset enhancement of Technology Building is planned and any upgrading in the future will be dependent on the requirements of Shenzhen Qianhai Shekou Free Trade Zone Hospital, its main tenant.

Upgrading works at Garden City Shopping Centre are in progress. Upgrading works of the south zone have been completed and the zone had a soft reopening on 15 January 2023. At present, the central zone is closed for upgrading works and the updating of facilities and various equipment (fire protection, air conditioning, mechanical and electrical, etc.). For 2023, the anticipated capital expenditure at Garden City Shopping Centre is RMB160 million.

Asset enhancement works at Onward Science & Trade Center had mostly been completed before its acquisition. Elevator replacement and firefighting acceptance, which were scheduled for 2022 were delayed because of COVID-19, and are expected to be completed in the first half of 2023.

The Manager continues to emphasize ESG considerations during the asset enhancement process. Notably, the 32nd-34th floors of Onward Science & Trade Center were awarded LEED Platinum certification at the end of the year.

Impact of COVID-19

In 2022, there was a surge of COVID-19 cases in Shenzhen. The Manager used its best endeavours to maintain the stable operations at each property, while fully cooperating with government requirements of pandemic prevention and control.

COVID-19 cases hit a peak in the first half of 2022, and had a huge impact on commercial complexes. The accumulated number of non-operational days for tenants offering training and education, food & beverage and retail tenants were 88, 30 and 7, respectively. Coupled with other restrictions on consumer activity, all types of tenants were severely affected. In the second half of the year, a new COVID-19 wave broke out across Mainland China. At the end of 2022, after the relaxation of control measures against the pandemic, the coronavirus was rampant in Mainland China and infection rates soared. As a result, foot traffic at shopping malls was depressed and merchants took a beating again.

In the face of the increasingly fluid COVID-19 situation in 2022, the Manager maintained a calm and collected approach. As a result, the Manager was able to minimize disruption to tenants' operation, and provide rental relief and support for the appropriate tenants. At the same time, a flexible leasing strategy was also adopted to mitigate falling occupancy.

With the receding pandemic, many pandemic prevention and control measures have been lifted and operations are gradually returning to normal.

OUTLOOK

Strong inflationary pressures globally continue to push interest rates higher. Despite a slowing in the rate at which the US interest rate have been increasing, high financing costs have become a headwind for corporate expansion. On the other hand, China eased its epidemic prevention and control policy in early 2023, bringing new impetus to the market. This is a promising development, but the economy will take time to recover and will remain relatively volatile in the short term.

The commercial real estate market is in flux, with tenants in some emerging sectors, such as biopharmaceuticals, exhibiting increased demand for space, but also tenants in some sectors reducing their leased areas on renewal or even surrendering their leases. A large number of commercial projects were delayed in 2022 due to the epidemic, and this will cause a peaking of supply in 2023 increasing pressure on the leasing market. 2023 will pose significant challenges in terms of passing rent and occupancy rate for both office and retail assets.

The Manager has been actively renovating and upgrading CMC REIT's properties to enhance their competitiveness in the new Metro Line 12 post-epidemic era. Asset enhancement initiatives at New Times Plaza, Technology Building 2 and Cyberport Building have been completed. Garden City Shopping Centre South has also completed its upgrade, and was officially reopened to the public on 15 January 2023. It is expected that the remainder of Garden City Shopping Centre will be fully upgraded by the end of year. The Manager is hopeful that the relaunch of a fully renovated Garden City Shopping Centre under a brand-new image will add value for CMC REIT.

The launch of Shenzhen Metro Line 12 which was delayed due to the Covid epidemic but eventually began operations in late 2022. This will change the commercial landscape in CMC REIT's favour moving forward. As the economy gradually recovers after the epidemic, the Manager plans to put the properties of CMC REIT through a process of operational optimization to capitalize on the improving operating conditions, building momentum for a recovery in rental income.

The Manager believes that China's first-tier cities will continue to attract talent and migrants from neighboring cities and become even bigger centers of regional economic activity and consumption. This will continue to support the demand for space of our properties in Shenzhen and Beijing in the long run. The Manager will closely monitor market conditions and adjust its operating strategies flexibly to help its properties generate high-quality returns for CMC REIT's unitholders. At the same time, the Manager will review the capital structure of CMC REIT from time to time, with a view to further optimizing the debt structure and exploring further reduction of debt costs by using cross-border RMB to prepare for further asset acquisitions.

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 2022, and their percentage contribution to Gross Rental Income in December 2022:

Breakdown for all properties	**Percentage of GRA**	**Percentage of monthly rental income**
Scientific and Information Technology	**16.3%**	14.6%
Health Care Service	**13.9%**	12.9%
Real Estate	**9.4%**	12.5%
Finance	**8.2%**	15.0%
Leasing and Business Service	**7.9%**	12.7%
Department Store	**5.3%**	6.8%
Food and Beverage	**5.3%**	7.3%
Life Service	**4.6%**	4.6%
Logistics	**3.1%**	3.7%
Wholesale and Retail	**2.8%**	2.4%
Petroleum	**2.3%**	2.9%
Hotel	**1.1%**	0.9%
Construction and Engineering	**1.1%**	1.3%
Others	**1.9%**	2.4%
Vacant	**16.8%**	0.0%

Breakdown for office buildings	**Percentage of GRA**	**Percentage of monthly rental income**
Scientific and Information Technology	**20.2%**	17.7%
Health Care Service	**17.3%**	15.6%
Real Estate	**11.6%**	15.1%
Finance	**10.2%**	18.2%
Leasing and Business Service	**9.8%**	15.4%
Logistics	**3.9%**	4.5%
Wholesale and Retail	**3.5%**	3.0%
Petroleum	**2.9%**	3.5%
Food and Beverage	**1.6%**	1.7%
Hotel	**1.4%**	1.1%
Construction and Engineering	**1.4%**	1.5%
Others	**2.1%**	2.7%
Vacant	**14.1%**	0.0%

Breakdown for retail property (Garden City Shopping Centre)	**Percentage of GRA**	**Percentage of monthly rental income**
Department Store	**27.1%**	39.2%
Food and Beverage	**20.9%**	33.4%
Life Service	**20.8%**	23.0%
Supermarket	**3.4%**	4.4%
Vacant	**27.8%**	0.0%

Breakdown for New Times Plaza	**Percentage of GRA**	**Percentage of monthly rental income**
Real Estate	**34.6%**	44.9%
Logistics	**12.9%**	13.9%
Petroleum	**10.0%**	11.5%
Scientific and Information Technology	**6.4%**	7.5%
Finance	**6.0%**	9.1%
Hotel	**4.8%**	3.6%
Construction and Engineering	**3.1%**	3.5%
Leasing and Business Service	**2.8%**	2.2%
Wholesale and Retail	**1.7%**	1.8%
Food and Beverage	**0.9%**	1.0%
Manufacturing	**0.7%**	0.7%
Supermarket	**0.1%**	0.3%
Vacant	**16.0%**	0.0%

Breakdown for Cyberport Building	**Percentage of GRA**	**Percentage of monthly rental income**
Scientific and Information Technology	**44.5%**	50.0%
Leasing and Business Service	**21.4%**	23.8%
Wholesale and Retail	**9.4%**	10.0%
Life Service	**3.3%**	4.9%
Construction and Engineering	**2.8%**	3.6%
Finance	**1.8%**	2.9%
Food and Beverage	**1.6%**	3.3%
Logistics	**0.5%**	0.5%
Manufacturing	**0.3%**	0.3%
Supermarket	**0.3%**	0.7%
Vacant	**14.1%**	0.0%

Breakdown for Technology Building	**Percentage of GRA**	**Percentage of monthly rental income**
Health Care Service	**83.4%**	83.0%
Scientific and Information Technology	**13.7%**	14.5%
Wholesale and Retail	**2.9%**	2.5%

Breakdown for Technology Building 2	**Percentage of GRA**	**Percentage of monthly rental income**
Scientific and Information Technology	**44.0%**	47.9%
Finance	**13.4%**	11.3%
Health Care Service	**10.4%**	12.3%
Leasing and Business Service	**8.4%**	9.5%
Wholesale and Retail	**4.8%**	5.0%
Real Estate	**3.8%**	5.5%
Education	**3.8%**	4.4%
Food and Beverage	**1.9%**	4.1%
Vacant	**9.5%**	0.0%

Breakdown for Onward Science & Trade Center	**Percentage of GRA**	**Percentage of monthly rental income**
Finance	**32.4%**	49.0%
Leasing and Business Service	**21.5%**	37.2%
Real Estate	**5.2%**	2.6%
Food and Beverage	**3.9%**	1.5%
Health Care Service	**3.0%**	4.5%
Scientific and Information Technology	**0.7%**	0.9%
Logistics	**0.5%**	0.7%
Life Service	**0.3%**	0.1%
Wholesale and Retail	**0.1%**	0.1%
Others	**2.4%**	3.4%
Vacant	**30.0%**	0.0%

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 2022:

Expiry Period	**Percentage of GRA**	**Percentage of monthly rental income**
2022	**11.2%**	15.3%
2023	**25.0%**	26.3%
2024	**16.2%**	21.4%
2025	**16.3%**	16.7%
2026	**5.6%**	6.2%
2027	**4.5%**	4.5%
2028 and beyond	**4.4%**	9.6%
Vacant	**16.8%**	0.0%

Lease Expiry Profile of office buildings

Expiry Period	**Percentage of GRA**	**Percentage of monthly rental income**
2022	**13.2%**	17.4%
2023	**25.1%**	23.7%
2024	**18.1%**	22.8%
2025	**16.7%**	15.7%
2026	**2.8%**	4.2%
2027	**4.6%**	4.4%
2028 and beyond	**5.4%**	11.8%
Vacant	**14.1%**	0.0%

Lease Expiry Profile of retail property (Garden City Shopping Centre)

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2022	**2.9%**	5.3%
2023	**24.8%**	38.6%
2024	**8.3%**	15.0%
2025	**15.0%**	21.2%
2026	**17.2%**	15.2%
2027	**4.0%**	4.7%
Vacant	**27.8%**	0.0%

Lease Expiry Profile of New Times Plaza

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2022	**41.4%**	53.3%
2023	**15.4%**	17.2%
2024	**4.1%**	4.3%
2025	**14.7%**	16.4%
2026	**3.4%**	5.0%
2027	**0.2%**	0.2%
2028 and beyond	**4.8%**	3.6%
Vacant	**16.0%**	0.0%

Lease Expiry Profile of Cyberport Building

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2022	**6.9%**	8.2%
2023	**25.0%**	29.6%
2024	**28.3%**	31.7%
2025	**15.1%**	17.7%
2026	**4.8%**	5.5%
2027	**5.8%**	7.3%
Vacant	**14.1%**	0.0%

Lease Expiry Profile of Technology Building

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2023	**32.6%**	33.0%
2024	**25.7%**	24.5%
2025	**41.7%**	42.5%

Lease Expiry Profile of Technology Building 2

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2023	**48.8%**	53.7%
2024	**15.9%**	19.2%
2025	**12.4%**	11.5%
2027	**13.0%**	14.6%
2028 and beyond	**0.4%**	1.0%
Vacant	**9.5%**	0.0%

Lease Expiry Profile of Onward Science & Trade Center

Expiry Period	Percentage of GRA	Percentage of monthly rental income
2023	**8.7%**	8.6%
2024	**25.8%**	39.9%
2025	**0.8%**	1.1%
2026	**5.4%**	7.2%
2027	**6.6%**	5.2%
2028 and beyond	**22.7%**	38.0%
Vacant	**30.0%**	0.0%

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, policies and procedures have been put in place to promote the operation of CMC REIT in a transparent manner and with built-in checks and balances. The Manager has adopted a compliance manual (the "**Compliance Manual**") which sets out corporate governance policies as well as the responsibilities and functions of each key officer. The Compliance Manual also clearly defines reporting channels, workflows, and specifies procedures and forms designed to facilitate the compliance of the Manager with 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 (the "**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 2022 will be set out in the 2022 Annual Report.

EMPLOYEES

CMC REIT is an externally managed trust 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

As the Manager is aware, not less than 25% of the issued units of CMC REIT were held in public hands as of 31 December 2022.

SUMMARY OF ALL SALE AND PURCHASE OF REAL ESTATE

During the Reporting Year, CMC REIT acquired a 51% interest in a special purpose vehicle and eventually holds a 46.41% interest in certain units with a total floor area of 48,370 sq.m. in Onward Science & Trade Center. For details, refer to our circular dated 14 June 2022.

REVIEW OF FINANCIAL RESULTS

The final 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, in conjunction with the external auditors of CMC REIT.

PUBLICATION OF ANNUAL REPORT

The annual report of CMC REIT for the Reporting Year will be despatched to Unitholders on or before 30 April 2023 and will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and CMC REIT at www.cmcmreit.com.

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 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 the audited consolidated financial statements of CMC REIT for the Year as approved by the Board of Directors on 22 March, 2023. 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 opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary 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 2023

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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	4	**431,702**	432,831
Property operating expenses	5	**(113,416)**	(112,527)
Net property income		**318,286**	320,304
Exchange (losses) gains		**(336,288)**	64,530
Other income, gains and losses	6	**16,681**	11,426
(Impairment losses) reversal of impairment losses under expected credit loss model, net		**(4,794)**	18
Increase in fair value of investment properties		**32,912**	81,507
Manager's fee		**(17,550)**	(18,934)
Trust and other expenses		**(7,366)**	(13,034)
Finance costs	7	**(94,863)**	(59,252)
(Loss) profit before tax and distribution to unitholders	8	**(92,982)**	386,565
Income taxes	9	**(104,405)**	(118,864)
(Loss) profit for the year, before distribution to unitholders		**(197,387)**	267,701
Distribution to unitholders		**(138,551)**	(170,403)
(Loss) profit for the year and total comprehensive (expense) income for the year, after distribution to unitholders		**(335,938)**	97,298
(Loss) profit for the year, before distribution to unitholders attributable to:			
Unitholders		**(209,544)**	267,701
Non-controlling interests		**12,157**	–
		(197,387)	267,701
Total comprehensive (expense) income for the year, after distribution to unitholders attributable to:			
Unitholders		**(348,095)**	97,298
Non-controlling interests		**12,157**	–
		(335,938)	97,298
Basic (loss) earnings per unit	10	**RMB(0.19)**	RMB0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	NOTES	2022 RMB'000	2021 RMB'000
Non-current assets			
Investment properties	11	**9,547,000**	6,746,000
Property, plant and equipment		**695**	425
		9,547,695	6,746,425
Current assets			
Trade and other receivables, and prepayments	12	**3,442**	10,171
Amounts due from related companies		**77,221**	73,280
Time deposits with maturity over three months		**55,290**	–
Cash and cash equivalents		**1,140,712**	734,089
		1,276,665	817,540
Total assets		**10,824,360**	7,563,965
Current liabilities			
Trade and other payables	13	**150,570**	105,926
Amounts due to related companies		**140,308**	15,528
Amounts due to non-controlling interests		**17,929**	–
Distribution payable		**130,040**	136,392
Tax payable		**26,246**	15,172
Secured bank borrowings	14	**–**	2,209,875
		465,093	2,482,893
Non-current liabilities, excluding net assets attributable to unitholders			
Amounts due to non-controlling interests		**1,125,586**	–
Secured bank borrowings	14	**4,052,639**	–
Rental deposit received from tenants		**23,909**	–
Deferred tax liabilities		**1,109,865**	1,074,088
Total non-current liabilities, excluding net assets attributable to unitholders		**6,311,999**	1,074,088
Total liabilities, excluding net assets attributable to unitholders		**6,777,092**	3,556,981
Non-controlling interests		**388,379**	–
Net assets attributable to unitholders		**3,658,889**	4,006,984
Number of units in issue		**1,127,819,549**	1,127,819,549
Net asset value per unit attributable to unitholders	15	**RMB3.24**	RMB3.55

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 *RMB'000*	2021 *RMB'000*
(Loss) profit for the year attributable to unitholders, before distribution to unitholders	**(209,544)**	267,701
Adjustments on amount that are attributable to unitholders:		
Increase in fair value of investment properties	**(27,819)**	(81,507)
Non-cash finance costs	**4,600**	4,800
Exchange losses (gains)	**333,657**	(64,530)
Impairment losses (reversal of impairment losses) under expected credit loss model, net	**4,792**	(18)
Depreciation	**80**	110
Deferred tax	**32,785**	43,847
Total distributable income to unitholders	**138,551**	170,403
Interim distribution, paid to unitholders *(note (ii))*	**75,918**	97,600
Final distribution, payable to unitholders *(note (iii))*	**62,633**	72,803
Total distribution for the year	**138,551**	170,403
Payout ratio *(note (i))*	**100%**	100%
Distribution per unit ("DPU")		
Proposed final distribution per unit to be paid		
Before taking into account the effect of the distribution commitment	**RMB0.1228**	RMB0.1511
After taking into account the effect of the distribution commitment *(note iv)*	**RMB0.2294**	RMB0.2075

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 RMB0.0673 for the six months ended 30 June 2022 is calculated based on the interim distribution of RMB75,918,000 for the period and 1,127,819,549 units in issue as at 30 June 2022.

(iii) The proposed final distribution per unit of RMB0.0555 (2021: RMB0.0646) for the year ended 31 December 2022 is calculated based on the final distribution to be paid to unitholders of RMB62,633,000 (2021: RMB72,803,000) for the year and 1,127,819,549 (2021: 1,127,819,549) units in issue as at 31 December 2022.

(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 2022 after taking into account the effect of the distribution commitment is HK$0.2614 (equivalent to RMB0.2294). All distributions are settled in Hong Kong dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 Shenzhen and Beijing 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 AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statement

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.

As at 31 December 2022, bank borrowings with a carrying amount of RMB4,052,639,000 have several covenants, one of which requires the total debts of the Group over the net assets attributable to unitholders plus non-controlling interests of the Group to be less than a required ratio. The Group has breached the relevant covenant as at 31 December 2022, but has already obtained a waiver letter from the bank issued before that day indicating that bank would waive the Group to satisfy such covenant as at 31 December 2022.

The Manager is of the opinion that, taking into account the above-mentioned 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 Manager is 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

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

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.

4. REVENUE AND SEGMENT INFORMATION

Revenue recognition

	2022	2021
	RMB'000	*RMB'000*
Rental income from office buildings and a shopping centre	**378,943**	373,555
Management fee income	**36,258**	39,831
Carpark income	**7,907**	9,845
Others	**8,594**	9,600
Revenue from contracts with customers recognised over time	**52,759**	59,276
	431,702	432,831

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 six investment properties, which are being individual office buildings, namely New Times Plaza, Cyberport Building, Technology Building and Technology Building 2 and Onward Science and Trade Center, 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 2022

	New Times Plaza *RMB'000*	Cyberport Building *RMB'000*	Technology Building *RMB'000*	Technology Building 2 *RMB'000*	Garden City Shopping mall *RMB'000*	Onward Science and Trade Center *RMB'000*	Total *RMB'000*
Rental income from office buildings and a shopping centre	116,930	33,735	50,384	43,652	78,999	55,243	378,943
Revenue from contracts with customers recognised over time	15,813	5,503	5,423	5,302	20,718	–	52,759
Segment revenue	132,743	39,238	55,807	48,954	99,717	55,243	431,702
Segment results	95,277	31,175	86,133	48,033	39,687	61,870	362,175
Exchange losses							(336,288)
Other income							1,118
Manager's fee							(17,550)
Trust and other expenses							(7,366)
Finance costs							(95,071)
Loss before tax and distribution to unitholders							(92,982)
Income taxes							(104,405)
Loss for the year, before distribution to unitholders							(197,387)

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*
Rental income from office buildings and a shopping centre	124,325	41,623	52,528	47,498	107,581	373,555
Revenue from contracts with customers recognised over time	18,818	5,864	5,076	5,257	24,261	59,276
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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the (loss) profit before tax earned by each segment without allocation of exchange (losses) 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 2022

	New Times Plaza *RMB'000*	Cyberport Building *RMB'000*	Technology Building *RMB'000*	Technology Building 2 *RMB'000*	Garden City Shopping mall *RMB'000*	Onward Science and Trade Center *RMB'000*	Total *RMB'000*
Segment assets	**2,275,123**	**1,137,041**	**1,020,794**	**1,185,451**	**1,739,989**	**3,043,289**	**10,401,687**
Unallocated assets							**422,673**
Consolidated total assets							**10,824,360**
Segment liabilities	**358,275**	**209,802**	**177,909**	**220,216**	**266,448**	**1,354,748**	**2,587,398**
Unallocated liabilities							**4,189,694**
Consolidated total liabilities							**6,777,092**

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

5. PROPERTY OPERATING EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Advertising and promotion	**5,245**	4,813
Agency fee	**2,739**	376
Property management expenses	**54,084**	55,480
Operations manager's fee	**20,864**	19,092
Other taxes	**26,332**	30,746
Others	**4,152**	2,020
	113,416	112,527

6. OTHER INCOME, GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Interest income from bank deposits	**11,898**	8,563
Interest income from structured deposits	**–**	1,695
Compensation income	**2,567**	1,081
Government subsidy	**2,000**	–
Others	**216**	87
	16,681	11,426

7. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**90,263**	54,452
Amortisation of upfront payments	**4,600**	4,800
	94,863	59,252

8. (LOSS) PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	2022	2021
	RMB'000	*RMB'000*
(Loss) profit before tax and distribution to unitholders has been arrived at after charging (crediting):		
Auditors' remuneration	**1,801**	3,707
Depreciation	**81**	110
Trustee's remuneration	**1,720**	1,322
Principal valuer's fee	**459**	82

9. INCOME TAXES

	2022	2021
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")		
Current year	**53,990**	53,559
Overprovision in prior years	**(89)**	(94)
Withholding tax		
Current year	**16,063**	21,552
Deferred tax	**34,441**	43,847
	104,405	118,864

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 (LOSS) EARNINGS PER UNIT

The calculation of the basic (loss) earnings per unit before distribution to unitholders is based on the (loss) profit for the year, before distribution to unitholders attributable to unitholders of (RMB209,544,000) (2021: RMB267,701,000) with the weighted average number of units of 1,127,819,549 (2021: 1,127,819,549) in issue during the year.

There were no dilutive potential units during the year ended 31 December 2022 and 31 December 2021, therefore the diluted (loss) earnings per unit has not been presented.

11. INVESTMENT PROPERTIES

	2022	2021
	RMB'000	*RMB'000*
FAIR VALUE		
At the beginning of the year	**6,746,000**	6,644,000
Additions during the year	**74,398**	20,493
Acquisition of subsidiaries	**2,693,690**	–
Fair value changes on investment properties	**32,912**	81,507
At the end of the year	**9,547,000**	6,746,000

12. TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**7,817**	3,115
Less: Allowance for credit losses	**(4,927)**	(133)
	2,890	2,982
Deferred rent receivable	**–**	6,979
Prepayments	**552**	210
Total trade and other receivables, and prepayments	**3,442**	10,171

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, net of allowance for credit losses, presented based on the date of demand note:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**1,832**	1,438
More than 1 month but within 3 months	**925**	1,229
Over 3 months	**133**	315
	2,890	2,982

13. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**13,203**	3,836
Other taxes payables	**21,335**	12,554
Rental receipt in advance	**7,363**	3,796
Receipt on behalf of tenants *(note)*	**8,262**	9,038
Rental deposit received from tenants	**86,185**	62,067
Accruals and other payables	**26,004**	14,635
Dividend payable to a shareholder of a subsidiary	**12,127**	–
	161,276	102,090
Less: Rental deposit received from tenants shown under non-current liabilities	**(23,909)**	–
	150,570	105,926

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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**901**	2,458
More than 1 month but within 3 months	**–**	1,128
Over 3 months	**12,302**	250
	13,203	3,836

14. SECURED BANK BORROWINGS

	2022	2021
	RMB'000	*RMB'000*
Secured bank borrowings	**4,052,639**	2,214,475
Front-end fee	**–**	(4,600)
	4,052,639	2,209,875

The maturity of the secured bank borrowings are as follows:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**–**	2,209,875
Within a period of more than two years but not exceeding five years	**4,052,639**	–

15. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit attributable to unitholders is calculated by dividing the net assets attributable to unitholders as at 31 December 2022 of RMB3,658,889,000 (2021: RMB4,006,984,000) by the number of units in issue of 1,127,819,549 (2021: 1,127,819,549) units as at 31 December 2022.

16. NET CURRENT ASSETS (LIABILITIES)

At 31 December 2022, the Group's net current assets, calculated as current assets less current liabilities, amounted to RMB811,572,000 (2021: net current liabilities of RMB1,665,353,000).

17. TOTAL ASSETS LESS CURRENT LIABILITIES

At 31 December 2022, the Group's total assets less current liabilities amounted to RMB10,359,267,000 (2021: RMB5,081,072,000).

18. CAPITAL COMMITMENT

	2022	2021
	RMB'000	*RMB'000*
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the consolidated financial statements	**28,522**	46,950