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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of China Merchants Land Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

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	3	25,921,416	18,956,418
Cost of sales		(21,129,665)	(14,236,842)
Gross profit		4,791,751	4,719,576
Other income	5	314,198	268,044
Net foreign exchange gains		53,622	72,902
Selling and marketing expenses		(822,717)	(673,586)
Administrative expenses		(277,676)	(202,843)
Allowance of expected credit losses on amounts due from associates and joint ventures		(262,073)	(187,294)
Fair value gain on financial asset at fair value through profit or loss (“FVTPL”)		10,937	2,407
Gain on disposal of subsidiaries		–	81,577
Share of results of associates		330,551	195,728
Share of results of joint ventures		83,937	13,942
Finance costs	6	(691,661)	(685,307)

		2021	2020
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	8	3,530,869	3,605,146
Income tax expense	7	(1,948,003)	(2,091,701)
Profit for the year		1,582,866	1,513,445
Other comprehensive expense, net of income tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(36,839)	(44,011)
Total comprehensive income for the year		1,546,027	1,469,434
Profit for the year attributable to:			
Owners of the Company		560,569	701,260
Non-controlling interests		1,022,297	812,185
		1,582,866	1,513,445
Total comprehensive income for the year attributable to:			
Owners of the Company		523,730	657,249
Non-controlling interests		1,022,297	812,185
		1,546,027	1,469,434
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	<i>10</i>		
Basic		11.43	14.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		At 31 December	
		2021	2020
	NOTES	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		250,472	272,778
Right-of-use assets		61,466	202,910
Investment properties		3,325,468	3,266,458
Goodwill		160,210	160,210
Interests in associates		10,473,161	8,102,901
Interests in joint ventures		4,611,016	3,551,133
Financial asset at FVTPL		117,836	106,899
Other receivables		5,465,334	4,583,367
Deferred tax assets		890,870	953,844
		<u>25,355,833</u>	<u>21,200,500</u>
Current assets			
Properties for sale		74,620,484	50,168,069
Deposits paid for acquisitions of land use rights		415,863	444,838
Trade and other receivables	11	21,402,156	28,059,097
Contract costs		406,749	371,470
Prepaid income tax		2,103,294	1,063,094
Bank balances and cash		14,423,276	9,718,815
		<u>113,371,822</u>	<u>89,825,383</u>
Current liabilities			
Contract liabilities		27,367,755	23,798,352
Trade and other payables	12	36,316,375	31,289,620
Lease liabilities		52,519	31,980
Loans from non-controlling interests		515,035	1,722,334
Loans from an intermediate holding company		2,006,213	1,796,823
Bank borrowings		5,548,802	6,128,418
Bond payable		–	1,900,000
Income tax payable		3,789,978	4,197,466
		<u>75,596,677</u>	<u>70,864,993</u>
Net current assets		<u>37,775,145</u>	<u>18,960,390</u>
Total assets less current liabilities		<u>63,130,978</u>	<u>40,160,890</u>

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Loans from non-controlling interests	120,472	765,817
Loans from an intermediate holding company	16,159,990	200,000
Bank borrowings	12,186,332	6,979,382
Lease liabilities	375,967	410,939
Deferred tax liabilities	437,620	537,918
	<u>29,280,381</u>	<u>8,894,056</u>
Net assets	<u>33,850,597</u>	<u>31,266,834</u>
Capital and reserves		
Share capital	39,132	39,132
Reserves	9,699,330	9,461,794
	<u>9,738,462</u>	<u>9,500,926</u>
Equity attributable to owners of the Company	24,112,135	21,765,908
Non-controlling interests	<u>24,112,135</u>	<u>21,765,908</u>
Total equity	<u>33,850,597</u>	<u>31,266,834</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

China Merchants Land Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is incorporated in the Cayman Islands as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are mainly investment holding, properties development and assets management.

The Company’s immediate holding company is Success Well Investment Limited, a limited liability company incorporated in the British Virgin Islands. One of its intermediate holding company is China Merchants Shekou Industrial Zone Holdings Co., Ltd., which is established in the People’s Republic of China (the “**PRC**”) and listed on the Shenzhen Stock Exchange Limited. The ultimate holding company of the Company is China Merchants Group Limited (“**CMG**”). CMG is a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council and is owned and controlled by the PRC government.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

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

The Group’s accounting policy is to determine the net realisable value of inventories taking into consideration of all necessary estimated costs, not limited to incremental costs. Therefore, the Group’s current accounting policy is considered as consistent with the Committee’s agenda decision.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

3. REVENUE

An analysis of the Group’s revenue for the year is as follows:

	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
<i>By types of goods or services</i>		
<i>Asset management segment</i>		
Asset management services income	18,934	18,074
<i>Properties segment</i>		
Sales of properties for sale	25,591,850	18,629,867
Properties operation income	45,087	32,454
Rental income from investment properties (<i>Note 8</i>)	265,545	276,023
	25,902,482	18,938,344
	25,921,416	18,956,418
<i>By timing of revenue recognition</i>		
At a point in time	25,591,850	18,629,867
Over time	64,021	50,528
Revenue from contracts with customers (<i>Note</i>)	25,655,871	18,680,395
Rental income from investment properties	265,545	276,023
	25,921,416	18,956,418

Note: Revenue from contracts with customers are mainly derived from the PRC except for RMB18,934,000 (2020: RMB18,074,000) related to the operation in Hong Kong.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments*, which requires operating segments to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision makers (“CODM”) in order to allocate resources to segments and to assess their performance. The CODM is the Company’s executive directors.

For the management purpose, the Group is organised into different property projects engaged in development and sales of properties, property leasing and assets management in various cities within the PRC, each of which is considered as an operating segment by the CODM. For segment reporting purpose, these operating segments have been aggregated into two reportable segments: (i) Development and sales of properties and property leasing (“**Properties Segment**”); and (ii) Asset management for office premises and shopping malls (“**Asset Management Segment**”), according to the nature and similarity of their products and services, the customer type or class, the method of products distribution or providing services, and the regulatory environment, which give rise to a more meaningful presentation.

Segment revenue and results

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

	Asset Management Segment RMB’000	Properties Segment RMB’000	Consolidated RMB’000
For the year ended 31 December 2021			
Segment revenue			
– external customers	<u>18,934</u>	<u>25,902,482</u>	<u>25,921,416</u>
Segment results	<u>10,867</u>	<u>3,992,979</u>	4,003,846
Unallocated net foreign exchange gain			55,171
Unallocated income			53,386
Unallocated expenses			(53,123)
Unallocated finance costs			<u>(528,411)</u>
Profit before tax			<u>3,530,869</u>

	Asset Management Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the year ended 31 December 2020			
Segment revenue			
– external customers	<u>18,074</u>	<u>18,938,344</u>	<u>18,956,418</u>
Segment results	<u>10,962</u>	<u>4,144,956</u>	4,155,918
Unallocated net foreign exchange losses			(72,131)
Unallocated income			51,364
Unallocated expenses			(47,191)
Unallocated finance costs			<u>(482,814)</u>
Profit before tax			<u>3,605,146</u>

There was no inter-segment sales during both years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of unallocated corporate costs, certain finance costs, certain other income and certain net foreign exchange losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Asset Management Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
At 31 December 2021			
Segment assets	<u>85,277</u>	<u>127,788,530</u>	127,873,807
Goodwill			160,210
Other unallocated assets			<u>10,693,638</u>
Total assets			<u>138,727,655</u>
Segment liabilities	<u>6,324</u>	<u>68,545,527</u>	68,551,851
Other unallocated liabilities			<u>36,325,207</u>
Total liabilities			<u>104,877,058</u>
	Asset Management Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
At 31 December 2020 (restated)			
Segment assets	<u>28,076</u>	<u>99,794,838</u>	99,822,914
Goodwill			160,210
Other unallocated assets			<u>11,042,759</u>
Total assets			<u>111,025,883</u>
Segment liabilities	<u>8,580</u>	<u>55,866,952</u>	55,875,532
Other unallocated liabilities			<u>23,883,517</u>
Total liabilities			<u>79,759,049</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets, other than goodwill and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than bonds payable, loans from an intermediate holding company of the investment holding companies and bank borrowings of the investment holding companies, are allocated to reportable and operating segment.

Segment assets and unallocated assets as at 31 December 2020 have been restated by RMB7,341,000,000 for consistent presentation of those balances of the current year.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets.

	Asset Management Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the year ended 31 December 2021			
Addition to non-current assets (<i>Note</i>)	–	3,909,694	3,909,694
Interest income	–	232,354	232,354
Depreciation of property, plant and equipment	7	34,569	34,576
Depreciation of investment properties	–	148,579	148,579
Depreciation of right-of-use assets	–	94,798	94,798
Write-down of properties for sale	–	360,538	360,538

	Asset Management Segment <i>RMB'000</i>	Properties Segment <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the year ended 31 December 2020			
Addition to non-current assets (<i>Note</i>)	11	6,260,059	6,260,070
Interest income	148	216,532	216,680
Depreciation of property, plant and equipment	4	29,725	29,729
Depreciation of investment properties	–	167,433	167,433
Depreciation of right-of-use assets	–	23,778	23,778
Write-down of properties for sale	–	849,920	849,920

Note: Non-current assets exclude deferred tax assets and non-current other receivables.

The Group's revenue from external customers is derived from the PRC, including Hong Kong. No single customer of the Group contributed 10% or more to the Group's revenue for both years.

Substantially all of the Group's non-current assets (excluding deferred tax assets and financial instruments) are located in the PRC.

Geographical information

The Group's Properties Segment is located in Foshan, Guangzhou, Nanjing and Jurong, Chongqing, Xi'an, the PRC and Hong Kong.

Information about the revenue from external customers is presented based on the location of the operations. Assets of Properties Segment and Asset Management Segment are presented based on the location of the assets.

	Revenue from external customers		Segment assets	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Foshan	3,866,389	2,256,500	23,124,732	12,512,447
Guangzhou	2,218,805	3,273,038	10,122,253	14,201,823
Nanjing and Jurong	8,507,651	6,260,611	23,500,158	37,671,676
Chongqing	8,981,974	6,844,746	47,721,601	22,451,407
Xi'an	2,264,952	255,343	22,388,256	11,045,427
Hong Kong	81,645	66,180	1,016,807	1,940,134
	<u>25,921,416</u>	<u>18,956,418</u>	<u>127,873,807</u>	<u>99,822,914</u>

5. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bank interest income	98,150	78,084
Interest income on amount due from associates	165,587	64,786
Interest income on amount due from joint ventures	6,919	97,356
Interest income on amount due from non-controlling interests	12,729	3,694
Interest income on amount due from a third party	1,392	483
Interest income on amount due from an investee	949	2,353
Government grants	5,817	6,247
Others	22,655	15,041
	<u>314,198</u>	<u>268,044</u>

6. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
– bank borrowings	698,948	811,909
– lease liabilities	15,350	16,649
– loans from an intermediate holding company	397,118	140,304
– loans from non-controlling interests	153,652	162,660
– bonds	88,129	87,400
	<u>1,353,197</u>	<u>1,218,922</u>
Total borrowing costs	1,353,197	1,218,922
Less: Amounts capitalised in the cost of qualifying assets	(661,536)	(533,615)
	<u>691,661</u>	<u>685,307</u>

7. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
The income tax expenses comprise of:		
Hong Kong Profits Tax	2,567	2,160
PRC Enterprise Income Tax (“EIT”)		
– Current year	918,228	812,711
– Underprovision in prior year	23,714	–
Withholding tax expenses	239,944	1,477
Land appreciation tax (“LAT”)	800,874	1,044,035
	<u>1,985,327</u>	<u>1,860,383</u>
Deferred taxation	(37,324)	231,318
	<u>1,948,003</u>	<u>2,091,701</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory EIT rate of the subsidiaries incorporated in the PRC is 25%. Further, 5% or 10% withholding income tax is generally imposed on dividends relating to profits earned by the PRC entities that are owned by non-PRC entities within the Group.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less estimated deductible expenditures including cost of land use right, borrowing costs and the relevant property development expenditures.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2021 and 2020. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

8. PROFIT BEFORE TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before tax has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' remuneration):		
Salaries and other allowances	418,318	387,200
Pension scheme contributions	40,101	21,305
	<hr/>	<hr/>
Total staff costs	458,419	408,505
Less: Amounts capitalised to properties under and for sale	(278,851)	(218,202)
	<hr/>	<hr/>
	179,568	190,303
	<hr/>	<hr/>
Gross rental income from investment properties (<i>Note 3</i>)	(265,545)	(276,023)
Less: Direct operating expenses incurred	144,177	171,927
Less: Depreciation of investment properties	148,579	167,433
	<hr/>	<hr/>
	27,211	63,337
	<hr/>	<hr/>
Cost of properties for sale recognised as expenses	20,776,436	13,857,762
Depreciation of investment properties	148,579	167,433
Depreciation of right-of-use assets	94,798	23,778
Depreciation of property, plant and equipment	34,576	29,729
Auditor's remuneration	5,045	4,047
Write-down of properties for sale (included in cost of properties for sale)	360,538	849,920
Loss (gain) on disposal of property, plant and equipment	1	(8)
	<hr/>	<hr/>

9. DIVIDENDS

During the year ended 31 December 2021, a final dividend of Hong Kong dollars (“**HK\$**”) HK\$0.07 per ordinary share in respect of the year ended 31 December 2020 (2020: HK\$0.14 per ordinary share in respect of the year ended 31 December 2019) was declared and paid to the shareholders of the Company. The aggregate amount of final dividend paid from share premium of the Company during the year amounted to approximately RMB286,644,000 (2020: RMB625,204,000).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HK\$0.06 (equivalent to approximately RMB0.046) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming general meeting.

10. EARNINGS PER SHARE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share, being profit for the year attributable to owners of the Company	<u>560,569</u>	<u>701,260</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,905,257,860</u>	<u>4,905,257,860</u>

No diluted earnings per share for the years ended 31 December 2021 and 2020 were presented as there were no potential ordinary shares in issue for both years.

11. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables		
– contract with customers	24,317	92,552
– operating lease receivables	<u>1,102</u>	<u>12,974</u>
	<u>25,419</u>	<u>105,526</u>

As at 1 January 2020, trade receivables from contract with customers amounted to RMB6,857,000.

Trade receivables mainly arise from properties operation income and rental income from the Properties Segment.

The Group's credit terms with its trade customers are generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Considerations in respect of properties leasing are paid in accordance with the terms of the rental agreements and invoices, normally within 30 days from the date of invoices.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 – 180 days	18,097	102,877
181 – 365 days	3,672	675
Over 1 year	3,650	1,974
	<u>25,419</u>	<u>105,526</u>

12. TRADE PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<u>12,106,363</u>	<u>5,339,157</u>

Trade payables arise from Properties Segment comprise construction costs and other project-related expenses which are payable based on project progress and the average credit period of these trade payables is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 to 60 days	5,145,845	2,573,702
61 to 180 days	5,141,906	550,292
181 to 365 days	950,704	1,409,736
Over 365 days	867,908	805,427
	<u>12,106,363</u>	<u>5,339,157</u>

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.06 (equivalent to approximately RMB0.046) per share in respect of the year ended 31 December 2021, representing a total payment of approximately HK\$294,315,000 (equivalent to approximately RMB225,642,000). The proposed final dividend is subject to the approval of the relevant resolution at the forthcoming annual general meeting of the Company to be held, the final dividend is expected to be paid on or about 30 June 2022 to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

While most economies are still struggling with the spread of the coronavirus epidemic, China's economy has been the first to recover steadily on all fronts. This is attributed to the central government's effective prevention and control of the epidemic. In 2021, China's GDP reached RMB114 trillion, an 8.1% year-over-year increase, making it the world's second largest economy and expected to account for more than 18% of the global economy. During the year, China's commercial property sales reached RMB18.19 trillion and sales area reached 1.794 billion square meters, while national real estate development investment was approximately RMB14.76 trillion. All three figures grew 4.8%, 1.9% and 4.4% year-over-year, respectively.

In 2021, the real estate industry experienced robust sales in the first half of the year, with most real estate enterprises accelerating the launch of projects and the market atmosphere was heated. In the second half of the year, the new and second-hand property market cooled down due to policy restrictions and credit environment tightening, but the scale of the market can still be maintained at a high level throughout the year. Even though the central government and various ministries have continuously released signals to maintain stability since October 2021, and the marginal easing of credit policy has been released continuously, the financing environment for real estate enterprises has gradually improved, but the marginal improvement in credit environment still needs to be transmitted to the market side, and it will take time for mortgage loans and development loans to become available.

FINANCIAL REVIEW

For the year of 2021, profit amounted to RMB1,582,866,000 (2020: RMB1,513,445,000), representing a year-on-year increase of approximately 4.6%. The profit attributable to the owners of the Company was RMB560,569,000 (2020: RMB701,260,000), representing a year-on-year decrease of approximately 20%. Basic earnings per share was RMB11.43 cents (2020: RMB14.30 cents), representing a year-on-year decrease of approximately 20%.

Equity attributable to owners of the Company was RMB9,738,462,000 as at 31 December 2021 (2020: RMB9,500,926,000), representing a increase of approximately 2.5% as compared with that of the end of last year.

The Group, together with its associates and joint ventures, achieved aggregate contracted sales of RMB55,196,000,000 (2020: RMB49,874,000,000), representing a year-on-year increase of approximately 10.7%. Aggregate contracted sales area was 2,392,049 sq.m. (2020: 2,753,576 sq.m.), representing a year-on-year decrease of approximately 13.1%. The average selling price was approximately RMB23,075 per sq.m. (2020: RMB18,113 per sq.m.), representing a year-on-year increase of approximately 27.4%.

TURNOVER

In 2021, the Group recorded turnover of RMB25,921,416,000 (2020: RMB18,956,418,000), representing a year-on-year increase of approximately 36.7%. In 2021, projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, Xi'an and Hong Kong accounted for approximately 14.9%, 8.6%, 34.7%, 32.8%, 8.7% and 0.3%, respectively, of the total revenue of the Group.

GROSS PROFIT

Gross profit amounted to RMB4,791,751,000 (2020: RMB4,719,576,000), representing a year-on-year increase of approximately 1.5%. This was mainly due to the relatively high proportion of items with lower gross profit margin in the carried forward income and written-down of properties amounting to RMB360,538,000 in 2021. The gross profit margin was approximately 18.5% (2020: approximately 24.9%), which was decreased by 6.4 percentage points as compare to the last year.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates was RMB330,551,000 (2020: RMB195,728,000), representing a year-on-year increase of approximately 68.9%, which was mainly attributable to the completion of the projects by Guangzhou Kuangrong Real Estate Development Co. Ltd. (廣州礦榮房地產開發有限公司) and Nanjing Shansheng Property Development Limited (南京善盛房地產開發有限公司) in this year and the carry-forward of income, contributing share of profits amounted to approximately RMB189,719,000 and RMB96,571,000 respectively.

SHARE OF PROFITS OF JOINT VENTURES

Share of profits of joint ventures was RMB83,937,000 (2020: RMB13,942,000), representing a year-on-year increase of approximately 502.0%, which was mainly due to the completion of the projects by Nanjing Huihe Zhiye Co., Ltd. (南京薈合置業有限公司) in this year and the carry-forward of income, contributing share of profits amounted to approximately RMB82,901,000.

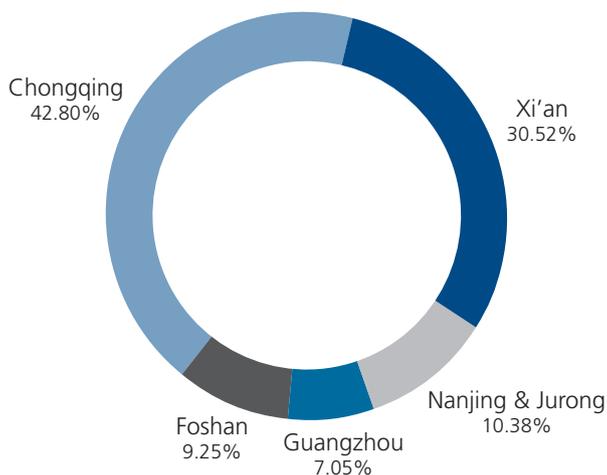
BUSINESS REVIEW

Property Development Business

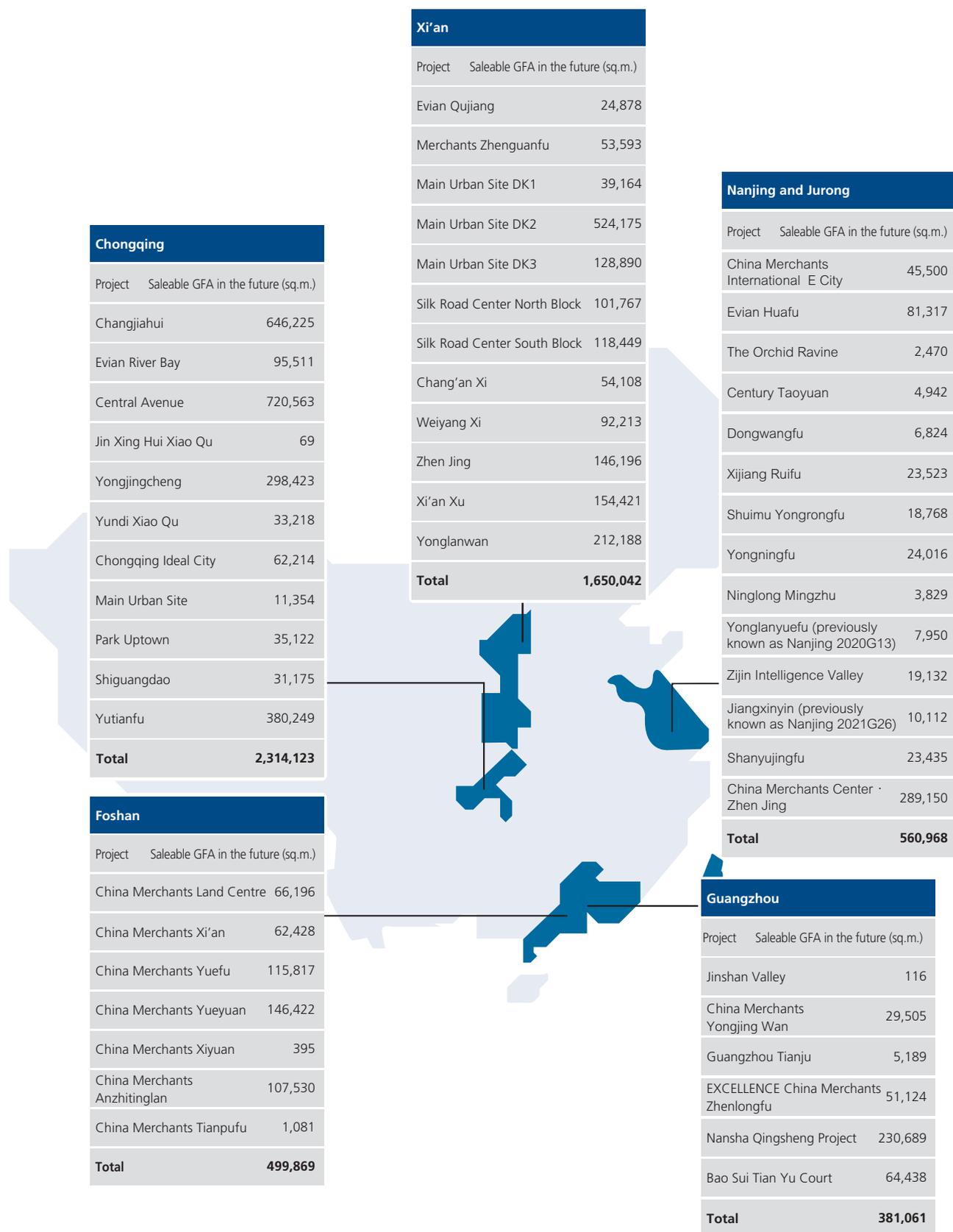
As at 31 December 2021, the Group's portfolio of property development projects consisted of 50 projects in Guangzhou, Foshan, Chongqing, Xi'an, Nanjing and Jurong, with a primary focus on the development of residential properties, as well as residential and commercial complex properties, types of products include apartments, villas, offices and retail shops, etc.

A breakdown of land bank by cities and a map showing the geographical locations and the land bank of the projects of the Group in the PRC are set out below. The saleable gross floor area of properties which had not been sold or presold as at 31 December 2021 ("**Land Bank**") was 5,406,063 sq.m..

Land Bank by cities



A map showing the geographical location and land bank of the projects of the Group in the PRC as at 31 December 2021



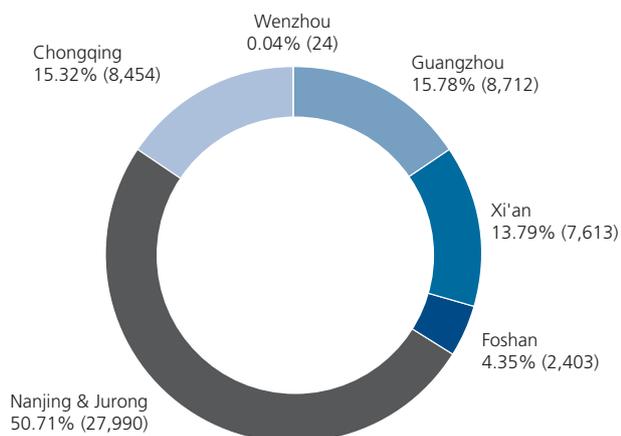
The table below shows the details of the Group's property development projects as at 31 December 2021 which (i) had been completed, (ii) were under development, or (iii) were held for future development. All figures in relation to area are rounded up to the nearest whole number:

Project	The Company's attributable interest in the projects	Total GFA	Future Total GFA Saleable	Completed				Under development			Future development			
				GFA completed	Total GFA saleable/rentable	Of which sold and delivered	Of which but not yet delivered	Of which not pre-sold/ held for investment	GFA under development	Total GFA saleable/rentable	Of which sold	GFA	Total GFA saleable/rentable	
China Merchants Land Centre	51%	221,607	66,196	221,607	196,810	96,196	34,418	66,196	-	-	-	-	-	-
China Merchants Xi'an	60%	231,607	62,428	231,607	204,284	128,381	13,475	62,428	-	-	-	-	-	-
China Merchants Yuefu	50%	326,113	115,817	175,680	132,979	110,762	1,849	20,368	150,433	113,346	17,897	-	-	-
China Merchants Yueyuan	50%	309,372	146,422	160,560	135,279	112,178	2,689	20,412	148,812	145,592	19,582	-	-	-
China Merchants Xi Yuan	100%	128,836	395	128,836	121,393	109,002	11,996	395	-	-	-	-	-	-
China Merchants Anzhitinglan	90%	181,895	107,530	42,619	36,198	29,582	115	6,501	139,276	122,958	21,929	-	-	-
Times Merchants Tianxi	50%	175,097	-	175,097	121,761	111,053	10,708	-	-	-	-	-	-	-
China Merchants Tianpufu	34%	37,419	1,081	37,419	37,419	24,585	11,753	1,081	-	-	-	-	-	-
Foshan subtotal		1,611,946	499,869	1,173,425	986,123	721,739	87,003	177,381	438,521	381,896	59,408	-	-	-
Jinshan Valley	100%	1,277,295	116	1,277,295	1,079,889	1,049,074	30,699	116	-	-	-	-	-	-
Huambo	51%	125,945	-	125,945	104,216	104,216	-	-	-	-	-	-	-	-
China Merchants Yongjing Wan	60%	392,674	29,505	392,674	291,547	262,042	-	29,505	-	-	-	-	-	-
Guangzhou Tianju	50%	65,533	5,189	65,533	41,392	36,203	-	5,189	-	-	-	-	-	-
EXCELLENCE China Merchants Zhenlongfu	50%	118,833	51,124	-	-	-	-	-	118,833	69,557	18,433	-	-	-
Nansha Qingsheng Project	100%	331,204	230,689	-	-	-	-	-	331,204	230,689	-	-	-	-
Bao Sui Tian Yu Court	50%	142,580	64,438	-	-	-	-	-	142,580	93,140	28,702	-	-	-
Guangzhou subtotal		2,454,064	381,061	1,861,447	1,517,044	1,451,535	30,699	34,810	592,617	393,386	47,135	-	-	-
Changjiahui	50%	1,655,097	646,225	1,188,625	1,138,243	867,760	2,190	268,293	97,888	97,415	81,917	368,584	362,434	-
Evian River Bay	100%	526,263	95,511	526,263	526,263	406,991	23,761	95,511	-	-	-	-	-	-
Central Avenue	50%	1,601,455	720,563	1,159,199	1,159,199	788,884	62,203	308,112	442,256	442,256	29,805	-	-	-
Jin Xing Hui Xiao Qu	100%	97,594	69	97,594	95,440	87,478	7,893	69	-	-	-	-	-	-
Yongjingcheng	100%	493,905	298,423	255,152	255,152	139,636	3,041	112,475	238,753	238,753	52,805	-	-	-
Yundi Xiao Qu	100%	123,971	33,218	123,971	123,971	75,293	15,460	33,218	-	-	-	-	-	-
Chongqing Ideal City	51%	189,036	62,214	33,876	33,876	33,876	-	-	155,160	147,451	85,237	-	-	-
Main Urban Site	100%	46,780	11,354	46,780	45,568	32,963	1,251	11,354	-	-	-	-	-	-
Park Uptown	100%	103,262	35,122	51,522	51,522	35,777	268	15,477	51,740	51,740	32,095	-	-	-
Shiguangdao	100%	33,995	31,175	-	-	-	-	-	33,995	33,995	2,820	-	-	-
Yutanfu	100%	390,054	380,249	-	-	-	-	-	81,399	81,399	9,805	308,655	308,655	-
Chongqing subtotal		5,261,412	2,314,123	3,482,982	3,429,234	2,468,658	116,067	844,509	1,101,191	1,093,009	294,484	677,239	671,089	-
China Merchants International E City	100%	372,916	45,500	372,916	324,531	274,542	4,489	45,500	-	-	-	-	-	-
Evian Huafu	51%	358,646	81,317	358,646	276,163	194,689	157	81,317	-	-	-	-	-	-
The Orchid Ravine	51%	343,699	2,470	343,699	273,174	270,613	91	2,470	-	-	-	-	-	-
Century Taoyuan	18%	221,743	4,942	221,743	171,733	158,074	8,717	4,942	-	-	-	-	-	-
Dongwangfu	51%	220,311	6,824	218,498	212,269	204,975	2,283	5,011	1,813	1,813	-	-	-	-
Xijiang Ruirui	20%	278,840	23,523	-	-	-	-	-	278,840	226,638	203,115	-	-	-
Shuimu Yongrongfu	28%	243,759	18,768	113,945	78,500	-	71,854	6,646	129,814	106,421	94,299	-	-	-
Yongningfu	51%	351,438	24,016	314,749	270,174	259,580	863	9,731	36,689	14,285	-	-	-	-
Ninglong Mingzhu	31%	57,446	3,829	57,446	57,446	53,617	-	3,829	-	-	-	-	-	-
Yonglanyuefu (previously known as Nanjing 2020G13)	51%	104,427	7,950	-	-	-	-	-	104,427	84,368	76,418	-	-	-
Zijin Intelligence Valley	60%	69,416	19,132	25,347	25,347	-	6,215	19,132	44,069	-	-	-	-	-
Jiangxin Yin (previously known as Nanjing 2021G26)	51%	168,141	10,112	-	-	-	-	-	168,141	37,626	27,514	-	-	-
Shanyujingfu	20%	69,032	23,435	69,032	54,495	-	31,060	23,435	-	-	-	-	-	-
China Merchants Center - Zhen Jing	80%	395,272	289,150	-	-	-	-	-	395,272	289,150	-	-	-	-
Nanjing and Jurong subtotal		3,255,086	560,968	2,096,021	1,743,832	1,416,090	125,729	202,013	1,159,065	760,301	401,346	-	-	-
Evian Qujiang	100%	538,269	24,878	538,269	495,725	470,847	-	24,878	-	-	-	-	-	-
Merchants Zhenguanfu	51%	231,174	53,593	-	-	-	-	-	231,174	197,304	143,711	-	-	-
Main Urban Site DK1	51%	277,313	39,164	-	-	-	-	-	277,313	242,864	203,700	-	-	-
Main Urban Site DK2	51%	562,692	524,175	-	-	-	-	-	562,692	524,175	-	-	-	-
Main Urban Site DK3	51%	325,294	128,890	-	-	-	-	-	325,294	289,347	160,457	-	-	-
Silk Road Center North Block	51%	160,808	101,767	-	-	-	-	-	160,808	126,946	25,179	-	-	-
Silk Road Center South Block	51%	138,106	118,449	-	-	-	-	-	138,106	118,449	-	-	-	-
Chang'an Xi	51%	63,626	54,108	-	-	-	-	-	63,626	54,108	-	-	-	-
Weiyang Xi	51%	112,359	92,213	-	-	-	-	-	112,359	92,213	-	-	-	-
Zhen Jing	51%	170,906	146,196	-	-	-	-	-	170,906	146,196	-	-	-	-
Xi'an Xu	51%	158,971	154,421	-	-	-	-	-	158,971	154,421	-	-	-	-
Yonglanwan	51%	226,883	212,188	-	-	-	-	-	-	-	-	226,883	212,188	-
Xi'an subtotal		2,966,401	1,650,042	538,269	495,725	470,847	-	24,878	2,201,249	1,946,023	533,047	226,883	212,188	-
Total		15,548,909	5,406,063	9,152,144	8,171,958	6,528,869	359,498	1,283,591	5,492,643	4,574,615	1,335,420	904,122	883,277	-

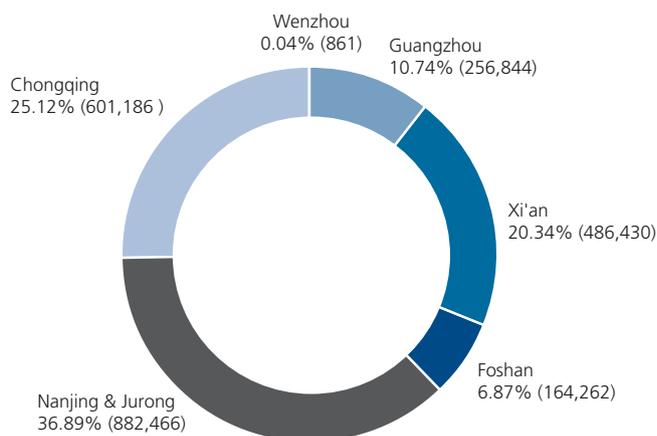
Contracted sales

For the year ended 31 December 2021, the Group together with its associates and joint ventures, achieved aggregate contracted sales of approximately RMB55,196,000,000 and aggregate contracted sales area was approximately 2,392,049 sq.m..

**Contracted sales amount by region in 2021
(RMB million)**



**Contracted sales area by region in 2021
(sq.m.)**



Newly Acquired Land Bank

The newly acquired lands over which the Group has a majority control for the year ended 31 December 2021 are as follows:

Projects	Total land consideration (RMB million)	Total site area (sq.m.)	Total permissible area (sq.m.)	Average land premium (RMB/sq.m.)
Dongfeng Chemical Plot, Huangpu District, Guangzhou	1,943	28,317	84,297	23,054
North of Shagongbaoyong, Qingsheng Hub Block, Nansha District, Guangzhou	4,131	59,907	228,126	18,108
No. 2021G24 Plot, Xuanwu District, Nanjing	8,890	214,519	475,537	18,695
No. 2021G26 Plot, Jiangxinzhou Road, Jianye District, Nanjing	3,790	44,750	125,301	30,247
No. CB2-2-227 Plot, Chanba District, Xi'an	1,955	53,811	107,602	18,167
No. XXQH-WB05-40 Plot, Qinghan New Town, Xixian New District, Xi'an	1,444	62,712	156,780	9,213
No. AH Plot, Xiyong Zone, Shapingba District, Chongqing	3,250	186,552	310,711	10,460
No. K08 Plot, Dayangshi, Jiulongpo District, Chongqing	325	12,825	25,650	12,671
No. AH09 Plot, Xiyong Zone, Shapingba District, Chongqing	2,005	180,219	362,703	5,529

Foshan

In 2021, contracted sales amount in Foshan was approximately RMB2,403 million and contracted sales area was 164,262 sq.m. As at 31 December 2021, total GFA of the Group's projects in Foshan reached 1,611,946 sq.m. and the saleable GFA in the future will amount to 499,869 sq.m..

In 2021, contracted sales projects of the Group (together with its associates and joint ventures) in Foshan mainly comprised of China Merchants Xi'an (招商曦岸):

Introduction of China Merchants Xi'an Project

Located in the northern part of Shunde, Foshan China Merchants Xi'an is situated at the bridgehead of Guangzhou-Foshan border, and enjoys a 1.1 million sq.m. landscape along Binjiang Hua'an in Chencun. The location of the project enjoys a comprehensive "six vertical and four horizontal" transportation network, with 30-minute access to Chancheng district and Guicheng district of Foshan, Panyu of Guangzhou and the center district of Guangzhou. The project covers a site area of approximately 69,000 sq.m. with a GFA of approximately 230,000 sq.m.. Meanwhile, the project has created a distinctive phoenix-theme garden and is surrounded by scenery.



Computerised photos

Guangzhou

In 2021, contracted sales amount in Guangzhou was approximately RMB8,712.17 million and contracted sales area was 256,844 sq.m.. As of 31 December 2021, total GFA of the Group's projects in Guangzhou reached 2,454,064 sq.m. and the saleable GFA in the future will amount to 381,061 sq.m..

In 2021, contracted sales projects of the Group (together with its associates and joint ventures) in Guangzhou mainly comprised of Guangzhou Haizhu Tianjun (廣州海珠天璿):

Introduction of Guangzhou Haizhu Tianjun (廣州海珠天璿)

The project is located in the Pazhou area of Haizhu District, an important part of Guangzhou's CBD, adjacent to the Guangzhou International Convention and Exhibition Center and looking towards the north bank of the Pearl River. The project is only one river away from Guangzhou International Finance City. The project covers an area of 17,382 square meters, with a total construction area of 91,131 square meters, floor area ratio of about 5.9, planning to build, among other things, four high-rise residential buildings and one high-end apartments.

Project for the extension of Guangzhou Metro Line 8 Fengpu Park Station, close to the planned Pazhou terminal traffic hub, through the Newport West Road, Dongpu Bridge, under construction Pazhou-Yuzhu Pier tunnel and other convenient connections to the Pazhou e-commerce headquarters area, Tianhe Zhujiang New Town and the International Finance City CBD. In terms of living facilities, the area within 3 km of the direct line includes a comprehensive shopping center, primary and secondary schools, international schools, and tertiary hospitals. At the same time, it enjoys 1,100 hectares of Haizhu National Wetland Park, Huangpu Ancient Port Site Recreation Area and Pearl River Ecological Landscape Resources. The comprehensive supporting conditions are outstanding.



Computerised photos

Chongqing

In 2021, contracted sales amount in Chongqing was approximately RMB8,453.58 million and contracted sales area was 601,186 sq.m.. As of 31 December 2021, total GFA of the Group's projects in Chongqing reached 5,261,412 sq.m. and the saleable GFA in the future will amount to 2,314,123 sq.m..

In 2021, contracted sales projects of the Group (together with its associates and joint ventures) in Chongqing comprised of Chongqing Central Avenue:

Introduction of Chongqing Central Avenue Project

Chongqing Central Avenue is located in the Central Park CBD of Yubei District, Chongqing, occupying the east golden area of the Central Park and enjoying the first completed infrastructure in the area. Also, it closes to 6 horizontal and 7 vertical and 2 rings of traffic road network, seamlessly connecting with various places of Chongqing. The project is surrounded and supported by well-developed living facilities and excellent education institutes.



Computerised photos

Nanjing and Jurong of Zhenjiang

In 2021, contracted sales amount in Nanjing and Jurong of Zhenjiang was approximately RMB27,990 million and contracted sales area was 882,466 sq.m.. As of 31 December 2021, total GFA of the Group's projects in Nanjing and Jurong reached 3,255,086 sq.m. and the saleable GFA in the future will amount to 560,968 sq.m..

In 2021, contracted sales projects of the Group (together with its associates and joint ventures) in Nanjing and Jurong of Zhenjiang comprised of Nanjing Zhongshan Peak View 南京鐘山風景:

Nanjing Zhongshan Peak View

The project is located in Qinhuai District, Nanjing, with a total gross floor area of 231,700 square meters, at the intersection of Guanghua Road and Youyihe Road, near Metro Line 2, looking north to Zijinshan Mountain, west to Yueya Lake, and south to Qinhuai River, which is the origin of Nanjing's orthodox luxury residential properties, with complete commercial, educational and transportation facilities in the vicinity. The product type includes 18-storey small high-rise, with two staircases and two households on each floor and no connecting corridors from north to south, offering floor plans of about 118, 128, 143 and 170 sq.m..



Computerised photos

Xi'an

In 2021, contracted sales amount in Xi'an was approximately RMB7,613.43 million and contracted sales area was 486,430 sq.m.. As at 31 December 2021, total GFA of the Group's projects in Xi'an reached 2,966,401 sq.m. and the saleable GFA in the future will amount to 1,650,042 sq.m..

In 2021, contracted sales projects of the Group (together with its associates and joint ventures) in Xi'an comprised of Xi'an International Trade & Logistics Park Project 西安國際港務區項目:

Introduction of Xi'an International Trade & Logistics Park Project 西安國際港務區項目

The project is located in the delta of the Ba river and Wei river in the northeast of the main city of Xi'an. It covers a total area of more than 580 mu and is located in the area around the Olympic Sports Center project in the International Port Area, and is a large-scale urban integrated development project integrating offices, hotels, commercial districts, apartments and residential properties.

Among them, residential and other businesses occupy an area of 500 mu, which will create an ecological and comfortable high-quality living community. The buildings include cover high-rise and small high-rise, stores and parking spaces, with 2-4 rooms as the main household type. The commercial sector covers an area of about 80 mu and will build a landmark high-rise building, which will be integrated with the Olympic Sports Center project to create a new image of a free and fashionable, ecologically vibrant regional gateway. The buildings include apartments, office buildings, hotels and businesses.



Computerised photos

Asset Management Business

Upon the listing of the China Merchants Commercial Real Estate Investment Trust (“**CMC REIT**”) on the Main Board of the Stock Exchange of Hong Kong Limited on 10 December 2019, the Company has commenced its REIT management business through China Merchants Land Asset Management Co., Limited, a wholly-owned subsidiary of the Company and the REIT manager of the CMC REIT. During the year ended 31 December 2021, the Group recorded asset management services income of approximately RMB18,934,000 (2020: RMB18,074,000).

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 31 December 2021, the net assets attributable to owners of the Company amounted to RMB9,738,462,000 (2020: RMB9,500,926,000).

As at 31 December 2021, bank balances and cash was RMB14,423,276,000 (2020: RMB9,718,815,000). In terms of currency denomination, bank balances and cash can be divided into RMB12,840,104,000 in Renminbi, RMB1,338,167,000 in US\$ and RMB245,005,000 in Hong Kong dollars (“**HK\$**”).

As at 31 December 2021, total interest-bearing debt of the Group was RMB36,536,844,000 (2020: RMB19,492,774,000). In terms of maturity, the outstanding total interest-bearing debt can be divided into RMB8,070,050,000 repayable within one year, RMB2,322,576,000 repayable after one year but within two years and RMB25,853,718,000 repayable after two years but within five years RMB290,500,000 repayable after five years.

At 31 December 2021, the Group’s net interest-bearing debt (total interest-bearing debt minus bank balances and cash) to equity (including non-controlling interests) ratio (the “**Net Gearing Ratio**”) was 65% (2020: 31%). The Group further utilizes the flexibility of its capital structure and resources in a rational manner according to project needs. The capital cost of the Group still remained at industry-low level. As at 31 December 2021, the weighted average finance costs is 4.6%.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US\$ and HK\$. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities.

NON-COMPETITION DEED

To minimise actual and potential competition, the Group and China Merchants Property Development Co., Ltd.* (招商局地產控股股份有限公司) (“**CMPD**”) (a company later merged with CMSK (as defined below) in December 2015) entered into a non-competition deed on 19 June 2013 as amended and supplemented on 4 October 2013 (the “**Non-Competition Deed**”). On 30 December 2015, the Company, CMPD and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) (“**CMSK**”) ^{Note 1} had entered into a deed of amendment and novation, pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effective from 30 December 2015. Other than that, all the other terms of the Non-Competition Deed shall remain unchanged ^{Note 2}. On 17 December 2018, the Company and CMSK entered into an amended and restated non-competition deed which supersede and replace in its entirety the Non-Competition Deed (the “**Amended and Restated Non-Competition Deed**”), and subsequently entered into a re-amended and restated non-competition deed (the “**Re-Amended and Restated Non-Competition Deed**”) on 21 October 2019, which supersede and replace in its entirety the Amended and Restated Non-Competition Deed.

Notes:

1. According to the announcements published by CMSK and CMPD on the Shenzhen Stock Exchange, on 30 December 2015, CMSK and CMPD had completed the major asset restructuring and integration exercise pursuant to which, among other things, all assets, liabilities, businesses, employees, contracts and all others rights and obligations of CMPD have been taken up and assumed by CMSK in replacement of CMPD, CMPD was delisted from the Shenzhen Stock Exchange and the shares of CMSK became listed on the Shenzhen Stock Exchange, all with effect from 30 December 2015.
2. In the above paragraph under the heading of “Non-competition Deed”, for the avoidance of doubt, references to CMSK should be construed as referring to CMPD in the context of any time before 30 December 2015.

Pursuant to the Amended and Restated Non-Competition Deed, (i) CMSK and its subsidiaries (excluding the Group) (“**CMSK Group**”) will not compete with the Group in the cities of Foshan, Guangzhou, Nanjing, and Jurong (the “**Four CML Cities**”) except for certain operation transitional assets (“**Operation Transitional Assets**”) located in Foshan which would be retained by CMSK Group but managed by the Group under certain operation agreement entered into between the Group and CMSK; (ii) with respect to Chongqing and Xi’an, the Company is considering to cease to conduct Property Business (other than participating in property-related investments on a minority basis across the PRC (the “**Non-Controlling Investment Arrangement**”)) in and exit from such two cities in due course, depending on the results of an annual review process; (iii) CMSK Group will not compete with the Group in the cities of Chongqing and Xi’an unless the Group ceases to conduct Property Business (other than the Non-Controlling Investment Arrangement) in such city; (iv) the Group will not compete with CMSK in 46 other cities in the PRC (“**CMSK Cities**”) except the Group will have the rights to participate in the Non-Controlling Investment Arrangement across the PRC (including the CMSK Cities); (v) the Group will also be entitled to conduct the Asset Management Business for office premises in Beijing and Shanghai exclusively, subject to the duly transfer of all equity interest of CMSK Group in Asset Management Business for office premises in Beijing and Shanghai to the Group (the “**Proposed Transfer I**”); and (vi) the Company will no longer have the perpetual right of first refusal to conduct Property Business (the “**Right of First Refusal**”) for other cities in the PRC in which neither the Group nor the CMSK Group has an Property Business as at the date of the Non-Competition Deed (“**Unoccupied Cities**”).

Pursuant to the Re-Amended and Restated Non-Competition Deed, the Group will have the rights to participate in the REIT Management Business for REITs with underlying properties permitted to be situated in or come from all over the PRC on an exclusive basis. In return, the Company (by itself or through its subsidiaries) are entitled to receive cash and/or units in the REITs. Other than the inclusion of the REIT Management Business and the updates to the terms with respect to the Asset Management Business for Office Premises in Beijing and Shanghai in order to reflect the situation at the time of the completion of the Proposed Transfer I, the other terms with respect to the (a) Non-Controlling Investment Arrangement; (b) Asset Management Business for Office Premises in Four CML Cities, Xi’an and Chongqing plus Beijing and Shanghai; and (c) Property Business of the Re-Amended and Restated Non-Competition Deed remain unchanged compared to the Amended and Restated Non-Competition Deed.

For details of the Non-Competition Deed and Operation Transitional Assets, please refer to the section headed “Relationship with the Controlling Shareholders” in the circular of the Company dated 10 October 2013.

For details of the Amended and Restated Non-Competition Deed, the Four CML Cities, Property Business, Non-Controlling Investment Arrangement, the CMSK Cities, Asset Management Business, the Proposed Transfer I, the Right of First Refusal and the Unoccupied Cities, please refer to the circular of the Company dated 10 January 2019.

For the details of the Re-Amended and Restated Non-Competition Deed, REIT Management Business and REITs, please refer to the circular of the Company dated 21 October 2019.

The independent board committee comprising all the independent non-executive Directors of the Company, had (i) reviewed the reports prepared by the Company's management containing latest information on the respective property projects portfolios of CMSK Group and the Group; (ii) carried out a review on the implementation of and compliance with Re-Amended and Restated Non-Competition Deed by CMSK Group and the Group during the year ended 31 December 2021; and (iii) confirmed that the terms of the Re-Amended and Restated Non-Competition Deed had been complied with by CMSK Group and the Group during the year ended 31 December 2021.

The Group will continue to operate its traditional property development business in Guangzhou, Foshan, Nanjing and Jurong. In addition, upon the annual review of the portfolio of the Group's Property Business for the year ended 31 December 2021, taking into account the financial resources available to the Group at the relevant time and the relevant market conditions, the Group decides to continue its Property Business in Chongqing and Xi'an for the time being.

PROSPECTS AND OUTLOOK

China's economy is still facing new challenges and downward pressure due to increased instability and uncertainties in the domestic and international environment including the COVID-19 epidemic, Fed interest rates and Russia-Ukraine relations, and it is expected that China's economy will continue to recover steadily mostly in 2022. Monetary policy may continue to make efforts to stabilize the economy, strengthen support for stable employment, finance and foreign trade, and maintain stable growth in total monetary credit.

It is expected that the general tone of the real estate industry “houses are for living not for speculation” regulation will remain unchanged, financial supervision will not be relaxed. The policies such as “three red lines” for enterprises, “two red lines” for banks and “two concentrations” for land will continue to be implemented. According to the “Medium and Long-term Development Dynamic Model of China’s Real Estate Industry”, China’s real estate market will maintain a stable development trend in 2022, with sales area and new construction area expected to decline, while average sales price and investment growth rate will run steadily.

The Group will adhere to the spirit of “continuous innovative and in-depth urban development”. In response to the rhythm of market changes, the Company will seize market opportunities in the process of industry adjustment to ensure stable business development. At the same time, the Group will strictly control its financial resources, enhance the efficiency of capital utilization and ensure the safety of cash flow. The Group will continue its prudent investment strategy, focusing on mainstream core cities, complemented by a high level of product and service strength to enhance brand competitiveness. At a time of industry restructuring, the Group will make full use of its advantages as a state-owned enterprise. In addition, the Group will continue to explore the potential of quality businesses in Hong Kong and overseas, actively focus on investment opportunities in Hong Kong and overseas regions, increase its participation in quality property development in Hong Kong, strengthen the Group’s existing investment businesses in Hong Kong and create value for shareholders.

EMPLOYEE REMUNERATION AND RELATIONS

The Group remunerates the employees by reference to their qualifications, experience, responsibilities, profitability of the Group and current market conditions.

As at 31 December 2021, the Group had 962 (2020: 814) employees in the PRC and Hong Kong.

The Group determines its staff remuneration based on various factors such as qualifications, length of service, market conditions and performance of the individual employees. A share option scheme was adopted at the annual general meeting of the Company held on 27 September 2011 (the “**2011 Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group’s operations. No grants under the 2011 Share Option Scheme were made during the year ended 31 December 2021.

FINANCIAL GUARANTEE CONTRACTS

The Group has contingent liabilities amounted to RMB5,341,849,000 as at 31 December 2021 (2020: RMB3,601,980,000).

PLEDGE OF ASSETS

As at 31 December 2021, land included in properties for sale and located in Chongqing, Foshan, Nanjing and Jurong with carrying values of approximately RMB2,043,820,000 (2020: RMB3,424,620,000) and investment properties with carrying values of approximately RMB1,207,206,000 (2020: 1,274,083,000) have been pledged to secure bank borrowings amounting to RMB1,802,451,000 (2020: RMB2,222,409,000) granted to the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year of 2021.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors and one non-executive director. Dr. Wong Wing Kuen, Albert, chairman of the Audit Committee, has the appropriate professional qualification and experience in financial matters as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). This committee is authorised by the Board and is responsible for reviewing the financial reports, internal control principles and for maintaining an appropriate relationship with the Company's auditors. The Audit Committee has reviewed the Group's consolidated financial statements for the year of 2021, including the internal controls, financial reporting matters, accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures above in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year of 2021 as set out in this preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the 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 the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2021, save that:

Code Provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. All Directors do not have specific terms of appointment. However, all of them are subject to retirement by rotation and re-election at annual general meeting according to the Company's articles of association. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

Code Provision C.1.6 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, and develop a balanced understanding of the views of shareholders. Mr. Xu Yongjun, the non-executive director, and Mr. He Qi, the independent non-executive director, did not attend the annual general meeting (the "AGM") of the Company held on 26 May 2021 due to other business engagement. However, there were sufficient Directors, including executive Directors, independent non-executive Directors and non-executive Director, present to enable the Board to develop a balanced understanding of the views of the Company's shareholders.

Code Provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting. Mr. Xu Yongjun, the chairman of the Board, could not attend the AGM held on 26 May 2021 due to other business engagement. However, he had appointed Mr. Huang Junlong, a non-executive Director as his alternate director who presided at the AGM and answered questions for shareholders of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted its code of conduct for securities transactions by Directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year of 2021 containing all information required by the Listing Rules will be despatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at ir.cmland.hk.

On behalf of the Board
China Merchants Land Limited
XU Yongjun
Chairman

Hong Kong, 17 March 2022

As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi as independent non-executive Directors.