華潤萬象生活有限公司
China Resources Mixc Lifestyle Services Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1209)

(1) ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020; AND (2) CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

HIGHLIGHTS

For the year ended 31 December 2020, revenue for the year amounted to RMB6,778.9 million, representing a YoY growth of 15.5%, of which RMB3,883.8 million was generated from the residential property management services segment, representing a YoY growth of 11.9%, and RMB2,895.1 million was generated from the commercial operational and property management services segment, representing a YoY growth of 20.8%.

For the year ended 31 December 2020, gross profit for the year amounted to RMB1,827.0 million, representing a YoY growth of 93.9%. Gross profit margin increased from 16.1% to 27.0% for the same period in 2019.

For the year ended 31 December 2020, profit attributable to the shareholders was up by 124.1% YoY to RMB817.7 million. Core profit attributable to the shareholders (excluding revaluation gain and associated deferred tax impact from investment properties) reached RMB816.4 million, representing a YoY growth of 148.0%.

As at 31 December 2020, GFA under management for the residential property management services of the Group amounted to 106.6 million sq.m.. For the commercial operational services, GFA of the opened shopping malls and opened office buildings amounted to 6.1 million sq.m. and 1.5 million sq.m., respectively.

For the year ended 31 December 2020, profit per share attributable to shareholders for the year amounted to RMB0.485, and the Company's core profit per share attributable to shareholders amounted to RMB0.484.

The Board has recommended the declaration of a final dividend of RMB0.132 (equivalent to HK$0.158) per share.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 29 March 2021, the principal place of business of the Company in Hong Kong has been changed to 46/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The board of directors (the "**Board**") of China Resources Mixc Lifestyle Services Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**6,778,911**	5,868,103
Cost of sales		**(4,951,878)**	(4,925,797)
Gross profit		**1,827,033**	942,306
Gain on changes in fair value of investment properties		**1,704**	47,691
Share of loss of investment in a joint venture		**(120)**	–
Other income and gains	*5*	**180,368**	77,150
Marketing expenses		**(50,287)**	(71,325)
Administrative expenses		**(747,125)**	(432,201)
Other expenses		**(4,518)**	(2,872)
Finance costs		**(72,129)**	(64,241)
PROFIT BEFORE TAX		**1,134,926**	496,508
Income tax expenses	*6*	**(317,216)**	(131,580)
PROFIT FOR THE YEAR		**817,710**	364,928
Attributable to:			
Owners of the parent company		**817,710**	364,928
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Attributable to:			
Owners of the parent company		**817,710**	364,928
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY			
Basic and diluted			
Profit for the year	*8*	**RMB48.5 cents**	RMB22.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Notes	As at 31 December **2020** *RMB'000*	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**259,928**	202,867
Investment properties		**2,234,000**	2,217,800
Intangible assets		**2,238**	1,556
Right-of-use assets		**114,257**	46,545
Investment in a joint venture		**2,330**	–
Deferred tax assets		**45,367**	4,937
Deposits paid for purchase of property, plant and equipment		**86,065**	4,416
Total non-current assets		**2,744,185**	2,478,121
CURRENT ASSETS			
Inventories		**196,132**	105,761
Trade receivables	*9*	**822,240**	588,961
Prepayments, other receivables and other assets	*10*	**786,173**	2,598,678
Financial assets at fair value through profit or loss	*11*	**3,847,810**	–
Restricted bank deposits		**366,955**	724,268
Cash and cash equivalents		**10,312,459**	605,489
Total current assets		**16,331,769**	4,623,157
CURRENT LIABILITIES			
Trade payables	*12*	**700,378**	448,789
Other payables and accruals	*13*	**2,665,222**	3,289,767
Contract liabilities		**1,006,947**	798,154
Lease liabilities		**63,041**	82,048
Tax payable		**97,927**	18,589
Interest-bearing bank borrowings	*14*	**521,815**	–
Total current liabilities		**5,055,330**	4,637,347
NET CURRENT ASSETS/(LIABILITIES)		**11,276,439**	(14,190)
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,020,624**	2,463,931

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2020

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**1,319,331**	1,222,507
Other liabilities		**12,552**	7,910
Deferred tax liabilities		**225,709**	201,930
Total non-current liabilities		**1,557,592**	1,432,347
NET ASSETS		**12,463,032**	1,031,584
Equity attributable to owners of the parent company			
Share capital	*15*	**152**	88
Reserves		**12,462,880**	1,031,496
Total equity		**12,463,032**	1,031,584

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 18 May 2017. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Group was mainly engaged in the provision of residential property management services and commercial operational and property management services in the People's Republic of China (the "**PRC**").

The Company's shares became listed on the Main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2020 (the "**Listing**").

In the opinion of the Company's directors, the immediate holding company of the Company is China Resources Land Limited ("**CR Land**"), a public limited company incorporated in the Cayman Islands and its shares are listed on the Stock Exchange. The ultimate holding company of the Company is China Resources Company Limited ("**CRCL**"), a company incorporated in the PRC.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, and financial assets at fair value through profit or loss which have been measured at fair value.

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB7,468,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3,6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

3. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("**CODM**") of the Group, was specifically focused on the segments of the residential property management services and commercial operational and property management services. These divisions are the basis on which the Group reports its segment information under HKFRS 8 Operating Segments.

Segment results represent the profit earned or loss incurred before taxation by each segment without allocation of income or expenses which are not recurring in nature or unrelated to the CODM's assessment of the Group's operating performance, e.g., other income, other gains and losses, share of loss of investment in a joint venture, a gain on changes in fair value of investment properties, administration expenses, other expenses, and finance costs. Segment revenues and results are the measures reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2020

	Residential property management services *RMB'000*	**Commercial operational and property management services** *RMB'000*	**Total** *RMB'000*
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	**218,900**	**–**	**218,900**
Recognised over time	**3,641,884**	**2,687,744**	**6,329,628**
Revenue from other sources			
Rental income	**23,035**	**207,348**	**230,383**
Revenue from external customers	**3,883,819**	**2,895,092**	**6,778,911**
Result			
Segment results	**617,379**	**1,209,654**	**1,827,033**
Gain on changes in fair value of investment properties			**1,704**
Share of loss of investment in a joint venture			**(120)**
Other income and gains			**180,368**
Unallocated expenses			**(801,930)**
Finance costs			**(72,129)**
Profit before tax			**1,134,926**

	Residential property management services	**Commercial operational and property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment assets	**3,309,553**	**4,622,468**	**7,932,021**
Reconciliation			
Corporate and other unallocated assets			**11,143,933**
Total assets			**19,075,954**
Segment liabilities	**3,498,673**	**2,643,070**	**6,141,743**
Reconciliation			
Corporate and other unallocated liabilities			**471,179**
Total liabilities			**6,612,922**
Capital expenditure*	**94,135**	**114,725**	**208,860**

Year ended 31 December 2019

	Residential property management services	Commercial operational and property management services	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	145,011	–	145,011
Recognised over time	3,293,828	2,170,402	5,464,230
Revenue from other sources			
Rental income	32,729	226,133	258,862
Revenue from external customers	3,471,568	2,396,535	5,868,103
Result			
Segment results	420,199	522,107	942,306
Gain on changes in fair value of investment properties			47,691
Other income and gains			77,150
Unallocated expenses			(506,398)
Finance costs			(64,241)
Profit before tax			496,508

	Residential property management services *RMB'000*	Commercial operational and property management services *RMB'000*	Total *RMB'000*
Segment assets	926,465	2,517,813	3,444,278
Reconciliation			
Corporate and other unallocated assets			3,657,000
Total assets			7,101,278
Segment liabilities	2,513,808	2,207,464	4,721,272
Reconciliation			
Corporate and other unallocated liabilities			1,348,422
Total liabilities			6,069,694
Capital expenditure*	73,766	3,350	77,116

* The capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

For the years ended 31 December 2020, revenue from the ultimate holding company and the fellow subsidiaries contributed 38% (2019: 32%) of the Group's revenue. Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2020 (2019: nil).

4. REVENUE

Revenue mainly comprises proceeds from residential property management services and commercial operational and property management services.

An analysis of revenue is as follows:

	Year ended 31 December	
	2020 ***RMB'000***	2019 *RMB'000*
Revenue from contracts with customers	**6,548,528**	5,609,241
Revenue from other sources:		
Gross rental income from investment property operating leases:		
— Variable lease payments that do not depend on an index or rate	**57,751**	47,285
— Other lease payments, including fixed payments	**172,632**	211,577
	230,383	258,862
	6,778,911	5,868,103

Revenue from contracts with customers

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Type of goods and services		
Residential property management services		
Property management services	**2,922,639**	2,667,177
Community value-added services	**364,823**	264,428
Value-added services to property developers	**573,322**	507,234
	3,860,784	3,438,839
Commercial operational and property management services		
Shopping malls*	**1,604,351**	1,332,174
Office buildings**	**1,083,393**	838,228
	2,687,744	2,170,402
Total revenue from contracts with customers	**6,548,528**	5,609,241
Timing of revenue recognition		
Goods transferred at a point in time	**69,245**	39,722
Services transferred at a point in time	**149,655**	105,289
Services transferred over time	**6,329,628**	5,464,230
Total revenue from contracts with customers	**6,548,528**	5,609,241

* The Group started to charge commercial operational fees on shopping malls since January 2020. Meanwhile, starting from July 2020, the Group had changed revenue model for property management services to shopping malls to commission basis. For property management services income from properties managed under commission basis, the Group considers its obligation is only limited to arranging and monitoring the services provided by other parties to the property owners as an agent and accordingly recognizes the commission as its revenue.

** The Group started to charge commercial operational fees on office buildings in the second half of 2020.

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contract liabilities		
— Related parties	**11,213**	826
— Third parties	**995,734**	797,328
	1,006,947	798,154

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year		
Residential property management services	**661,174**	637,764
Commercial operational and property management services	**63,431**	68,722
	724,605	706,486

Performance obligations

For residential property management services (except for brokerage services and sales of goods) and commercial operational and property management services, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. The Group bills the amount for services provided on a monthly basis or pre-charges service fee on a half year basis and payment is due within 30 days of invoice. The Group has elected the practical expedient as described in HKFRS 15.121(b) for not to disclose the remaining performance obligations for these types of contracts.

For brokerage services, the services are rendered in a short period of time which is generally less than a year and there is no satisfied performance obligation at the end of the respective periods. The payment is due immediately when the services are rendered to the customer.

For sales of goods, the performance obligation is satisfied when customers obtain the physical possession or the legal title of the parking spaces and the Group has right to payment and the collection of the consideration is probable. The payment is due immediately when the customers obtain the physical possession or the legal title of the parking spaces. There are no remaining performance obligations unsatisfied or partially satisfied as at 31 December 2020 and 2019.

5. OTHER INCOME AND GAINS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest income	**15,085**	8,124
Government grants	**72,148**	41,367
Gain on disposal of items of property, plant and equipment	**28,025**	10,276
Operating subsidies	**9,272**	9,864
Exchange gains, net	**48,004**	–
Fair value gain from financial assets at fair value through profit or loss	**1,090**	–
Reversal of impairment of trade receivables and other receivables	**1,868**	–
Others	**4,876**	7,519
	180,368	77,150

6. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

The Group's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax has been provided at the rate of 16.5% (2019:16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year ended 31 December 2020 (2019: Nil).

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax ("**CIT**") rate of 25% (2019: 25%) for the year ended 31 December 2020, excluding certain subsidiaries of the Group in the PRC which are either located in western cities or qualified as Small and Micro Enterprises and subject to a preferential income tax rate of 15% or 20% for the year ended 31 December 2020.

The provision for PRC Land Appreciation Tax (LAT) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The major components of income tax expenses for the year are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**331,405**	99,230
PRC Land Appreciation Tax ("**LAT**")	**2,462**	1,316
Deferred income tax	**(16,651)**	31,034
Total tax charge for the year	**317,216**	131,580

7. DIVIDENDS

In June 2020, the Company declared a dividend in the amount of RMB434.8 million to the then sole shareholder, CR Land, which was paid on 23 October 2020.

At a meeting held by the board in 29 March 2021, the board of directors recommended a final dividend of RMB0.132 (equivalent to HK$0.158) per ordinary share totalling RMB302.1 million (equivalent to HK$359.8 million) for the year ended 31 December 2020.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019, the one share issued in exchange for the 100% of the equity interest of Golden Key Resources Limited from CR Land on 17 July 2020 (Note 15), the Share Subdivision on 19 October 2020 (Note 15) and the Capitalisation Issue on 19 November 2020 (Note 15), were deemed to be issued on 1 January 2019.

The calculation of the basic and diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,686,691,781 (2019: 1,650,000,000) in issue during the year.

The Company has no potentially dilutive ordinary shares in issue during the year ended 31 December 2020 (2019: nil).

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**817,710**	364,928

	Year ended 31 December	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	**1,686,691,781**	1,650,000,000

9. TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
— Related parties	**600,912**	431,603
— Third parties	**225,129**	162,522
	826,041	594,125
Impairment	**(3,801)**	(5,164)
	822,240	588,961

The ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**798,295**	546,654
1 to 2 years	**25,580**	44,455
2 to 3 years	**1,563**	1,625
Over 3 years	**603**	1,391
	826,041	594,125
Impairment	**(3,801)**	(5,164)
	822,240	588,961

10. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Prepayments	**116,201**	98,305
Deposits	**17,387**	12,891
Other receivables	**137,613**	133,655
Amounts due from related parties	**520,273**	2,359,633
	791,474	2,604,484
Impairment	**(5,301)**	(5,806)
	786,173	2,598,678

The other receivables were denominated in RMB, and the fair value of other receivables approximated to their carrying amounts. Other receivables with third parties are unsecured, non-interest-bearing and repayable on demand. Other receivables with related parties are interest-free.

As at 31 December 2020, the loss allowance was assessed to be RMB5,301,000 (2019: RMB5,806,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Structured bank deposits with floating interest rates	**3,847,810**	–

Structured bank deposits products are mainly investments in financial funds issued by financial institutions. Such wealth management products are principal guaranteed investments with floating rate of return with a maturity period. The contractual terms of the structured bank deposits products give rise on specified dates to cash flows are not solely payments of principal and interest on the principal amount outstanding. Accordingly, the structured bank deposits products are classified as financial assets at fair value through profit or loss.

12. TRADE PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**119,104**	44,011
— Third parties	**581,274**	404,778
	700,378	448,789

The ageing analysis of the trade payables based on the invoice date are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**659,255**	407,088
1 to 2 years	**20,248**	40,419
2 to 3 years	**19,948**	1,128
Over 3 years	**927**	154
	700,378	448,789

The trade payables are unsecured, non-interest-bearing and are normally settled within 90 days.

13. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other payables and accruals		
— Related parties	**245,470**	1,146,495
— Third parties	**1,678,726**	1,759,609
	1,924,196	2,906,104
Salaries payables	**640,457**	356,080
Tax payables other than current income tax liabilities	**100,569**	27,583
	2,665,222	3,289,767

14. INTEREST-BEARING BANK BORROWINGS

Details of the terms of the Group's bank borrowings as set out below:

	2020			2019
	Effective interest rate (%)	**Maturity**	***RMB'000***	*RMB'000*
Bank loans-unsecured	**HIBOR+1.65**	**2021**	**521,815**	–

As at 31 December 2020, the Group's bank borrowings amounting to RMB521,815,000 (2019: nil) are denominated in Hong Kong dollars. CR Land and China Resources (Holdings) Company Limited ("**CRH**") are required to hold, directly or indirectly, not less than 51% and 35%, respectively, of the issued share capital of the Company at any time during the period of the loan in accordance with the terms of the respective loan agreements. The Group's overdraft facilities amounted to HK$1,020,000,000 (2019: nil), of which HK$620,000,000 (2019: nil) had been utilised as at the end of the reporting period.

15. SHARE CAPITAL

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Authorised:		
5,000,000,000 (2019:50,000) ordinary shares of USD0.00001 each	**338**	338
Issued and fully paid:		
2,282,500,000 (2019:13,000) ordinary shares at USD0.00001 each	**152**	88

	Number of shares in issue	Share capital *RMB'000*
At 1 January 2019, 31 December 2019 and 1 January 2020 (a)	13,000	88
Issue of share at 30 June 2020 (b)	1	–
	13,001	88
Subdivision of shares (c)	1,300,100,000	88
Capitalisation issue (d)	349,900,000	23
Initial public offering (e)	550,000,000	36
Over allotment (f)	82,500,000	5
At 31 December 2020	**2,282,500,000**	**152**

(a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 May 2017 with authorised share capital of USD50,000, divided into 50,000 shares of USD1 each. Upon incorporation, the Company issued one Share to CR Land, which was transferred to CR Land on 30 June 2017. On 30 June 2017, the Company issued 12,999 Shares to CR Land, at par value.

(b) On 17 July 2020, the Company acquired 100% of the equity interest of Golden Key Resources Limited from CR Land at a consideration of one share USD1, which was satisfied by the allotment and issue of one share to CR Land on 17 July 2020.

(c) On 19 October 2020, CR Land resolved, among other things, that each issued and unissued ordinary share then of USD1 par value be subdivided into 100,000 Shares of USD0.00001 par value each ("**Share Subdivision**"), so that CR Land holds 1,300,100,000 Shares of USD0.00001 par value each.

(d) On 19 November 2020, CR Land also resolved that, subject to the share premium account of the Company being credited as a result of the issue of shares pursuant to the Listing, the directors of the Company are authorized to allot and issue a total of 349,900,000 shares credited as fully paid at par on 9 December 2020 (the "**Listing Date**") to CR Land, as of the date immediately preceding the Listing Date (the "**Capitalisation Issue**").

As a consequence of the Share Subdivision and the Capitalisation Issue, and immediately before the completion of the global offering, the authorized share capital of the Company shall be USD50,000 divided into 5,000,000,000 ordinary shares of par value USD0.00001 each, of which 1,650,000,000 are issued and fully paid-up.

(e) On 9 December 2020, upon its listing on the Stock Exchange, the Company issued 550,000,000 new shares with a par value USD0.00001 at HK$22.30 per share for a total cash consideration of HK$12,265,000,000. The respective share capital amount was approximately RMB36,000.

(f) On 23 December 2020, upon its listing on the Stock Exchange, the over-allotment and issued 82,500,000 additional shares with a par value USD0.00001 at HK$22.30 per share for a total cash consideration of HK$1,839,750,000. The respective share capital amount was approximately RMB5,000.

CHAIRMAN'S STATEMENT

On 9 December 2020, China Resources Mixc Lifestyle Services Limited (the "**Company**", and together with its subsidiaries referred to as the "**Group**") was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), being the third largest initial public offering (the "**IPO**") on the Stock Exchange in the year. The Group maintained a leading P/E ratio in the industry since its listing, and was included as a constituent of Hang Seng Composite Index and Hang Seng Shanghai-Hong Kong Stock Connect Greater Bay Area Composite Index on 26 February 2021. I am pleased to present the annual business review and outlook of the Group for the year ended 31 December 2020 to the shareholders.

2020 was an extraordinary year. The outbreak of COVID-19 drew every effort together to fight the battle, and we won. China was the only major economy in the world recording a positive economic growth, with GDP hitting RMB100 trillion for the first time, a satisfied performance for the last year of the "13th Five-Year Plan". During the past five years, the real estate industry in China has gradually shifted its focus in the industrial value chain from development to operation. Along with the progress in urbanization and city development as well as upgrade of consumption and technology, China's property management and commercial operation service market experienced rapid growth.

In 2020, the Group arranged its works under the principle of "fighting against epidemic and ensuring to achieve performance targets" and implemented management measures of "cost reduction, service quality improvement and efficiency enhancement". The Group focused on both "fighting epidemic" and "production resumption" to realize stable growth in each core performance target. In 2020, the Group realized a consolidated revenue of RMB6.78 billion, an increase of 15.5% YoY and a net profit of RMB817.7 million, an increase of 124.1% YoY. The Group's earnings per share was RMB0.485, and core profit per share was RMB0.484. The board of directors (the "**Board**") of the Company has resolved to declare a final dividend of RMB0.132 (equivalent to HK$0.158) per share, with an annual distribution rate of 37%.

This year, we witnessed the enormous strike caused by the epidemic to traditional commerce, as well as the strong resilience and momentum of traditional commerce after the epidemic condition stabilised. The Group further strengthened its position as a commercial operation leader with its solid comprehensive operation capability and anti-risk capability to turn crisis into opportunities. The performance of the commercial projects under management of the Group has "rapidly picked up" since the second quarter. In particular, our MIXC and MIXONE took the lead in resuming operations and guest visits, resulted a rapid rebounce from the second quarter with the annual retail sales exceeded RMB80 billion, with all performance indicators forerunning the market. In addition, the office building projects under operation have steadily improved their operating efficiency and rapidly enhanced the core indicators, which further strengthened our leading position in the commercial operation field. Affected by the epidemic, the number of shopping malls opened nationwide in 2020 hit a record low in the past three years. Nevertheless, the Group has newly opened five shopping malls against adversity, namely Chengdu MIXC Phase II, Ningbo MIXONE, Shenyang Changbai MIXONE, Hangzhou East Railway Station MIXONE and Chongzuo MIXONE. The opening rate, guest visits and retail sales on the opening day were all at the leading level in the respective local market. As of the end of 2020, the Group's shopping mall operation and property management services business covered 56 cities, of which 59 projects have been opened. Besides, office building operation and property management business covered 37 cities, of which 23 projects have been opened.

Confronted with the epidemic, local property management companies of the Group have mobilized all staff to stand up and tackle the difficulties. Over 15,000 property management employees strived to be the "last line of defence against epidemics", actively cooperating with the government in preventing and controlling the epidemic, and ensuring work and production resumption. While fighting against the epidemic and guarding the property owners, the Group achieved quality and scale growth in residential property management business, achieving the satisfaction rate by third-party customers of 88 points, ranking top in the industry. The annual revenue increased by 11.9% to RMB3.88 billion, of which the gross profit margin of basic property management services significantly increased to 12.3%, and the revenue from community value-added services significantly increased by 30.5% year on year, contributed to 10.0% of the business revenue of the residential property management services segment. During the Year, the Group actively arranged for urban space operation, explored government-enterprise cooperation, entered into the comprehensive service field for industrial park, and took the lead in implementing the river operation and maintenance project in Shenzhen, becoming the first property management enterprise engaging in river management in the Greater Bay Area. In addition, the Group established a joint venture platform with the Gulou District in Fuzhou to jointly participate in municipal services, and successfully won contracts from the high-tech industrial parks in Xi'an and Chengdu. As of the end of 2020, the Group's residential and other non-commercial property management business covered 79 cities, with a contracted area of 142.9 million sq.m. and areas under management amounting to 106.6 million sq.m..

The Group adheres to the responsibility of central enterprises and always practices the corporate spirit of "pragmatism, professionalism, collaboration and dedication" of China Resources (Holdings) Company Limited ("**CR Group**"). During the epidemic period, we worked with the parent company China Resources Land Limited ("**CR Land**") to reduce or exempt the rent of small and micro businesses and individual businesses with operating difficulties and overcome difficulties with the tenants. We actively participated in poverty alleviation, and facilitated the sales of agricultural products from poverty-stricken areas by integrating internal and external resources on the digital platform "E-MIXC". Moreover, we promoted the systematic ESG management, refined energy management and green space, and continuously improved customer service experience. During the Year, the Group was authorized the "Award of New Responsible Enterprise" by the 3rd "Beijing Responsibility Exhibition".

Looking forward to the "14th Five-Year Plan", the Group will, by closely following the national development strategy, capturing the trend of consumer product and service upgrade and seizing the opportunity of industry integration, adhere to the strategic positioning of "urban quality-life service platform", and endeavor to build the "2+1" business model that integrates two major businesses, i.e. property management and commercial operation services, with the major membership ecosystem based on the Group's own endowment and differentiated business model of "space, customer and resource". The Group will adhere to the scale expansion strategy of diversified business planning of property management and focusing on the commercial operation services sector. It will adopt measures such as business standardization, optimization of incentive mechanism and empowerment of digital intelligence to make great efforts to improve its operation and management efficiency. As for property management, it will vigorously expand community value-added services. In terms of commercial operation services, it will explore new business opportunities for consulting services and consumption investment to increase income through innovation. For membership management, we will establish a one-stop membership system through cross-business model, which integrates member information, rights and member value. We will also focus on building the five key capabilities in investment, operation, science and technology, organization and brand, building a first-class brand in asset-light output model, and become the creator of urban ecological services and people's happy life. In this way, it will realize the development goal in becoming the first echelon of the property management industry, and maintaining our first position in the commercial operation service industry.

2021 marks the start of the 14th Five-Year Plan period, a crucial starting year for China to embark on a new journey toward the goal of building a modern socialist country in all round way after finishing the building of a moderately prosperous society in all respects and achieving the first Centenary Goal, and also the first complete financial year of the Group after listing. The new starting point means new challenges, which also brings new opportunities. The property management industry is in the primary stage of market-oriented development, and the next decade marks a golden period for development. At the same time, the asset-light output model market for commercial operation services is still in the development window period. The Group will firmly grasp this important strategic opportunity by actively identifying policy benefits and seizing market opportunities. The Group will expand commercial projects through multiple channels and improve our business location planning. It will also break-through the dependence on the traditional expansion paths, and take multiple measures to expand the property management scale. It will implement classification of commercial projects and implement different management policies to improve overall operational efficiency and consolidate our leading position in the industry. The Group will take a number of measures, such as improving the gross profit margin of basic property management service, providing value-added services for property owners, to achieve higher returns for shareholders and creat more value for employees in return for their trust and commitment.

Last but not least, on behalf of the Board, I would like to extend my heartfelt thanks to the shareholders, customers and all sectors of the society who have been paying close attention to and supporting the development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business is divided into two main segments: (i) residential property management services; (ii) commercial operational and property management services.

Residential property management services: The Group provides management services for residential properties and other non-commercial properties comprising public facilities such as stadiums, parks and industrial parks, and brings various services to families and residents in the communities to meet their living needs. Our residential property management services can be categorized as follows:

- Property management services, including security, cleaning and greening, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered;

- Value-added services to property developers, including consultancy, preliminary preparation, and pre-delivery marketing services; and

- Community value-added services, including community living services, and brokerage and asset services.

Commercial operational and property management services: commercial properties under our management include shopping malls and office buildings.

For shopping malls, the Group provide:

- Commercial operational services, including pre-opening management and operation management services;

- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services; and

- Commercial subleasing services, where the Group lease certain quality shopping malls from their owners and sublease to tenants such as retail stores and supermarkets.

For office buildings, the Group provide:

- Commercial operational services, including tenant sourcing, asset management and operational services, and opening preparation services; and

- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services.

The table below sets forth details of revenue by business segment and type of services as of the dates indicated:

	As of 31 December,			
	2020	%	2019	%
	(RMB'000)		*(RMB'000)*	
Residential property management services				
Property management services	**2,922,639**	**43.1**	2,667,177	45.5
Value-added services to property developers	**573,322**	**8.5**	507,234	8.6
Community value-added services	**387,858**	**5.7**	297,157	5.1
Subtotal	**3,883,819**	**57.3**	3,471,568	59.2
Commercial operational and property management services				
Shopping malls	**1,811,699**	**26.7**	1,558,307	26.6
Office buildings	**1,083,393**	**16.0**	838,228	14.2
Subtotal	**2,895,092**	**42.7**	2,396,535	40.8
Total	**6,778,911**	**100.0**	5,868,103	100.0

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

Property Management Services

During the year ended 31 December 2020, the Group's revenue from property management services amounted to RMB2,922.6 million, representing an increase of 9.6% as compared with the corresponding period of last year, and accounting for 43.1% of our total revenue. As of 31 December 2020, there were 553 managed residential and other non-commercial properties, an increase of 83 over the last year, with an aggregate GFA under management of 106.6 million sq.m., representing an increase of 14.5 million sq.m. over the previous year. During the Year, the Group's overall property management fee collection rate was 93.1%, an increase of 0.6 percentage points over the previous year.

The table below sets forth details of our contracted GFA and GFA under management of residential and other non-commercial properties as of the dates indicated:

	As of 31 December,	
	2020	2019
Contracted GFA *(sq.m. in thousands)*	**142,922**	118,089
Number of projects for contracted GFA	**854**	713
GFA under management *(sq.m. in thousands)*	**106,563**	92,085
Number of projects for GFA under management	**553**	470

The table below sets forth a breakdown of the number of residential properties under management, the aggregate GFA under management as of the dates indicated, and revenue generated from property management services by type of property developer for the periods indicated:

	As of 31 December					
	2020			2019		
	GFA under management *(sq.m.in thousands)*	**Number of projects**	**Revenue** *(RMB'000)*	GFA under management *(sq.m.in thousands)*	Number of projects	Revenue *(RMB'000)*
CR Land	**81,355**	**416**	**2,383,495**	72,948	369	2,223,124
CR Group and third-party developers	**25,208**	**137**	**539,144**	19,137	101	444,053
Total	**106,563**	**553**	**2,922,639**	92,085	470	2,667,177

Value-added Services to Property Developers

During the year ended 31 December 2020, the Group recorded revenue generated from value-added services to property developers of RMB573.3 million, increased by 13.0% as compared with the corresponding period of last year, representing 8.5% of the total revenue. Such increase was mainly due to an increase in the number of pre-delivery residential projects for which marketing services and preliminary preparation services were provided by us.

Community Value-added Services

During the year ended 31 December 2020, the Group recorded revenue generated from community value-added services of RMB387.9 million, increased by 30.5% as compared with the corresponding period of last year, representing 5.7% of the total revenue. Such increase was primarily driven by the growth in the number of our property projects under management and GFA under management of residential and other non-commercial properties, and meeting of evolving customer demand as a result of the increase in scale of the Group's residential communities business and the number of online group buying platforms.

COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

Shopping Malls

For the year ended 31 December 2020, the Group's revenue from the commercial operational and property management services to shopping malls amounted to RMB1,811.7 million, representing an increase of 16.3% as compared with the corresponding period of last year, and accounting for 26.7% of the total revenue. Historically, the Group's commercial operational services to shopping malls formed part of the CR Land's integrated commercial property development and investment business, and we provide commercial operational services to shopping malls as inter-departmental services, thus there were no additional charges on such services. From January 2020, the Group gradually separated the commercial operational services as an independent business segment and a profit driver, and began to recognize revenue from this business. As of 31 December 2020, the Group provided commercial operational services to 57 opened shopping mall projects with an aggregate GFA of 6.1 million sq.m., a vast majority of which were also using our property management services. In addition, we have two opened shopping mall subleasing projects as of 31 December 2020.

84.3% of the segment revenue was generated from the provision of commercial operational services and property management services to shopping malls, with the remaining revenue from the provision of commercial subleasing services.

The table below sets forth details of the contracted GFA and GFA of projects opened under commercial operational services and property management services for shopping malls as of the dates indicated:

	As of 31 December,	
	2020	2019[1]
Contracted GFA (sq.m. in thousands)	**10,099**	3,954
Number of projects for contracted GFA	**99**	31
GFA of projects opened (sq.m. in thousands)	**6,126**	5,483
Number of projects opened	**57**	50

[1] In and before 2019, the Group's commercial operational services to shopping malls, as inter-departmental services, formed part of the CR Land's integrated commercial property development and investment business, thus there were no additional charges on such services.

The table below sets forth a breakdown of the number of opened shopping malls receiving commercial operational services and the aggregate GFA as of the dates indicated, and revenue generated from commercial operational services and property management services by type of property developer for the periods indicated:

	As of 31 December					
	2020			2019[1]		
	GFA under management *(sq.m.in thousands)*	**Number of projects**	**Revenue** *(RMB'000)*	GFA under management *(sq.m.in thousands)*	Number of projects	Revenue *(RMB'000)*
CR Land	**5,375**	**43**	**1,462,090**	4,979	40	1,242,956
CR Group and third-party developers	**751**	**14**	**65,080**	504	10	13,579
Total	**6,126**	**57**	**1,527,170**	5,483	50	1,256,535

Office Buildings

During the year ended 31 December 2020, the Group's revenue from the commercial operation and property management services to office buildings was RMB1,083.4 million, representing an increase of 29.3% as compared with the corresponding period of last year, accounted for 16.0% of the total revenue. Since July 2020, the Group started to provide commercial operation services for office buildings. As of 31 December 2020, the Group provided commercial operation services for 23 offices with a total GFA of 1.5 million sq.m. and property management services for 80 offices with a total GFA of 5.7 million sq.m.. During the Year, our collection rate of property management fee from office building clients was 97.6%, representing an increase of 3.3 percentage points over the last year.

94.8% of the segment revenue was generated from the provision of property management services to office buildings, with the remaining revenue from the provision of commercial operational services.

1 In and before 2019, the Group's commercial operational services to shopping malls, as inter-departmental services, formed part of the CR Land's integrated commercial property development and investment business, thus there were no additional charges on such services.

The table below sets forth the details of our contracted GFA and GFA under management of office building projects as of the dates indicated:

	As of 31 December,	
	2020	2019[(2)]
Commercial operational services		
Contracted GFA (sq.m. in thousands)	**1,771**	N/A
Number of projects for contracted GFA	**29**	N/A
GFA under commercial operational services (sq.m. in thousands)	**1,481**	N/A
Number of projects under commercial operational services	**23**	N/A
Property management services		
Contracted GFA (sq.m. in thousands)	**7,341**	5,862
Number of projects for contracted GFA	**94**	76
GFA under property management services (sq.m. in thousands)	**5,690**	5,155
Number of projects under property management services	**80**	72

[2] In and before June 2020, the Group's commercial operational services to offices , as inter-departmental services, formed part of the CR Land's integrated commercial property development and investment business, thus there were no additional charges on such services.

The table below sets forth a breakdown of the number of office buildings under management, the aggregate GFA under management as of the dates indicated, and revenue generated from commercial operational services and property management services by type of property developer for the periods indicated:

	As of 31 December					
	2020			2019[(2)]		
	GFA under management *(sq.m.in thousands)*	**Number of projects**	**Revenue** *(RMB'000)*	GFA under management *(sq.m.in thousands)*	Number of projects	Revenue *(RMB'000)*
Commercial operational services						
CR Land	**1,150**	**19**	**48,309**	N/A	N/A	N/A
CR Group and third-party developers	**331**	**4**	**8,568**	N/A	N/A	N/A
Total	**1,481**	**23**	**56,877**	N/A	N/A	N/A
Property management service						
CR Land	**4,957**	**65**	**834,672**	4,450	60	681,802
CR Group and third-party developers	**733**	**15**	**191,844**	705	12	156,426
Total	**5,690**	**80**	**1,026,516**	5,155	72	838,228

2 In and before June 2020, the Group's commercial operational services to offices , as inter-departmental services, formed part of the CR Land's integrated commercial property development and investment business, thus there were no additional charges on such services.

OUTLOOK

Accelerate the Expansion of the Company and Strengthen its Leading Market Position

The Group plans to selectively acquire, or establish joint ventures with, property management and commercial operational service providers with complementary strengths or with targeted operation scale and profitability. The Group also plans to identify and selectively acquire the rights to operate high-quality shopping malls, either in operation or under construction, and intends to strategically expand our business through collaboration with independent third parties and increasing our marketing efforts.

The Group will continue to work with CR Land to win new engagements of property management and commercial operational services for residential properties and commercial properties developed or owned by CR Land for a stable expansion of our business. In addition, the Group also plans to undertake management service engagements relating to other types of properties owned by CR Group, such as industrial parks and factories.

Pursue Strategic Investments in the Company's Ecosystem

The Group plans to pursue strategic investments in national or regional service providers with specialized businesses that are synergistic with our business, such as brokerage, asset management and new retail, to build an ecosystem of service offerings that promotes customer loyalty. Meanwhile, the Group plans to pursue strategic investments in business partners located upstream and downstream in the Company's industry chain to enhance the Company's profitability and broaden our customer base.

Further Strengthen Our Membership Programs

The Group intends to further integrate residential communities, shopping malls and office buildings under our management to create more business opportunities. We plan to promote the membership system to attract third-party merchants and further develop our platform and ecosystem through creating value and growth opportunities, and continue to enhance the functionality of our membership programs to capture members' interest in our products and services offered under the membership programs, enhance their loyalty and further attract new users to our ecosystem in an efficient manner. We will also consolidate our membership programs, which allows the Company to fully understand the needs of users, optimize interaction among different property types, enhance joint marketing initiatives and improve customers' cross-platform experience, and actively promote corporate brand, enhance our brand image and customer loyalty through the Company's membership programs.

Continue to Invest in Technology Capabilities

The Group will promote our digitization initiatives of "Product+, Customer+, Employee+, Operation+" for real-time online operations and synergies among all property types to enhance operational efficiency. The Group continues our research and development of smart technology solutions to support business operation and management and improve customer experience, pursue strategic investments in technology companies relating to commercial operation, property management and urban management, with a geographic focus on first and second tier cities, the Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-

Hebei Region, and continues to upgrade the functionality and capability of our digitized service platforms, such as "E-MIXC," "JOY LIFE" and "Officeasy" apps, to create a unique experience for our users.

Strengthen the Company's Synergies with CR Group and CR Land

The Group will continue to increase the cooperation with CR Group and CR Land and attract their existing and new businesses and enterprises to be anchor tenants of our managed commercial properties. The Group plans to seize new business opportunities from CR Group and CR Land to help it expand into new property segments and strengthen its platform. The Group strives to introduce more of CR Group and CR Land's services and resources to its managed properties, which will bring value to its customers and support the growth of CR Group and CR Land.

Enhance the Human Resources through Recruitment, Training and Motivation

The Group plans to attract talents with its competitive remuneration packages and excellent corporate culture and reputation, and organizes regular training provided by senior employees and external consultants. The Group also continues to refine its remuneration scheme and formulate employee incentive mechanism to retain and motivate outstanding employees. In addition, the Group plans to enhance the sense of pride, mission and professionalism of its employees through the promotion of corporate culture.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly generated from two business segments: (i) residential property management services and (ii) commercial operational and property management services.

During the year ended 31 December 2020, the Group's revenue amounted to RMB6,778.9 million, representing an increase of 15.5% as compared with the corresponding period of last year. Such increase was primarily due to the increase in the GFA of residential property under our management, and that the Group began to charge for the commercial operational services provided to shopping malls since January 2020, as well as commencement of commercial operational services provided to office buildings since July 2020.

Cost of Sales

The Group's cost of sales mainly comprises (i) staff costs, (ii) subcontracting costs, (iii) utilities costs, (iv) common area facility costs, and (v) office and related expenses.

During the year ended 31 December 2020, the Group's cost of sales amounted to RMB4,951.9 million, representing an increase of 0.5% as compared with the corresponding period of last year. Such increase was primarily due to the fact that we received relief of social insurance fees relating to the COVID-19 pandemic in 2020 from local governments, which partially offset the increase in staff costs. Besides, the Group's effective cost control mitigated the increase in cost of sales as a whole.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2020, the gross profit of the Group amounted to RMB1,827.0 million and the gross profit margin was 27.0%, representing a YoY increase of 93.9% and 10.9 percentage points respectively.

The table below sets forth details of the gross profit and gross profit margin by segment as of the dates indicated:

	For the year ended 31 December,			
	2020		2019	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*
Residential property management services				
Property management services	**359,408**	**12.3**	219,250	8.2
Value-added services to property developers	**134,465**	**23.5**	102,247	20.2
Community value-added services	**123,506**	**31.8**	98,702	33.2
Subtotal	**617,379**	**15.9**	420,199	12.1
Commercial operational and property management services				
Shopping malls	**884,975**	**48.8**	316,332	20.3
Office buildings	**324,679**	**30.0**	205,775	24.5
Subtotal	**1,209,654**	**41.8**	522,107	21.8
Total	**1,827,033**	**27.0**	942,306	16.1

During the year ended 31 December 2020, the gross profit margin of residential property management services was 15.9%, with YoY growth of 3.8 percentage points. The increase was mainly due to the increase in the number of projects with higher property management fee, the relief of social insurance fees during the epidemic period, and the effective cost control in 2020.

During the year ended 31 December 2020, the gross profit margin of commercial operational and property management services was 41.8%, with YoY growth of 20 percentage points. The increase was mainly due to commencement by the Group to charge for the shopping mall commercial operational services provided since January 2020, and also for the office building commercial operational services provided since July 2020, recording a relatively high gross profit margin of commercial operation services. Meanwhile, we switched from a lump sum basis revenue model to a commission basis revenue model for property management services to shopping malls from the second half 2020.

OTHER INCOME AND GAINS

For the year ended 31 December 2020, the Group recorded other income and gains of RMB180.4 million, representing an increase of 133.7% as compared with the corresponding period of last year, which was mainly attributable to exchange gains and one-off compensation for the demolition during the year.

MARKETING EXPENSES

For the year ended 31 December 2020, our marketing expenses was RMB50.3 million, representing a decrease of 29.5% as compared with the corresponding period of last year, which was mainly due to the suspension of subleasing projects for certain months in the first half of 2020 due to the COVID-19 pandemic in 2020, and hence we carried out fewer marketing activities.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2020, our administrative expenses was RMB747.1 million, representing an increase of 72.9% as compared with the corresponding period of last year, which was primarily attributable to increased administrative staff costs and other office and equipment related expenses, mainly as a result of the increased number of administrative personnel in line with our business expansion.

INCOME TAX

For the year ended 31 December 2020, the Group's effective income tax rate was 27.9%, increased by 1.4 percentage points as compared with the corresponding period of last year, mainly due to the increase of income tax expense resulting from withholding income tax for offshore dividents.

PROFIT FOR THE YEAR

For the year ended 31 December 2020, the Group's net profit was RMB817.7 million, increased by 124.1% as compared with the corresponding period of last year.

LIQUIDITY AND CAPITAL RESOURCES

As of 31 December 2020, the Group's bank deposits and cash (including restricted bank deposits) are mainly held in RMB and amounted to RMB10,679.4 million, a significant increase as compared with RMB1,329.8 million of the corresponding period of last year, mainly due to the proceeds raised from IPO and the increase of cash flow from operating activities.

As of 31 December 2020, the Group's borrowings were HK$620.0 million (equivalent to RMB521.8 million) and fixed interest rate borrowings amounted to nil. The borrowings were mainly used for the payment of the consideration of acquisition of Huan Le Song (Hong Kong) prior to the Listing.

DEBT-TO-ASSET RATIO

As of 31 December 2020, the Group's debt to asset ratio was 34.7%, representing a decrease of 50.8 percentage points. as compared with that of 85.5% as of the corresponding period of last year, mainly due to the increase in total assets as a result of the increase in cash raised from the IPO. The debt to asset ratio was calculated by total liabilities divided by total assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2020, apart from the restructuring and reorganization of Group members performed prior to the Listing, the Group had no material acquisitions, disposals, significant investments and future plans of material investments.

PROCEEDS OF THE LISTING

The shares of the Group were successfully listed on the Stock Exchange on 9 December 2020, while total proceeds of the listing amounted to approximately RMB11,600.4 million after deducting the underwriting fees and relevant expenses.

As set out in the prospectus of the Group dated 25 November 2020 (the "**Prospectus**"), the Group intends to use the proceeds for the purposes and in the amounts set forth below:

- approximately 60% will be used to make strategic investments and acquisitions to expand our property management and commercial operational businesses.

- approximately 15% will be used to pursue strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry.

- approximately 15% will be used to invest in information technology systems and smart communities.

- approximately 10% will be used as working capital and for general corporate uses.

As at 31 December 2020, the proceeds of the Listing remained unutilized and are currently held in the form of bank deposits of RMB7,753.7 million and structured bank deposits of RMB3,846.7 million and are intended to be used in the manner set out in the Prospectus.

PROPERTY HELD FOR INVESTMENT

For the year ended 31 December 2020, one of our properties, Shenzhen Buji MIXONE was recognized as an investment property in our combined statements of financial position under HKFRS 16, and the percentage ratio of such investment property exceeds 5% pursuant to Rule 14.04(9) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Shenzhen Buji MIXONE is investment property located at No. 2 Xiangge Road, Buji Area, Longgang District, Shenzhen, Guangdong Province, The People's Republic of China. It is currently used for commercial subleasing services and is held on long-term lease. During the effective term of the lease contract, the lessor has no right to unilaterally terminate the contract except for force majeure events and extreme conditions such as the Group's rental payments are in arrears, non-compliance with regulations and damage to the buildings.

CONTINGENT LIABILITIES

As of 31 December 2020, the Group has no material contingent liabilities.

PLEDGE OF ASSETS

As of 31 December 2020, the Group had no pledge of assets.

FOREIGN CURRENCY RISK

As the Group's business is mainly conducted in the PRC, we mainly take RMB as the settlement currency. As of 31 December 2020, non-RMB assets and liabilities mainly included the cash of HK$374.0 million, US$20,400, and the bank borrowings of HK$620.0 million. The management believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

SUBSEQUENT EVENT

After the year ended 31 December 2020, the Group had no significant events occurred which have material impact on the performance and the value of the Group.

EMPLOYEE AND COMPENSATION POLICY

As of 31 December 2020, the Group had 27,077 full time employees in Mainland China and Hong Kong. The Group remunerates its employees based on their performance, working experience and market salary levels. In addition, performance bonus is granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical coverage.

CORPORATE GOVERNANCE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has applied the principles and adopted the code provisions stated in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company is committed to the view that the Board should include a balanced composition of executive directors and independent non-executive directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has complied with all applicable code provisions set out in the CG Code throughout the period from the Listing Date up to 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made by the Company to all the directors of the Company and the relevant employees and they have confirmed that they have complied with the Model Code from the Listing Date up to 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The shares of the Company have been listed on the Stock Exchange since the Listing Date. Apart from the full exercise of the over-allotment option as announced on 23 December 2020, from the Listing Date and up to 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE AND AUDITOR

Final results for the year ended 31 December 2020 have been reviewed by the audit committee of the Board which comprises three independent non-executive Directors and one non-executive Director. The financial information included in this preliminary results announcement for the year ended 31 December 2020 has been agreed by the auditor of the Company.

FINAL DIVIDEND

The Board recommended a final dividend of RMB0.132 (equivalent to HK$0.158 based on the exchange rate of 0.8396) for the year ended 31 December 2020 payable on or about 9 July 2021 to shareholders whose names appear on the register of members of the Company on 21 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

i. from 2 June 2021 to 8 June 2021, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on 8 June 2021 ("**2021 AGM**"). In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 1 June 2021; and

ii. Subject to the approval of Shareholders at the meeting, the proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company after the close of business of the Company at 4:30 p.m. on 22 June 2021 and the register of members of the Company will be closed on 22 June 2021, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at the above address not later than 4:30 p.m. on 21 June 2021.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report for the year ended 31 December 2020 containing the relevant information required by the Listing Rules will be published in due course.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 29 March 2021, the principal place of business of the Company in Hong Kong has been changed to 46/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

By Order of the Board
China Resources Mixc Lifestyle Services Limited
LI Xin
Chairman

The PRC, 29 March 2021

As at the date of this announcement, the Board of directors of the Company comprises Mr. LI Xin and Mr. GUO Shiqing as non-executive Directors, Mr. YU Linkang, Mr. WANG Haimin, Ms. WEI Xiaohua and Ms. YANG Hongxia as executive Directors, and Mr. LAU Ping Cheung Kaizer, Mr. CHEUNG Kwok Ching, Mr. CHAN Chung Yee Alan and Ms. QIN Hong as independent non-executive Directors.

In this announcement, certain amounts and figures presented may have been rounded to the nearest units. Any discrepancies in or between any table or announcement content are due to rounding.