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**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)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF A PROPERTY SERVICES GROUP**

On 5 January 2022, Runying (as the proposed purchaser) and Tianjin Yujia (as the proposed seller) entered into the Framework Agreement for the proposed sale and purchase of equity interest in the Target which is principally engaged in the business of property management services in the PRC.

As at the date of this Announcement, Runying is a wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Framework Agreement exceeds 5% and all of such ratios are below 25%, the transaction contemplated under the Framework Agreement constitutes a discloseable transaction and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

### **THE FRAMEWORK AGREEMENT**

On 5 January 2022, Runying (as the proposed purchaser) and Tianjin Yujia (as the proposed seller) entered into the Framework Agreement for the proposed sale and purchase of equity interest in the Target which is principally engaged in the business of property management services in the PRC. The Framework Agreement sets out the principal terms on which the parties agreed to proceed with the Acquisition. The terms and conditions for the Acquisition are subject to execution of the Equity Transfer Agreement and/or other definitive transaction documentation (if any) between the parties.

Principal terms of the Framework Agreement are summarised as follows:

Date : 5 January 2022

Parties : (1) Runying, a wholly-owned subsidiary of the Company, as the proposed purchaser; and

(2) Tianjin Yujia (as the proposed seller).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Tianjin Yujia and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter : Runying proposes to acquire, and Tianjin Yujia proposes to sell, the entire registered capital of the Target. The registered capital of the Target is RMB50 million, which has been fully paid up as of the date of this announcement.

The Target Group is principally engaged in the business of property management services in the PRC.

Consideration : The Consideration is to be determined and finally agreed between the parties but it shall not be higher than RMB1,060 million. Such cap on the Consideration was determined after arm's length negotiations between the Runying and Tianjin Yujia with reference to, among others, the unaudited financial information of the Target Group as at 31 October 2021.

The final consideration will be determined with reference to, among others, the final due diligence findings, the debt and related liabilities of the Target Group, the cost of management personnel necessary to ensure the normal, stable, and compliant operation of the projects of the Target Group, and the final appraisal of the Target as at 31 October 2021 from the independent and qualified valuer, which is subject to the completion of filing with the SASAC. The Company will make further announcement once the Consideration is finalised and will comply with the applicable Listing Rules requirements as and when appropriate.

The Consideration will be settled out of the internal financial resources of the Group.

Payment schedule : Unless otherwise agreed between the parties, the Consideration shall be payable by Runying as follows:

- (a) 5% of the Consideration shall be paid by Runying (as earnest money) into an escrow account maintained with an escrow bank within 3 business days after (i) the establishment of the escrow account; and (ii) the execution of the Equity Transfer Agreement and the related escrow agreement;
- (b) after the first-phase Consideration representing not less than 67% of the Consideration (including the aforementioned earnest money) (the “**First-Phase Consideration**”) is paid by Runying to the escrow account, the parties shall proceed to completion in accordance with the Framework Agreement, after which Runying shall release the First-Phase Consideration in the escrow account to the designated account of Tianjin Yujia; and
- (c) the remaining balance of the Consideration (representing the consideration for the delivery of the Secured Areas and the Contracted Areas) will be payable every six months from the date of the Equity Transfer Agreement in accordance with the actual delivery progress of the Managed Areas (as converted from Secured Areas and/or Contracted Areas). The amount payable in each of the aforesaid six-month period will be calculated based on the following formula:

$$A = B \times (C / D)$$

whereas

- A means the amount payable for the relevant six-month period
- B means the actual Managed Areas delivered during the relevant six-month period
- C means the aggregate of the consideration for the Secured Areas and the Contracted Areas
- D means 10.48 million square meters, being the total of the Secured Areas and the Contracted Areas expected to be delivered to the Target Group

The payment obligation of Runying of the remaining balance of the Consideration is conditional upon, among others, the annual basic property service fees for the Secured Areas and the Contracted Areas being not less than the price per square meter as agreed between the parties (which shall not be higher than the applicable government reference prices in the relevant districts), and that the preliminary property service agreements corresponding to the Secured Areas and the Contracted Areas having been filed with and approved by the relevant authorities.

Equity Transfer Agreement : The parties agree that signing of the Equity Transfer Agreement shall be subject to satisfaction of, among others, the following conditions:

- (a) all necessary agreements and other related documents, and approvals and resolutions for the performance of the respective obligations under the Equity Transfer Agreement had been executed and/or obtained by the parties;
- (b) the due diligence on the Target Group had been completed and that the parties reached an agreement on the final Consideration and the terms of the Equity Transfer Agreement; and
- (c) all matters (if any) that may cause obstacles to the Acquisition having been satisfactorily resolved.

### **Transitional Period**

During the transitional period between the asset evaluation date, audit base date and the date of completion of the Acquisition, Tianjin Yujia shall procure the Target to perform proper management obligations, operate and use the assets and business of the Target honestly, prudently, properly and reasonably, and ensure that the assets, business and financial situation of the Target will not undergo any major adverse change.

### **Non-competition**

Within three years after the date of completion of the Acquisition, Tianjin Yujia shall ensure that it and its related parties do not provide external property management services, and ensure that no new property management companies or new institutions or organizations providing similar services are established by Yuzhou and its subsidiaries to avoid competition with the Target.

Upon completion of the Acquisition, the Target will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be included in the consolidated financial statements of the Group.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

The Group is principally engaged in property management and commercial operational services in the PRC.

The Target Group has various property management projects in Fujian, Anhui and Zhejiang provinces of the PRC. It is a strategy of the Group to actively expand the scope and scale of property management services. The Board is confident that the Acquisition will expand the service offerings by the Group, reinforce the Group's property management portfolio in the aforesaid regions and provide additional source of income from the provision of more property management services. The Board believes that the Acquisition can create synergies with the business of the Group by combining the existing strength and experience of the Target.

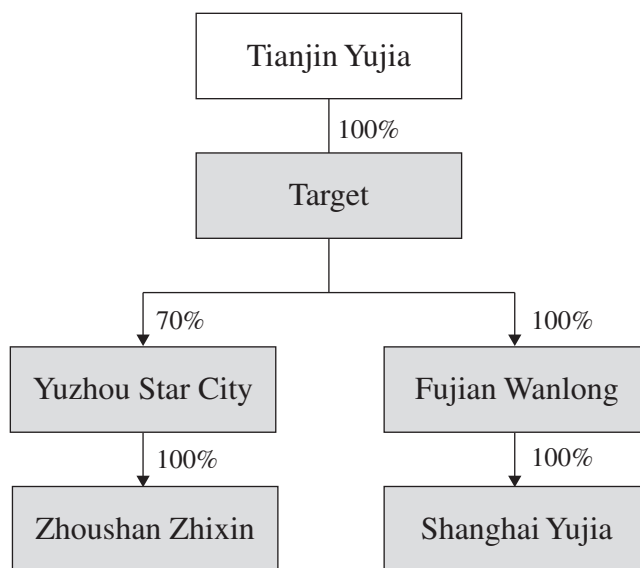
The Board (including the independent non-executive Directors) is of the view that terms of the Framework Agreement were determined after arm's length negotiations between Runying and Tianjin Yujia, which are fair and reasonable, and the entering into of the Framework Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Framework Agreement and none of them is required to be abstained from voting on the relevant board resolutions.

## INFORMATION ABOUT THE TARGET GROUP

### Structure of the Target Group

Below is a chart depicting the structure of the Target Group:



### Target

The Target, a company incorporated in the PRC with limited liability, is principally engaged in the business of provision of property management services. As at the date of this announcement, it is a wholly-owned subsidiary of Tianjin Yujia.

### Fujian Wanlong

Fujian Wanlong, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management in the PRC. As at the date of this announcement, it is an indirect wholly-owned subsidiary of Tianjin Yujia.

### Shanghai Yujia

Shanghai Yujia, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management in the PRC. As at the date of this announcement, it is an indirect wholly-owned subsidiary of Tianjin Yujia.

## Yuzhou Star City

Yuzhou Star City, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management in the PRC. As at the date of this announcement, it is directly owned as to 70% by the Target.

## Zhoushan Zhixin

Zhoushan Zhixin, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management in the PRC. As at the date of this announcement, it is directly owned as to 100% by Yuzhou Star City and therefore indirectly owned as to 70% by the Target.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Target, Fujian Wanlong, Shanghai Yujia, Yuzhou Star City and Zhoushan Zhixin and their respective ultimate beneficial owner(s) are third party independent of and not connected with the Company and/or any of its connected persons.

Set out below are certain financial information of the Target (based on unaudited consolidated management accounts of the Target prepared in accordance with the generally accepted accounting principles of the Hong Kong) for the year ended 31 December 2019 and the year ended 31 December 2020 respectively:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>
	<i>Approximately RMB'000</i>	<i>Approximately RMB'000</i>
Profit before tax	55,669	66,449
Profit after tax	40,881	48,802

As at 31 December 2020, the unaudited consolidated net book value of the Target was approximately RMB101,357,841.

## INFORMATION ABOUT THE PARTIES

### The Group

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange. As at the date of the announcement, approximately 72.29% of the shares issued by the Company are directly held by CRL which in turn is ultimately owned by CRCL, a state-owned enterprise in the PRC under the supervision of the SASAC.

The Group is principally engaged in property management and commercial operational service in the PRC and provides property management to residential properties and commercial properties, comprising shopping malls and office buildings.

## **Runying**

Runying, a wholly-owned subsidiary of the Company, is a company incorporated in the PRC with limited liability and is principally engaged in the business of property consulting service.

## **Tianjin Yujia**

Tianjin Yujia is a company incorporated in the PRC with limited liability and is a subsidiary of Yuzhou. Tianjin Yujia is principally engaged in the business of property management in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this Announcement, Runying is a wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Framework Agreement exceeds 5% and all of such ratios are below 25%, the transaction contemplated under the Framework Agreement constitute a discloseable transaction and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

**As the Acquisition contemplated by the Framework Agreement is subject to the execution of the Equity Transfer Agreement which in turn is subject to satisfaction of certain conditions precedent, the Acquisition may or may not proceed and Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the entire registered capital of the Target by Runying from Tianjin Yujia pursuant to the terms and conditions of the Framework Agreement and the Equity Transfer Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Resources Mixc Lifestyle Services Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1209)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by Runying to Tianjin Yujia for the Acquisition

“Contracted Areas”	the areas of the properties which are the subject of the provision of the property management services by the Target Group pursuant to the preliminary property management agreements entered into between the Target Group and the relevant developers, but pending the completion of the delivery of the relevant properties from the relevant developers
“CRCL”	China Resources Company Limited* (中國華潤有限公司), a company incorporated in the PRC with limited liability
“CRL”	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1109)
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the formal agreement to be entered into between Runying and Tianjin Yujia (or their respective associates) in accordance with the terms and conditions of the Framework Agreement
“Framework Agreement”	the legally binding conditional framework agreement entered into between Runying and Tianjin Yujia dated 5 January 2022 in relation to the proposed sale and purchase of equity interest in the Target
“Fujian Wanlong”	Fujian Wanlong Property Management Service Company Limited* (福建萬龍物業管理服務有限公司), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managed Areas”	the areas of the relevant property projects which are under management of the Target Group
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC



“Runying”	Runying Property Technology Service Company Limited* (潤楹物業科技服務有限公司) (formerly known as CR Property Technology Services Co. Ltd. (華潤物業科技服務有限公司)), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its delegate
“Secured Areas”	the areas corresponding to the property projects which the Target Group had not entered into any preliminary property service agreements with the respective property developers
“Shanghai Yujia”	Shanghai Yujia Life Property Development Company Limited* (上海禹家生活物業發展有限公司), a company incorporated in the PRC with limited liability
“Shareholders”	persons whose names appear on the register of members as registered holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Yuzhou Property Service Company Limited* (禹洲物業服務有限公司), a company incorporated in the PRC with limited liability
“Target Group”	The Target, Fujian Wanlong, Shanghai Yujia, Yuzhou Star City and Zhoushan Zhixin
“Tianjin Yujia”	Tianjin Yujia Life Service Company Limited* (天津禹佳生活服務有限公司), a company incorporated in the PRC with limited liability
“Yuzhou”	Yuzhou Group Holdings Company Limited which is a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1628)
“Yuzhou Star City”	Yuzhou Star City (Zhoushan) Property Services Company Limited* (禹洲星城(舟山)物業服務有限公司), a company incorporated in the PRC with limited liability

“Zhoushan Zhixin”

Zhoushan Zhixin Property Management Co., Ltd.\* (舟山之信物業管理有限公司), a company incorporated in the PRC with limited liability

“%”

per cent

\* *for identification purposes only*

By order of the board of directors of  
**China Resources Mixc Lifestyle Services Limited**  
**YU Linkang**  
*President*

The PRC, 5 January 2022

*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.*