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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 TRANSACTIONS ACQUISITION OF EQUITY INTERESTS OF THE TARGET COMPANIES**

On 20 January 2022, the Purchaser entered into the Equity Transfer Agreement with, among others, the Sellers, pursuant to which (i) the Purchaser has agreed to acquire, and Seller 1 has agreed to sell, the entire equity interests of Nantong Changle; and (ii) the Purchaser has agreed to acquire, and Seller 2 has agreed to sell, 1% of the equity interests of Jiangsu Zhongnan. The Target Companies are principally engaged in the business of property management services in the PRC. In connection with the Acquisition, the Purchaser also entered into the Framework Agreement with the Sellers, Jiangsu Zhongnan and Jiangsu Zhongnan Construction.

As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5% and all of such ratios are below 25%, the transactions contemplated under the Equity Transfer Agreement constitute discloseable transactions of the Company and are subject to reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **THE ACQUISITION**

On 20 January 2022, the Purchaser entered into the Equity Transfer Agreement with, among others, the Sellers, pursuant to which (i) the Purchaser has agreed to acquire, and Seller 1 has agreed to sell, the entire equity interests of Nantong Changle; and (ii) the Purchaser has agreed to acquire, and Seller 2 has agreed to sell, 1% of the equity interests of Jiangsu Zhongnan. The Target Companies are principally engaged in the business of property management services in the PRC.

Principal terms of the Equity Transfer Agreement are summarised as follows:

Date : 20 January 2022

Parties : (1) the Purchaser;  
(2) the Sellers;  
(3) Runying (to facilitate payment of Deposit); and  
(4) Nantong Yihao (to facilitate receipt of Deposit)

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

Subject matter : Pursuant to the Equity Transfer Agreement:

- (1) the Purchaser has agreed to acquire, and Seller 1 has agreed to sell, the entire equity interests of Nantong Changle. The registered capital of Nantong Changle is USD10 million, which has not been fully paid up as of the date of this announcement.
- (2) the Purchaser has agreed to acquire, and Seller 2 has agreed to sell, 1% of the equity interests of Jiangsu Zhongnan. The registered capital of Jiangsu Zhongnan is RMB10.10101 million, which has been fully paid up as of the date of this announcement.

Consideration : The Consideration is to be determined and finally agreed between the parties but it shall not be higher than RMB2,260 million. Such cap on the Consideration was determined after arm's length negotiations between the parties with reference to, among others, the unaudited consolidated financial information of the Target Companies as at 31 December 2021.

The final consideration will be determined with reference to, among others, the final due diligence findings, the debt and related liabilities (unrelated to the operations) of the Target Companies, the additional working capital to be contributed for the continuing operation and development of the Target Companies, and the final appraisal of the financial conditions of the Target Companies as at 31 December 2021 from an 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 the Purchaser as follows:

- (a) within three business days which the Equity Transfer Agreement becoming effective, and subject to satisfaction or waiver of conditions of, among others, completion of filing with the SASAC of the final appraisal, and the Deposit have been refunded to the Runying, 44% of the Consideration (less all income taxes withheld and paid) shall be paid by the Purchaser into an escrow account maintained with an escrow bank;
- (b) subject to satisfaction or waiver of conditions of, among others, completion of the Acquisition in accordance with the Equity Transfer Agreement, and completion of changes in business registration of the Target Companies, within seven Hong Kong business days, the parties shall duly execute the payment instructions, after which all amounts in the escrow account (excluding all interests accrued on the amounts in the escrow account attributable to the Purchaser) shall be released to the designated offshore account of the Sellers; and
- (c) the remaining 56% of the Consideration (representing, among others, the consideration for the value of the property management services corresponding to the Contracted Areas and the Secured Areas and parking space sales agent services) will be payable every six months from the date of the completion of the Acquisition in accordance with the actual delivery progress of the Managed Areas (as converted from Secured Areas and/or Contracted Areas) and the actual realization progress of the revenue from parking space sales agent services. The amount payable in each of the aforesaid six-month period will be calculated based on the following formula:

$$A = A1 + A2$$

whereas:

$$A1 = B1/C1 \times D \times 42\%$$

$$A2 = B2/C2 \times D \times 14\%$$

A means the amount payable for the relevant six-month period

A1 means the amount payable for the relevant six-month period for the value of the property management service

B1 means the actual Managed Areas delivered during the relevant six-month period

- C1 means 39.41 million square meters, being the total of the Secured Areas and the Contracted Areas expected to be delivered to the Target Group
- D means the Consideration
- A2 means the amount payable for the relevant six-month period for the value of the parking space sales agent services
- B2 means the amount of commission revenue generated from parking space sales agent services of the Target Companies
- C2 means RMB911,431,989

The payment obligation of the Purchaser of the remaining balance of the Consideration is conditional upon, among others, (i) the deliver areas and basic property service fees for the Secured Areas and the Contracted Areas being not less than the areas and the service fees per square meter as agreed between the parties (which the service fees shall not be higher than the applicable government reference service fees in the relevant districts); (ii) the preliminary property service contract price having been filed with the relevant authorities, and the property service fees having been filed with or approved by the relevant authorities; (iii) the construction for the Secured Projects and the Contracted Projects having been completed and accepted upon inspection, and having been filed with or approved by the relevant authorities in relation to the planning, fire protection and environment protection; and (iv) for the non-owner value-added services covering scene management, start-up, pre-delivery cleaning, preliminary planning and design, and inspection services being not less than the price as agreed between the parties and related service contracts being duly signed by the respective property developers.

- Deposit : The Purchaser shall, via Runying, pay a deposit of RMB300 million (the “**Deposit**”) to Nantong Yihao (which collects the Deposit on behalf of the Sellers), within three days after the Sellers have served the written payment request and written confirmation on the satisfaction of (or waiver by the Purchaser), among others, the following conditions:
- (a) the Equity Transfer Agreement is executed and remains effective; and
  - (b) each of Nantong Changle and Seller 2 had executed a share charge in respect of its respective shareholding in Jiangsu Zhongnan to the Purchaser (the “**Share Charges**”), and that the filing and registration of the Share Charges are completed.

Pursuant to the Equity Transfer Agreement:

- (1) The Deposit (together with the interests incurred) shall be refunded to the Runying within three business days when, among others, the occurrence of the following events:
  - no written approval or consent can be obtained from (i) the State Administration for Market Regulation; or (ii) any other authorities for purpose of the Acquisition;
  - the parties cannot reach consensus on the final Consideration; or
  - the occurrence of any force majeure event or material adverse change.
- (2) Nantong Yihao shall refund twice the amount of the Deposit to Runying within three business days if: the Sellers or Nantong Yihao terminate the Equity Transfer Agreement without cause; or the equity interests of the Target Companies are subject to compulsory measures or are acquired or pledged by other parties.
- (3) The Deposit shall be forfeited if the Purchaser terminates the Equity Transfer Agreement without cause.

### **Transitional Period**

During the transitional period between the date of the Equity Transfer Agreement and the date of completion of the Acquisition, the Sellers shall procure the Target Companies to perform proper management obligations, operate and use the assets and business of the Target Companies honestly, prudently, properly and reasonably, and ensure that the assets, business and financial situation of the Target Companies will not undergo any major adverse change.

### **Non-competition**

Within three years after the date of actual delivery of the Target Projects, the Sellers shall ensure that Jiangsu Zhongnan Construction and companies in which it directly or indirectly holds equity interests, do not provide external property management services (including owner and non-owner value-added services), and ensure that no new property management companies or new institutions or organizations providing similar services are established by Jiangsu Zhongnan Construction and companies in which it directly or indirectly holds equity interests to avoid competition with the Target Companies.

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

## **Framework Agreement**

In connection with the Acquisition, the Purchaser also entered into the Framework Agreement with the Sellers, Jiangsu Zhongnan and Jiangsu Zhongnan Construction, pursuant to which Jiangsu Zhongnan Construction warrants to, among others, procure companies in which it directly or indirectly holds equity interests, to continue the cooperation with the Target Companies in connection with the property management projects of the Target Companies.

In particular, Jiangsu Zhongnan Construction warrants to procure that, among others:

- (i) the relevant developers shall engage the Target Companies designated by the Purchaser to be the property management service providers in respect of the Secured Projects and Contracted Projects. The property management service shall include basic property management services, non-owner value-added services covering scene management, start-up, pre-delivery cleaning, preliminary planning and design, and inspection services, and owner value-added services covering parking space sales agent services;
- (ii) the developers of the Secured Projects and Contracted Projects will complete the construction completion acceptance procedures on time, obtain all approvals or permission document and complete the filings in relation to the planning, fire protection and environment protection and the delivery of the property management projects;
- (iii) the relevant developers will enter into the parking space sales agent agreement(s) to engage the Target Companies designated by the Purchaser to provide exclusive parking space sales agent services; and
- (iv) the relevant developers shall settle and pay the Target Companies for the property service fees arising from unsold and sold but undelivered vacant houses and parking spaces, incurred in connection with the Target Projects.

## **REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT AND THE FRAMEWORK AGREEMENT**

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

The Target Group has an aggregate of 51.47 million square meters of the Managed Areas, with a total of 39.41 million square meters of the Contracted Areas and Secured Areas, in various regions including Jiangsu, Shandong, Zhejiang and Sichuan Provinces in the PRC. It is expected that the Managed Areas will reach over 90 million square meters within five years. The Board believes that the Acquisition will boost the management strength of the Group in the above regions, enhance market influence and improve the regional coordination value of the Group. Leveraging on the Framework Agreement, the Target Companies will enable the Group to enjoy the economic benefits of the property management projects of the Target Companies under the Framework Agreement.

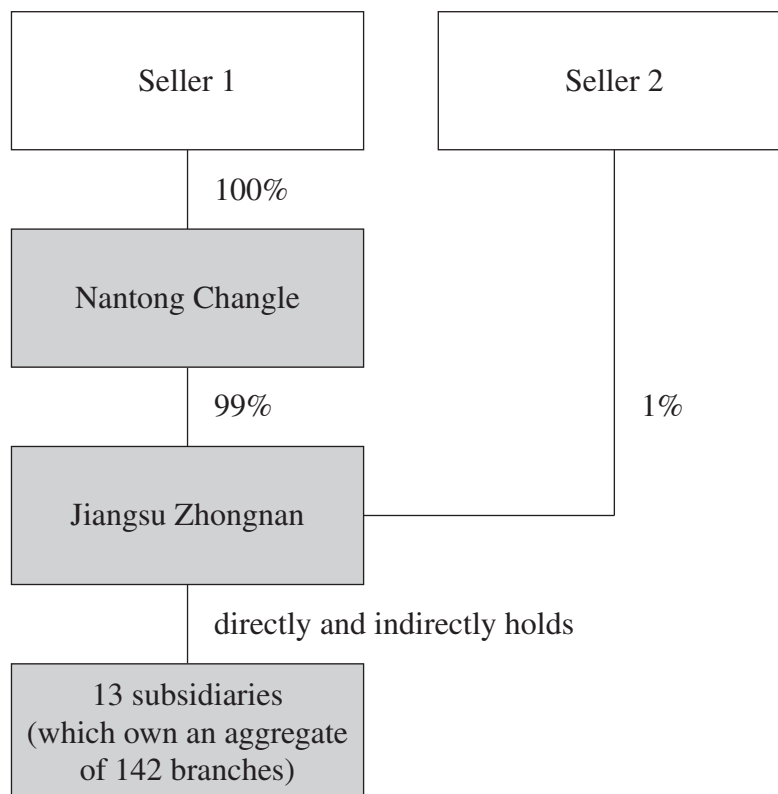
The Board (including the independent non-executive Directors) is of the view that terms of the Equity Transfer Agreement and the Framework Agreement were determined after arm's length negotiations between the respective parties in each of the Equity Transfer Agreement and the Framework Agreement, which are fair and reasonable, and the entering into of the Equity Transfer 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 Equity Transfer Agreement or 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:





## Nantong Changle

Nantong Changle, 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 Seller 1.

## Jiangsu Zhongnan

Jiangsu Zhongnan, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management in the PRC. As at 31 December 2021, it is owned as to 99% by Nantong Changle and 1% by Seller 2. Jiangsu Zhongnan has 13 subsidiaries established under the laws of the PRC which in turns own an aggregate of 142 branches in the PRC. The aforesaid subsidiaries and branches are principally engaged in the business of property management in the PRC.

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 Companies 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 Companies (based on unaudited consolidated management accounts of the Target Companies prepared in accordance with the generally accepted accounting principles of Hong Kong) for the year ended 31 December 2020 and 31 December 2021 respectively:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	<i>Approximately RMB'000</i>	<i>Approximately RMB'000</i>
Profit before tax	89,597	235,446
Profit after tax	66,747	175,910

As at 31 December 2021, the unaudited consolidated net book value of the Target Companies was approximately RMB247,040,000.

## 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.



## **Purchaser**

The Purchaser, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding.

## **Runying**

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

## **Seller 1**

Seller 1 is a company incorporated in the Hong Kong with limited liability and is principally engaged in the business of investment holding. Based on the information provided by Seller 1, it is ultimately and beneficially owned by Ms. Chen Yuhan (陳昱含).

## **Seller 2**

Seller 2 is a company incorporated in the Hong Kong with limited liability and is principally engaged in the business of investment holding. Based on the information provided by Seller 2, it is ultimately and beneficially owned by Ms. Chen Yuhan (陳昱含).

## **Nantong Yihao**

Nantong Yihao is a company established under the laws of the PRC with limited liability and is ultimately and beneficially owned by Ms. Chen Yuhan (陳昱含). It is principally engaged in the business of enterprise management services.

## **Jiangsu Zhongnan Construction**

Jiangsu Zhongnan Construction is a company incorporated in the PRC with limited liability whose issued shares are listed on the Shenzhen Stock Exchange (stock code: SZ000961). It is principally engaged in the business of real estate development and building construction.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Sellers, Nantong Yihao and Jiangsu Zhongnan Construction and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Purchaser is wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5% and all of such ratios are below 25%, the transactions contemplated under the Equity Transfer Agreement constitute discloseable transactions of the Company and are 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 under the Equity Transfer Agreement 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 acquisition of (i) the entire equity interests of Nantong Changle; and (ii) 1% of the equity interests of Jiangsu Zhongnan by the Purchaser pursuant to the terms and conditions of 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 Purchaser to the Sellers for the Acquisition
“Contracted Areas”	the areas corresponding to the Contracted Projects
“Contracted Projects”	the projects which are the subject of the provision of the property management services by the Target Companies pursuant to the preliminary property management agreements entered into between the Target Companies 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)
“Deposit”	has the meaning ascribed to it under the section headed “THE ACQUISITION — Deposit” of this announcement
“Directors”	the directors of the Company

“Equity Transfer Agreement”	the agreement dated 20 January 2022 entered into among the Purchaser, the Sellers, Nantong Yihao and Runying in relation to the Acquisition
“Framework Agreement”	the cooperation framework agreement entered into among the Purchaser, the Sellers, Jiangsu Zhongnan and Jiangsu Zhongnan Construction in connection with the Acquisition
“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
“Jiangsu Zhongnan”	Jiangsu Zhongnan Property Services Co., Ltd.* (江蘇中南物業服務有限公司), a company established in the PRC with limited liability and is owned by Nantong Changle as to 99% and Seller 2 as to 1% respectively as at the date of this announcement
“Jiangsu Zhongnan Construction”	Jiangsu Zhongnan Construction Group Co.,Ltd (江蘇中南建設集團股份有限公司), a company incorporated in the PRC with limited liability whose issued shares are listed on the Shenzhen Stock Exchange (stock code: SZ000961)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managed Areas”	the areas corresponding to the Managed Projects
“Managed Projects”	the relevant property projects which are under management of the Target Companies
“Nantong Changle”	Nantong Changle Property Co., Limited* (南通長樂物業有限公司), a company established under the laws of the PRC with limited liability and is wholly-owned by Seller 1 as at the date of this announcement
“Nantong Yihao”	Nantong Yihao Commercial Development Co., Ltd.* (南通市益浩商務發展有限公司), a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

“Purchaser”	Super Honour Development Limited (創潤發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“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 Secured Projects
“Secured Projects”	the property projects which the Target Companies had not entered into any preliminary property service agreement with the relevant developers but the relevant developers had committed the Target Companies to subsequent property management
“Seller 1”	HongKong Rainbow Property Limited (香港彩虹物業有限公司), a company incorporated in Hong Kong with limited liability
“Seller 2”	HongKong Lehuo Property Limited (香港樂活物業有限公司), a company incorporated in Hong Kong with limited liability
“Sellers”	collectively, the Seller 1 and Seller 2
“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 Companies” or “Target Group”	collectively, Nantong Changle and Jiangsu Zhongnan and its subsidiaries and branches. As at 31 December 2021, Jiangsu Zhongnan has 13 subsidiaries which in turns own an aggregate of 142 branches in the PRC
“Target Projects”	collectively, the Contracted Projects, the Managed Projects and the Secured Projects

“USD” United States dollars, the lawful currency of the United States of America

“%” 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, 20 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.*