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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 EQUITY INTERESTS OF THE TARGET COMPANIES**

On 28 September 2022, the Purchaser entered into the Equity Transfer Agreement with the Sellers, pursuant to which (i) the Purchaser has agreed to acquire the entire equity interests in Zhuji Xiangsheng sold by Seller 1 and to accept the Transferred Payables from Seller 1 or its related parties; and (ii) the Purchaser has agreed to acquire 2% of the equity interests in Zhejiang Shinsun sold by Seller 2. The Target Companies are principally engaged in the business of basic property management services, owner value-added services, non-owner value-added services and parking space sales agent services in the PRC.

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 the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5% and all of such ratios are below 25%, the transaction contemplated under the Equity Transfer 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 ACQUISITION

On 28 September 2022, the Purchaser entered into the Equity Transfer Agreement with the Sellers, pursuant to which (i) the Purchaser has agreed to acquire the entire equity interests in Zhuji Xiangsheng sold by Seller 1 and to accept the Transferred Payables from Seller 1 or its related parties; and (ii) the Purchaser has agreed to acquire 2% of the equity interests in Zhejiang Shinsun sold by Seller 2. The Target Companies are principally engaged in the business of basic property management services, owner value-added services, non-owner value-added services and parking space sales agent services in the PRC.

### The Equity Transfer Agreement

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

Date : 28 September 2022

Parties : (1) the Purchaser; and  
(2) the Sellers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Sellers 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 the entire equity interests in Zhuji Xiangsheng sold by Seller 1 and to accept the Transferred Payables from Seller 1 or its related parties. The registered capital of Zhuji Xiangsheng is RMB1 million, which has not been fully paid up as of the date of this announcement.
- (2) the Purchaser has agreed to acquire 2% of the equity interests of Zhejiang Shinsun sold by Seller 2. The registered capital of Zhejiang Shinsun is RMB 50 million, which has been fully paid up as of the date of this announcement.

The Target Companies are principally engaged in the business of basic property management services, owner value-added services, non-owner value-added services and parking space sales agent services in the PRC.

Consideration : The Consideration which is to be determined and finally agreed between the parties is temporarily set at RMB1,036.73 million (which is determined after considering the profit after tax of the Target Companies resulted from the operations in the Managed Areas in 2021 of RMB105.105 million, and the final consideration is to be determined based on the valuation of the assets of the Target Companies as stated in the assets valuation report as at the Base Date to be filed with the SASAC). After deducting the Transferred Payables of RMB206.73 million from the final Consideration, the Purchaser is only obliged to finally pay no more than RMB830.00 million in cash.

The First-Phase Consideration temporarily accounts for 66.83% of the final Consideration, and after deducting the above Transferred Payables of RMB206.73 million, the Purchaser is only obliged to pay in cash a temporarily amount of RMB486.12 million. The First-Phase Consideration represents the equity value regarding to the business of basic property management services and owner value-added services of the Managed Areas. The remaining Consideration temporarily accounts for 33.17% of the final Consideration, and the Purchaser is only obliged to pay in cash a temporarily amount of RMB343.88 million. The remaining Consideration represents the subject equity value regarding to the business of basic property management services, non-owner value-added services, owner value-added services and parking space sales agent services of the Contracted Areas and the Secured Areas.

Such cap on the Consideration was determined after arm's length negotiations between the parties with reference to, among others, the preliminary due diligence results of the Target Companies and the audited financial information of the Target Companies as at 31 December 2021. The final Consideration will be determined with reference to, among others, the supplemental due diligence findings, the debt and related liabilities unrelated to the operations of the Target Companies, the additional working capital needed for the continuing operations of the Target Companies in the future, and based on the valuation of the assets of the Target Companies as stated in the asset valuation report as at the Base Date to be filed 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 Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Consideration will be settled out of the internal financial resources of the Group.

Deduction from the Consideration : Pursuant to the Equity Transfer Agreement, the Purchaser shall be entitled to deduct from the Consideration upon the occurrence of several circumstances including but not limited to:

- (a) the Sellers or their related parties breaching any agreements signed or to be signed with the Target Companies or other companies designated by the Purchaser;
- (b) the Sellers or their related parties failing to sign non-owner value-added service agreement(s) with the Target Companies designated by the Purchaser, or having non-owner value-added service agreement(s) prematurely terminated, or when the developers breach the non-owner value-added service agreement(s); or
- (c) the Managed Projects failing to meet the basic property service fees agreed under the Equity Transfer Agreement due to the violation of guided prices as stipulated by the government.

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

- (a) within three business days from the date of the satisfaction or waiver of conditions precedent which include, among others, the completion of filing with the SASAC of the final appraisal, 66.83% of the Consideration (the “**First-Phase Consideration**”) less the Transferred Payables of RMB206.73 million and all relevant deductions (including but not limited to income taxes withheld and paid, rectification fees for the Target Projects, and deductions of capital reduction arrangements of specific subsidiary, etc.) shall be paid by the Purchaser into a joint account maintained with a bank;
- (b) subject to satisfaction or waiver of conditions of, among others, the completion of the Acquisition in accordance with the Equity Transfer Agreement, and completion of changes in business registration of the Target Companies, within seven business days, the parties shall duly execute the payment instructions, after which all amounts in the joint account (excluding all interests accrued on the amounts in the joint account attributable to the Purchaser and other relevant deductions) shall be released to the designated offshore account of the Sellers;

- (c) The payment obligation of the Purchaser for the remaining Consideration is conditional upon, among others, (i) the property service agreements of the corresponding projects having been filed with the relevant authorities, and the price of the property service agreements having been filed with or approved by the relevant authorities; (ii) the construction for the corresponding projects having been completed and accepted upon inspection, and having been filed with or approved by the relevant authorities in relation to planning, fire protection and environment protection; (iii) the delivered 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; and (iv) the relevant developers of the corresponding projects having engaged the Target Companies to provide non-owner value-added services and signed and executed the relevant agreements.

The remaining Consideration shall be payable every three months from the date of completion of the Acquisition. The amount payable in each of the aforesaid three-month period will be calculated based on the following formula:

$$A = A1 + A2$$

whereas:

$$A1 = B1/C \times D1 \times 29.63\%$$

$$A2 = B2 \times (D1 \times 3.54\%) / D2$$

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

A1 means the amount payable for the relevant three-month period for the value of the basic property management services, owner value-added services and non-owner value-added services

- B1 means the Contracted Areas and/or Secured Areas delivered during the relevant three-month period
- C means 16.93 million square meters, being the total of the Contracted Areas and the Secured Areas, etc. expected to be delivered to the Target Group
- D1 means the Consideration
- A2 means the amount payable for the relevant three-month period for the value of the parking space sales agent services
- B2 means the amount of parking space sold during the relevant three-month period
- D2 means approximately 11,142 parking spaces commissioned by the Seller for sale agency

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

### **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 they and their 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 the Sellers and their related parties to avoid competition with the Target Companies.

## **The Framework Agreement**

In connection with the Acquisition, the Purchaser also entered into the Framework Agreement with the Sellers, Zhejiang Shinsun and a related party of the Sellers, pursuant to which the related party of the Sellers guarantees and agrees to, among others, procure relevant developers, being the major customers of the Target Group, to continue the cooperation with the Target Group in connection with the property management projects of the Target Group, including:

- (a) the relevant developers shall engage the Target Companies designated by the Purchaser to be the property management services providers in respect of the Target Projects to provide basic property management services, owner value-added services, non-owner value-added services and parking space sales agent services;
- (b) the relevant developers of the Secured Projects will, in a timely manner, enter into basic property management service agreement(s) to engage the Target Companies designated by the Purchaser to provide basic property management services;
- (c) the relevant developers of the Contracted Projects and Secured Projects will, in a timely manner, complete the construction completion acceptance procedures, obtain approval or permit documents from the competent departments of planning, fire protection and environmental protection, etc., and complete filings with the competent department for construction;
- (d) the relevant developers will, in a timely manner, enter into the non-owner value-added services agreement(s) to engage the Target Companies designated by the Purchaser to provide non-owner value-added services;
- (e) the relevant developers will enter into the parking space agency agreement(s) to engage the Target Companies designated by the Purchaser to provide exclusive parking space sales agent services; and
- (f) the relevant developers shall reimburse the Target Companies for the property fees on vacant houses and vacant parking spaces incurred in connection with the unsold and sold but undelivered houses and parking spaces.



## **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 over 23.5 million, 14.8 million and 1.1 million square meters of the Managed Areas, Contracted Areas and Secured Areas respectively, in various regions including the Zhejiang, Anhui and Jiangsu Provinces in the PRC. The Board believes that the Acquisition will boost the management strength of the Group in the above regions, enhance market influence, expand the service offerings and improve the regional coordination value of the Group. Leveraging on the Equity Transfer Agreement and 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 Equity Transfer Agreement and Framework Agreement.

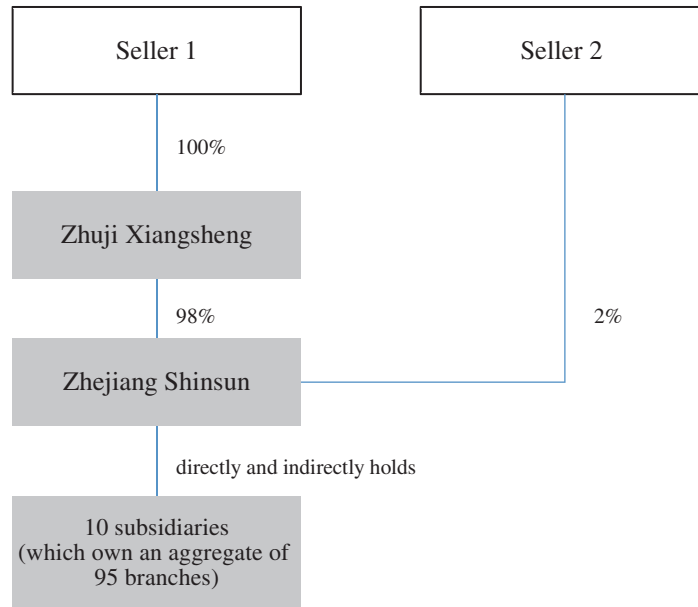
The Board (including the independent non-executive Directors) is of the view that terms of the Equity Transfer Agreement and the Framework Agreement were determined after arm's length negotiations between the respective parties in each of the Equity Transfer Agreement and the Framework Agreement, which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

### Simplified structure of the Target Group

Below is a simplified chart depicting the structure of the Sellers and the Target Group as at the date of this announcement:



### Zhuji Xiangsheng

Zhuji Xiangsheng, a company incorporated in the PRC with limited liability, is principally engaged in the business of property management services. As at the date of this announcement, it is a wholly-owned subsidiary of Seller 1.

### Zhejiang Shinsun

Zhejiang Shinsun, 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 owned as to 98% by Zhuji Xiangsheng and 2% by Seller 2. Zhejiang Shinsun has 10 subsidiaries established under the laws of the PRC which in turns own an aggregate of 95 branches in the PRC. The aforesaid companies and branches are principally engaged in the business of basic property management services, owner value-added services, non-owner value-added services and parking space sales agent services 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 the consolidated audited 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<br/>31 December 2020</b> | <b>For the year ended<br/>31 December 2021</b> |
|-------------------|--|--|
|                   | (audited)                                      | (audited)                                      |
|                   | <i>Approximately</i>                           | <i>Approximately</i>                           |
|                   | <i>RMB'000</i>                                 | <i>RMB'000</i>                                 |
| Profit before tax | 62,026   | 140,635  |
| Profit after tax  | 46,861   | 105,105  |

As at 31 December 2021, the audited consolidated book value of net assets of the Target Companies was approximately RMB196,761,000.

## **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 service 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.

## **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 Mr. Chen Guoxiang.

## **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 Mr. Chen Guoxiang.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Sellers and their 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 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 transaction contemplated under the Equity Transfer Agreement constitute discloseable transactions of the Company 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 under the Equity Transfer Agreement and Framework 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 Zhuji Xiangsheng; and (ii) 2% of the equity interests of Zhejiang Shinsun, and the acceptance of the assignment of the Transferred Payables 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   |
| “Base Date”           | 31 July 2022   |
| “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 the Purchaser to the Sellers for the Acquisition  |
| “Contracted Areas”    | the areas of the properties Contracted Projects  |
| “Contracted Projects” | the projects which are the subject of the provision of the basic 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) |
| “Directors”                 | the directors of the Company   |
| “Equity Transfer Agreement” | the agreement dated 28 September 2022 entered into among the Purchaser and the Sellers in relation to the Acquisition  |
| “Framework Agreement”       | the cooperation framework agreement dated 28 September 2022 entered into among the Purchaser, the Sellers, Zhejiang Shinsun and a related party of the Sellers 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   |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Managed Areas”             | the areas of the Managed Projects  |
| “Managed Projects”          | the relevant property projects which are under the management of the Target Companies  |
| “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 an wholly-owned subsidiary of the Company  |
| “RMB”                       | Renminbi, the lawful currency of the PRC   |

|                                      |   |
|--------------------------------------|---|
| “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”                   | to 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”                           | Shinsun Lifestyle Services Hong Kong Limited, a company incorporated in Hong Kong with limited liability  |
| “Seller 2”                           | Goldenfinger Hong Kong Limited, 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, Zhuji Xiangsheng, Zhejiang Shinsun, and the subsidiaries and branches of Zhejiang Shinsun. As at the date of this announcement, Zhejiang Shinsun has 10 subsidiaries which in turns own an aggregate of 95 branches in the PRC      |

|                        |  |
|------------------------|--|
| “Target Projects”      | collectively, the Contracted Projects, the Managed Projects and the Secured Projects   |
| “Transferred Payables” | the amount due from Seller 1 or its related parties to Zhejiang Shinsun, which will be assumed and payable by the Purchaser or its related parties to Zhejiang Shinsun after the completion of Acquisition. Such payables are temporarily set at approximately RMB206.73 million (subject to audit according to the financial position of the Target Companies as at the Base Date and adjustment) |
| “Zhejiang Shinsun”     | Zhejiang Shinsun Property Service Co., Ltd (浙江祥生物業服務有限公司), a company established in the PRC with limited liability and is owned by Zhuji Xiangsheng as to 98% and Seller 2 as to 2% respectively as at the date of this announcement   |
| “Zhuji Xiangsheng”     | Zhuji Xiangsheng Property Service Co., Limited* (諸暨祥笙物業服務有限公司), 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   |
| “%”                    | 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, 28 September 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.*