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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)**

## **ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

### **HIGHLIGHTS**

For the year ended 31 December 2022, revenue for the year amounted to RMB12.016 billion, representing a year-on-year (“**YoY**”) growth of 35.4%, of which RMB7.802 billion was generated from the residential property management services segment, representing a YoY growth of 46.9%, and RMB4.214 billion was generated from the commercial operational and property management services segment, representing a YoY growth of 18.2%.

For the year ended 31 December 2022, gross profit for the year amounted to RMB3.611 billion, representing a YoY growth of 30.9%. Gross profit margin decreased from 31.1% in 2021 to 30.1% in 2022.

For the year ended 31 December 2022, profit attributable to shareholders amounted to RMB2.206 billion, representing a YoY growth of 27.9%. Core profit attributable to shareholders (excluding revaluation gain from investment properties, amortisation of intangible assets – customer relationships and associated deferred tax impact) reached RMB2.225 billion, representing a YoY growth of 30.7%.

As at 31 December 2022, the gross floor area (“**GFA**”) under management for which the Group provided property management services was 291 million sq.m. (excluding shopping mall projects), while the numbers of opened shopping malls and office buildings for which the Group provided commercial operational services were 84 and 27, respectively, and the Group has two opened shopping mall subleasing projects.

For the year ended 31 December 2022, profit per share attributable to shareholders for the year amounted to RMB0.967, and the Company’s core profit per share attributable to shareholders amounted to RMB0.975.

The Board has recommended the declaration of a final dividend of RMB0.312 (equivalent to HK\$0.357) per share, representing a YoY increase of 13.0%.

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 (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2022*

|   | <i>Notes</i> | <b>Year ended 31 December</b> |                  |
|---|--------------|-------------------------------|------------------|
|   |              | <b>2022</b>                   | <b>2021</b>      |
|   |              | <b>RMB '000</b>               | <b>RMB '000</b>  |
| REVENUE   | 5            | <b>12,016,179</b>             | 8,875,384        |
| Cost of sales   |              | <b>(8,405,245)</b>            | (6,116,866)      |
| Gross profit  |              | <b>3,610,934</b>              | 2,758,518        |
| Gain on changes in fair value of investment properties                      |              | <b>43,260</b>                 | 30,000           |
| Share of profit of investment in a joint venture                            |              | <b>623</b>                    | (1,895)          |
| Share of profit of investment in an associate                               |              | <b>595</b>                    | –                |
| Other income and gains  | 6            | <b>579,899</b>                | 523,432          |
| Marketing expenses  |              | <b>(151,232)</b>              | (58,100)         |
| Administrative expenses   |              | <b>(1,052,763)</b>            | (818,959)        |
| Other expenses  |              | <b>(37,939)</b>               | (20,798)         |
| Finance costs   |              | <b>(87,224)</b>               | (75,642)         |
| PROFIT BEFORE TAX   |              | <b>2,906,153</b>              | 2,336,556        |
| Income tax expenses   | 7            | <b>(692,905)</b>              | (610,486)        |
| PROFIT FOR THE YEAR   |              | <b>2,213,248</b>              | 1,726,070        |
| Attributable to:  |              |                               |                  |
| Owners of the parent  |              | <b>2,206,126</b>              | 1,724,925        |
| Non-controlling interests   |              | <b>7,122</b>                  | 1,145            |
| EARNINGS PER SHARE ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS OF THE PARENT | 9            | <b>2,213,248</b>              | 1,726,070        |
| Basic and diluted for the year  |              | <b>RMB96.7<br/>cents</b>      | RMB75.6<br>cents |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR                                     |              |                               |                  |
| Attributable to:  |              |                               |                  |
| Owners of the parent  |              | <b>2,206,126</b>              | 1,724,925        |
| Non-controlling interests   |              | <b>7,122</b>                  | 1,145            |
|   |              | <b>2,213,248</b>              | 1,726,070        |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2022**

|   |              | <b>As at 31 December</b> |                        |
|---|--------------|--------------------------|------------------------|
|   | <i>Notes</i> | 2022<br><i>RMB'000</i>   | 2021<br><i>RMB'000</i> |
| <b>NON-CURRENT ASSETS</b>                                   |              |                          |                        |
| Property, plant and equipment                               |              | 569,133                  | 527,014                |
| Investment properties                                       |              | 3,366,000                | 2,264,000              |
| Intangible assets   | 10           | 1,470,018                | 115,957                |
| Right-of-use assets   |              | 102,524                  | 99,416                 |
| Goodwill  | 11           | 1,804,719                | –                      |
| Investment in a joint venture                               |              | 1,058                    | 435                    |
| Investment in an associate                                  |              | 595                      | –                      |
| Deferred tax assets   |              | 124,604                  | 76,585                 |
| Deposits paid for purchase of property, plant and equipment |              | 1,451                    | 3,758                  |
| Time deposits   | 12           | <u>2,558,608</u>         | <u>2,474,608</u>       |
| Total non-current assets                                    |              | <b>9,998,710</b>         | <b>5,561,773</b>       |
| <b>CURRENT ASSETS</b>                                       |              |                          |                        |
| Inventories   |              | 147,973                  | 138,004                |
| Trade and bill receivables                                  | 13           | 1,557,885                | 1,042,609              |
| Prepayments, other receivables and other assets             | 14           | 1,410,493                | 922,578                |
| Restricted bank deposits                                    |              | 129,949                  | 228,720                |
| Cash and cash equivalents                                   |              | <u>12,592,832</u>        | <u>13,698,238</u>      |
| Total current assets  |              | <b>15,839,132</b>        | <b>16,030,149</b>      |
| <b>CURRENT LIABILITIES</b>                                  |              |                          |                        |
| Trade payables  | 15           | 1,339,345                | 839,115                |
| Other payables and accruals                                 | 16           | 4,651,067                | 2,807,313              |
| Contract liabilities  |              | 1,831,887                | 1,417,223              |
| Lease liabilities   |              | 99,755                   | 80,547                 |
| Tax payable   |              | 117,507                  | 133,615                |
| Interest-bearing bank borrowings                            |              | –                        | 801,249                |
| Total current liabilities                                   |              | <b>8,039,561</b>         | <b>6,079,062</b>       |
| <b>NET CURRENT ASSETS</b>                                   |              | <b>7,799,571</b>         | <b>9,951,087</b>       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                |              | <b>17,798,281</b>        | <b>15,512,860</b>      |

|  | <i>Note</i> | <b>As at 31 December</b> |                        |
|--|-------------|--------------------------|------------------------|
|  |             | 2022<br><i>RMB'000</i>   | 2021<br><i>RMB'000</i> |
| <b>NON-CURRENT LIABILITIES</b>                             |             |                          |                        |
| Lease liabilities  |             | <b>2,301,962</b>         | 1,277,923              |
| Financial liabilities at fair value through profit or loss |             | <b>390,860</b>           | –                      |
| Other liabilities  |             | <b>14,335</b>            | 12,166                 |
| Deferred tax liabilities                                   |             | <b>765,392</b>           | 333,746                |
| <br>Total non-current liabilities                          |             | <br><b>3,472,549</b>     | <br>1,623,835          |
| <br><b>NET ASSETS</b>                                      |             | <br><b>14,325,732</b>    | <br><b>13,889,025</b>  |
| <br><b>EQUITY</b>  |             |                          |                        |
| <b>Equity attributable to owners of the parent</b>         |             |                          |                        |
| Share capital  | 17          | <b>152</b>               | 152                    |
| Reserves   |             | <b>14,279,577</b>        | 13,887,728             |
| <br>Non-controlling interests                              |             | <br><b>14,279,729</b>    | <br>13,887,880         |
| <br>Total equity   |             | <br><b>46,003</b>        | <br>1,145              |
| <br><b>14,325,732</b>                                      |             | <br><b>13,889,025</b>    |                        |

# 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 main board of 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They 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. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

|  |  |
|--|--|
| Amendments to HKFRS 3                          | <i>Reference to the Conceptual Framework</i>   |
| Amendments to HKAS 16                          | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                       |
| Amendments to HKAS 37                          | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>                                 |
| <i>Annual Improvements to HKFRSs 2018-2020</i> | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
  - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

#### **4. 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*.

##### **Residential property management services**

The Group provides residential property management services of residential properties and other properties. Such services include (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services.

##### **Commercial operational and property management services**

Commercial operational and property management services are provided to property developers, owners or tenants of shopping malls and office buildings. For shopping malls, the Group provides property management and other services, commercial operational services and commercial subleasing services. For office buildings, the Group provides property management and other services.

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 and gains, share of loss of a joint venture, 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.

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

**Year ended 31 December 2022**

|  | <b>Residential<br/>property<br/>management<br/>services<br/><i>RMB'000</i></b> | <b>Commercial<br/>operational<br/>and property<br/>management<br/>services<br/><i>RMB'000</i></b> | <b>Total<br/><i>RMB'000</i></b> |
|--|--|---|---------------------------------|
| <b>Revenue</b>   |  |   |                                 |
| Revenue from contracts with customers                  |  |   |                                 |
| Recognised at a point in time                          | 674,609  | -   | 674,609                         |
| Recognised over time                                   | <u>7,104,614</u>   | <u>3,927,177</u>  | <u>11,031,791</u>               |
| Revenue from other sources                             |  |   |                                 |
| Rental income  | <u>22,831</u>  | <u>286,948</u>  | <u>309,779</u>                  |
| Revenue from external customers                        |  |   |                                 |
|  | <u>7,802,054</u>   | <u>4,214,125</u>  | <u>12,016,179</u>               |
| Result   |  |   |                                 |
| Segment results  | 1,472,787  | 2,138,147   | 3,610,934                       |
| Gain on changes in fair value of investment properties |  |   | 43,260                          |
| Share of profit of investment in a joint venture       |  |   | 623                             |
| Share of profit of investment in an associate          |  |   | 595                             |
| Other income and gains                                 |  |   | 579,899                         |
| Unallocated expenses                                   |  |   | (1,241,934)                     |
| Finance costs  |  |   | (87,224)                        |
| Profit before tax                                      |  |   | <u>2,906,153</u>                |
| <br><b>Segment assets</b>                              |  |   |                                 |
| Reconciliation   | 7,409,657  | 5,121,185   | 12,530,842                      |
| Corporate and other unallocated assets                 |  |   | <u>13,307,000</u>               |
| Total assets   |  |   | <u>25,837,842</u>               |
| <br><b>Segment liabilities</b>                         |  |   |                                 |
| Reconciliation   | 5,971,559  | 3,881,886   | 9,853,445                       |
| Corporate and other unallocated liabilities            |  |   | <u>1,658,665</u>                |
| Total liabilities                                      |  |   | <u>11,512,110</u>               |
| <br><b>Capital expenditure*</b>                        | <br>101,557  | <br>19,488  | <br><u>121,045</u>              |

**Year ended 31 December 2021**

|  | Residential<br>property<br>management<br>services<br><i>RMB'000</i> | Commercial<br>operational<br>and property<br>management<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--|---|---|-------------------------|
| <b>Revenue</b>   |   |   |                         |
| Revenue from contracts with customers                  |   |   |                         |
| Recognised at a point in time                          | 468,340   | –   | 468,340                 |
| Recognised over time                                   | <u>4,810,798</u>  | <u>3,276,269</u>  | <u>8,087,067</u>        |
| Revenue from other sources                             |   |   |                         |
| Rental income  | <u>30,917</u>   | <u>289,060</u>  | <u>319,977</u>          |
| Revenue from external customers                        | <u>5,310,055</u>  | <u>3,565,329</u>  | <u>8,875,384</u>        |
| <b>Result</b>  |   |   |                         |
| Segment results  | 1,025,377   | 1,733,141   | 2,758,518               |
| Gain on changes in fair value of investment properties |   |   | 30,000                  |
| Share of loss of investment in a joint venture         |   |   | (1,895)                 |
| Other income and gains                                 |   |   | 523,432                 |
| Unallocated expenses                                   |   |   | (897,857)               |
| Finance costs  |   |   | <u>(75,642)</u>         |
| Profit before tax                                      |   |   | <u>2,336,556</u>        |
| <b>Segment assets</b>                                  |   |   |                         |
| <i>Reconciliation</i>                                  | 3,418,899   | 3,733,263   | 7,152,162               |
| Corporate and other unallocated assets                 |   |   | <u>14,439,760</u>       |
| Total assets   |   |   | <u>21,591,922</u>       |
| <b>Segment liabilities</b>                             |   |   |                         |
| <i>Reconciliation</i>                                  | 4,394,096   | 2,658,994   | 7,053,090               |
| Corporate and other unallocated liabilities            |   |   | <u>649,807</u>          |
| Total liabilities                                      |   |   | <u>7,702,897</u>        |
| <b>Capital expenditure*</b>                            | 66,834  | 304,074   | <u>370,908</u>          |

\* The capital expenditure consists of additions to property, plant and equipment and intangible 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 year ended 31 December 2022, revenue from the ultimate holding company and the fellow subsidiaries contributed 31% (2021: 39%) 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 amounted to 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: 10%).

## 5. REVENUE

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

An analysis of revenue is as follows:

|  | <b>Year ended 31 December</b> |                               |
|--|-------------------------------|-------------------------------|
|  | <b>2022</b><br><b>RMB'000</b> | <b>2021</b><br><b>RMB'000</b> |
| Revenue from contracts with customers                            | <b>11,706,400</b>             | 8,555,407                     |
| Revenue from other sources:                                      |                               |                               |
| Gross rental income from investment property operating leases:   |                               |                               |
| – Variable lease payments that do not depend on an index or rate | <b>69,435</b>                 | 78,111                        |
| – Other lease payments, including fixed payments                 | <b>240,344</b>                | 241,866                       |
|  | <b>309,779</b>                | 319,977                       |
|  | <b>12,016,179</b>             | 8,875,384                     |
| <b>Revenue from contracts with customers</b>                     |                               |                               |
| <b>Types of goods and services</b>                               |                               |                               |
| <b>Residential property management services</b>                  |                               |                               |
| Property management services                                     | <b>5,572,668</b>              | 3,772,249                     |
| Community value-added services                                   | <b>841,089</b>                | 384,633                       |
| Value-added services to property developers                      | <b>973,404</b>                | 813,029                       |
| Sales of properties  | <b>275,557</b>                | 217,339                       |
| Others   | <b>116,505</b>                | 91,888                        |
|  | <b>7,779,223</b>              | 5,279,138                     |

|  | Year ended 31 December   |                         |
|--|--------------------------|-------------------------|
|  | 2022<br><i>RMB'000</i>   | 2021<br><i>RMB'000</i>  |
| <b>Commercial operational and property management services</b> |                          |                         |
| Shopping malls   | 2,195,375                | 1,841,207               |
| Office buildings   | <u>1,731,802</u>         | <u>1,435,062</u>        |
|  | <u><b>3,927,177</b></u>  | <u><b>3,276,269</b></u> |
| Total revenue from contracts with customers                    | <b><u>11,706,400</u></b> | <b><u>8,555,407</u></b> |
| <b>Timing of revenue recognition</b>                           |                          |                         |
| Goods transferred at a point in time                           | 392,062                  | 309,227                 |
| Services transferred at a point in time                        | 282,547                  | 159,113                 |
| Services transferred over time                                 | <u>11,031,791</u>        | <u>8,087,067</u>        |
| Total revenue from contracts with customers                    | <b><u>11,706,400</u></b> | <b><u>8,555,407</u></b> |

## 6. OTHER INCOME AND GAINS

|   | Year ended 31 December |                        |
|---|------------------------|------------------------|
|   | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
| Interest income   | 424,580                | 376,301                |
| Government grants   | 105,142                | 77,883                 |
| Gain on disposal of items of property, plant and equipment                  | 452                    | 12,323                 |
| Operating subsidies   | 29,116                 | –                      |
| Exchange gains, net   | –                      | 16,656                 |
| Fair value gains from financial assets at fair value through profit or loss | –                      | 28,060                 |
| Others  | <u>20,609</u>          | <u>12,209</u>          |
|   | <b><u>579,899</u></b>  | <b><u>523,432</u></b>  |

## 7. 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.

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax (“CIT”) rate of 25% (2021: 25%) for the year ended 31 December 2022, excluding certain subsidiaries of the Group in the PRC which were subject to a preferential income tax rate of 15% for the year ended 31 December 2022.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%.

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:

|                                   | <b>Year ended 31 December</b> |                |
|-----------------------------------|-------------------------------|----------------|
|                                   | <b>2022</b>                   | <b>2021</b>    |
|                                   | <b>RMB'000</b>                | <b>RMB'000</b> |
| Current income tax                | <b>623,958</b>                | 522,088        |
| LAT                               | <b>17,796</b>                 | 11,579         |
| Deferred income tax               | <b>51,151</b>                 | 76,819         |
| <br>Total tax charge for the year | <br><b>692,905</b>            | <br>610,486    |

## 8. DIVIDENDS

A final dividend of RMB0.276 (equivalent to HK\$0.339) per ordinary share relates to the year ended 31 December 2021 amounting to RMB661.7 million (equivalent to HK\$773.8 million) was approved in the Company’s annual general meeting on 14 June 2022 and paid during the year.

On 30 August 2022, the Board declared an interim dividend of RMB0.127 (equivalent to HK\$0.145) per ordinary share, amounting to a total of approximately RMB299.3 million (equivalent to HK\$331.0 million).

On 21 December 2022, the Board declared a special dividend of RMB0.3643 (equivalent to HK\$0.4069) per ordinary share relates to the year ended 31 December 2022 amounting to RMB853.2 million (equivalent to HK\$928.7 million).

At a meeting held by the Board on 28 March 2023, the board of directors recommended a final dividend of RMB0.312 (equivalent to HK\$0.357) per ordinary share totaling RMB711.1 million (equivalent to HK\$814.9 million) for the year ended 31 December 2022.

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

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

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 2,282,500,000 (2021: 2,282,500,000) in issue during the year.

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022 (2021: Nil).

|   | Year ended 31 December  |                         |
|---|-------------------------|-------------------------|
|   | 2022<br><i>RMB' 000</i> | 2021<br><i>RMB' 000</i> |
| Earnings  |                         |                         |
| Profit attributable to ordinary equity holders of the parent        | <b>2,206,126</b>        | <b>1,724,925</b>        |
| Shares  |                         |                         |
| Weighted average number of ordinary shares in issue during the year | <b>2,282,500,000</b>    | <b>2,282,500,000</b>    |

## 10. INTANGIBLE ASSETS

|   | Customer<br>Relationships<br><i>RMB'000</i> | Software<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|----------------------------|-------------------------|
| <b>31 December 2022</b>                                 |   |                            |                         |
| Cost at 1 January 2022, net of accumulated amortisation | –   | <b>115,957</b>             | <b>115,957</b>          |
| Acquisition of subsidiaries (note 18)                   | <b>1,424,300</b>                            | <b>9,016</b>               | <b>1,433,316</b>        |
| Additions   | –   | <b>6,837</b>               | <b>6,837</b>            |
| Disposals   | –   | (263)                      | (263)                   |
| Amortisation provided during the year                   | <b>(68,203)</b>                             | <b>(17,626)</b>            | <b>(85,829)</b>         |
| At 31 December 2022                                     | <b>1,356,097</b>                            | <b>113,921</b>             | <b>1,470,018</b>        |
| <b>At 31 December 2022</b>                              |   |                            |                         |
| Cost  | <b>1,424,300</b>                            | <b>141,156</b>             | <b>1,565,456</b>        |
| Accumulated amortisation                                | <b>(68,203)</b>                             | <b>(27,235)</b>            | <b>(95,438)</b>         |
| Net carrying amount                                     | <b>1,356,097</b>                            | <b>113,921</b>             | <b>1,470,018</b>        |

**31 December 2021**

|   |                       |
|---|-----------------------|
| Cost at 1 January 2021, net of accumulated amortisation | 2,238                 |
| Additions   | 116,476               |
| Amortisation provided during the year                   | <u>(2,757)</u>        |
| At 31 December 2021                                     | <u><u>115,957</u></u> |
| At 31 December 2021:                                    |                       |
| Cost  | 125,571               |
| Accumulated amortisation                                | <u>(9,614)</u>        |
| Net carrying amount                                     | <u><u>115,957</u></u> |

**11. GOODWILL**

|                                       | <b>2022</b>             |
|---------------------------------------|-------------------------|
|                                       | <i>RMB'000</i>          |
| At 1 January 2022                     |                         |
| Cost                                  | -                       |
| Acquisition of subsidiaries (note 18) | <u>1,804,719</u>        |
| At 31 December 2022                   | <u><u>1,804,719</u></u> |

During the year ended 31 December 2022, the management of the Group determined that no impairment of goodwill should be recognised for the cash-generating units.

**12. TIME DEPOSITS**

The balance represents deposit certificates purchased from a creditworthy licensed bank in Mainland China earning interest at a fixed rate of 3.5% per annum with an original maturity period of 36 months. The deposits certificates are redeemable upon holding for longer than three months. The contractual terms of the time deposits give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold in order to collect contractual cash flows. For such purpose, the time deposits are accounted for as financial assets at amortised cost.

### 13. TRADE AND BILL RECEIVABLES

|                   | As at 31 December |                  |
|-------------------|-------------------|------------------|
|                   | 2022              | 2021             |
|                   | <i>RMB'000</i>    | <i>RMB'000</i>   |
| Trade receivables |                   |                  |
| Related parties   | 708,490           | 703,820          |
| Third parties     | 849,129           | 339,482          |
| Bill receivables  |                   |                  |
| Related parties   | 9,865             | 7,185            |
| Third parties     | 6,231             | 1,057            |
| Impairment        | (15,830)          | (8,935)          |
|                   | <b>1,557,885</b>  | <b>1,042,609</b> |

The ageing analysis of the trade and bill receivables based on invoice date is as follows:

|               | As at 31 December |                  |
|---------------|-------------------|------------------|
|               | 2022              | 2021             |
|               | <i>RMB'000</i>    | <i>RMB'000</i>   |
| Within 1 year | 1,472,929         | 1,017,119        |
| 1 to 2 years  | 77,787            | 31,558           |
| 2 to 3 years  | 17,545            | 1,531            |
| Over 3 years  | 5,454             | 1,336            |
|               | <b>1,573,715</b>  | 1,051,544        |
| Impairment    | (15,830)          | (8,935)          |
|               | <b>1,557,885</b>  | <b>1,042,609</b> |

#### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

|                                  | As at 31 December  |                |
|----------------------------------|--------------------|----------------|
|                                  | 2022               | 2021           |
|                                  | <i>RMB'000</i>     | <i>RMB'000</i> |
| <i>Current</i>                   |                    |                |
| Prepayments                      | 215,820            | 170,979        |
| Deposits                         | 48,331             | 26,870         |
| Other receivables                | 547,261            | 181,170        |
| Amounts due from related parties | 610,031            | 548,639        |
|                                  | <hr/>              | <hr/>          |
|                                  | 1,421,443          | 927,658        |
| Impairment                       | (10,950)           | (5,080)        |
|                                  | <hr/>              | <hr/>          |
|                                  | <b>1,410,493</b>   | <b>922,578</b> |
| <i>Non-current</i>               |                    |                |
| Prepayments                      | <hr/> <b>1,451</b> | <hr/> 3,758    |

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.

#### 15. TRADE PAYABLES

|                 | As at 31 December |                |
|-----------------|-------------------|----------------|
|                 | 2022              | 2021           |
|                 | <i>RMB'000</i>    | <i>RMB'000</i> |
| Trade payables  |                   |                |
| Related parties | 113,665           | 119,295        |
| Third parties   | 1,225,680         | 719,820        |
|                 | <hr/>             | <hr/>          |
|                 | <b>1,339,345</b>  | <b>839,115</b> |

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

|               | As at 31 December<br>2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|---------------|---|------------------------|
| Within 1 year | <b>1,208,093</b>                            | 763,544                |
| 1 to 2 years  | 89,714                                      | 54,079                 |
| 2 to 3 years  | 22,151                                      | 12,617                 |
| Over 3 years  | 19,387                                      | 8,875                  |
|               | <b>1,339,345</b>                            | <b>839,115</b>         |

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

## 16. OTHER PAYABLES AND ACCRUALS

|  | As at 31 December<br>2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|---|------------------------|
| Other payables and accruals                            |   |                        |
| Related parties  | 258,566                                     | 316,061                |
| Third parties  | 2,063,464                                   | 1,496,602              |
|  | <b>2,322,030</b>                            | 1,812,663              |
| Dividend payable                                       |   |                        |
| Related parties  | 611,603                                     | –                      |
| Third parties  | 218,023                                     | –                      |
|  | <b>829,626</b>                              | –                      |
| Salaries payable                                       | 1,320,080                                   | 867,608                |
| Tax payables other than current income tax liabilities | 179,331                                     | 127,042                |
|  | <b>4,651,067</b>                            | 2,807,313              |

## 17. SHARE CAPITAL

|  | As at 31 December<br>2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|---|------------------------|
| Authorised:  |   |                        |
| 5,000,000,000 (2021: 5,000,000,000) ordinary shares of<br>US\$0.00001 each | 338   | 338                    |
| Issued and fully paid:   |   |                        |
| 2,282,500,000 (2021: 2,282,500,000) ordinary shares at<br>US\$0.00001 each | 152   | 152                    |

## 18 BUSINESS COMBINATION

For the year ended 31 December 2022

In March 2022, the Group acquired a 100% interest in Yuzhou Property Services Co., Ltd. (“**Yuzhou**”) from third parties at a consideration including cash consideration, debt assumption and contingent consideration based on the actual delivery progress of the managed areas. Yuzhou is engaged in the property management business.

In April 2022, the Group acquired a 51% interest in Sichuan Jiuzhou Qiancheng Property Services Co. LTD (“**Sichuan Jiuzhou**”) from third parties at a consideration of RMB33,439,000. Sichuan Jiuzhou is engaged in the property management business. The Group has elected to measure the non-controlling interest in Sichuan Jiuzhou at the non-controlling interest’s proportionate share of Sichuan Jiuzhou’s identifiable net assets.

In May 2022, the Group acquired a 100% interest in Nantong Changle Property Co. Ltd. (“**Nantong Changle**”) and Jiangsu Zhongnan Property Services Co. Ltd. (“**Jiangsu Zhongnan**”) from third parties at a consideration including cash consideration, debt assumption and contingent consideration based on the actual delivery progress of the managed areas. Nantong Changle and Jiangsu Zhongnan are engaged in the property management business.

The above acquisitions were made as part of the Group’s strategy to expand its property management operation in the PRC.

The fair values of identifiable assets and liabilities at the acquisition date are as follows:

|  | <b>Yuzhou</b><br><i>RMB '000</i> | <b>Sichuan<br/>Jiuzhou</b><br><i>RMB '000</i> | <b>Nantong<br/>Changle<br/>and Jiangsu<br/>Zhongnan</b><br><i>RMB '000</i> |
|--|----------------------------------|---|--|
| Property, plant and equipment  | 4,816                            | 123   | 9,891  |
| Right-of-use assets  | 1,301                            | —   | 10,824   |
| Intangible assets (note 10)  | 435,186                          | 16,400  | 981,730  |
| Investment in an associate   | —                                | —   | 370  |
| Deferred tax assets  | 6,758                            | 48  | 15,153   |
| Prepayments, other receivables and other assets  | 235,163                          | 26,437  | 506,256  |
| Inventories  | —                                | —   | 1,328  |
| Trade and bill receivables   | 134,008                          | 4,217   | 260,816  |
| Restricted bank deposits   | 10,850                           | —   | 558  |
| Cash and cash equivalents  | 41,801                           | 52  | 128,775  |
| Other payables and accruals  | (248,561)                        | (4,531)                                       | (390,704)  |
| Lease liabilities  | (1,449)                          | —   | (7,148)  |
| Deferred tax liabilities   | (108,225)                        | (2,460)                                       | (243,750)  |
| Trade and bill payables  | (67,529)                         | (1,534)                                       | (253,368)  |
| Tax payable  | (5,376)                          | —   | —  |
| Contract liabilities   | (145,876)                        | (13,738)                                      | (342,384)  |
| Total identifiable net assets at fair value  | 292,867                          | 25,014  | 678,347  |
| Non-controlling interests  | (6,074)                          | (12,257)                                      | (85)   |
| Goodwill on acquisition (note 11)  | 630,763                          | 20,682  | 1,153,274  |
|  | 917,556                          | 33,439  | 1,831,536  |
| Consideration transferred, satisfied by:   |                                  |   |  |
| Cash and cash equivalents  | 582,615                          | 33,439  | 818,076  |
| Other payables   | 102,365                          | —   | 293,396  |
| Contingent consideration-a financial liability<br>at fair value through profit or loss | 232,576                          | —   | 720,064  |
|  | 917,556                          | 33,439  | 1,831,536  |

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of property management with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Analysis of the cash flows in respect of the acquisition of subsidiaries:

|  | <b>Yuzhou</b><br><i>RMB'000</i> | <b>Sichuan<br/>Jiuzhou</b><br><i>RMB'000</i> | <b>Nantong<br/>Changle<br/>and Jiangsu<br/>Zhongnan</b><br><i>RMB'000</i> |
|--|---------------------------------|--|---|
| Cash consideration                       | (582,615)                       | (33,439)                                     | (818,076)   |
| Cash and bank balances acquired          | 41,801                          | 52   | 128,775   |
| Net outflow of cash and cash equivalents | <b>(540,814)</b>                | <b>(33,387)</b>                              | <b>(689,301)</b>  |

Since the acquisitions, Yuzhou, Sichuan Jiuzhou, Nantong Changle and Jiangsu Zhongnan contributed RMB1,474,588,000 to the Group's consolidated revenue and RMB108,271,000 to the consolidated profit for the twelve months ended 31 December 2022.

Had the acquisitions taken place at the beginning of the twelve months ended 31 December 2022, the revenue of the Group and the profit of the Group for the twelve months ended 31 December 2022 would have been RMB12,485,654,000 and RMB2,135,755,000, respectively.

## **CHAIRMAN'S STATEMENT**

I am pleased to present the annual business review for the year ended 31 December 2022 and outlook of the Group to the shareholders.

In 2022, as the international situation was turbulent and the pandemic in China was unstable, China encountered severe challenges in economic growth. The Chinese government issued a package of policies to “stabilize the economy” in a timely manner to effectively cope with multiple shocks and ensure the overall stability of the macro economy. The annual gross domestic product of China exceeded RMB120 trillion for the first time, leading global major economies in terms of real growth. The total retail sales of social consumer goods remained stable, reinforcing China's position as the world's second largest consumer market and demonstrating China's strong resilience and growth potential. The demand and supply of the real estate market continued to reach an equilibrium, and the market share of leading real estate enterprises increased steadily. The industry was transforming to a new development model at an accelerating rate, and the value chain has been shifting to the back-end operations.

In 2022, due to the excellent performance of the global personal luxury goods consumption market, mainstream luxury goods groups achieved significant growth in results. Due to the impact of the pandemic, while the domestic consumption in high-end goods was restrained to a certain extent and decreased slightly in the short term, the trend of growing mainstream consumer groups and consumption upgrade remained unchanged. Due to the emergence of the real estate crisis in China, the problems of insufficient marketization and lack of independence in property management industry were exposed and there was a serious divergence in market valuation in the capital market. The leading property enterprises seized the market window to rapidly enlarge their management scale and realize high-quality development.

### **Steady Growth of Annual Results and Shareholders' Return**

Since the Listing, the management of the Company has always pursued high-quality results to create value for shareholders in a sustainable manner. In 2022, the Company was promoted as a constituent stock of the Hang Seng Index on the occasion of the second anniversary of its Listing, continuously enhancing its influence and reputation in the capital market. The Group realized an annual consolidated revenue of RMB12.016 billion, representing a YoY increase of 35.4%, and a core net profit of RMB2.225 billion, representing a YoY increase of 30.7%. The Group's earnings per share relating to core net profit was RMB0.975. Solid growth was achieved in all core performance indicators. On top of the special dividend of RMB0.3643 (equivalent to HK\$0.4069) per share declared in light of the second anniversary of the Listing, the Board has resolved to recommend the declaration of a final dividend of RMB0.312 (equivalent to HK\$0.357) per share, representing a YoY increase of 13.0%, and together with the interim dividend of RMB0.127 (equivalent to HK\$0.145) per share paid in 2022, the annual payout rate increased from 37% of 2021 to 45%, further boosting the return to shareholders.

## **Consolidation of Advantages in Commercial Management Business**

In 2022, the Group's commercial management business continued to lead the development of the industry and further consolidated its competitive advantages and leading position in the high-end market. Against the challenges of the pandemic, the Group made swift deployment to fully implement the strategies of capturing resources, attracting customers, adopting favourable policies and controlling expenses, so as to ensure the core indicators of its operating shopping malls grew against the market. The Group realized an annual retail sales of RMB126.44 billion, representing a YoY increase of 6.3%. The Group achieved an operating profit of RMB9.452 billion from the property owners side, representing a YoY increase of 2.2%, and the operating profit margin from the property owners side was 59.7%, driving the Group's annual revenue from commercial operating services for shopping malls to RMB2.48 billion, representing a YoY increase of 16.5%.

The Group accelerated the expansion of its commercial operation services and opened 16 new shopping malls throughout the Year, leading the industry with an average opening rate (excluding international brands) of 90.9%. The Group further cooperated closely with leading strategic brands and opened three new luxury MIXC in Wuhan, Fuzhou and Haikou during the Year, thus increasing the number of luxury MIXC under operation to 11, which ranked first in the industry in terms of scale of luxury shopping malls. During the Year, the Group signed 13 new commercial light asset expansion projects, including 11 TOD projects and 10 core city projects. Through an innovative model, the Group acquired the PPP project of Shenzhen Longgang Universiade Center (深圳龍崗大運中心) and Xi'an Airport Terminal Project (西安機場航站樓項目), ranking first in the industry in terms of scale and quality of expansion. As of 31 December 2022, the Group's shopping mall operation and property management services business covered 67 cities, and 86 projects were under operation.

By stably retaining existing tenants and attracting new tenants, the office building business maintained an occupancy rate at 80.7% in a difficult environment of an industry-wide upward vacancy rate. The revenue from office building operation and property management services for the Year amounted to RMB1.73 billion, representing a YoY increase of 20.7%. As of the end of 2022, the office building operation and property management business covered 47 cities, and 27 projects were under operation.

## **High Quality Growth of Property Management Business**

In 2022, the Group's property management business adhered to high-quality development, actively transformed the urban space operation business, and achieved steady growth in various core operating indicators. The Group recorded an annual revenue of RMB7.802 billion, representing a YoY increase of 46.9%. The Group continued to improve the basic property service quality with customer satisfaction reaching 89 points, maintaining its leading position in the industry. The Group continuously optimized and improved service efficiency, maintaining stable gross profit margins for basic services. Revenue from the community value-added service increased significantly by 73.3% YoY, accounting for 16.1% of revenue from the property management business.

During the Year, the Group completed the largest merger and acquisition in the industry. After completing the transactions of Zhongnan Services (中南服務), Yuzhou Property (禹洲物業) and Jiuzhou Property (九洲物業), the Group becomes one of the top tier companies in the industry in terms of management scale, with an additional contracted GFA of 143 million sq.m. in the Year. The Group fully developed its urban space operation business, completed the establishment of urban space operation product standards, conducted in-depth practice in projects such as Houhai (後海) in Shenzhen, Nanshan (南山) in Chongqing and Dong'an Lake (東安湖) in Chengdu, and newly obtained “property management city” key projects at Nanhu Street (南湖街道) and Sungang Street (筍崗街道) in Shenzhen. As of 31 December 2022, the Group’s residential and other property management business covered 153 cities across China, with 280 million sq.m. GFA under management and 336 million sq.m. contracted GFA.

### **Initial Achievement in Membership Business**

In 2022, the Group successfully launched its own bonus point brand “MIXC Star (萬象星)” and launched its independently developed platform system for the operation of membership to connect the commercial management and property management of the Group and CR Land’s businesses including marketing, health care, long-term rental, hotels, etc., realizing the recognition of membership status and bonus points across all business sectors, and continuously improving members’ satisfaction and consumption contribution through cross-segment bonus points and interest operation. As of 31 December 2022, the total number of members of MIXC Star exceeded 34 million, with approximately 8.45 million new members during the Year, laying a solid foundation for further understanding the demand of members and enhancing cross-segment bonus points and interest operations.

### **Comprehensively Deepening Organizational Change**

In 2022, focusing on cost reduction, quality improvement and efficiency enhancement, the Group strictly controlled expenses, optimized the remuneration incentive mechanism, and accelerated the implementation of the “streamlined, flat, dynamic and self-driven” (「精簡扁平、活力自驅」) two-level management and control system to promote the continuous improvement of average employee efficiency. As of 31 December 2022, the per capita commercial GFA under management increased by 11% YoY, and the per capita property GFA under management increased by 13% YoY, effectively contributing to the high-quality growth of the Group’s performance.

### **Comprehensively Promoting Digital Development**

In 2022, the Group independently established a digital team integrating production and research to comprehensively promote digital development. The commercial management business comprehensively improved the tenant sourcing and commercial management system and created brand-new tenant entry and online trading tools, empowering tenants’ operation; fully upgraded “E-MIXC (一點萬象)” APP to greatly optimize members’ experience. The property management business completed the launch of the new system, “Zhaoxi (朝昔)”, to improve owners’ experience and empower front-line employees, and comprehensively upgraded the property charging system, laying a foundation for further cost reduction, quality improvement and efficiency enhancement.

## **Environmental, Social and Governance (“ESG”)**

In 2022, the Group continued to practice the concept of sustainable development, formulating ESG, carbon peaking and carbon neutrality strategies, officially releasing the ESG strategic system to the public, and was successfully included in the “HSI ESG Enhanced Index” and “HSI ESG Enhanced Select Index”. The Group actively fulfilled its responsibility as a state-owned enterprise by supporting the combat of COVID-19 pandemic at the forefront to ensure supply and promoting the integration of modern service industry into the construction of beautiful villages to facilitate rural revitalization.

## **Outlook**

Looking ahead to 2023, the global economy is still faced with the challenges of geopolitical tensions and growth stagnation. With the shift in focus in pandemic prevention and control, China is expected to gradually introduce more effective and vigorous economic revitalization policies, leading to a gradual recovery in domestic investment and consumption. In terms of commercial management, benefiting from the accelerating pace of consumption upgrade and people turning to consumers at a younger age, the global luxury market remains to have more than 60% growth potential by 2030. With a bright market prospects, China's luxury consumption market share is expected to expand further. The high-end and quality shopping centers in China will be benefited in the long run. In terms of property management, it is expected that policies will remain positive, regulations will be more transparent and the industry players will have huge potential for development. Leading property enterprises, as the pioneers in market transformation, will conduct mergers and acquisitions, thereby increasing the industry concentration and contributing to the healthy development of the property management market in the long run.

The Group will adhere to the strategic positioning of “urban quality life service platform” (「城市品質生活服務平台」) to create a world-class enterprise with “excellent products, outstanding brand, leading innovation and modern governance” (「產品卓越、品牌卓著、創新領先、治理現代」). We will focus on core capacity building, and continuously strengthen the control over core resources to improve service standard, providing customers with products and services beyond their expectations and reinforcing our competitiveness in the industry. At the same time, the Group will put its emphasis on brand operation management by speaking for the industry and engaging with the media, to demonstrate its high-quality service image and become the most influential brand in light asset management. Focusing on scientific/technicalized production and upstream and downstream derivative business expansion, we will continue to explore business intelligence upgrade and business model innovation to enhance operating efficiency and improve resource monetization. Furthermore, we will focus on the management of benchmarking to benchmark against the world's best enterprises and make continuous efforts in corporate governance reform, emphasize green development, and create an agile organization and high-quality development management system that meets the needs of light asset management.

In 2023, the Group's commercial management business will ride on the trend of consumption upgrade by further cooperating strategically with core brands and introducing and incubating scarce and innovative brands to reinforce the Group's economic moats brought by these brands and to continuously improve the competitive strengths of the Group's products. We will make a good synergy with the parent company, focus on opportunities to stock up quality existing projects in core cities and continue to strengthen high-quality expansion. Meanwhile, the Group will proactively explore innovative products and business models to become "the number 1 brand in China's commercial operation management". The property management business will adhere to high-quality development, continue to improve market-oriented direct expansion capabilities, actively focus on high-quality project acquisition opportunities, and fully integrate existing mergers and acquisitions projects. It will also continue to optimize the hierarchical and classified management of projects, keep improving the quality of basic services through benchmarking, optimize management efficiency and reduce management costs. On the basis of community value-added services, the Group will enhance integrated facilities management capabilities on commercial buildings and urban space commercial operation, build a comprehensive value-added service system, and accelerate its progress to become the most influential "urban space operation service provider" in China. The membership business will further benefit the system construction, with cross flow of members across business as the core, expand the points pool and create a proprietary product system with China Resources characteristics, enhancing operational capabilities to empower the development of the core business. In addition, the Group will promote cooperation with more external partners in different businesses to enrich business ecosystem, and to continue to build a "2+1" integrated business model. Meanwhile, with the focus on "reducing costs, improving quality and increasing efficiency", the Group will continue to deepen organizational changes, optimize management efficiency, accelerate the digitalization of commercial operational management, property management, membership and common systems, fully promote the implementation of core projects of scientific/technicalized production for core businesses to continuously improve the average employee efficiency.

In 2023, the Group will proactively seize opportunities brought by policies and in the market to become a world-class enterprise at an accelerated pace and make every effort to achieve steady growth in corporate performance and enhance shareholders' value.

Last but not least, on behalf of the Board, I would like to extend my heartfelt gratitude to the shareholders, customers and all sectors of society who have been paying close attention to and supporting the development of the Group. We are confident that we can overcome challenges and grasp opportunities to achieve outstanding development and continue to create more value for our shareholders, our staff and our customers!

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's business is divided into two main segments: (i) residential property management services; and (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. The Group's 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 the Group's management include shopping malls and office buildings.

For shopping malls, the Group provides:

- 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 leases certain quality shopping malls from their owners and sublease to tenants such as retail stores and supermarkets.

For office buildings, the Group provides:

- 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  |              |                    |       |
|--|--------------------|--------------|--------------------|-------|
|  | 2022<br>(RMB '000) | %            | 2021<br>(RMB '000) | %     |
| <b>Residential property management services</b>                |                    |              |                    |       |
| Property management services                                   | <b>5,572,668</b>   | <b>46.4</b>  | 3,772,249          | 42.5  |
| Value-added services to property developers                    | <b>973,404</b>     | <b>8.1</b>   | 813,029            | 9.2   |
| Community value-added services                                 | <b>1,255,982</b>   | <b>10.4</b>  | 724,777            | 8.1   |
| Subtotal   | <b>7,802,054</b>   | <b>64.9</b>  | 5,310,055          | 59.8  |
| <b>Commercial operational and property management services</b> |                    |              |                    |       |
| Shopping malls   | <b>2,482,323</b>   | <b>20.7</b>  | 2,130,267          | 24.0  |
| Office buildings   | <b>1,731,802</b>   | <b>14.4</b>  | 1,435,062          | 16.2  |
| Subtotal   | <b>4,214,125</b>   | <b>35.1</b>  | 3,565,329          | 40.2  |
| Total  | <b>12,016,179</b>  | <b>100.0</b> | 8,875,384          | 100.0 |

## RESIDENTIAL PROPERTY MANAGEMENT SERVICES

### PROPERTY MANAGEMENT SERVICE

For the year ended 31 December 2022, the Group's revenue from property management services amounted to RMB7,802.1 million, representing a YOY increase of 46.9% and accounting for 64.9% of the total revenue. The increase in revenue was mainly attributable to the consolidation of the financial statements of the companies acquired and the significant increase in GFA under management brought by marketization and expansion. As of 31 December 2022, there were 1,362 managed residential and other non-commercial properties, representing an increase of 608 as compared to the corresponding date in 2021; the aggregate GFA under management was 280.0 million sq.m., representing a YoY increase of 133.1 million sq.m..

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

|   | As of 31 December |         |
|---|-------------------|---------|
|   | 2022              | 2021    |
| Contracted GFA (sq.m. in thousands)         | <b>335,467</b>    | 185,904 |
| Number of projects for contracted GFA       | <b>1,882</b>      | 1,041   |
| GFA under management (sq.m. in thousands)   | <b>279,949</b>    | 146,833 |
| Number of projects for GFA under management | <b>1,362</b>      | 754     |

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/For the year ended 31 December               |                       |                         |  |                       |                         |
|--|--|-----------------------|-------------------------|--|-----------------------|-------------------------|
|  | 2022   | 2021                  | Revenue<br>(RMB'000)    | GFA under<br>management<br>(sq.m. in<br>thousands) | Number of<br>projects | Revenue<br>(RMB'000)    |
|  | GFA under<br>management<br>(sq.m. in<br>thousands) | Number of<br>projects | Revenue<br>(RMB'000)    | GFA under<br>management<br>(sq.m. in<br>thousands) | Number of<br>projects | Revenue<br>(RMB'000)    |
| CR Land  | 115,519  | 652                   | 3,221,197               | 95,777   | 511                   | 2,819,316               |
| China Resources (Holdings) Company Limited (“CRH”), its holding companies, and their respective subsidiaries (collectively, “CR Group”) and third-party developers | <u>164,430</u>                                     | <u>710</u>            | <u>2,351,471</u>        | <u>51,056</u>                                      | <u>243</u>            | <u>952,933</u>          |
| Total  | <b><u>279,949</u></b>                              | <b><u>1,362</u></b>   | <b><u>5,572,668</u></b> | <b><u>146,833</u></b>                              | <b><u>754</u></b>     | <b><u>3,772,249</u></b> |

## VALUE-ADDED SERVICES TO PROPERTY DEVELOPERS

For the year ended 31 December 2022, the Group recorded revenue generated from value-added services to property developers of RMB973.4 million, representing a YOY increase of 19.7% and accounting for 8.1% of the total revenue. Such increase was mainly attributable to the increase caused by the consolidation of the financial statements of the company acquired by the Group.

## COMMUNITY VALUE-ADDED SERVICES

For the year ended 31 December 2022, the Group recorded revenue generated from community value-added services of RMB1,256.0 million, representing a YoY increase of 73.3% and accounting for 10.4% of the total revenue. The increase was primarily resulted from the increase in community services, assets operation and investment services provided to property tenants driven by the Group’s increased management scale and deeper business development.

## COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

### SHOPPING MALLS

For the year ended 31 December 2022, the Group's revenue from the commercial operational and property management services to shopping malls amounted to RMB2,482.3 million, representing a YOY increase of 16.5% and accounting for 20.7% of the total revenue. As of 31 December 2022, the Group provided commercial operational services to 84 opened shopping mall projects with an aggregate GFA of 9.0 million sq.m., a vast majority of which were also receiving the Group's property management services. In addition, the Group had two opened shopping mall subleasing projects as of 31 December 2022.

85.3% 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<br>2022 | 2021   |
|---|---------------------------|--------|
| Contracted GFA                              | <b>15,148</b>             | 13,014 |
| Number of projects for contracted GFA       | <b>142</b>                | 122    |
| GFA of projects opened (sq.m. in thousands) | <b>8,968</b>              | 7,378  |
| Number of projects opened                   | <b>84</b>                 | 69     |

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/For the year ended 31 December         |                    |                      |  |                    |                      |
|-------------------------------------|--|--------------------|----------------------|--|--------------------|----------------------|
|                                     | 2022   |                    | 2021                 |  |                    |                      |
|                                     | GFA under management<br>(sq.m. in thousands) | Number of projects | Revenue<br>(RMB'000) | GFA under management<br>(sq.m. in thousands) | Number of projects | Revenue<br>(RMB'000) |
| CR Land                             | 7,671  | 67                 | 1,915,735            | 6,368  | 53                 | 1,592,229            |
| CR Group and third-party developers | 1,297  | 17                 | 201,183              | 1,010  | 16                 | 168,775              |
| Total                               | <b>8,968</b>                                 | <b>84</b>          | <b>2,116,918</b>     | <b>7,378</b>                                 | <b>69</b>          | <b>1,761,004</b>     |

## OFFICE BUILDINGS

For the year ended 31 December 2022, the Group's revenue from the commercial operational and property management services to office buildings was RMB1,731.8 million, representing a YOY increase of 20.7% and accounting for 14.4% of the total revenue. For the year ended 31 December 2022, the Group provided commercial operational services for 27 office buildings with an aggregate GFA of 1.8 million sq.m., and property management services for 145 office buildings with an aggregate GFA of 10.5 million sq.m..

92.7% 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.

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

|   | As of 31 December |        |
|---|-------------------|--------|
|   | 2022              | 2021   |
| <b>Commercial operational services</b>                          |                   |        |
| Contracted GFA (sq.m. in thousands)                             | <b>2,097</b>      | 1,900  |
| Number of projects for contracted GFA                           | <b>32</b>         | 30     |
| GFA of the commercial operational services (sq.m. in thousands) | <b>1,766</b>      | 1,622  |
| Number of projects for commercial operational services          | <b>27</b>         | 25     |
| <b>Property management services</b>                             |                   |        |
| Contracted GFA (sq.m. in thousands)                             | <b>13,195</b>     | 10,003 |
| Number of projects for contracted GFA                           | <b>158</b>        | 127    |
| GFA of the property management services (sq.m. in thousands)    | <b>10,526</b>     | 8,213  |
| Number of projects for property management services             | <b>145</b>        | 115    |

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 for the periods indicated by type of property developers:

|  | As of/For the year ended 31 December |            |  |                    |  |                    |
|--|--------------------------------------|------------|--|--------------------|--|--------------------|
|  | 2022                                 | 2021       | GFA under management<br>(sq.m. in thousands) | Number of projects | GFA under management<br>(sq.m. in thousands) | Number of projects |
|  |                                      |            |  |                    | Revenue<br>(RMB'000)                         |                    |
| <b>Commercial operational services</b> |                                      |            |  |                    |  |                    |
| CR Land                                | 1,327                                | 21         | 107,111                                      | 1,255              | 20   | 128,551            |
| CR Group and third-party developers    | 439                                  | 6          | 19,452                                       | 367                | 5  | 30,353             |
| Total                                  | <b>1,766</b>                         | <b>27</b>  | <b>126,563</b>                               | <b>1,622</b>       | <b>25</b>                                    | <b>158,904</b>     |
| <b>Property management services</b>    |                                      |            |  |                    |  |                    |
| CR Land                                | 7,775                                | 98         | 1,230,396                                    | 6,582              | 81   | 1,047,275          |
| CR Group and third-party developers    | 2,751                                | 47         | 374,843                                      | 1,631              | 34   | 228,883            |
| Total                                  | <b>10,526</b>                        | <b>145</b> | <b>1,605,239</b>                             | <b>8,213</b>       | <b>115</b>                                   | <b>1,276,158</b>   |

## **OUTLOOK**

### **ACCELERATE EXPANSION AND PROMOTE THE LEADING MARKET POSITION OF THE COMPANY**

The Group plans to selectively acquire, or establish joint ventures with, property management and commercial operational service providers with complementary strengths or with a certain operation scale and profitability. Meanwhile, the Group will adhere to its strategy to penetrate regional market and take advantage of its business network in cities with business presence established and the brand advantages. In particular, it will continue to expand the property management service portfolio to all property types across the business while focusing on medium and high-end segment in terms of commercial operational services. In addition, it will strive to secure quality projects from third parties, thereby enhancing market share and realizing economies of scale.

The Group will continue to collaborate with CR Land to secure new engagements of property management and commercial operational services for residential properties and commercial properties developed or owned by CR Land ensuring stable business expansion. The Group also plans to undertake management services engagements related to properties owned by CRH, such as industrial parks and factories. In addition, the Group aims to capitalize on new business opportunities from CRH and CR Land to expand into new property segments and strengthen the Company's platform.

### **ADHERING TO HIGH-QUALITY SERVICES TO CUSTOMERS AND IMPROVING PROFESSIONAL OPERATION AND MANAGEMENT**

The Group adheres to the principle of high-quality services. Drawing on years of professional experience in commercial retail and service fields and following the trend of technology innovation and digital transformation, we will continue to improve our professional operation and service system to achieve high-quality development and ongoing enhancement of customer experience. Meanwhile, we aim to introduce more CRH and CR Land's services and resources to the Company's managed properties so as to bring more value to our customers. Furthermore, we will also leverage our advantages in "space, customer and resource" to construct an integrated ecosystem featuring with all segments, all customers, all products and a full spectrum of service offerings with the goal of becoming the creator of urban ecological services and better life of people.

### **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 the Group's 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 upstream and downstream business partners in the Company's industry to enhance the Company's profitability and broaden the Group's customer base.

## **DEVELOP AN INTEGRATED MEMBERSHIP PROGRAM WITH CROSS-BUSINESS FUNCTION**

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 by creating value and growth opportunities, and continue to enhance the functionality of our membership programs to capture members' interest in our products and services, boost 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, enrich the options for the interests of the members, improve customers' cross platform experience, realize cross-segment customer diversion. We will actively leverage on the Company's membership programs to promote our corporate brand and enhance our brand image and customer loyalty.

## **ACTIVELY PROMOTE TECHNOLOGY EMPOWERMENT, CONTINUE TO ENHANCE SERVICE UPGRADE AND ORGANIZATIONAL IMPROVEMENT**

The Group plans to promote digitization initiatives of "technology-based production, operation digitization, data capitalization and space intellectualization" to enhance operational efficiency and users' experience by technology empowerment. We also plan to pursue strategic investments in technology companies relating to commercial operation, property management and urban management. Meanwhile, the Group will continue to upgrade the functionality and capability of our digitized service platforms under commercial management business, such as "E-MIXC" and "Officeeasy" apps, to reconstruct and improve the system for the core property management business and create a unique experience for our users.

## **EXPAND HUMAN RESOURCES THROUGH RECRUITMENT, TRAINING AND REWARDS**

The Group plans to attract talents with competitive remuneration packages and excellent corporate culture and reputation, and organize regular training provided by senior employees and external consultants. The Group will also continue to refine its remuneration scheme and formulate employee incentive mechanism to better align their benefits with our interest. 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.

For the year ended 31 December 2022, the Group's revenue amounted to RMB12,016.2 million, representing a YOY increase of 35.4%, which was primarily due to (i) the considerable growth in results caused by the consolidation of the financial statements of the companies acquired and the significant increase in the GFA under management as a result of market expansion; and (ii) the increase in revenue from commercial operational and management services driven by the increase in the number of contracted commercial projects from CR Land and third-party property owners.

## 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.

For the year ended 31 December 2022, the Group's cost of sales amounted to RMB8,405.2 million, representing a YOY increase of 37.4%, which was primarily due to the increase in various types of corresponding costs resulting from the continuous growth of business scale.

## GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2022, the gross profit of the Group amounted to RMB3,610.9 million, representing a YOY increase of 30.9%, and the gross profit margin was 30.1%, representing a YOY decrease of 1 percentage point.

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

|  | For the twelve months ended 31 December |             |                           |             |
|--|---|-------------|---------------------------|-------------|
|  | 2022                                    |             | 2021                      |             |
|  | Gross profit<br>(RMB'000)               | margin<br>% | Gross profit<br>(RMB'000) | margin<br>% |
| <b>Residential property management services</b>                |   |             |                           |             |
| Property management services                                   | 782,623                                 | 14.0        | 567,354                   | 15.0        |
| Value-added services to property developers                    | 355,684                                 | 36.5        | 259,045                   | 31.9        |
| Community value-added services                                 | 334,480                                 | 26.6        | 198,978                   | 27.5        |
| Subtotal   | <b>1,472,787</b>                        | <b>18.9</b> | <b>1,025,377</b>          | <b>19.3</b> |
| <b>Commercial operational and property management services</b> |   |             |                           |             |
| Shopping malls   | 1,548,431                               | 62.4        | 1,329,256                 | 62.4        |
| Office buildings   | 589,716                                 | 34.1        | 403,885                   | 28.1        |
| Subtotal   | <b>2,138,147</b>                        | <b>50.7</b> | <b>1,733,141</b>          | <b>48.6</b> |
| Total  | <b>3,610,934</b>                        | <b>30.1</b> | <b>2,758,518</b>          | <b>31.1</b> |

For the year ended 31 December 2022, the gross profit margin of residential property management services was 18.9%, representing a YoY decrease of 0.4 percentage point. The decrease in the segment's gross margin was mainly affected by the amortisation of intangible assets arising from the acquisition of companies. Excluding the impact of amortisation of intangible assets, the segment's Gross profit ratio was 19.8%, representing a YoY increase of 0.5 percentage point.

For the year ended 31 December 2022, the gross profit margin of commercial operational and property management services was 50.7%, representing a YoY increase of 2.1 percentage points, which was mainly due to the effective cost control and the improvement of operating efficiency.

## **GAIN ON CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES**

For the year ended 31 December 2022, the Group recorded gain on changes in fair value of investment properties of RMB43.3 million, which was mainly related to the valuation change of the Group's subleasing project, Lanzhou MIXC and Shenzhen Buji MIXONE.

## **OTHER INCOME AND GAINS**

For the year ended 31 December 2022, the Group recorded other income and gains of RMB579.9 million, representing a YOY increase of 10.8%, which was mainly attributable to the increase in the interest income of bank deposits.

## **MARKETING EXPENSES**

For the year ended 31 December 2022, the Group recorded marketing expenses of RMB151.2 million, representing a YOY increase of 160.3%, which was mainly attributable to the increase in expenses for market expansion as the Group devoted more effort in business expansion.

## **ADMINISTRATIVE EXPENSES**

For the year ended 31 December 2022, the Group's administrative expenses were RMB1,052.8 million, representing a YOY increase of 28.5%, which was mainly due to the Group's business expansion and the increase in staff costs and office expenses.

## **INCOME TAX**

For the year ended 31 December 2022, the Group's effective income tax rate was 23.8%, representing a YOY decrease of 2.3 percentage points, which was mainly due to the Group benefiting from the preferential taxation policy in Qianhai, Shenzhen.

## **PROFIT FOR THE YEAR**

For the year ended 31 December 2022, the Group's net profit was RMB2,213.2 million, representing a YOY increase of 28.2%.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the year ended 31 December 2022, the Group's total bank deposits and cash (including restricted bank deposits) are mainly held in RMB and amounted to RMB12,722.8 million, representing a decrease of 8.65% as compared to the end of last year, mainly due to the acquisitions and mergers and repayment of overseas loans.

## **GEARING RATIO**

For the year ended 31 December 2022, the Group's gearing ratio was 44.6%, representing an increase of 8.9 percentage points as compared with that as of the end of last year. The gearing ratio was calculated by total liabilities divided by total assets.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On 5 January 2022, Runying Property Technology Service Company Limited\* (潤楹物業科技服務有限公司) (“**Runying**”) (as the purchaser), a wholly-owned subsidiary of the Company, and Tianjin Yujia Life Service Company Limited\* (天津禹佳生活服務有限公司) (“**Tianjin Yujia**”) (as the seller) entered into a framework agreement for the proposed sale and purchase of the entire equity interest in Yuzhou Property Service Company Limited\* (禹洲物業服務有限公司) (“**Yuzhou Property**”). On 8 March 2022, Runying and Tianjin Yujia entered into an equity transfer agreement. The consideration of the sale and purchase of the equity interest in Yuzhou Property was RMB1,058 million. Yuzhou Property is principally engaged in the business of property management services in the PRC. As of the date of this announcement, the transaction was completed. Further details of the transaction are set out in the announcements of the Company dated 5 January 2022 and 8 March 2022.

On 20 January 2022, Super Honour Development Limited (創潤發展有限公司) (“**Super Honour**”) (as the purchaser), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with, among others, HongKong Rainbow Property Limited (香港彩虹物業有限公司) (“**Seller 1**”) and HongKong Lehuo Property Limited (香港樂活物業有限公司) (“**Seller 2**”, together with Seller 1, the “**Sellers**”), pursuant to which (i) Super Honour has agreed to acquire, and Seller 1 has agreed to sell, the entire equity interests of Nantong Changle Property Co., Limited\* (南通長樂物業有限公司) (“**Nantong Changle**”); and (ii) Super Honour has agreed to acquire, and Seller 2 has agreed to sell, 1% of the equity interests of Jiangsu Zhongnan Property Services Co., Ltd.\* (江蘇中南物業服務有限公司) (“**Jiangsu Zhongnan**”). On 27 April 2022, Super Honour and, among others, the Sellers entered into a supplemental agreement to the equity transfer agreement. The consideration of the sale and purchase of the equity interest in Nantong Changle and Jiangsu Zhongnan was RMB2,485 million. Nantong Changle and Jiangsu Zhongnan and its subsidiaries and branches are principally engaged in the business of property management services in the PRC. As of the date of this announcement, the transaction was completed. Further details of the transaction are set out in the announcements of the Company dated 20 January 2022 and 27 April 2022.

On 28 September 2022, Super Honour (as the purchaser), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with, Shinsun Lifestyle Services Hong Kong Limited (“**Seller 3**”) and Goldenfinger Hong Kong Limited (“**Seller 4**”) pursuant to which (i) Super Honour has agreed to acquire the entire equity interests in Zhuji Xiangsheng Property Service Co., Limited\* (諸暨祥笙物業服務有限公司) (“**Zhuji Xiangsheng**”) sold by Seller 3 and to accept the transferred payables from Seller 3 or its related parties; and (ii) Super Honour has agreed to acquire 2% of the equity interests in Zhejiang Shinsun Property Service Co., Ltd\* (浙江祥生物業服務有限公司) (“**Zhejiang Shinsun**”) sold by Seller 4. The consideration was temporarily set at RMB1,036.73 million and the final consideration was to be determined. Zhuji Xiangsheng, Zhejiang Shinsun and its subsidiaries 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. The transaction was not completed and was terminated on 28 March 2023. Further details of the transaction are set out in the announcements of the Company dated 28 September 2022 and 28 March 2023.

The Group will continue to invest in property development project when deemed appropriate. It is expected that our internal financial resources are sufficient for any necessary funding demands. Save for the above and as disclosed in the “Subsequent Events” in this report, as of 31 December 2022, the Group had no significant investments and material acquisitions or disposals of subsidiaries, associates and joint ventures. In addition, save as disclosed in the section “Future Plans and Use of Proceeds” in the prospectus of the Company dated 25 November 2020 (the “**Prospectus**”), the Group has no future plans for material investments or capital assets.

## PROCEEDS OF THE LISTING

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

As at 31 December 2022, RMB3,223.3 million of the proceeds of the Listing had been utilized. The remaining amounts were held by way of bank deposits.

| Business objective as stated in the Prospectus  | Proportion | Actual use of net proceeds                        |   |  |   | Expected timeline for fully utilizing the net proceeds from the Listing |
|---|------------|---|---|--|---|---|
|   |            | Planned use of net proceeds<br><i>RMB million</i> | unused as of<br>31 December<br><i>RMB million</i> | Proceeds during the twelve months ended<br>31 December<br><i>RMB million</i> | unused as of<br>31 December<br><i>RMB million</i> |   |
|   |            |   |   |  |   |   |
| (i) Making strategic investments and acquisitions to expand our property management and commercial operational businesses                   | 60%        | 6,960.3   | 6,960.3   | 1,502.9  | 5,457.4   | By December 2025  |
| (ii) Pursuing strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry | 15%        | 1,740.1   | 1,648.0   | 120.4  | 1,527.6   | By December 2025  |
| (iii) Investing in information technology systems and smart communities   | 15%        | 1,740.1   | 1,612.3   | 220.2  | 1,392.1   | By December 2025  |
| (iv) Working capital and general corporate uses   | 10%        | 1,160.0   | -   | -  | -   | By December 2025  |
|   | 100%       | <u><u>11,600.4</u></u>                            | <u><u>10,220.5</u></u>                            | <u><u>1,843.5</u></u>  | <u><u>8,377.1</u></u>                             |   |

*Note: The sum of the data may not add up to the total due to rounding.*

## PROPERTY HELD FOR INVESTMENT

As of 31 December 2022, two properties of the Group, Shenzhen Buji MIXONE and Lanzhou MIXC were recognized as the investment property under HKFRS 16 in the consolidated statement of financial position, and the relevant percentage ratios 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 located at No. 2 Xiangge Road, Buji Area, Longgang District, Shenzhen, Guangdong Province, the PRC, and Lanzhou MIXC is located at No.2, Qingyang Road, Chengguan District, Lanzhou, Gansu Province, the PRC. They are currently used for commercial subleasing services and held under 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 default on rental payment by the Group, illegal operation and damage to the buildings.

## CONTINGENT LIABILITIES

As of 31 December 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

## **PLEDGE OF ASSETS**

As of 31 December 2022, the Group had no pledge of assets (31 December 2021: Nil).

## **FOREIGN CURRENCY RISK**

As the Group's business is mainly conducted in the PRC, we mainly adopt RMB as the settlement currency. As of 31 December 2022, non RMB assets and liabilities mainly included the cash of HK\$35.75 million and US\$83,301.23, The Group has settled in full the HK dollar denominated borrowings on 29 July 2022. The management believed that the operation of the Group was not exposed to material foreign currency risk. No significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position. Currently, the Group does not have any hedging policies against its foreign exchange risk, but the management will actively monitor the foreign exchange exposure and make necessary adjustments in accordance with the changes in market environment.

## **EMPLOYEE AND COMPENSATION POLICY**

As of 31 December 2022, the Group had 40,239 full time employees in Mainland China and Hong Kong (31 December 2021: 28,654). 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.

## **CAPITAL COMMITMENTS**

As of 31 December 2022, the Group's capital commitments amounted to RMB50.7 million (31 December 2021: RMB17.8 million).

## **CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES**

The Company entered into the following loan agreements which have specific performance covenant of its controlling shareholders. The obligations of such loan agreements continue to exist as of the date of this announcement. As at the date of this announcement, CRH beneficially owns directly or indirectly approximately 73.72% of the issued share capital of the Company, and CR Land is the single largest shareholder of the Company, directly owning approximately 72.29% of the issued share capital of the Company and being able to control the Company.

- A revolving loan facility letter for a facility in an aggregate amount up to HKD620,000,000 with no fixed term and is repayable on demand by the lender was entered into on 28 June 2021, details of which have been disclosed in the announcement dated 28 June 2021. The Company undertakes that during the term of the facility, CRH shall directly or indirectly own no less than 35% of the beneficial ownership of the Company, and CR Land shall remain as the single largest shareholder of the Company, directly or indirectly owning no less than 51% of the beneficial ownership of the Company and being able to control the Company. If a change of control resulting in violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.

- A revolving loan facility letter for a facility in an aggregate amount of up to HKD600,000,000 was entered into on 20 October 2021, details of which have been disclosed in the announcement dated 20 October 2021. The maturity date of the facility is 12 months from the date of acceptance of the facility letter. The Company undertakes that during the term of the facility, the Company shall procure that CRH and CR Land remain directly or indirectly interested in no less than 35% and 51% of the issued share capital of the Company respectively. If violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.
- A revolving loan facility letter for a facility in an aggregate amount of up to RMB1,000,000,000 was entered into on 23 March 2022, details of which have been disclosed in the announcement dated 23 March 2022. The maturity date of the facility is 12 months from the date of the first drawdown. The Company undertakes that during the term of the facility, the Company shall procure that CR Land remain directly or indirectly interested in no less than 51% of the issued share capital of the Company and remain to be the single largest shareholder of the Company. If violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the principal amount advanced and the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.

## SUBSEQUENT EVENT

On 20 January 2023, the Company entered into (1) a framework loan agreement and guarantee for advances in HKD, Renminbi and United States Dollar with CRH (the “**Offshore Framework Loan Agreement 2023**”) and (2) a framework loan agreement and guarantee for advances in RMB with China Resources Inc. (“**CRI**”) (the “**Onshore Framework Loan Agreement 2023**”, together with the Offshore Framework Loan Agreement 2023, the “**Framework Loan Agreements 2023**”). CRH and CRI are connected persons of the Company under the Listing Rules. As one or more of the applicable percentage ratios for the transactions contemplated under the Framework Loan Agreements 2023 exceed 0.1% but none of them exceeds 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 20 January 2023.

Saved as disclosed, the Group had no other significant subsequent events occurred after 31 December 2022 which would material impact on the performance and the value of the Group.

## **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 Year.

## **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 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 and they have confirmed that they have complied with the Model Code for the year ended 31 December 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

For the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **AUDIT COMMITTEE AND AUDITOR**

The financial results for the year ended 31 December 2022 have been reviewed by the Audit Committee which comprises three independent non-executive Directors and one non-executive Director (namely Mr. CHAN Chung Yee Alan (Chairman), Mr. CHEUNG Kwok Ching, Ms. QIN Hong and Mr. GUO Shiqing). The financial information included in this preliminary results announcement for the year ended 31 December 2022 has been agreed by the auditor of the Company. There have not been any significant changes in accounting policies for the year ended 31 December 2022 and there are no prior period adjustments due to correction of material errors for the year ended 31 December 2022.

## **FINAL DIVIDEND**

The Board recommended a final dividend of RMB0.312 (equivalent to HK\$0.357) per share of the Company (“**2022 Final Dividend**”) for the year ended 31 December 2022 payable on or around 28 July 2023 to shareholders whose names appear on the register of members of the Company on 14 June 2023.

The 2022 Final Dividend will be payable in cash to each shareholder of the Company in Hong Kong Dollars (“**HKD**”) unless an election is made to receive the same in Renminbi (“**RMB**”).

Shareholders will be given the option to elect to receive all or part of the 2022 Final Dividend in RMB at the exchange rate of HKD1.0: RMB0.8750, being the average benchmark exchange rate of HKD to RMB as published by the People's Bank of China during the five business days immediately before 28 March 2023. If shareholders elect to receive the 2022 Final Dividend in RMB, such dividend will be paid to shareholders at RMB0.312 per share. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders in June 2023 as soon as practicable after the record date of 14 June 2023 to determine shareholders' entitlement to the 2022 Final Dividend, and lodge it to the Company's share registrar in Hong Kong, Tricor Investors Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 7 July 2023.

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on or around 28 July 2023 at the shareholders' own risk.

If no duly completed dividend currency election form in respect of that shareholder is received by the Company's share registrar in Hong Kong by 4:30 p.m. on 7 July 2023, such shareholder will automatically receive the 2022 Final Dividend in HKD. All dividend payments in HKD will be made in the usual ways on 28 July 2023.

If shareholders wish to receive the 2022 Final Dividend in HKD in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 31 May 2023 to 6 June 2023, 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 6 June 2023 ("2023 AGM"). In order to be eligible to attend and vote at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 30 May 2023.

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 14 June 2023 and the register of members of the Company will be closed from 13 June 2023 to 14 June 2023, 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 branch share registrar in Hong Kong, Tricor Investor Services Limited, at the above address not later than 4:30 p.m. on 12 June 2023.

## **ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (en.crmixlifestyle.com.hk). The 2023 AGM will be held on 6 June 2023. A notice convening the 2023 AGM and the Company's annual report for the year ended 31 December 2022 containing the relevant information required by the Listing Rules will be published and despatched in the manner as required by the Listing Rules on the same websites in due course.

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

China, 28 March 2023

*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.*

\* for identification purpose only