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 2023 INTERIM RESULTS

HIGHLIGHTS

For the six months ended 30 June 2023, the Group recorded revenue of RMB6.793 billion, representing an increase of 28.7% as compared with the same period last year (the "**Prior Period**"). Among the Group's business segments, revenue from the residential property management services segment amounted to RMB4.484 billion, representing an increase of 33.7% as compared with the Prior Period, and revenue from the commercial operational and property management services segment amounted to RMB2.309 billion, representing an increase of 20.1% as compared with the Prior Period.

For the six months ended 30 June 2023, gross profit of the Group was RMB2.253 billion, representing an increase of 34.7% as compared with the Prior Period, and the gross profit margin increased from 31.7% in the Prior Period to 33.2% for the six months ended 30 June 2023.

For the six months ended 30 June 2023, profit attributable to shareholders of the Company was RMB1.402 billion, representing an increase of 36.5%, and core profit attributable to shareholders of the Company (excluding revaluation gain from investment properties, amortisation of intangible assets – customer relationships and associated deferred tax impact) amounted to RMB1.422 billion, representing an increase of 36.7%.

As at 30 June 2023, the gross floor area ("**GFA**") under management of the Group's property management services was 325 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 85 and 26, respectively, and the Group has three opened shopping mall subleasing projects.

For the six months ended 30 June 2023, the earnings per share attributable to shareholders of the Company was RMB0.614, and the core profit per share attributable to shareholders of the Company was RMB0.623.

The Board has resolved to declare an interim dividend of HK$0.243 (equivalent to RMB0.223) per share. Shareholders' attention are drawn to the section headed "Interim Dividend, Record Date and Currency Election" in this announcement in respect of currency election for the payment of the interim dividend.

The board (the "**Board**") of directors (the "**Directors**") of China Resources Mixc Lifestyle Services Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	**Six months ended 30 June 2023** *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
Revenue	*4*	**6,793,323**	5,277,728
Cost of sales		**(4,540,519)**	(3,605,262)
Gross profit		**2,252,804**	1,672,466
Gain on changes in fair value of investment properties		**21,460**	5,000
Other income and gains	*5*	**261,494**	284,427
Marketing expenses		**(108,809)**	(52,997)
Administrative expenses		**(436,545)**	(429,503)
Other expenses		**(19,269)**	(37,346)
Finance costs		**(59,728)**	(36,051)
Share of profit of interest in an associate		**144**	131
Share of profit/(loss) of interest in a joint venture		**1,764**	(435)
Profit before tax		**1,913,315**	1,405,692
Income tax expenses	*6*	**(504,266)**	(376,020)
Profit for the period		**1,409,049**	1,029,672
Attributable to:			
Equity shareholders of the Company		**1,402,481**	1,027,586
Non-controlling interests		**6,568**	2,086
Profit for the period		**1,409,049**	1,029,672
Earnings per share	*7*		
Basic and diluted for the period		**RMB61.4 cents**	RMB45.0 cents
Total comprehensive income for the period		**1,409,049**	1,029,672
Attributable to:			
Equity shareholders of the Company		**1,402,481**	1,027,586
Non-controlling interests		**6,568**	2,086
Total comprehensive income for the period		**1,409,049**	1,029,672

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**555,960**	569,133
Investment properties		**3,465,000**	3,366,000
Right-of-use assets		**127,655**	102,524
Intangible assets		**1,466,895**	1,470,018
Goodwill		**1,804,719**	1,804,719
Interest in an associate		**739**	595
Interest in a joint venture		**2,822**	1,058
Deposits paid for purchase of property, plant and equipment	*9*	**1,711**	1,451
Deferred tax assets		**120,331**	124,604
Time deposits		**–**	2,558,608
Total non-current assets		**7,545,832**	9,998,710
Current assets			
Inventories		**233,638**	147,973
Trade and bill receivables	*8*	**2,021,991**	1,557,885
Prepayments, other receivables and other assets	*9*	**1,244,467**	1,410,493
Time deposits		**2,600,608**	–
Restricted bank deposits		**67,671**	129,949
Cash and cash equivalents		**12,652,616**	12,592,832
Total current assets		**18,820,991**	15,839,132
Current liabilities			
Trade payables	*10*	**1,333,897**	1,339,345
Contract liabilities		**1,822,108**	1,831,887
Lease liabilities		**102,031**	99,755
Current taxation		**235,836**	117,507
Other payables and accruals	*11*	**4,473,937**	4,651,067
Total current liabilities		**7,967,809**	8,039,561
NET CURRENT ASSETS		**10,853,182**	7,799,571
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,399,014**	17,798,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2023

	Note	**At 30 June 2023 *RMB'000* (Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**2,339,827**	2,301,962
Financial liabilities measured at fair value through profit or loss		**256,078**	390,860
Deferred tax liabilities		**796,308**	765,392
Other liabilities		**13,072**	14,335
Total non-current liabilities		**3,405,285**	3,472,549
NET ASSETS		**14,993,729**	14,325,732
Equity			
Share capital	*12(a)*	**152**	152
Reserves		**14,930,779**	14,279,577
Equity attributable to equity shareholders of the Company		**14,930,931**	14,279,729
Non-controlling interests		**62,798**	46,003
TOTAL EQUITY		**14,993,729**	14,325,732

NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL 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 period, 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.

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

2 BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the interim report for the six months ended 30 June 2023 of the Group but are extracted from the report.

This unaudited interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 29 August 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs to this interim financial information for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Segment reporting

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 to residential properties and other properties. Such services mainly 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 commercial operational services, property management and other services.

(i) Segment results

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 profit/(loss) of interest in a joint venture, share of profit of interest in an associate, unallocated finance costs, and unallocated expenses. Segment revenues and results are the measures reported to the CODM for the purposes of resource allocation and performance assessment.

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

For the six months ended 30 June 2023 (Unaudited)	Residential property management services *RMB'000*	Commercial operational and property management services *RMB'000*	Total *RMB'000*
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	369,644	–	369,644
Recognised over time	4,099,904	2,108,232	6,208,136
Revenue from other sources			
Rental income	14,110	201,433	215,543
Revenue from external customers	4,483,658	2,309,665	6,793,323
Reportable segment revenue	4,483,658	2,309,665	6,793,323
Segment results	891,177	1,316,152	2,207,329
Share of profit of interest in a joint venture			1,764
Share of profit of interest in an associate			144
Unallocated other income and gains			256,834
Unallocated expenses			(549,405)
Unallocated finance costs			(3,351)
Profit before tax			1,913,315

For the six months ended 30 June 2022 (Unaudited)	Residential property management services *RMB'000*	Commercial operational and property management services *RMB'000*	Total *RMB'000*
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	329,750	–	329,750
Recognised over time	3,007,954	1,795,052	4,803,006
Revenue from other sources			
Rental income	16,141	128,831	144,972
Revenue from external customers	3,353,845	1,923,883	5,277,728
Reportable segment revenue	3,353,845	1,923,883	5,277,728
Segment results	704,270	942,834	1,647,104
Share of loss of interest in a joint venture			(435)
Share of profit of interest in an associate			131
Other income and gains			284,427
Unallocated expenses			(519,846)
Unallocated finance costs			(5,689)
Profit before tax			1,405,692

(ii) Geographic information

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

(b) Revenue

Revenue mainly comprises proceeds from residential property management services and commercial operational and property management services. Disaggregation of revenue from contracts with customers by each significant category is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from contracts with customers		
Residential property management services		
– Property management services	**3,449,621**	2,381,917
– Community value-added services	**481,779**	299,743
– Value-added services to property developers	**407,328**	411,566
– Sales of goods, carparks and others	**130,820**	244,478
	4,469,548	3,337,704
Commercial operational and property management services		
– Shopping malls	**1,208,356**	1,043,761
– Office buildings	**899,876**	751,291
	2,108,232	1,795,052
Total revenue from contracts with customers	**6,577,780**	5,132,756
Revenue from other sources		
Gross rental income		
– Variable lease payments that do not depend on an index or rate	**55,923**	28,597
– Other lease payments, including fixed payments	**159,620**	116,375
	215,543	144,972
	6,793,323	5,277,728

For the six months ended 30 June 2023, revenue from the ultimate holding company and the fellow subsidiaries (along with their respective joint ventures and associates) amounted to RMB1,925,234,000 (six months ended 30 June 2022: RMB1,667,453,000). Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a Group of customers under common control accounted for 10% or more of the Group's revenue for six months ended 30 June 2023 and 2022.

5 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**203,827**	206,025
Government grants	**37,409**	39,406
Exchange gains	**4,909**	–
Gain on changes in fair value of financial liabilities measured at fair value through profit or loss	**4,660**	–
Gain on disposal of items of property, plant and equipment	**1,280**	706
Operating subsidies	**–**	29,116
Others	**9,409**	9,174
	261,494	284,427

6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current taxation	**467,904**	369,026
PRC Land Appreciation Tax ("LAT")	**1,173**	14,929
Deferred taxation	**35,189**	(7,935)
	504,266	376,020

The Group is subject to taxation 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 the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any taxation.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2022: Nil).

Subsidiaries of the Group operating in Chinese Mainland are generally subject to the PRC Corporate Income Tax ("CIT") rate of 25% (2022: 25%) during the period, excluding certain subsidiaries of the Group in the PRC which are subject to a preferential income tax rate of 15% during the period.

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 Chinese Mainland. 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 Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%.

The provision for 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.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,402,481,000 (six months ended 30 June 2022: RMB1,027,586,000) and the weighted average of ordinary shares of 2,282,500,000 (six months ended 30 June 2022: 2,282,500,000 ordinary shares) in issue during the six months ended 30 June 2023.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

8 TRADE AND BILL RECEIVABLES

	At 30 June 2023 ***RMB'000*** **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Trade receivables		
– Related parties	**766,286**	708,490
– Third parties	**1,273,783**	849,129
Bill receivables		
– Related parties	**1,568**	9,865
– Third parties	**11,697**	6,231
Less: loss allowance	**(31,343)**	(15,830)
	2,021,991	1,557,885

Aging analysis

As of the end of the reporting period, the aging analysis of trade and bill receivables, based on the invoice date, is as follows:

	At 30 June 2023 ***RMB'000*** **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Within 1 year	**1,890,549**	1,472,929
1 to 2 years	**121,596**	77,787
2 to 3 years	**31,778**	17,545
Over 3 years	**9,411**	5,454
	2,053,334	1,573,715
Less: loss allowance	**(31,343)**	(15,830)
Trade and bills receivable, net of loss allowance	**2,021,991**	1,557,885

9 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 30 June 2023 *RMB'000* (Unaudited)	At 31 December 2022 *RMB'000* (Audited)
Current		
Amounts due from related parties	**461,163**	546,355
Other receivables	**467,102**	547,261
	928,265	1,093,616
Less: loss allowance	**(10,655)**	(10,950)
Financial assets measured at amortised cost	**917,610**	1,082,666
Prepayments and deposits	**326,857**	327,827
	1,244,467	1,410,493
Non-current		
Prepayments	**1,711**	1,451

Note: Other receivables with third parties are unsecured, interest-free and repayable on demand. Prepayments, other receivables and other assets with related parties are interest-free.

10 TRADE PAYABLES

	At 30 June 2023 *RMB'000* (Unaudited)	At 31 December 2022 *RMB'000* (Audited)
Trade payables		
– Related parties	**90,181**	113,665
– Third parties	**1,243,716**	1,225,680
	1,333,897	1,339,345

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Within 1 year	**1,204,070**	1,208,093
1 to 2 years	**86,443**	89,714
2 to 3 years	**24,404**	22,151
Over 3 years	**18,980**	19,387
Total payables	**1,333,897**	1,339,345

11 OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Other payables and accruals		
– Related parties	**206,736**	258,566
– Third parties	**1,309,623**	1,314,719
	1,516,359	1,573,285
Dividend payable		
– Related parties	**553,845**	611,603
– Third parties	**197,434**	218,023
	751,279	829,626
Financial liabilities measured at amortised cost	**2,267,638**	2,402,911
Salaries payables	**1,247,991**	1,320,080
Deposits	**826,782**	748,745
Tax payables other than current income tax liabilities	**131,526**	179,331
	4,473,937	4,651,067

12 CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 June 2023 *RMB'000* (Unaudited)	At 31 December 2022 *RMB'000* (Audited)
Authorised:		
5,000,000,000 (2022: 5,000,000,000) ordinary shares of USD0.00001 each	**338**	338
Issued and fully paid:		
2,282,500,000 (2022: 2,282,500,000) ordinary shares of USD0.00001 each	**152**	152

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

	2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Audited)
Interim dividend declared after the interim period of RMB22.3 cents per ordinary share, equivalent to HK24.3 cents (2022: RMB12.7 cents per ordinary share, equivalent to HK14.5 cents)	**508,998**	299,328

The interim dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June 2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Audited)
Final dividend in respect of the previous financial year, approved during the interim period, of RMB31.2 cents per ordinary share, equivalent to HK35.7 cents (six months ended 30 June 2022: RMB27.6 cents per ordinary share, equivalent to HK33.9 cents)	**751,279**	661,719

(iii) On 21 December 2022, the Company declared a special dividend of RMB853,230,000 (equivalent to HK$928,749,000) for the year ended 31 December 2022.

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the business review and outlook of China Resources Mixc Lifestyle Services Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the half year ended 30 June 2023.

During the first half of the year, on the back of a complex international situation and a volatile macro environment, the Chinese government focused on maintaining stable growth, stabilizing employment and controlling risks, and intensified advancing the strategy of expanding domestic demand, continuously optimizing the virtuous cycle mechanisms along the whole chain of the consumption sector. With the consumer market constantly evolving towards a pattern characterized by an upgraded quality of consumer demand and an improvement and innovation in product supply, the domestic high-end and high-quality shopping mall segment is expected to trend upward in the long run. The property management industry is supported by the government's macro policies, and coupled with industry characteristics, is relatively strong in terms of stability and development resilience. With the adjustment of the real estate industry, the property management industry abandoned the rationale of pursuing only speed and scale and has entered a new stage of high-quality development. Leading property management companies seize the opportunities of industry transformation, actively explore the path of strategic upgrading, and break through the room for their own growth by "solidifying the foundation" through service upgrades, "making up for shortcomings" through high-quality operations, and "forging new segments" through sub-segment value tapping, thus seeking development with high-quality sustainability.

2023 is a crucial year that links up the previous achievements with the implementation of new initiatives for the Group's first five-year strategic plan. Since its listing, with opportunities brought about arising from the external environmental volatility, the Group has always adhered to the development philosophy of long-termism, customer orientation and steady operation, the strategic positioning of "quality urban lifestyle services platform" and the "2+1" integrated development business model. After two and a half years of market-oriented operations, the Group's business has grown rapidly, shareholders' return has steadily increased, and our high-quality products and services have become increasingly popular. Our leadership position in the commercial management industry has been further consolidated, our influence in the property management industry has continued to increase, and our membership program has yielded initial results. As a result, our presence and reputation in the capital market continue to improve. A unique and sound business model, professional operational and management capabilities as well as consumer recognition of the Company's brand are the core advantages and fundamental guarantees for the Group to achieve long-term sustainable development, and that they also lay a solid foundation for the Group to build and becoming a world-class enterprise.

During the first half of the year, in accordance with the business plan formulated at the beginning of the year, the Group maintained its strategic focus and seized the favorable opportunities brought by a recovering and improving economy and a steady consumption pickup, resolutely put into practice its capabilities for high-quality growth in scale and continuous improvement in business management, and actively promoted organizational reform, technological empowerment and other strategic measures, achieving practical results in all respects.

Adhering to strategic guidance in deepening concentration and expanding breadth. Standing firm on deepening the concentration of its commercial operational projects in core cities, the Group has cumulatively realized the layout of "one MIXC multi-MIXC ONE（一城多匯）" and "multi-MIXC multi-MIXC ONE（多城多匯）" across 17 cities, and the expansion of its geographical business coverage has thus quickened. During the period, 3[1] shopping malls were newly opened, and the first third-party luxury project Lanzhou MIXC was launched, realizing a new demonstration of light asset management for luxury shopping malls, with the number of luxury projects under management increasing to 12, ranking first in the industry. The Group newly signed 7 commercial light asset expansion projects, all of which are large-scale TOD projects in first – and second-tier cities. The Group's property management business adhered to high-quality development in actively promoting the transformation of urban space operation and business. During the period, our property management business's contracted GFA increased by 28.67 million sq.m. net. As of 30 June 2023, the Group's property management business covered 189 cities across China, with 325 million sq.m. GFA under management and 380 million sq.m. contracted GFA. The Group successfully built benchmark urban management demonstration projects at Sungang（筍崗）and Nanhu（南湖）in Shenzhen and benchmark integrated operation and service projects at Dong'an Lake（東安湖）in Chengdu and promoted them to the whole country. Driven by the benchmark projects, new urban space projects increased to 29 projects nationwide, with contracted value exceeding RMB0.4 billion. The management integration of the Zhongnan Services（中南服務）and Yuzhou Property（禹洲物業）M&A projects has been fully completed, with management fees saved and reduced and performance goals fulfilled.

Adhering to lean management in empowering high-quality growth. Adhering to lean management is the solid foundation for the Group to respond quickly to market changes, make adjustment flexibly and achieve high-quality growth. During the first half of the year, the Group's shopping mall business continued to further facilitate the strategy of "grabbing resources, seizing customers, capturing policies, and controlling costs". Our shopping malls under management realized retail sales of RMB84.1 billion, representing a year-on-year ("**YoY**") increase of 41.0%. Rental income from the property owners side was RMB10.5 billion, representing a YoY increase of 52.1%, and the operating profit margin from the property owners side increased by 9.4 percentage points YoY to 67.2%. The office building business continued to intensify the strategy of "stabilizing inventory and expanding growth", with the occupancy rate rising against the market to 83.8%, increasing by 3.1 percentage points as compared with the end of 2022. Through penetration and linkage of the headquarters, city companies and projects, our property management business achieved a consolidated collection rate[2] of 83.0%. Through group-wide lean cost management and control, the selling, general, and administrative expense has been significantly reduced, recording a YoY decrease of 1.1 percentage points to 8.0%.

1 Including Phase II projects.

2 Excluding the Yuzhou Property and Zhongnan Services M&A projects.

Adhering to a pioneering and innovative approach in promoting digital transformation. A pioneering and innovative approach is the only way for the Group to create the second growth curve and build a world-class enterprise. The Group will unwaiveringly move forward in the direction of "production technologization, operation digitalization, data capitalization, and space intelligentization". During the first half of the year, the Group's digital transformation focused on technology-based production. Our commercial management business focused on building a one-stop commercial management system and improving the commercial operational decision-making system, strengthening members' refined operations and online shopping capabilities. For the property management business, through the "Zhaoxi (朝昔)" system, we will focus on strengthening the construction of front-line operational tools and the online management capabilities of the middle and back offices, so as to improve the standardization level and work efficiency of property operation and management.

Adhering to a people-oriented approach in strengthening self-driven mechanisms. The Group firmly believes that "talents are the primary resources". By carrying out organizational reforms and strengthening self-driven mechanisms, the Group continues to pool, train and forge talents. During the first half of the year, the Group promoted organizational remodeling and implemented a "two-level" flat management structure to improve efficiency. We implemented internal competition for key positions and external recruitment as well as nationwide talents assignment to continuously optimize the talent structure. We built a reserve talent pool and, upholding the principle of picking out the best and weeding out the worst and guided by talent standards, fully rolled out talent training and cultivation. Through the reform of salary and incentives mechanism, we continued to stimulate organizational vitality by adopting a market-oriented approach with incentives tilted to the front line and key positions.

Adhering to long-termism in practicing sustainable development. Adhering to a customer-oriented approach and a high-quality service lifeline, the Group does not sacrifice quality for development while building a sustainable development ecology. During the first half of the year, the Group optimized customer experience by reconstructing the property management service grading system and the customer satisfaction reached 87.71 points, maintaining its leading position in the industry. Through consolidating quality resources, operating space of all property types, and providing high-quality services, we continued to attract more customers and partners. As of 30 June 2023, the total number of members of the Group's membership system was close to 40 million, and approximately 5.9 million members were added during the period. We actively fulfilled the social responsibilities of a central state-owned enterprise, promoting integration of the modern service industry into the building of beautiful villages to help revitalize the countryside. Our ESG governance structure has been improved with a sustainability committee established at the Board level, thus information disclosure is comprehensively strengthened. Our 2022 Sustainability Report won the "five-star" rating for the first time. The Group was selected into the CCTV's list of "China's Top 100 Pioneering Listed Companies in ESG", and was awarded the "Highest Rating in the Region (Asia-Pacific)" by Morningstar Sustainalytics.

During the first half of the year, the Group's performance was once again ahead of the industry. Our consolidated revenue amounted to RMB6.793 billion, representing a YoY increase of 28.7%, and our core net profit amounted to RMB1.422 billion, accounting for a YoY increase of 36.7%. Earnings per share relating to core net profit were RMB0.623, with a steady growth in various core performance indicators achieved. The Board resolved to declare an interim dividend of RMB0.223 (equivalent to HK$0.243) per share, representing a YoY increase of 75.6%, which has significantly boosted shareholders' returns.

Looking forward to the second half of the year, the Group believes that with the effective implementation of a series of precise and vigorous growth stabilization policies, China's economy will maintain a positive development trend and the quality of development will continue to improve. The Group will go all out to achieve a steady growth in corporate performance and an enhancement in shareholder value. We will actively integrate the commercial management business into the "dual cycle" development pattern to improve the control of core resources. We will optimize the refined operation system to improve operating efficiency. We will seize the opportunities of consumer infrastructure REITs to continuously strengthen high-quality external expansion efforts. We will kick start innovative attempts on self-operated cosmetics business to facilitate the positioning breakthroughs of projects under management, thereby firmly establishing our industry status as the "top commercial operation and service provider in terms of comprehensive strength". For the property management business, adhering to "quality growth in scale", we will increase direct market expansion and actively pay attention to the project acquisition opportunities in sub-segments. We will improve service capabilities, perfect customer channels, and enhance customer experience with high quality and efficiency. We will focus on urban public space services and commence the construction of a new batch of model projects to quicken the Group to become the most influential "urban space operation and service provider" in China. The Group will also continue to intensify organizational reform, strengthen its market-oriented incentive model, build its organizational capabilities along the whole value chain, continue to promote the implementation of core technology-based production projects in its main business, and improve the level of human resources efficiency.

In the medium to long term, China's economy has strong resilience and great potential, and its long-term positive fundamentals will remain unchanged. Industrial transformation, consumption upgrading, coordinated regional development, and in-depth urbanization all provide good opportunities for the high-quality development of the Group. Facing the second half of the "14th Five-Year Plan", the Group maintains its strategic focus and takes the creation of a world-class enterprise as its guiding principle, and organizational reform and incentive as its core drive. Our two main businesses, commercial management and property management, have achieved long-term and steady development, maintaining a leading position in terms of market capitalization. For the commercial management business, we will optimize the existing stock and solidify the real growth. The three major product lines of MIXC, MIXC ONE, and MIXC World have achieved comprehensive leadership in scale, efficiency and brand influence. For the property management business, adhering to the layout of segments guided by strategy and the development of scale, we will implement quality-oriented and efficient operations, and build core competitiveness by segment, continuously promoting the transformation of an urban space operation and service provider.

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!

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. Our residential property management services can be categorized as follows:

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

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

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

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

For shopping malls, the Group 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 30 June			
	2023 *(RMB'000)*	*%*	2022 *(RMB'000)*	*%*
Residential property management services				
Property management services	**3,449,621**	**50.8**	2,381,917	45.1
Value-added services to property developers	**407,328**	**6.0**	411,566	7.8
Community value-added services	**626,709**	**9.2**	560,362	10.6
Subtotal	**4,483,658**	**66.0**	3,353, 845	63.5
Commercial operational and property management services				
Shopping malls	**1,409,789**	**20.8**	1,172,592	22.2
Office buildings	**899,876**	**13.2**	751,291	14.3
Subtotal	**2,309,665**	**34.0**	1,923,883	36.5
Total	**6,793,323**	**100**	5,277,728	100.0

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

PROPERTY MANAGEMENT SERVICES

For the six months ended 30 June 2023, the Group's revenue from property management services amounted to RMB3,449.6 million, representing an increase of 44.8% as compared with the Prior Period, and accounting for 50.8% of our total revenue. The increase in revenue was mainly attributable to the company mergers and acquisitions and the increase in GFA under management brought by marketization and expansion. As of 30 June 2023, there were 1,605 managed residential and other non-commercial properties, representing an increase of 288 as compared to 30 June 2022; the aggregate GFA under management was 313.2 million sq.m., representing a year-on-year increase of 68.5 million sq.m..

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

	As of 30 June	
	2023	2022
Contracted GFA *(sq.m. in thousands)*	**366,080**	322,577
Number of projects for contracted GFA	**1,980**	1,609
GFA under management *(sq.m. in thousands)*	**313,158**	244,699
Number of projects for GFA under management	**1,605**	1,317

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 30 June/for the six months ended 30 June					
	2023			2022		
	GFA under management *(sq.m. in thousands)*	**Number of projects**	**Revenue *(RMB'000)***	GFA under management *(sq.m. in thousands)*	Number of projects	Revenue *(RMB'000)*
CR Land	**124,124**	**687**	**1,799,320**	101,210	617	1,529,785
China Resources (Holdings) Company Limited ("**CRH**"), its holding companies, and their respective subsidiaries (collectively, "**CR Group**") and third-party developers	**189,034**	**918**	**1,650,301**	143,489	700	852,132
Total	**313,158**	**1,605**	**3,449,621**	244,699	1,317	2,381,917

VALUE-ADDED SERVICES TO PROPERTY DEVELOPERS

For the six months ended 30 June 2023, the Group recorded revenue generated from value-added services to property developers of RMB407.3 million, decreased by 1.0% as compared with the Prior Period and accounting for 6.0% of our total revenue. Such decrease was mainly affected by the overall development and delivery progress of the developers, with a slight decrease in the revenue of value-added services to the developers such as property preparation and marketing services.

COMMUNITY VALUE-ADDED SERVICES

For the six months ended 30 June 2023, the Group recorded revenue generated from community value-added services of RMB626.7 million, increased by 11.8% as compared with the corresponding period of last year, and accounting for 9.2% of our total revenue. Such increase was attributable to the rapid growth of the Group's renovation services and "Choice of CR MIXC"（潤物直選）businesses provided to property residents, relying on the competitive industrial resources of CR Group and CR Land.

COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

SHOPPING MALLS

For the six months ended 30 June 2023, the Group's revenue from the commercial operational and property management services provided to shopping malls amounted to RMB1,409.8 million, representing an increase of 20.2% as compared with the Prior Period, and accounting for 20.8% of the total revenue. As of 30 June 2023, the Group provided commercial operational services to 85 opened shopping mall projects with an aggregate GFA of 9.1 million sq.m., a vast majority of which were also receiving our property management services. In addition, the Group has three opened shopping mall subleasing projects as of 30 June 2023.

81.6% of the segment revenue was generated from the provision of commercial operational services and property management services to shopping malls, with the remaining revenue derived 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 30 June	
	2023	2022
Contracted GFA *(sq.m. in thousands)*	**16,276**	14,192
Number of projects for contracted GFA	**150**	133
GFA of projects opened *(sq.m. in thousands)*	**9,143**	7,935
Number of projects opened	**85**	72

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 30 June/for the six months ended 30 June					
	2023			2022		
	GFA under management *(sq.m. in thousands)*	**Number of projects**	**Revenue *(RMB'000)***	GFA under management *(sq.m. in thousands)*	Number of projects	Revenue *(RMB'000)*
CR Land	**7,846**	**68**	**1,057,774**	6,992	59	899,530
CR Group and third-party developers	**1,297**	**17**	**92,217**	943	13	104,689
Total	**9,143**	**85**	**1,149,991**	7,935	72	1,004,219

OFFICE BUILDINGS

For the six months ended 30 June 2023, the Group's revenue from the commercial operational and property management services to office buildings was RMB899.9 million, representing an increase of 19.8% as compared with the Prior Period, and accounted for 13.2% of the total revenue. As of 30 June 2023, the Group provided commercial operational services for 26 office buildings with an aggregate GFA of 1.7 million sq.m., and property management services for 156 office buildings with an aggregate GFA of 11.64 million sq.m.

92.4% 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 our contracted GFA and GFA under management of office buildings as of the dates indicated:

	As of 30 June	
	2023	2022
Commercial operational services		
Contracted GFA *(sq.m. in thousands)*	**2,025**	2,041
Number of projects for contracted GFA	**31**	32
GFA of the commercial operational services *(sq.m. in thousands)*	**1,694**	1,622
Number of projects for commercial operational services	**26**	24
Property management services		
Contracted GFA *(sq.m. in thousands)*	**14,140**	11,261
Number of projects for contracted GFA	**179**	148
GFA of the property management services *(sq.m. in thousands)*	**11,638**	8,710
Number of projects for property management services	**156**	128

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 30 June/for the six months ended 30 June					
	2023			2022		
	GFA under management ***(sq.m. in thousands)***	**Number of projects**	**Revenue** ***(RMB'000)***	GFA under management *(sq.m. in thousands)*	Number of projects	Revenue *(RMB'000)*
Commercial operational services						
CR Land	**1,255**	**20**	**48,835**	1,183	18	42,518
CR Group and third-party developers	**439**	**6**	**19,802**	439	6	11,636
Total	**1,694**	**26**	**68,637**	1,622	24	54,154
Property management services						
CR Land	**8,502**	**86**	**618,917**	6,926	83	516,030
CR Group and third-party developers	**3,136**	**70**	**212,322**	1,784	45	181,107
Total	**11,638**	**156**	**831,239**	8,710	128	697,137

OUTLOOK

ACCELERATING EXPANSION AND PROMOTING 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 targeted operation scale and profitability. Meanwhile, the Group will focus on its core cities, taking advantage of its business network in cities with business presence already established and the brand advantages to penetrate regional market. Property management will focus on the residential, office and urban public space segments, while commercial operation services will focus on the mid-to-high-end segments. The Group will strive to secure quality projects from third parties to enhance market share and realize economies of scale.

The Group will continue to work with CR Land to win new engagements of property management and commercial operational services for residential properties and commercial properties developed or owned by CR Land for a stable expansion of our business. The Group also plans to undertake management services engagements relating to properties owned by CR Group, such as industrial parks and factories. In addition, the Group plans to seize new business opportunities from CR Group and CR Land to help us expand into new property segments and strengthen the Company's platform.

MAINTAINING HIGH-QUALITY SERVICES TO CUSTOMERS AND IMPROVING PROFESSIONAL OPERATION AND MANAGEMENT

The Group adheres to the principle of high-quality services. Riding on years of professional experience accumulated in the 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 continuous improvement of customer experience. Meanwhile, we aim to introduce more CR Group and CR Land's services and resources to the Company's managed properties so as to bring more value to our customers. In addition, we will also leverage on our advantages on "space, customer and resource" to construct an integrated ecosystem featured with all segments, all customers, all products and full spectrum of service offerings with the goal of becoming the creator of urban ecological services and better life of people.

PURSUING STRATEGIC INVESTMENTS IN THE COMPANY'S ECOSYSTEM

The Group plans to pursue strategic investments in national or regional service providers with specialized businesses that are synergistic with our business 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 our customer base.

DEVELOPING 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 through creating value and growth opportunities, and continue to enhance the functionality of our membership programs to capture members' interest in our products and services offered under the membership programs, enhance their loyalty and further attract new users to our ecosystem in an efficient manner. We will also consolidate our membership programs, which allows us to fully understand the needs of users, enrich the options for the interests of the members, improve customers' cross platform experience, and realize cross-segment customer diversion. We will actively leverage on the Group's membership programs to promote our corporate brand and enhance our brand image and customer loyalty.

ACTIVELY PROMOTING TECHNOLOGY EMPOWERMENT, CONTINUING TO ENHANCE SERVICE UPGRADE AND EFFICIENCY IMPROVEMENT

The Group plans to promote digitization initiatives of "technology enabling production, operation digitization, data capitalization and space intelligentization" 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 of our digitized service platforms under commercial management business, such as "E-MIXC（一點萬象）" app, to reconstruct and improve the system for the core property management business and create a unique experience for our users.

ADHERING TO THE PEOPLE ORIENTATION AND DEEPENING ORGANIZATIONAL REFORMS TO PROVIDE ORGANIZATIONAL SAFEGUARDS FOR HIGH-QUALITY AND LARGE-SCALE DEVELOPMENT

The Group adheres to the people orientation and continues to deepen organizational reforms and strengthen self-driven mechanisms to gather, nurture and forge talents. The Group will also strengthen its market-based incentive model to better align the interests of its employees with those of the Company and continue to stimulate the vitality of the organization. In addition, the Group plans to enhance the sense of pride, mission and professionalism of its employees through the promotion of corporate culture.

FINANCIAL REVIEW

REVENUE

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

During the six months ended 30 June 2023, the Group's revenue amounted to RMB6,793.3 million, representing an increase of 28.7% as compared with the Prior Period. Such increase was primarily due to (i) the considerable growth in results caused by the consolidation of the financial statements of the companies acquired and the 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 scale of the shopping malls under management and the improvement in performance.

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 six months ended 30 June 2023, the Group's cost of sales amounted to RMB4,540.5 million, representing an increase of 25.9% as compared with the corresponding period of last year. Such increase 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 six months ended 30 June 2023, the gross profit of the Group amounted to RMB2,252.8 million, representing a YoY increase of 34.7%, and the gross profit margin was 33.2%, representing an increase of 1.5 percentage points as compared with the Prior Period.

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

	For the six months ended 30 June			
	2023		2022	
	Gross profit *(RMB'000)*	**Gross profit margin *%***	Gross profit *(RMB'000)*	Gross profit margin *%*
Residential property management services				
Property management services	**538,948**	**15.6**	358,957	15.1
Value-added services to property developers	**159,779**	**39.2**	159,661	38.8
Community value-added services	**203,007**	**32.4**	185,652	33.1
Subtotal	**901,734**	**20.1**	704,270	21.0
Commercial operational and property management services				
Shopping malls	**1,011,833**	**71.8**	722,504	61.6
Office buildings	**339,237**	**37.7**	245,692	32.7
Subtotal	**1,351,070**	**58.5**	968,196	50.3
Total	**2,252,804**	**33.2**	1,672,466	31.7

For the six months ended 30 June 2023, the gross profit margin of residential property management services was 20.1%, with a YoY decrease of 0.9 percentage point. The decrease was mainly due to the decrease in the proportion of the income of value-added service to the income of residential property management service, which has a higher gross profit margin among the Group's segments, as compared with the Prior Period.

For the six months ended 30 June 2023, the gross profit margin of commercial operational and property management services was 58.5%, with a YoY increase of 8.2 percentage points, which is attributable to the improvement in leverage effect of business operation services and the increase in gross profit margin driven by the continuous increase of income, allowing us to improve cost efficiency.

GAIN ON CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

For the six months ended 30 June 2023, the Group recorded gain on changes in fair value of investment properties of RMB21.5 million, which was mainly related to the valuation change of the Group's subleasing projects, namely Shenzhen Buji MIXONE, Lanzhou MIXC and Shenzhen Longgang Universiade project.

OTHER INCOME AND GAINS

For the six months ended 30 June 2023, the Group recorded other income and gains of RMB261.5 million, representing a decrease of 8.1% as compared with the Prior Period, which was mainly attributable to the decrease in the operating subsidies received by the Group of "Three Supplies and Property Management (三供一業)" projects as compared with the Prior Period.

MARKETING EXPENSES

For the six months ended 30 June 2023, the Group recorded marketing expenses of RMB108.8 million, representing an increase of 105.3% as compared with the Prior Period, which was mainly due to the increase in expenses for market expansion as the Group devoted more effort in business expansion and the newly opened subleasing projects.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2023, our administrative expenses was RMB436.5 million, representing an increase of 1.6% as compared with the Prior Period, which was primarily attributable to the increased staff costs and office expenses as a result of the Group's business expansion. Benefited from the continuing measures of cost control and efficiency improvement, administrative expenses as a percentage of revenue decreased by 1.7 percentage points as compared with that in the Prior Period.

INCOME TAX EXPENSES

For the six months ended 30 June 2023, the Group's effective taxation rate was 26.4%, which decreased by 0.4 percentage point as compared with the Prior Period.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2023, the Group's net profit was RMB1,409.0 million, which increased by 36.8% as compared with the Prior Period.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2023, the Group's total bank deposits and cash (including restricted bank deposits) were mainly held in RMB and amounted to RMB12,720.3 million, which is basically the same as that of the end of last year.

GEARING RATIO

For the six months ended 30 June 2023, the Group's gearing ratio was 43.1%, representing a decrease of 1.5 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

As at the date of this announcement, the Group has no other material income, disposals, significant investments and future plans for material investments.

PROCEEDS OF THE LISTING

The shares of the Company were successfully listed on the Stock Exchange on 9 December 2020 (the "**Listing**"), with total net proceeds (including the proceeds from the full exercise of the over-allotment option) of the Listing amounted to approximately RMB11,600.4 million after deduction of the underwriting fees and other relevant offer-related expenses.

As at 30 June 2023, RMB3,864.1 million of the net proceeds of the Listing had been utilized. The remaining amounts were held by way of bank deposits with licensed banks in Hong Kong or the PRC and are intended to be used in the manner set out in the Prospectus.

Business objective as stated in the Prospectus		Proportion	Planned use of net proceeds *RMB million*	Proceeds unused as of 31 December 2022 *RMB million*	Actual use of net proceeds during the six months ended 30 June 2023 *RMB million*	Proceeds unused as of 30 June 2023 *RMB million*	Expected timeline for fully utilizing the remaining net proceeds from the Listing
(i)	Making strategic investments and acquisitions to expand our property management and commercial operational businesses	60%	6,960.3	5,457.4	456.9	5,000.5	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	1,527.6	115.9	1,411.7	By December 2025
(iii)	Investing in information technology systems and smart communities	15%	1,740.1	1,392.1	68.0	1,324.1	By December 2025
(iv)	Working capital and general corporate uses	10%	1,160.0	–	–	–	N/A
		100%	11,600.4	8,377.1	640.8	7,736.3	

Note:

1. The sum of the data may not add up to the total due to rounding.

PROPERTY HELD FOR INVESTMENT

For the six months ended 30 June 2023, three of the properties of the Group, namely Shenzhen Buji MIXONE, Lanzhou MIXC and Shenzhen Longgang Universiade project, were recognized as the investment properties under HKFRS 16 in the consolidated statement of financial position, and the relevant percentage ratios of such investment properties exceed 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, Lanzhou MIXC is located at No.2, Qingyang Road, Chengguan District, Lanzhou, Gansu Province, the PRC, and Shenzhen Longgang Universiade project is located in Huanggekeng Community, Longcheng Street, Longgang District, Shenzhen, Guangdong Province, the PRC. They are currently used for commercial subleasing services and are held under long-term leases. During the effective term of the lease contracts, the lessors have no right to unilaterally terminate the contracts 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 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

PLEDGE OF ASSETS

As of 30 June 2023, the Group had no pledge of assets (31 December 2022: 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 30 June 2023, non-RMB assets and liabilities mainly included cash of HK$59.9 million and US$9,912.52. The management believes 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.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

The Company entered into the following loan agreement which has 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 is able to control the Company.

- A revolving loan facility letter for a facility in an aggregate amount of up to HKD600,000,000 with a maturity date of 12 months was entered into on 20 October 2021, details of which had been disclosed in the announcement dated 20 October 2021. The Company has undertaken 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. The revolving loan facility letter has been renewed on the same terms on 20 October 2022 with the maturity date having been extended for 12 months.

SUBSEQUENT EVENTS

Since 30 June 2023 and up to the date of this announcement, the Group had no significant events occurred which would have a material impact on the performance and the value of the Group.

EMPLOYEE AND COMPENSATION POLICY

As of 30 June 2023, the Group had 39,824 full time employees in Chinese Mainland and Hong Kong. The Group remunerates its employees based on their performance, working experience and market salary levels. In addition, performance bonus is granted on a discretionary basis. Other employee benefits include social insurance, housing provident fund, insurance and medical coverage.

CORPORATE GOVERNANCE PRACTICES

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 contained in Appendix 14 to the Listing Rules (the "**CG Code**"). 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.

During the six months ended 30 June 2023, the Company has established a sustainability committee, which shall be responsible for monitoring the Company's policies, practices and performance on matters in relation to environment, society and governance, etc., and evaluating and advising the Board on matters concerning the Company's sustainability developments and risks.

The Board is of the view that throughout the six months ended 30 June 2023, the Company has complied with all the code provisions as set out in the CG Code except for Code Provision F.2.2. Code Provision F.2.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. Mr. LI Xin (the chairman of the Board) was unable to attend the annual general meeting of the Company on 6 June 2023 due to other business commitments; Mr. YU Linkang, an executive Director, was appointed to chair the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made by the Company to all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE AND AUDITOR

Interim results for the six months ended 30 June 2023 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. LO Wing Sze and Mr. GUO Shiqing). The unaudited interim financial information of the Group for the six months ended 30 June 2023 had been reviewed by the Company's independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND, RECORD DATE AND CURRENCY ELECTION

The Board has resolved to declare an interim dividend of HK$0.243 (equivalent to RMB0.223) per share ("**2023 Interim Dividend**") for the six months ended 30 June 2023 payable on or around 27 October 2023 to shareholders whose names appear on the register of members of the Company on 15 September 2023.

The 2023 Interim Dividend will be payable in cash to each shareholder 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 2023 Interim Dividend in RMB at the exchange rate of HKD1.0: RMB0.9173, 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 29 August 2023. If shareholders elect to receive the 2023 Interim Dividend in RMB, such dividend will be paid to shareholders at RMB0.223 per share. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders in September 2023 as soon as practicable after the record date of 15 September 2023 to determine shareholders' entitlement to the 2023 Interim Dividend, and lodge it with the Hong Kong branch share registrar of the Company, 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 9 October 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 honoured for payment upon presentation outside of Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on or around 27 October 2023 at the shareholders' own risk.

If no duly completed dividend currency election form in respect of that shareholder is received by the branch share registrar of the Company by 4:30 p.m. on 9 October 2023, such shareholder will automatically receive the 2023 Interim Dividend in HKD. All dividend payments in HKD will be made in the usual ways on or around 27 October 2023.

If shareholders wish to receive the 2023 Interim Dividend in HKD in the usual manner, 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 14 September 2023 to 15 September 2023 during which period no transfer of shares will be effected. In order to qualify for the 2023 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Tricor Investors Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 13 September 2023.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30 June 2023 containing the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company (http://www.crmixclifestyle.com.cn) in due course.

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

The PRC, 29 August 2023

As of the date of this announcement, the Board of directors of the Company comprises Mr. LI Xin (Chairman) and Mr. GUO Shiqing as non-executive directors, Mr. YU Linkang, Mr. WANG Haimin, Ms. WEI Xiaohua and Mr. NIE Zhizhang as executive directors, and Mr. LAU Ping Cheung Kaizer, Mr. CHEUNG Kwok Ching, Mr. CHAN Chung Yee Alan and Ms. LO Wing Sze 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.