华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 2023

## HIGHLIGHTS

For the year ended 31 December 2023, revenue for the year amounted to Renminbi ("**RMB**") 14.77 billion, representing a year-on-year ("**YoY**") growth of 22.9%, of which RMB9.60 billion was generated from the residential property management services segment, representing a YoY growth of 23.1%, and RMB5.17 billion was generated from the commercial operational and property management services segment, representing a YoY growth of 22.6%.

For the year ended 31 December 2023, gross profit for the year amounted to RMB4.69 billion, representing a YoY growth of 30.0%. Gross profit margin increased from 30.1% in 2022 to 31.8% in 2023.

For the year ended 31 December 2023, profit attributable to shareholders amounted to RMB2.93 billion, representing a YoY growth of 32.8%. Core profit attributable to shareholders (excluding revaluation gain from investment properties, amortisation of intangible assets – customer relationships, gain on changes in fair value of financial liabilities measured at fair value through profit or loss and associated deferred tax impact) reached RMB2.92 billion, representing a YoY growth of 31.2%.

As at 31 December 2023, the gross floor area ("**GFA**") under management for which the Group provided property management services was 370.2 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 98 and 26, respectively, and the Group has 3 opened shopping mall subleasing projects.

For the year ended 31 December 2023, profit per share attributable to shareholders for the year amounted to RMB128.3 cents, and the Company's core profit per share attributable to shareholders amounted to RMB127.9 cents.

The Board has recommended the declaration of a final dividend of RMB48.1 cents per share, representing a YoY increase of 54.2%.

The board (the "**Board**") of directors (the "**Directors**") 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 2023 (the "**Year**") as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2023
*(Expressed in Renminbi)*

| | *Notes* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Revenue** | *3(b)* | **14,766,952** | 12,016,179 |
| Cost of sales | | **(10,072,674)** | (8,405,245) |
| Gross profit | | **4,694,278** | 3,610,934 |
| Gain on changes in fair value of investment properties | | **39,353** | 43,260 |
| Other income and gains | *4* | **576,502** | 579,899 |
| Marketing expenses | | **(284,707)** | (151,232) |
| Administrative expenses | | **(949,805)** | (1,052,763) |
| Other expenses | | **(48,944)** | (37,939) |
| Finance costs | | **(117,202)** | (87,224) |
| Share of profit of interest in an associate | | **4** | 595 |
| Share of profit of interest in a joint venture | | **2,645** | 623 |
| **Profit before tax** | | **3,912,124** | 2,906,153 |
| Income tax expenses | *5* | **(969,484)** | (692,905) |
| **Profit and total comprehensive income for the year** | | **2,942,640** | 2,213,248 |
| Attributable to: | | | |
| Equity shareholders of the Company | | **2,928,749** | 2,206,126 |
| Non-controlling interests | | **13,891** | 7,122 |
| **Profit and total comprehensive income for the year** | | **2,942,640** | 2,213,248 |
| **Earnings per share** | *6* | | |
| Basic and diluted for the year | | **RMB128.3 cents** | RMB96.7 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in Renminbi)*

| | *Notes* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **551,857** | 569,133 |
| Investment properties | | **3,788,000** | 3,366,000 |
| Intangible assets | | **1,573,593** | 1,470,018 |
| Right-of-use assets | | **112,161** | 102,524 |
| Goodwill | | **1,900,340** | 1,804,719 |
| Interest in an associate | | **599** | 595 |
| Interest in a joint venture | | **3,703** | 1,058 |
| Deferred tax assets | | **117,122** | 124,604 |
| Prepayments, other receivables and other assets | | **15,595** | 1,451 |
| Time deposits | | **202,097** | 2,558,608 |
| Total non-current assets | | **8,265,067** | 9,998,710 |
| **Current assets** | | | |
| Inventories | | **202,745** | 147,973 |
| Trade and bill receivables | *7* | **1,995,595** | 1,557,885 |
| Prepayments, other receivables and other assets | *8* | **1,620,537** | 1,410,493 |
| Restricted bank deposits | | **66,613** | 129,949 |
| Time deposits | | **4,052,766** | – |
| Cash and cash equivalents | | **11,580,159** | 12,592,832 |
| Total current assets | | **19,518,415** | 15,839,132 |
| **Current liabilities** | | | |
| Trade payables | *9* | **1,546,118** | 1,339,345 |
| Other payables and accruals | *10* | **4,121,078** | 4,651,067 |
| Contract liabilities | | **2,171,612** | 1,831,887 |
| Lease liabilities | | **151,786** | 99,755 |
| Financial liabilities at fair value through profit or loss | | **114,025** | – |
| Current taxation | | **235,088** | 117,507 |
| Total current liabilities | | **8,339,707** | 8,039,561 |
| **Net current assets** | | **11,178,708** | 7,799,571 |
| **Total assets less current liabilities** | | **19,443,775** | 17,798,281 |

| | *Notes* | **2023** | 2022 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current liabilities** | | | |
| Lease liabilities | | **2,267,323** | 2,301,962 |
| Financial liabilities at fair value through profit or loss | | **221,131** | 390,860 |
| Other liabilities | | **13,238** | 14,335 |
| Deferred tax liabilities | | **906,033** | 765,392 |
| Total non-current liabilities | | **3,407,725** | 3,472,549 |
| **NET ASSETS** | | **16,036,050** | 14,325,732 |
| **EQUITY** | | | |
| Share capital | *11(a)* | **152** | 152 |
| Reserves | | **15,948,084** | 14,279,577 |
| **Equity attributable to equity shareholders of the Company** | | **15,948,236** | 14,279,729 |
| Non-controlling interests | | **87,814** | 46,003 |
| TOTAL EQUITY | | **16,036,050** | 14,325,732 |

# NOTES TO FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

## 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 year, the Group was mainly engaged in the provision of residential property management services and commercial operational and property management services in Chinese Mainland.

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 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 Chinese Mainland.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Basis of preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value.

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### (b) Changes in accounting policies

The HKICPA has issued the following new and amended HKFRSs that are first effective for current accounting period of the Group of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 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 excluding gain on changes in fair value of financial liabilities measured at fair value through profit or loss, share of loss of a joint venture, administration expenses, and other expenses. Segment revenues and results are the measures reported to the CODM for the purposes of resource allocation and performance assessment.

The Group has restated segment information comparative figures to conform with the presentation in the current year.

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

**Year ended 31 December 2023**

| | 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 | **672,354** | **17,812** | **690,166** |
| Recognised over time | **8,898,480** | **4,699,231** | **13,597,711** |
| | **9,570,834** | **4,717,043** | **14,287,877** |
| Revenue from other sources | | | |
| Rental income | **29,778** | **449,297** | **479,075** |
| Revenue from external customers | **9,600,612** | **5,166,340** | **14,766,952** |
| Segment results | **1,729,125** | **2,950,541** | **4,679,666** |
| Share of profit of interest in a joint venture | | | **2,645** |
| Share of profit of interest in an associate | | | **4** |
| Other income and gains | | | **525,519** |
| Unallocated finance costs | | | **(12,254)** |
| Unallocated expenses | | | **(1,283,456)** |
| Profit before tax | | | **3,912,124** |
| **Capital expenditure*** | **235,028** | **346,646** | **581,674** |

* The capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

**Year ended 31 December 2022**

| | 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 | 674,609 | – | 674,609 |
| Recognised over time | 7,104,614 | 3,927,177 | 11,031,791 |
| | 7,779,223 | 3,927,177 | 11,706,400 |
| Revenue from other sources | | | |
| Rental income | 22,831 | 286,948 | 309,779 |
| Revenue from external customers | 7,802,054 | 4,214,125 | 12,016,179 |
| Segment results | 1,472,787 | 2,098,956 | 3,571,743 |
| Share of profit of interest in a joint venture | | | 623 |
| Share of profit of interest in an associate | | | 595 |
| Other income and gains | | | 579,899 |
| Unallocated expenses | | | (1,241,934) |
| Unallocated finance costs | | | (4,773) |
| Profit before tax | | | 2,906,153 |
| **Capital expenditure*** | 101,557 | 19,488 | 121,045 |

* The capital expenditure consists of additions to property, plant and equipment and intangible assets.

*(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 all non-current assets of the Group are located in Chinese Mainland.

**(b) Revenue**

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| **Revenue from contracts with customers** | | |
| **Residential property management services** | | |
| – Property management services | **7,245,377** | 5,572,668 |
| – Community value-added services | **1,188,638** | 841,089 |
| – Value-added services to property developers | **828,883** | 973,404 |
| – Sales of goods, car parks and others | **307,936** | 392,062 |
| | **9,570,834** | 7,779,223 |
| **Commercial operational and property management services** | | |
| – Shopping malls | **2,789,010** | 2,195,375 |
| – Office buildings | **1,928,033** | 1,731,802 |
| | **4,717,043** | 3,927,177 |
| **Total revenue from contracts with customers** | **14,287,877** | 11,706,400 |
| **Revenue from other sources** | | |
| **Gross rental income** | | |
| – Variable lease payments that do not depend on an index or rate | **71,960** | 69,435 |
| – Other lease payments, including fixed payments | **407,115** | 240,344 |
| **Total revenue from other sources** | **479,075** | 309,779 |
| **Total revenue** | **14,766,952** | 12,016,179 |

For the year ended 31 December 2023, revenue from the ultimate holding company and the fellow subsidiaries (along with their respective joint ventures and associates) amounted to RMB4,409,618,000 (2022: RMB3,759,577,000). 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 the years ended 31 December 2023 and 2022.

## 4 OTHER INCOME AND GAINS

| | *Notes* | **2023** **_RMB'000_** | 2022 *RMB'000* |
|---|---|---|---|
| Interest income | | **395,186** | 424,580 |
| Government grants | *(i)* | **95,743** | 105,142 |
| Net gain on disposal of items of property, plant and equipment | | **3,559** | 452 |
| Operating subsidies | *(ii)* | **–** | 29,116 |
| Gain on changes in fair value of financial liabilities measured at fair value through profit or loss | | **50,983** | – |
| Others | | **31,031** | 20,609 |
| | | **576,502** | 579,899 |

*Notes:*

(i) Government grants received for which related expenditure has not yet been incurred are included in other liabilities the consolidated statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) In 2022, operating subsidies referred to cash received for managing certain property projects in relation to the reform of state-owned enterprises ("**SOE Reform Projects**").

## 5 INCOME TAX EXPENSES

### (a) Taxation in the consolidated statement of profit or loss represents:

| | **2023** **_RMB'000_** | 2022 *RMB'000* |
|---|---|---|
| Current taxation | **835,125** | 623,958 |
| PRC Land Appreciation Tax ("**LAT**") | **2,632** | 17,796 |
| Deferred taxation | **131,727** | 51,151 |
| Total tax charge for the year | **969,484** | 692,905 |

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.

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 year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the year ended 31 December 2023 (2022: Nil).

Subsidiaries of the Group operating in Chinese Mainland are generally subject to the People's Republic of China ("**the PRC**") Corporate Income Tax ("**CIT**") rate of 25% (2022: 25%) for the year ended 31 December 2023, excluding certain subsidiaries of the Group in Chinese Mainland which are either located in western cities or qualified as Small and Micro Enterprises and were subject to a preferential income tax rate of 15% for the year ended 31 December 2023.

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 the PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

## 6 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 RMB2,928,749,000 (2022: RMB2,206,126,000) and the weighted average of ordinary shares of 2,282,500,000 (2022: 2,282,500,000 ordinary shares) in issue during the year.

### (b) Diluted earnings per share

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 7 TRADE AND BILL RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | | |
| Related parties | **878,178** | 708,490 |
| Third parties | **1,195,366** | 881,360 |
| | **2,073,544** | 1,589,850 |
| Bill receivables | | |
| Related parties | **777** | 9,865 |
| Third parties | **3,762** | 6,231 |
| | **4,539** | 16,096 |
| Less: loss allowance | **(82,488)** | (48,061) |
| | **1,995,595** | 1,557,885 |

Trade and bill receivables mainly arise from property management services managed on a lump sum basis and value-added services.

Property management service income on a lump sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the property owners upon rendering of services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade and bill receivables related to related parties, single customers or a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bill receivable balances. Trade and bill receivables are non-interest bearing.

**Aging analysis**

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **1,901,026** | 1,487,605 |
| 1 to 2 years | **132,195** | 80,701 |
| 2 to 3 years | **28,948** | 22,121 |
| Over 3 years | **15,914** | 15,519 |
| | **2,078,083** | 1,605,946 |
| Less: loss allowance | **(82,488)** | (48,061) |
| Trade and bills receivable, net of loss allowance | **1,995,595** | 1,557,885 |

The movements in the loss allowance for impairment of trade and bill receivables are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **48,061** | 8,935 |
| Acquisition of subsidiaries | **3,105** | 32,231 |
| Impairment losses | **32,160** | 6,895 |
| Written off during the year | **(838)** | – |
| At end of year | **82,488** | 48,061 |

## 8 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | 2023<br>RMB'000 | 2022<br>RMB'000 |
|---|---|---|
| *Current* | | |
| Prepayments | **299,674** | 215,820 |
| Deposits | **73,341** | 48,331 |
| Other receivables | **601,105** | 556,225 |
| Amounts due from related parties | **675,453** | 610,031 |
| | **1,649,573** | 1,430,407 |
| Less: loss allowance | **(29,036)** | (19,914) |
| | **1,620,537** | 1,410,493 |
| *Non-current* | | |
| Prepayments | **15,595** | 1,451 |

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, interest-free and repayable on demand. Other receivables with related parties are interest-free.

The movements in the loss allowance for impairment of other receivables are as follows:

| | 2023<br>RMB'000 | 2022<br>RMB'000 |
|---|---|---|
| At beginning of year | **19,914** | 5,080 |
| Acquisition of subsidiaries | **2,094** | 8,964 |
| Impairment losses | **7,028** | 5,870 |
| At end of year | **29,036** | 19,914 |

## 9 TRADE PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | | |
| Related parties | **83,808** | 113,665 |
| Third parties | **1,462,310** | 1,225,680 |
| | **1,546,118** | 1,339,345 |

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **1,443,103** | 1,208,093 |
| 1 to 2 years | **60,564** | 89,714 |
| 2 to 3 years | **22,136** | 22,151 |
| Over 3 years | **20,315** | 19,387 |
| | **1,546,118** | 1,339,345 |

## 10 OTHER PAYABLES AND ACCRUALS

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other payables and accruals | | |
| Related parties | **311,027** | 258,566 |
| Third parties | **2,288,069** | 2,063,464 |
| | **2,599,096** | 2,322,030 |
| Dividend payable | | |
| Related parties | **–** | 611,603 |
| Third parties | **–** | 218,023 |
| | **–** | 829,626 |
| Salaries payable | **1,369,988** | 1,320,080 |
| Tax payables other than current income tax liabilities | **151,994** | 179,331 |
| | **4,121,078** | 4,651,067 |

*Notes:*

(a) Other payables and accruals with third parties are unsecured, interest-free and repayable on demand. The fair values of other payables at the end of each of the reporting period approximated to their corresponding carrying amounts.

(b) The amounts due to third parties includes the payable related to "Three Supplies and Property Management Projects", construction of properties on behalf of property owners and projects managed on commission basis.

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Authorised: | | |
| 5,000,000,000 (2022: 5,000,000,000) ordinary shares of US$0.00001 each | **338** | 338 |
| Issued and fully paid: | | |
| 2,282,500,000 (2022: 2,282,500,000) ordinary shares at US$0.00001 each | **152** | 152 |

### (b) Dividends

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interim dividend declared after the interim period of RMB22.3 cents per ordinary share, equivalent to HK24.3 cents cents per ordinary share (2022: RMB12.7 cents per ordinary share, equivalent to HK14.5 cents) | **508,963** | 299,328 |
| Final declared after the year of RMB48.1 cents per ordinary share (2022: RMB31.2 cents per ordinary share, equivalent to HK35.7 cents) | **1,097,883** | 711,100 |

The final 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 year

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Final dividend in respect of the previous financial year, approved during the year, of RMB31.2 cents per ordinary share, equivalent to HK35.7 cents (six months ended 31 December: 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 the Group for the year ended 31 December 2023.

In 2023, China's economy rebounded with stable high-quality development. The Chinese government highly underscores the increase of domestic demand while stabilising growth, and gave priority to restoring and expanding consumption. Various efforts to increase the income of residents, improve the consumption environment and boost consumer confidence has strongly promoted the sustained recovery of consumption, with the scale of consumption hitting a new high. At the same time, consumer spending has shown a trend of accelerated stratification, with domestic high-end consumption under short-term pressure and high-quality consumption being expanded and improved. Such customer segmentation, coupled with consumption resilience, highlights the structural opportunities. The property management industry is entering a stage of high-quality development, and the direction of strategic transformation of the leading property management enterprises is gradually becoming clearer, i.e. expanding business scale and diversifying business portfolio to stabilise the growth fundamentals; polishing management and accelerating the application of technology to maximise system efficiency; and improving services, upgrading professional capacity for deepened development and establishing a positive circulation of scale and efficiency by various measures.

Since its Listing, the Group has established a distinct stable mode of business in a strategy-oriented manner, with continuously consolidated leading position in the industry and strong momentum for high-quality development, which lays a solid foundation for the establishment of "China's most influential asset-light management company" and the "development of a world-class enterprise". In 2023, the Group conducted a comprehensive interim review of the "14th Five-Year Plan", and deepened and revised the strategic planning for the second half of the "14th Five-Year Plan". The Group will maintain its strategic focus, adhere to the "2+1" integrated business mode, clearly define the specialised development of commercial management and property management as our two major segments, firmly implement two supporting systems, including "high-quality scale development" and "high-quality and efficient operation", and continue to optimise our three major development engines, including "organisational change and motivation", "technological empowerment" and "strategic merger and acquisition". In 2023, the Group pushed forward various strategic initiatives and achieved concrete results.

**Steady growth and expanded scale.** The Group continues to consolidate its industry-leading position in respect of the commercial management segment. As of the end of 2023, the number of shopping malls under the Group's management reached the milestone of "100 MALLs" to 101 and realised retail sales of RMB181.2 billion, representing a YoY growth of 43.3%, of which 13 are luxury shopping centres, ranking first in the industry. The Group newly signed 14 commercial light asset expansion projects, all being large-scale transit-oriented development ("**TOD**") projects in first and second-tier cities and the number of shopping centres in reserve reached 83. The property management segment remained in the first echelon of the industry, with further improvement in both scale and quality of market expansion, reflecting the Group's determination to transform into an urban space operation service provider. As of the end of 2023, the Group had GFA under management of 370 million sq.m. and contracted GFA of 425 million sq.m., covering 171 cities across the country. During the year, the Group expanded its urban space portfolio to 128[1] projects. With the high-quality development of model projects including Shenzhen Luohu City Keeper (城市管家), Chengdu Dong'an Lake Park and Xi'an Olympic Sports Centre, the Group's influence in the industry was further improved. Our membership program has been promoted steadily with an increasing size. As of the end of 2023, the total number of "MIXC Star" (萬象星) members exceeded 46.25 million, inclusive of approximately 12.25 million new members during the year. The Group has also further improved the cross-sector service experience with our independently-developed online cross-sector platform for our customers.

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1 Including industrial park projects

**Improve quality and efficiency to develop a new competitive edge.** The Group firmly believes that quality is a foundation while efficiency is a guarantee, and insists on winning the future with high quality and achieving "high-quality scale growth" with high efficiency. During the year, we consolidated the basic services, strengthened the featured services and updated the high-end services in respect of our shopping mall business in the commercial management segment, with consumer satisfaction remaining at a high level of 99.2 points. Besides, the Group deepened the strategy of "capturing resources, attracting customers, adopting favourable policies and controlling expenses" to fight for resources on a hierarchical basis and promote cost reduction and efficiency enhancement in a systematic manner. As a result, shopping malls under the management of the Group realised rental income from the property owners side of RMB22.0 billion, representing a YoY increase of 38.8%, with operating profit margin from the property owners side increased by 5.0 percentage points YoY to 64.7%. We deepened the strategy of "stabilising inventory and expanding growth" in respect of our office business, with occupancy increasing by 3.2 percentage points to 83.9%, compared with the end of 2022. In the property management sector, the Group reshaped the service grading system to optimise customer experience, with customer satisfaction of 88.32 points for the year, continuing to lead the industry. Gross profit margin of basic services remained stable, and revenue from community value-added service increased by 21.5% YoY, with a consolidated collection rate[2] of 90%. The Group has completed the consolidation of the M&A projects and realised effective empowerment and synergistic value adding. The group-wide emphasis on performance quality management resulted in a YoY decrease of 1.6 percentage points in selling and administrative expense ratio to 8.4%, whereas a YoY increase of 4.9 percentage points in operating cash flow ratio to 20.6% and a YoY increase of 19.2 percentage points in operating net cash flow/core net profit to 104.2%.

**Innovate for new momentum.** Focusing on "operation digitalisation, production technologisation, space intellectualisation and data capitalisation", the Group accelerates digital transformation by concentrating on cost reduction and efficiency enhancement, frontline empowerment and efficient decision-making in a short term, aiming to consolidate the competitive barriers and breaking the physical boundaries of services to create a second growth curve in the long run. During the year, focusing on the digital management theme of "cost reduction, quality improvement and efficiency enhancement with customer satisfaction improved", the Group deepened the online management throughout the lifecycle of the shopping mall projects in the commercial management segment to maximise collaboration efficiency and drive performance growth. Supported by the marketing profiling platform, the Group reduced the time length for the preparation of member activities by 82% and improved the conversion rate of activities to 30%. Consumers' digital experience has also been improved continuously. Our exploration of user value began to show effects. With our updated "E-MIXC" (一點萬象), number of monthly active users increased by 52% and in-store spending of consumers attracted by the content section reached RMB260 million. The Group has also improved the coverage of digitalisation rapidly to empower the property management business and restructured the property charging system to boost customer payment experience. In collaboration with the "MIXC Star (萬象星)" gift activity, our property management fee prepayment for the year increased by nearly 200%. Additionally, the launch of our independently-developed "ZhaoXi" (朝昔商城) e-commerce system has extended the digital construction to diversified value-added services.

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2 Including Yuzhou and Zhongnan M&A projects.

**Embrace changes with new progress in reform.** The Group actively responds to market changes by promoting organisational reform and upgrading organisational capabilities. In the property management segment, the Group has optimised the allocation of resources on a city level, accelerated mergers and acquisitions, and fortified business penetration; and in the commercial management segment, the Group has restructured tenant sourcing organisation and optimised talent structure to enhance the overall organisational efficiency. The materialisation of a flat management structure and shared functions in the middle and back office led to an over 40% increase in the manpower efficiency of the two-tier management platform. A multi-level talent supply and development system has been established, including the "MIXC Talents" (萬象將才) and "MIXC Elites" (萬象英才) talent cultivation and development programmes for the commercial management segment and property management segment respectively for the purpose of expanding talent base and optimising talent echelon. The Group has also improved the market-oriented remuneration incentive system to be further aligned with our light asset business, strengthen the support for business development, allow the front line to understand our performance-based remuneration culture and continuously stimulate the organisational self-driving force.

**Committed to our mission and vision.** The Group provides full support to the organisation of major national competitions and events, and has successfully completed the service work for the Chengdu Universiade, Hangzhou Asian Games and the China-Central Asia Summit. The establishment of the ESG strategic systems has been pushed forward steadily by the Group. In response to the "dual-carbon" strategy of the country, the Group has set a target for the control of annual carbon intensity. The Board has established a sustainability committee to improve the ESG governance framework. In consolidating our commitment to sustainability, the Group has established the "MIXC Care" (萬象守護) responsibility brand system. Other practises include the organisation of the first "Week of Sustainability" programme in collaboration with our business partners to spread the concept of sustainability, the providing of property management services to 10 CR Hope Towns (華潤希望小鎮) and the setup of MIXC Care public welfare lecture hall to assist the development of rural quality education. The Group was awarded the "Region Top Rated (Asia/Pacific)" by Morningstar Sustainalytics for the first time, and was selected into the "Central Enterprise ESG • Pioneer 100" (央企 ESG•先鋒 100) index by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), and the list of "China ESG-Listed Companies Pioneer 100" (中國 ESG 上市公司先鋒 100) by the China Central Television (中國中央電視台).

**During 2023, the Group outperformed the market and hit the record again.** Our consolidated revenue amounted to RMB14.767 billion, representing a YoY increase of 22.9%, and core net profit amounted to RMB2.92 billion, representing a YoY increase of 31.2%. Earnings per share relating to core net profit were RMB1.279, with a steady growth in each core performance indicator. The Board resolved to declare a final dividend of RMB0.481 per share, representing a YoY increase of 54.2% and leading to a increase of 10 percentage points in dividend payout rate to 55% for the year, which significantly boosted shareholders' returns.

Looking forward to 2024, opportunities and challenges will co-exist with opportunities outweighing challenges. Although the internal and external situations of China's economy remain severe and complex and the industry is faced with various challenges such as intensified market competition and the need to further improve consumer spending power and willingness, the trend of China's economy to rebound and improve will remain unchanged, and the strong resilience of the domestic consumer market and its advantages in terms of scale will also bring development opportunities. 2024 is a critical year for the realisation of the strategic objectives of the "14th Five-Year Plan". The Group will insist on "development and innovation", take "high quality, high efficiency and fast growth" as the overall operating principle and "revenue with profit and profit with cash flows" as the core operating strategy, and do our utmost to achieve steady results growth and enhance shareholders' value. In the commercial management segment, the Group will further refine management, improve the competitiveness of the three major product lines, namely MIXC, MIXC ONE, and MIXC World, continue to deepen the development of luxury shopping centres and solidly build up the competitive edge in quality; continue to strengthen high-quality expansion to drive sustainable growth with market-oriented capabilities; and promote the trial operation of our own cosmetics business in an orderly manner, set up a consumption fund on a trial basis to develop a commercial ecosystem and empower the high-quality development of the segment. In the property management segment, the Group deems the improvement of basic service quality as the foundation to consolidate the base for business development; put equal emphasis on market expansion and mergers and acquisition to expand scale and maintain our position in the first echelon in the industry; expand the scale of our value-added services and comprehensively push forward the specialised development of engineering services; promote the development of model urban space projects in all forms of business and deepen the transformation into an urban space operation service provider. The Group will develop an integrated management mode of "lease + operation + property management" for the office properties to improve our competitiveness in the market. Besides, the Group will strengthen benchmark management to comprehensively enhance the organisational capability of the entire value chain of the segment; deepen organisational and remuneration incentive reforms and safeguard the allocation of resources to stimulate the vitality of the segment; and accelerate digital transformation to further improve the efficiency of business management.

In the medium to long term, China will strive to promote the high-quality development of economy and speed up the establishment of a new development pattern that takes domestic development as the mainstay, with domestic and international development reinforcing each other, which presents favourable conditions for the long-term healthy development of the Group. Depending on the results of the interim review of the "14th Five-Year Plan", the Group will seize opportunities and ride the trend of development in a confident manner. In the commercial management segment, the Group will continue to consolidate our leading position as the "top commercial operation service provider in the industry in terms of comprehensive strength", and in the property management segment, the Group will accelerate our development of the most influential "urban space operation service provider" in China. In the area of the membership business, the Group will fortify the construction of the membership system, continue to expand the scale of membership and implement precise cross-business traffic empowerment and attraction. Looking ahead, the Group will continue to focus on the three key elements, i.e. "space, customer, and product and service", adhere to the concept of high quality and create greater space value and customer value to form a virtuous cycle of leading scale, leading quality and sustainability. In a bound and determined manner, we are moving forward in becoming "China's most influential asset-light management company" and "developing a world-class enterprise".

Last but not least, on behalf of the Board, I would like to extend my heartfelt gratitude to the shareholders, customers and the public who have been paying attention to and supporting the development of the Group. The Group will continue to innovate and improve at a steady pace to create greater value for our shareholders.

## 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 categorised 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 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 | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | ***(RMB'000)*** | *%* | *(RMB'000)* | *%* |
| **Residential property management services** | | | | |
| Property management services | **7,245,377** | **49.1** | 5,572,668 | 46.4 |
| Value-added services to property developers | **828,883** | **5.6** | 973,404 | 8.1 |
| Community value-added services | **1,526,352** | **10.3** | 1,255,982 | 10.4 |
| Subtotal | **9,600,612** | **65.0** | 7,802,054 | 64.9 |
| **Commercial operational and property management services** | | | | |
| Shopping malls | **3,238,307** | **21.9** | 2,482,323 | 20.7 |
| Office buildings | **1,928,033** | **13.1** | 1,731,802 | 14.4 |
| Subtotal | **5,166,340** | **35.0** | 4,214,125 | 35.1 |
| Total | **14,766,952** | **100** | 12,016,179 | 100 |

## RESIDENTIAL PROPERTY MANAGEMENT SERVICES

## PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2023, the Group's revenue from property management services amounted to RMB7,245.4 million, representing a YoY increase of 30.0% and accounting for 49.1% of the total revenue. The increase in revenue was mainly attributable to the mergers and acquisitions of companies and the increase in GFA under management brought by marketisation and expansion, as well as the effect on non-full-year consolidation of the companies acquired last year. As of 31 December 2023, there were 1,731 managed residential and other non-commercial properties, representing an increase of 262 as compared to that of 2022; and the aggregate GFA under management was 355.3 million sq.m., representing a YoY increase of 70.2 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 31 December | |
|---|---|---|
| | **2023** | 2022* |
| Contracted GFA (sq.m. in thousands) | **406,485** | 350,642 |
| Number of projects for contracted GFA | **1,931** | 1,611 |
| GFA under management (sq.m. in thousands) | **355,339** | 285,172 |
| Number of projects for GFA under management | **1,731** | 1,469 |

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 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **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)* |
| China Resources Land Limited ("**CR Land**") | **137,198** | **627** | **3,731,314** | 119,443 | 529 | 3,221,197 |
| China Resources (Holdings) Company Limited ("**CRH**"), its holding companies and their respective subsidiaries (collectively, "**CR Group**") and third-party developers | **218,141** | **1,104** | **3,514,063** | 165,729 | 940 | 2,351,471 |
| Total | **355,339** | **1,731** | **7,245,377** | 285,172 | 1,469 | 5,572,668 |

* The related comparative figures have been adjusted and restated based on caliber adopted for 2023

## VALUE-ADDED SERVICES TO PROPERTY DEVELOPERS

For the year ended 31 December 2023, the Group recorded revenue generated from value-added services to property developers of RMB828.9 million, accounting for 5.6% of the total revenue and representing a decrease of 14.8% as compared with the corresponding period of last year. Such decrease was mainly affected by the project development and delivery progress of the developers, with a decrease in the business revenue from preparation and marketing services before delivery of projects.

## COMMUNITY VALUE-ADDED SERVICES

For the year ended 31 December 2023, the Group recorded revenue generated from community value-added services of RMB1,526.4 million, representing an increase of 21.5% as compared with the corresponding period of last year and accounting for 10.3% of the total revenue. Such increase was attributable to the increase in the scale of property management, and the rapid growth of the renovation services, housekeeping services and Choice of CR MIXC (潤物直選) businesses provided to community residents, relying on the competitive industrial resources of CR Group and CR Land.

## COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

## SHOPPING MALLS

For the year ended 31 December 2023, the Group's revenue from the commercial operational and property management services to shopping malls amounted to RMB3,238.3 million, representing an increase of 30.5% as compared with the corresponding period of last year and accounting for 21.9% of the total revenue. As of 31 December 2023, the Group provided commercial operational services to 98 opened shopping mall projects with an aggregate GFA of 10.6 million sq.m., a vast majority of which were also receiving the Group's property management services. In addition, the Group had three opened shopping mall subleasing projects as of 31 December 2023.

81.4% 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 31 December** | |
|---|---|---|
| | **2023** | 2022 |
| Contracted GFA (sq.m. in thousands) | **20,449** | 15,148 |
| Number of projects for contracted GFA | **179** | 142 |
| GFA of projects opened (sq.m. in thousands) | **10,591** | 8,968 |
| Number of projects opened | **98** | 84 |

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 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **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 | **9,221** | **78** | **2,400,764** | 7,671 | 67 | 1,915,735 |
| CR Group and third-party developers | **1,370** | **20** | **233,783** | 1,297 | 17 | 201,183 |
| Total | **10,591** | **98** | **2,634,547** | 8,968 | 84 | 2,116,918 |

## OFFICE BUILDINGS

For the year ended 31 December 2023, the Group's revenue from the commercial operational and property management services to office buildings was RMB1,928.0 million, representing an increase of 11.3% as compared with the corresponding period of last year and accounting for 13.1% of the total revenue. As of 31 December 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 195 office buildings with an aggregate GFA of 14.8 million sq.m.

93.1% 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 31 December | |
|---|---|---|
| | **2023** | 2022* |
| **Commercial operational services** | | |
| Contracted GFA (sq.m. in thousands) | **2,207** | 2,097 |
| Number of projects for contracted GFA | **33** | 32 |
| GFA of the commercial operational services (sq.m. in thousands) | **1,694** | 1,766 |
| Number of projects for commercial operational services | **26** | 27 |
| **Property management services** | | |
| Contracted GFA (sq.m. in thousands) | **18,784** | 15,181 |
| Number of projects for contracted GFA | **210** | 170 |
| GFA of the property management services (sq.m. in thousands) | **14,820** | 11,996 |
| Number of projects for property management services | **195** | 159 |

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 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **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** | **99,418** | 1,327 | 21 | 107,111 |
| CR Group and third-party developers | **439** | **6** | **32,802** | 439 | 6 | 19,452 |
| Total | **1,694** | **26** | **132,220** | 1,766 | 27 | 126,563 |
| **Property management services** | | | | | | |
| CR Land | **9,375** | **95** | **1,352,266** | 8,034 | 83 | 1,230,396 |
| CR Group and third-party developers | **5,445** | **100** | **443,547** | 3,961 | 76 | 374,843 |
| Total | **14,820** | **195** | **1,795,813** | 11,996 | 159 | 1,605,239 |

* The related comparative figures have been adjusted and restated based on caliber adopted for 2023

## OUTLOOK

### PURSUING HIGH-QUALITY SCALE DEVELOPMENT TO PROMOTE THE LEADING MARKET POSITION OF THE COMPANY

The Group plans to selectively acquire and invest in property management companies with certain scale and profitability, expand quality commercial charter projects, and actively focus on acquisition and investment opportunities of high-quality commercial operational companies with complementary strengths. 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 segment to all property types across the business while gradually transforming to urban space operational service provider, and focus on medium and high-end segment in terms of commercial management segment. In addition, it will strive to secure quality projects from third parties, thereby enhancing market share and realising 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 will continue 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 AND EFFICIENT OPERATION AND "CUSTOMER-CENTRIC" PHILOSOPHY TO CONTINUE TO IMPROVE 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 space so as to bring more value to our customers. In addition, we will also leverage on our business rationale of "space, customer, product and service" 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 professional service providers that are synergistic with our business, such as property brokers, asset management companies 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 our customer base.

## DEVELOPING AN INTEGRATED MEMBERSHIP PROGRAM WITH CROSS-BUSINESS FUNCTION

The Group intends to continuously enhance the functionality of our membership programs to capture members' interest in our products and services offered under the membership programs and enhance their loyalty, further attract new users to our ecosystem in an efficient manner and build digital connection with customers. We will continue to consolidate our membership programs, which allows us to fully understand the needs of users, enrich the options for the interests of the members and strengthen the identity value perception of the members, while improving customers' cross platform experience and realising cross-segment customer diversion. We will also continue to promote the membership programs to attract third-party merchants and further develop our platform and ecosystem through creating value and growth opportunities. We will actively leverage on the Company'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 ORGANISATIONAL IMPROVEMENT

The Group plans to promote digitisation initiatives of "operation digitalisation, production technologisation, space intellectualisation and data capitalisation" to enhance operational efficiency and users' experience by technology empowerment. We will continue to upgrade the applications such as "E-MIXC (一點萬象)" and "Officeasy" for commercial management, and "ZhaoXi (朝昔)" for property management, and iterate the functionality of our digitised service platforms to create a unique experience for our users. Meanwhile, we will continue to iteratively update the functionality of commercial management business and tenant platforms, core business system of property management and membership platform to support digital operations. We also support investment in intelligent technology solutions and pursue strategic investments in technology companies relating to commercial operation, property management and urban management.

## EXPANDING HUMAN RESOURCES THROUGH RECRUITMENT, TRAINING AND REWARDS

The Group plans to attract talents with competitive remuneration packages and excellent corporate culture and reputation, and organise 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 2023, the Group's revenue amounted to RMB14,767.0 million, representing an increase of 22.9% as compared with the corresponding period of last year. Such increase was primarily due to (i) the considerable growth in results caused by the increase in the GFA under management as a result of business mergers and acquisitions and 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 year ended 31 December 2023, the Group's cost of sales amounted to RMB10,072.7 million, representing an increase of 19.8% 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 year ended 31 December 2023, the gross profit of the Group amounted to RMB4,694.3 million, representing an increase of 30.0% as compared with the corresponding period of last year, and the gross profit margin was 31.8%, representing a YoY increase of 1.7 percentage points.

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

| | **For the year ended 31 December** | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | **Gross profit** ***(RMB'000)*** | **Gross profit margin** *%* | Gross profit *(RMB'000)* | Gross profit margin *%* |
| **Residential property management services** | | | | |
| Property management services | **987,054** | **13.6** | 782,623 | 14.0 |
| Value-added services to property developers | **283,899** | **34.3** | 355,684 | 36.5 |
| Community value-added services | **407,189** | **26.7** | 334,480 | 26.6 |
| Subtotal | **1,678,142** | **17.5** | 1,472,787 | 18.9 |
| **Commercial operational and property management services** | | | | |
| Shopping malls | **2,328,961** | **71.9** | 1,548,431 | 62.4 |
| Office buildings | **687,175** | **35.6** | 589,716 | 34.1 |
| Subtotal | **3,016,136** | **58.4** | 2,138,147 | 50.7 |
| Total | **4,694,278** | **31.8** | 3,610,934 | 30.1 |

For the year ended 31 December 2023, the gross profit margin of residential property management services was 17.5%, representing a YoY decrease of 1.4 percentage points. The decrease was mainly due to the YoY 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.

For the year ended 31 December 2023, the gross profit margin of commercial operational and property management services was 58.4%, representing a YoY increase of 7.7 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 increase in revenue as well as cost reduction and efficiency improvement.

## GAIN ON CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

For the year ended 31 December 2023, the Group recorded gain on changes in fair value of investment properties of RMB39.4 million, which was mainly related to the valuation change of the commercial subleasing projects.

## OTHER INCOME AND GAINS

For the year ended 31 December 2023, the Group recorded other income and gains of RMB576.5 million, broadly the same as that of the corresponding period of last year.

## MARKETING EXPENSES

For the year ended 31 December 2023, the Group recorded marketing expenses of RMB284.7 million, representing a YoY increase of 88.3%, which was mainly due to the increase in market expansion expenses as a result of more effort devoted in business expansion and the opening of new commercial subleasing projects.

## ADMINISTRATIVE EXPENSES

For the year ended 31 December 2023, the Group's administrative expenses were RMB949.8 million, representing a YoY decrease of 9.8%, which was mainly due to the remarkable results of cost control and efficiency improvement, and the improvement of management efficiency achieved by mergers and acquisitions.

## FINANCE COSTS

For the year ended 31 December 2023, the Group's finance costs were RMB117.2 million, representing a YoY increase of 34.4%, which was mainly due to the increase in amortisation of interest on lease liabilities of Lanzhou MIXC during the year, a new subleasing project last year.

## INCOME TAX

For the year ended 31 December 2023, the Group's effective income tax rate was 24.8%, representing an increase of 1.0 percentage point as compared with the corresponding period of last year.

## PROFIT FOR THE YEAR

For the year ended 31 December 2023, the Group's net profit was RMB2,942.6 million, representing an increase of 33.0% as compared with the corresponding period of last year.

## LIQUIDITY AND CAPITAL RESOURCES

As of 31 December 2023, the Group's total bank deposits and cash (including restricted bank deposits) amounted to RMB11,646.8 million and were mainly held in RMB. The Group maintains a reasonable and adequate level of cash through centralised fund management.

## GEARING RATIO

As of 31 December 2023, the Group's gearing ratio was 42.3%, representing a decrease of 2.3 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 of 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, with total net proceeds of the Listing amounted to approximately RMB11,600.4 million after deducting the underwriting fees and relevant expenses.

As at 31 December 2023, RMB4,409.0 million of the proceeds of the Listing had been utilised. The remaining amounts were held by way of bank deposits with licensed banks in Hong Kong or in Chinese Mainland.

| **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 year ended 31 December 2023** *(RMB million)* | **Proceeds unused as of 31 December 2023** *(RMB million)* |
|---|---|---|---|---|---|
| (i) Making strategic investments and acquisitions to expand our property management and commercial operational businesses | 60% | 6,960.3 | 5,457.4 | 826.0 | 4,631.5 |
| (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 | 210.0 | 1,317.6 |
| (iii) Investing in information technology systems and smart communities | 15% | 1,740.1 | 1,392.1 | 149.7 | 1,242.4 |
| (iv) Working capital and general corporate uses | 10% | 1,160.0 | – | – | – |
| | 100% | 11,600.4 | 8,377.1 | 1,185.7 | 7,191.5 |

*Note:*

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

For further details on the Company's use of net proceeds of the Listing and the proposed changes to the use of net proceeds, please also refer to the Company's announcement to be published on or about the date of this announcement.

## PROPERTY HELD FOR INVESTMENT

As of 31 December 2023, three of the properties of the Group, namely Shenzhen Buji MIXONE, Lanzhou MIXC and Shenzhen Longgang Universiade project, were recognised 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 Sub-district, 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 Sub-district, Longgang District, Shenzhen, 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 31 December 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

## PLEDGE OF ASSETS

As of 31 December 2023, the Group had no pledge of assets (31 December 2022: Nil).

## FOREIGN CURRENCY RISK

As the Group's business is mainly conducted in Chinese Mainland, we mainly adopt RMB as the settlement currency. As of 31 December 2023, non RMB assets and liabilities mainly included the cash of HK$74.0 million and US$19,358.0. 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 2023, the Group had 40,977 full time employees in Chinese Mainland and Hong Kong (31 December 2022: 40,239). 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 2023, the Group's capital commitments amounted to RMB417.2 million (31 December 2022: RMB50.7 million).

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

The Company entered into the following loan agreement 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 of up to HKD600,000,000 with a expiration date of 12 months was entered into on 20 October 2021, details of which have been disclosed in the announcement of the Company 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 2023 with the maturity date having been extended for 12 months. As of 31 December 2023, the Group did not draw down this facility letter.

## SUBSEQUENT EVENT

There were no significant events affecting the Group which have occurred after 31 December 2023 and up to date of this announcement.

## CORPORATE GOVERNANCE

The Company recognises 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 C1 (formerly known as 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 non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

During the year ended 31 December 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 year ended 31 December 2023, the Company has complied with all applicable code provisions 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 held on 6 June 2023 due to his 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 (the "**Model Code**") as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as its own securities dealing code to regulate all dealings of securities in the Company by Directors.

Specific enquiry has been made by the Company to all the Directors and all of them have confirmed that they have complied with the Model Code for the year ended 31 December 2023.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## AUDIT COMMITTEE AND AUDITOR

During the annual general meeting of the Company held on 6 June 2023, the former auditor of the Company had retired as the auditor of the Company upon expiration of its term of office, and the shareholders has approved the appointment of KPMG as the new auditor of the Company.

The financial results for the year ended 31 December 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 figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## FINAL DIVIDEND

The Board recommended a final dividend of RMB0.481 per share of the Company ("**2023 Final Dividend**") for the year ended 31 December 2023 (2022: RMB0.312 per share) payable on or around 26 July 2024 to shareholders whose names appear on the register of members of the Company on 14 June 2024.

The 2023 Final Dividend, if approved, is to be payable in cash in Hong Kong Dollars ("**HKD**") which will be converted from RMB at the average CNY Central Parity Rate announced by the People's Bank of China for the five business days prior to and including the date of the 2024 AGM (as defined below), for shareholders electing to receive the final dividend in RMB. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders in June 2024 as soon as practicable after the record date of 14 June 2024 to determine shareholders' entitlement to the 2023 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 9 July 2024.

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheque(s) 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 26 July 2024 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 9 July 2024, such shareholder will automatically receive the 2023 Final Dividend in HKD. All dividend payments in HKD will be made in the usual way on or around 26 July 2024.

If shareholders wish to receive the 2023 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 3 June 2024 to 7 June 2024, 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 7 June 2024 ("**2024 AGM**"). In order to be eligible to attend and vote at the 2024 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 31 May 2024.

Subject to the approval of shareholders at the 2024 AGM, the 2023 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 2024 and the register of members of the Company will be closed from 14 June 2024 to 17 June 2024, during which no transfer of shares of the Company will be registered. In order to qualify for the 2023 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 13 June 2024.

## 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.crmixclifestyle.com.hk). The 2024 AGM will be held on 7 June 2024. A notice convening the 2024 AGM and the Company's annual report for the year ended 31 December 2023 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
**China Resources Mixc Lifestyle Services Limited**
**LI Xin**
*Chairman*

China, 25 March 2024

*As at the date of this announcement, the Board comprises Mr. LI Xin (Chairman) and Mr. GUO Shiqing as non-executive Directors, Mr. YU Linkang, Mr. GUO Ruifeng, Mr. WANG Haimin, Mr. WANG Lei 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.*

* *for identification purpose only*