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華潤萬象生活有限公司

China Resources Mixc Lifestyle Services Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1209)

DISCLOSEABLE TRANSACTION

ACQUISITION OF RIGHT-OF-USE ASSET

The Board is pleased to announce that on 13 May 2024, the Group, as the Lessee, successfully won a lease bid in Binjiang District, Hangzhou, and the Successful Bidder will lease and operate the Property in accordance with the terms of the Lease Agreement. The Property is the commercial complex and commercial blocks, and the scope of lease includes the above-ground commercial complex, the above-ground commercial block portion and the underground commercial portion (including ancillary parking spaces, facilities and equipment, etc.) to be constructed by the Lessor and leased to the Lessee for its operation and use.

In accordance with HKFRS 16, the entering into of the Lease Agreement by the Lessee will require the Group to recognise a right-of-use asset in relation to the Property in its consolidated statement of financial position. Accordingly, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group and constitutes a discloseable transaction of the Company under the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 13 May 2024, the Successful Bidder received the Letter of Acceptance, notifying the Successful Bidder that it won the bid for the lease of the Property at the bidding price of approximately RMB106.22 million for the initial year of the lease. The Lease Agreement for the Lease will be entered into within 30 days from the date of the successful bid.

PRINCIPAL TERMS OF THE LEASE

- Date of the Letter of Acceptance : 13 May 2024
- Parties : (1) Hangzhou Binjiang District Reserved Land Development and Operation Co., Ltd.* (杭州濱江區留用地開發運營有限公司), as the Lessor
- (2) Runxin Commercial Investment (Shenzhen) Company Limited Shanghai Branch* (潤欣商業投資(深圳)有限公司上海分公司), a branch of Runxin Commercial Investment (Shenzhen) Company Limited* (潤欣商業投資(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, as the Lessee
- To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.
- Property to be leased : The commercial complex and commercial blocks under a joint overall development project of five villages of Puyan Residential District, located in Binjiang District, Hangzhou, adjacent to Jiangnan Avenue in the south, Weiye Road in the east, Huishang Street in the north and Liankang Lane in the west. In the project, it specifically includes the above-ground commercial complex, the above-ground commercial block portion and the underground commercial portion (including ancillary parking spaces, facilities and equipment, etc.) to be constructed by the Lessor and leased to the Lessee for its operation and use.
- The parties agreed that the gross floor area (leased area) for calculating the rent is provisionally determined to be 150,000 sq.m., subject to actual delivery. The Lessor undertakes that upon actual delivery, the above-ground leased area shall be no less than 130,000 sq.m. and the underground leased area shall be no less than 10,000 sq.m., i.e. the total leased area shall be no less than 140,000 sq.m.
- Purpose of lease : The Property is leased to the Lessee for commercial operating activities.
- Lease term and rent-free period : The lease term is 20 years from the date of delivery of the Property by the Lessor to the Lessee or from the date of delivery to the expiry date of the Overall Development Agreement, whichever is earlier (the "**Lease Term**"). The first 365 days of the Lease Term shall be a rent-free period (the "**Rent-free Period**").

- Rent and payment : During the Rent-free Period, the Lessee will not be required to pay the rent.
- The monthly rent (tax inclusive) payable by the Lessee during the Lease Term shall be calculated as follows:
- The leased area is multiplied by the daily rent per sq.m. and then multiplied by the number of days in the month.
- The initial daily rent rate per sq.m. is set at RMB1.94 (i.e. approximately RMB708 per annum). Every 36 months is a price unit and the rental rate for each price unit shall be increased by ten per cent (10%) based on the rate for the previous price unit, with an initial price unit of 48 months (including the Rent-free Period of 365 days). During the Lease Term, the rent shall be paid quarterly in advance.
- The Lessee will be responsible for paying the utility fees (such as water, electricity, gas, heating and sewage, etc.) incurred for the actual use of the Property throughout the Lease Term (including the Rent-free Period).
- Performance guarantee : Within 30 days after the Lease Agreement becomes effective, the Lessee shall provide a performance bond issued by a commercial bank in the amount of RMB50 million (the “**Performance Bond**”).
- In the event that the Lease Term expires or the Lease Agreement is discharged or terminated, the Performance Bond shall be returned within 10 working days.
- Renewal : Upon expiry of the Lease Term: (1) if the Overall Development Agreement is renewed, the Lessee shall have the priority right to lease the Property under the same commercial conditions; (2) if the Overall Development Agreement expires and is not renewed by the Lessor, but the Lessee intends to continue to lease the Property, the Lessor shall assist the Lessee in negotiating with the then owner of the Property to help the Lessee to enter into a lease agreement with the aforesaid owner directly.
- Others : The Lessee also provides the Lessor with preliminary consultancy services and charges the Lessor a maximum consultancy service fee of up to RMB6 million.

When determining the bidding rent of the Property, the main factors considered by the Group include: (1) the bidding conditions set by the Lessor; (2) the rentable area, geographical location, surrounding conditions and development potential of the Property; and (3) the agreed increase in rent and the future commercial prospects of the Property.

The rent payable for the Property is expected to be funded by internal resources of the Group.

VALUE OF RIGHT-OF-USE ASSET

In accordance with HKFRS 16, the entering into of the Lease Agreement by the Lessee will require the Group to recognise a right-of-use asset in relation to the Property in its consolidated statement of financial position. Accordingly, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of the right-of-use asset to be recognised by the Group under the Lease Agreement, as at the commencement date of the Lease Term, is approximately RMB1,446.86 million (based on the provisional leased area of 150,000 sq.m.).

Shareholders should note that the above value is unaudited and may be adjusted in the future based on the actual leased area. The right-of-use asset represents the right to use the underlying leased asset over the Lease Term and the lease liability represents the obligation to make lease payments (i.e. the rent). The assets and liabilities arising from the Lease are initially measured on a present value basis and calculated by discounting the rent under the Lease Agreement, using the incremental borrowing rate as the discount rate. In accordance with HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group will recognise (i) depreciation charge over the life of the right-of-use asset; and (ii) interest expense amortised from the lease liability over the Lease Term.

REASONS FOR AND BENEFITS OF THE LEASE

The business district where the Property is located is well-developed, with good urban interface, excellent quantity and quality of consumer groups, and good market entry opportunities. The project fills the gap in the Group's project in the business district and enhances the Group's market influence in the city where it is located. It is expected to accommodate approximately 400 shops and will be developed into a flagship landmark commercial project in the business district. In addition to rental income, the project will also receive preliminary consultancy service fees, thereby increasing revenue and profits.

Having considered the above factors, the Directors are of the view that the terms of the Lease are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, and the terms thereof are on normal commercial terms and are fair and reasonable.

INFORMATION ON THE PARTIES

Lessor

The Lessor is a company established under the laws of the PRC with limited liability and is principally engaged in real estate development and operation, property management and non-residential real estate leasing. As at the date of this announcement, the Lessor is wholly-owned by Hangzhou High-tech Industrial Development Zone Asset Management Co., Ltd.* (杭州高新技術產業開發區資產經營有限公司), which in turn is wholly-owned by Hangzhou High-tech State-owned Holding Group Co., Ltd.* (杭州高新國有控股集團有限公司), which in turn is wholly-owned by Hangzhou Binjiang District Finance Bureau* (杭州市濱江區財政局). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Lessor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Lessee

The Lessee is a branch of Runxin Commercial Investment (Shenzhen) Company Limited, a limited liability company established under the laws of the PRC, which is principally engaged in commercial information consulting, business information consulting, enterprise management consulting and other businesses. As at the date of this announcement, Runxin Commercial Investment (Shenzhen) Company Limited is indirectly wholly-owned by the Company.

The Company

The Company is a limited liability company incorporated in the Cayman Islands on 18 May 2017. The Group is principally engaged in the provision of residential property management services and commercial operational and property management services in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated based on the value of the right-of-use asset under the Lease Agreement exceed 5% but all of them are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	China Resources Mixc Lifestyle Services Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	a person or company who is not a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any such director, chief executive or substantial shareholder
“Lease Agreement”	a lease agreement to be entered into between the Lessor and the Lessee pursuant to the Letter of Acceptance
“Lessee” or “Successful Bidder”	Runxin Commercial Investment (Shenzhen) Company Limited Shanghai Branch* (潤欣商業投資(深圳)有限公司上海分公司), a branch of Runxin Commercial Investment (Shenzhen) Company Limited* (潤欣商業投資(深圳)有限公司), an indirect wholly-owned subsidiary of the Company
“Lessor”	Hangzhou Binjiang District Reserved Land Development and Operation Co., Ltd.* (杭州濱江區留用地開發運營有限公司), a limited liability company incorporated in the PRC
“Letter of Acceptance”	a letter of acceptance dated 13 May 2024, notifying the Successful Bidder that it won the bid for lease of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Overall Development Agreement”	an overall development agreement to be entered into between the Lessor and the relevant parties of a joint overall development project of five villages of Puyan Residential District

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region or Taiwan
“Property”	the commercial complex and commercial blocks under a joint overall development project of five villages of Puyan Residential District, located in Binjiang District, Hangzhou, adjacent to Jiangnan Avenue in the south, Weiye Road in the east, Huishang Street in the north and Liankang Lane in the west
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“Shareholders”	the holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Lease”	the lease of the Property through bidding
“%”	per cent

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

The PRC, 13 May 2024

As of 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.

** for identification purposes only*