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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)

SUPPLEMENTAL ANNOUNCEMENT

UPDATE ON THE FRAMEWORK AGREEMENT ENTERED WITH TIANJIN YUJIA IN RELATION TO THE ACQUISITION OF A PROPERTY SERVICES GROUP

Reference is made to the announcement dated 5 January 2022 (the “**Announcement**”) of the Company in relation to the entering into of the Framework Agreement for the proposed Acquisition. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

THE ACQUISITION

As stated in the Announcement, the terms and conditions for the Acquisition (including the final Consideration and payment schedule) are subject to execution of the Equity Transfer Agreement and/or other definitive transaction documentation (if any) between the parties. The Board is pleased to announce that on 8 March 2022, Runying (as the purchaser) entered into the Equity Transfer Agreement with Tianjin Yujia (as the seller) and the Target.

Pursuant to the Equity Transfer Agreement, the Consideration is RMB1,058 million, which is determined with reference to, among others, the final due diligence findings, and the debt and related liabilities of the Target Group. The Company has also taken into account the final appraisal of the Target as at 31 October 2021 pursuant to the business valuation (the “**Valuation**”) carried out by Shanghai Lixin Appraisal Co., Ltd. (上海立信資產評估有限公司) (“**Shanghai Lixin**”), an independent and qualified valuer engaged by the Company, under the income approach, with reference to, among others, the audited financial information of the Target Group as at 31 October 2021. The Consideration is not higher than the Valuation.

Updated payment schedule

Unless otherwise agreed between the parties, the Consideration shall be payable by Runying as follows:

- (a) when the Equity Transfer Agreement becoming effective and within three business days after the satisfaction or waiver of the following conditions precedent of, among others, all necessary approvals for the performance of the respective obligations under the Equity Transfer Agreement having been obtained, the relevant documents having been signed, and the completion having been achieved by the parties, 67% of the Consideration (less rectification fees for the property projects under management of the Target Group and the amount temporarily withheld under contracts of sales offices property management services which shall be signed and executed within 90 days after completion) shall be paid by Runying; and
- (b) the remaining 33% of the Consideration will be settled every six months in accordance with the actual delivery progress of the Secured Areas and Contracted Areas. The amount payable in each of the aforesaid six-month period will be calculated based on the following formula:

$$A = B/C \times D \times 33\%$$

whereas:

- A means the amount payable for the relevant six-month period
- B means the Secured Areas and Contracted Areas delivered during the relevant six-month period
- C means 9.74 million square meters, being the total of the Secured Areas and the Contracted Areas expected to be delivered to the Target Group
- D means the Consideration

The payment obligation of Runying of the remaining balance of the Consideration is conditional upon, among others, the annual basic property service fees for the Secured Areas and the Contracted Areas being not less than the price per square meter as agreed between the parties, and the relevant documents having been executed.

In addition, further to the financial information of the Target provided in the Announcement, the Company would like to provide certain updated financial information of the Target (based on unaudited consolidated management accounts of the Target prepared in accordance with the generally accepted accounting principles of the Hong Kong) for the year ended 31 December 2021:

**For the year ended
31 December 2021**

*Approximately
RMB'000*

Profit before tax	101,161
Profit after tax	75,870

As at 31 December 2021, the unaudited consolidated net book value of the Target was approximately RMB134,411,304.30.

PROFIT FORECAST REQUIREMENTS UNDER THE LISTING RULES

Given the Valuation was based on the income approach, which involves the use of discounted cash flows method, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules apply.

For the purpose of complying with Rules 14.60A and 14.62 of the Listing Rules, the details of the principal assumptions, including commercial assumptions, upon which the Valuation was based are as follows:

General Assumptions

1. The industry in which the Target is located maintained a stable development trend, and the applicable national and local laws, regulations, systems, and social, political and economic policies did not have a material changes from present laws, regulations, systems and policies;
2. The impact of inflation on the valuation results had not been taken into account;
3. The interest rate and exchange rate will remain at the current level without major changes; and
4. There will be no other major adverse effects caused by force majeure and unforeseen factors.

Specific Assumptions

1. The use of the assets of the Target will not be changed after the valuation date (i.e. 31 October 2021), and will continue to be utilised;
2. The Target will continue to operate in accordance with the existing business model, continue to operate the existing or similar services, and the supply and marketing model of the Target and the distribution of benefits with its affiliated companies will remain unchanged;
3. There is no major change in the relationship between the Target and its domestic and foreign cooperation partners and their mutual interests;
4. The current and future operators of the Target are responsible, and that the management of the Target can steadily promote the development plan of the Target and try its best to achieve the expected business performance;
5. The Target had abided by the relevant laws and regulations of the country, and there will be no major violations that affect the development of the Target and its realization of profits;
6. The accounting policies adopted in preparing the previous financial information of the Target and the accounting policies and methods adopted in making the profit forecasts are consistent in principle in major aspects;
7. There are even cashflows in the annual income and expenditure;
8. The production and operation sites and equipment leased by the Target can be renewed and continued to operate normally after the expiration of the lease term;
9. The Target can raise the required funds according to its business needs, and its business operation will not be affected by any of its funding exercises;
10. The core team of the Target will continue to serve in the Target in the coming years and will not engage in business that competes with the business of the Target; and
11. The relevant operating licenses of the Target can be extended normally after the expiration.

Confirmations

Ernst & Young has been engaged by the Company to review the calculations of the discounted future cash flows upon which the Valuation was based on, which do not involve the adoption of accounting policies and the appropriateness and validity of the assumptions.

The Board has reviewed and considered the Valuation including the principal assumptions upon which the Valuation was based. The Board has also considered the report from Ernst & Young. On the basis of the foregoing, the Board is of the opinion that the Valuation has been made after due and careful enquiry.

A letter from the Board and a report from Ernst & Young are included in the appendices to this announcement for the purpose of Rules 14.60A and 14.62 of the Listing Rules.

Experts and Consents

The qualifications of Shanghai Lixin and Ernst & Young are as follows:

Name	Qualifications
Shanghai Lixin	Professional valuer
Ernst & Young	Certified Public Accountants

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of Shanghai Lixin and Ernst & Young is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither of Shanghai Lixin and Ernst & Young has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, each of Shanghai Lixin and Ernst & Young does not have any direct or indirect interests in any assets which have been, since 31 December 2021, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Shanghai Lixin and Ernst & Young has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its opinion and advice in its report/letter and all references to its name in the form and context in which it appears in this announcement.

As the Acquisition contemplated under the Equity Transfer Agreement is subject to satisfaction of certain conditions precedent, the Acquisition may or may not proceed and Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
China Resources Mixc Lifestyle Services Limited
YU Linkang
President

The PRC, 8 March 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. LI Xin and Mr. GUO Shiqing as non-executive directors, Mr. YU Linkang, Mr. WANG Haimin, Ms. WEI Xiaohua and Ms. YANG Hongxia as executive directors, and Mr. LAU Ping Cheung Kaizer, Mr. CHEUNG Kwok Ching, Mr. CHAN Chung Yee Alan and Ms. QIN Hong as independent non-executive directors.

APPENDIX I – LETTER FROM THE BOARD

8 March 2022

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

RE: DISCLOSEABLE TRANSACTION — ACQUISITION OF A PROPERTY SERVICES GROUP

We refer to the announcement of China Resources Mixc Lifestyle Services Limited (the “**Company**”) dated 8 March 2022 (the “**Announcement**”) relating to the captioned matters. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined.

We refer to the valuation report dated 6 March 2022 issued by Shanghai Lixin (the “**Valuer**”) regarding appraisal of the market value of the Target as at 31 October 2021 based on the discounted future cash flows (the “**Valuation Report**”), which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the report from Ernst & Young regarding whether the valuation, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out in the Valuation Report. We have noted that the Valuation in the Valuation Report is mathematically accurate and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board is of the opinion that the Valuation Report prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
China Resources Mixc Lifestyle Services Limited
YU Linkang
President

APPENDIX II – REPORT OF ERNST & YOUNG

The following is the text extracted from a report received from Ernst & Young, for the purpose of incorporation in this announcement.

8 March 2022

The Board of Directors
China Resources Mixc Lifestyle Services Limited
46/F, China Resources Building
26 Harbour Road
Wanchai
Hong Kong, China

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF YUZHOU PROPERTY SERVICE COMPANY LIMITED

To the Directors of China Resources Mixc Lifestyle Services Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 6 March 2022 prepared by Shanghai Lixin Appraisal Co., Ltd. in respect of Yuzhou Property Service Company Limited (the “**Target**”) as at 31 October 2021 is based. The valuation is set out in the announcement of China Resources Mixc Lifestyle Services Limited (the “**Company**”) dated 8 March 2022 (the “**Announcement**”) in connection with the acquisition of the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “PROFIT FORECAST REQUIREMENTS UNDER THE LISTING RULES” of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong