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華潤萬象生活有限公司

China Resources Mixc Lifestyle Services Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1209)

ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

For the year ended 31 December 2021, revenue for the year amounted to RMB8.875 billion, representing a year-on-year (“YoY”) growth of 30.9%, of which RMB5.310 billion was generated from the residential property management services segment, representing a YoY growth of 36.7%, and RMB3.565 billion was generated from the commercial operational and property management services segment, representing a YoY growth of 23.2%.

For the year ended 31 December 2021, gross profit for the year amounted to RMB2.759 billion, representing a YoY growth of 51.0%. Gross profit margin increased from 27.0% in 2020 to 31.1% in 2021.

For the year ended 31 December 2021, profit attributable to the shareholders increased by 110.9% YoY to RMB1.725 billion. Core profit attributable to the shareholders (excluding revaluation gain and associated deferred tax impact from investment properties, profit attributable to non-controlling interests) reached RMB1.702 billion, representing a YoY growth of 108.5%.

As at 31 December 2021, the GFA under management for which the Group provided comprehensive property management services was 164.8 million sq. m., while the numbers of opened shopping mall and office buildings for which the Group provided commercial operational services were 71 and 25, respectively.

For the year ended 31 December 2021, profit per share attributable to shareholders for the year amounted to RMB0.756, and the Company’s core profit per share attributable to shareholders amounted to RMB0.746.

The Board has recommended the declaration of a final dividend of RMB0.276 (equivalent to HK\$0.339) per share, representing a YoY increase of 109.1%.

The board of directors (the “**Board**”) of China Resources Mixc Lifestyle Services Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	Year ended 31 December 2021 RMB'000	2020 RMB'000
REVENUE	5	8,875,384	6,778,911
Cost of sales		(6,116,866)	(4,951,878)
Gross profit		2,758,518	1,827,033
Gain on changes in fair value of investment properties		30,000	1,704
Share of loss of a joint venture		(1,895)	(120)
Other income and gains	6	523,432	180,368
Marketing expenses		(58,100)	(50,287)
Administrative expenses		(818,959)	(747,125)
Other expenses		(20,798)	(4,518)
Finance costs		(75,642)	(72,129)
PROFIT BEFORE TAX		2,336,556	1,134,926
Income tax expenses	7	(610,486)	(317,216)
PROFIT FOR THE YEAR		1,726,070	817,710
Attributable to:			
Owners of the parent		1,724,925	817,710
Non-Controlling interests		1,145	–
		1,726,070	817,710
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted for the year		RMB75.6 cents	RMB48.5 cents
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Attributable to:			
Owners of the parent		1,724,925	817,710
Non-Controlling interests		1,145	–
		1,726,070	817,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		As at 31 December	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		527,014	259,928
Investment properties		2,264,000	2,234,000
Intangible assets		115,957	2,238
Right-of-use assets		99,416	114,257
Investment in a joint venture		435	2,330
Deferred tax assets		76,585	45,367
Deposits paid for purchase of property, plant and equipment	<i>12</i>	3,758	86,065
Time deposits	<i>10</i>	2,474,608	–
Total non-current assets		5,561,773	2,744,185
CURRENT ASSETS			
Inventories		138,004	196,132
Trade and bill receivables	<i>11</i>	1,042,609	822,240
Prepayments, other receivables and other assets	<i>12</i>	922,578	786,173
Financial assets at fair value through profit or loss		–	3,847,810
Restricted bank deposits		228,720	366,955
Cash and cash equivalents		13,698,238	10,312,459
Total current assets		16,030,149	16,331,769
CURRENT LIABILITIES			
Trade payables	<i>13</i>	839,115	700,378
Other payables and accruals	<i>14</i>	2,807,313	2,665,222
Contract liabilities		1,417,223	1,006,947
Lease liabilities		80,547	63,041
Tax payable		133,615	97,927
Interest-bearing bank borrowings	<i>15</i>	801,249	521,815
Total current liabilities		6,079,062	5,055,330
NET CURRENT ASSETS		9,951,087	11,276,439
TOTAL ASSETS LESS CURRENT LIABILITIES		15,512,860	14,020,624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		As at 31 December	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		1,277,923	1,319,331
Other liabilities		12,166	12,552
Deferred tax liabilities		333,746	225,709
		<hr/>	<hr/>
Total non-current liabilities		1,623,835	1,557,592
		<hr/>	<hr/>
NET ASSETS		13,889,025	12,463,032
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>16</i>	152	152
Reserves		13,887,728	12,462,880
		<hr/>	<hr/>
		13,887,880	12,463,032
		<hr/>	<hr/>
Non-Controlling interests		1,145	–
		<hr/>	<hr/>
Total equity		13,889,025	12,463,032
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENT

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 18 May 2017. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Group was mainly engaged in the provision of residential property management services and commercial operational and property management services in the People's Republic of China (the “**PRC**”).

The Company's shares became listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2020 (the “**Listing**”).

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

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements been prepared under the historical cost convention, except for investment properties, and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)*

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“**HIBOR**”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received Covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

4. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (“**CODM**”) of the Group, was specifically focused on the segments of the residential property management services and commercial operational and property management services. These divisions are the basis on which the Group reports its segment information under HKFRS 8 *Operating Segments*.

Segment results represent the profit earned or loss incurred before taxation by each segment without allocation of income or expenses which are not recurring in nature or unrelated to the CODM’s assessment of the Group’s operating performance, e.g., other income and gains, share of loss of investment in a joint venture, gain on changes in fair value of investment properties, administration expenses, other expenses, and finance costs. Segment revenues and results are the measures reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Year ended 31 December 2021

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

Year ended 31 December 2020

	Residential property management services <i>RMB'000</i>	Commercial operational and property management services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	218,900	–	218,900
Recognised over time	<u>3,641,884</u>	<u>2,687,744</u>	<u>6,329,628</u>
Revenue from other sources			
Rental income	<u>23,035</u>	<u>207,348</u>	<u>230,383</u>
Revenue from external customers	<u>3,883,819</u>	<u>2,895,092</u>	<u>6,778,911</u>
Result			
Segment results	617,379	1,209,654	1,827,033
Gain on changes in fair value of investment properties			1,704
Share of loss of investment in a joint venture			(120)
Other income and gains			180,368
Unallocated expenses			(801,930)
Finance costs			<u>(72,129)</u>
Profit before tax			<u>1,134,926</u>
Segment assets	3,309,553	4,622,468	7,932,021
<i>Reconciliation</i>			
Corporate and other unallocated assets			<u>11,143,933</u>
Total assets			<u><u>19,075,954</u></u>
Segment liabilities	3,498,673	2,643,070	6,141,743
<i>Reconciliation</i>			
Corporate and other unallocated liabilities			<u>471,179</u>
Total liabilities			<u><u>6,612,922</u></u>
Capital expenditure*	94,135	114,725	<u><u>208,860</u></u>

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

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

For the years ended 31 December 2021, revenue from the ultimate holding company and the fellow subsidiaries contributed 39% (2020: 38%) of the Group's revenue. Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

5. REVENUE

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

An analysis of revenue is as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	<u>8,555,407</u>	<u>6,548,528</u>
Revenue from other sources:		
Gross rental income from investment property operating leases:		
– Variable lease payments that do not depend on an index or rate	78,111	57,751
– Other lease payments, including fixed payments	<u>241,866</u>	<u>172,632</u>
	319,977	230,383
	<u>8,875,384</u>	<u>6,778,911</u>

Revenue from contracts with customers

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Types of goods and services		
Residential property management services		
Property management services	3,772,249	2,922,639
Community value-added services	384,633	295,578
Value-added services to property developers	813,029	573,322
Sales of properties	217,339	67,802
Others	91,888	1,443
	<u>5,279,138</u>	<u>3,860,784</u>
Commercial operational and property management services		
Shopping malls*	1,841,207	1,604,351
Office buildings**	1,435,062	1,083,393
	<u>3,276,269</u>	<u>2,687,744</u>
Total revenue from contracts with customers	<u>8,555,407</u>	<u>6,548,528</u>
Timing of revenue recognition		
Goods transferred at a point in time	309,227	69,245
Services transferred at a point in time	159,113	149,655
Services transferred over time	8,087,067	6,329,628
Total revenue from contracts with customers	<u>8,555,407</u>	<u>6,548,528</u>

* The Group started to charge commercial operational fees on shopping malls since January 2020. Meanwhile, starting from July 2020, the Group had changed revenue model for property management services to shopping malls to commission basis. For property management services income from properties managed under commission basis, the Group considers its obligation is only limited to arranging and monitoring the services provided by other parties to the property owners as an agent and accordingly recognises the commission as its revenue.

** The Group started to charge commercial operational fees on office buildings in the second half of 2020.

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Contract liabilities		
Related parties	57,069	11,213
Third parties	1,360,154	995,734
	<u>1,417,223</u>	<u>1,006,947</u>

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year		
Residential property management services	836,225	661,174
Commercial operational and property management services	82,335	63,431
	<u>918,560</u>	<u>724,605</u>

Performance obligations

For residential property management services (except for brokerage services, sales of planting stocks, merchandise and properties) and commercial operational and property management services, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. The Group bills the amount for services provided on a monthly basis or pre-charges service fee on a half year basis and payment is due within 30 days of invoice. The Group has elected the practical expedient as described in HKFRS 15.121(b) for not to disclose the remaining performance obligations for these types of contracts.

Contract liabilities

For brokerage services, the services are rendered in a short period of time which is generally less than a year and there is no satisfied performance obligation as at 31 December 2021 and 2020. The payment is due immediately when the services are rendered to the customer.

For sales of planting stocks, merchandise and properties, the performance obligation is satisfied when control of the asset is transferred to the customers. The payment is due immediately when the customers obtain the physical possession or the legal title of the planting stocks, merchandise and properties. There were no remaining performance obligations unsatisfied or partially satisfied as at 31 December 2021 and 2020.

6. OTHER INCOME AND GAINS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest income	376,301	15,085
Government grants	77,883	72,148
Gain on disposal of items of property, plant and equipment	12,323	28,025
Operating subsidies	–	9,272
Exchange gains, net	16,656	48,004
Fair value gains from financial assets at fair value through profit or loss	28,060	1,090
Reversal of impairment of trade and bill receivables and other receivables	–	1,868
Others	12,209	4,876
	523,432	180,368

7. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 2021 (2020: Nil).

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax (“CIT”) rate of 25% (2020: 25%) for the year ended 31 December 2021, excluding certain subsidiaries of the Group in the PRC which are either located in western cities or qualified as Small and Micro Enterprises and subject to a preferential income tax rate of 15% for the year ended 31 December 2021.

The provision for PRC Land Appreciation Tax (“LAT”) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The major components of income tax expenses for the year are as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	522,088	331,405
LAT	11,579	2,462
Deferred income tax	76,819	(16,651)
Total tax charge for the year	<u>610,486</u>	<u>317,216</u>

8. DIVIDENDS

In June 2020, the Company declared a dividend in the amount of RMB434.8 million to the shareholder, CR Land, which was paid on 23 October 2020.

A dividend of RMB0.132 (equivalent to HK\$0.158) per ordinary share that relates to the year ended 31 December 2020 amounting to RMB300.1 million (equivalent to approximately HK\$360.6 million) was recognised during the six months ended 30 June 2021 and paid in July 2021.

At a meeting held by the board on 30 March 2022, the board of directors recommended a final dividend of RMB0.276 (equivalent to HK\$0.339) per ordinary share totalling RMB630.0 million (equivalent to HK\$773.8 million) for the year ended 31 December 2021.

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

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

The calculation of the basic and diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,282,500,000 (2020: 1,686,691,781) in issue during the year.

The Company has no potentially dilutive ordinary shares in issue during the year ended 31 December 2021 (2020: Nil).

	2021 <i>RMB' 000</i>	2020 <i>RMB' 000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>1,724,925</u>	<u>817,710</u>
	Year ended 31 December	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year	<u>2,282,500,000</u>	<u>1,686,691,781</u>

10. TIME DEPOSITS

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

11. TRADE AND BILL RECEIVABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
Related parties	703,820	586,992
Third parties	<u>339,482</u>	<u>221,778</u>
Bill receivables		
Related parties	7,185	13,920
Third parties	<u>1,057</u>	<u>3,351</u>
Impairment	<u>(8,935)</u>	<u>(3,801)</u>
	<u>1,042,609</u>	<u>822,240</u>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,017,119	798,295
1 to 2 years	31,558	25,580
2 to 3 years	1,531	1,563
Over 3 years	<u>1,336</u>	<u>603</u>
	1,051,544	826,041
Impairment	<u>(8,935)</u>	<u>(3,801)</u>
	<u>1,042,609</u>	<u>822,240</u>

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Current</i>		
Prepayments	170,979	116,201
Deposits	26,870	17,387
Other receivables	181,170	137,613
Amounts due from related parties	548,639	520,273
	<u>927,658</u>	<u>791,474</u>
Impairment	<u>(5,080)</u>	<u>(5,301)</u>
	<u>922,578</u>	<u>786,173</u>
<i>Non-current</i>		
Prepayments	<u>3,758</u>	<u>86,065</u>

The other receivables were denominated in RMB, and the fair value of other receivables approximated to their carrying amounts. Other receivables with third parties are unsecured, non-interest-bearing and repayable on demand. Other receivables with related parties are interest-free.

As at 31 December 2021, the loss allowance was assessed to be RMB5,080,000 (2020: RMB5,301,000).

13. TRADE PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
Related parties	119,295	119,104
Third parties	719,820	581,274
	<u>839,115</u>	<u>700,378</u>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	763,544	659,255
1 to 2 years	54,079	20,248
2 to 3 years	12,617	19,948
Over 3 years	8,875	927
	<u>839,115</u>	<u>700,378</u>

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

14. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Other payables and accruals		
Related parties	316,061	245,470
Third parties	1,496,602	1,678,726
	<u>1,812,663</u>	<u>1,924,196</u>
Salaries payable	867,608	640,457
Tax payables other than current income tax liabilities	127,042	100,569
	<u>2,807,313</u>	<u>2,665,222</u>

Other payables and accruals with third parties are unsecured, non-interest-bearing and repayable on demand. All Other payables with related parties are interest-free.

15. INTEREST-BEARING BANK BORROWINGS

Details of the terms of the Group's bank borrowings as set out below:

	2021			2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
	HIBOR+0.65-					
Bank loans-unsecured	HIBOR+1.65	2022	801,249	HIBOR+1.65	2021	521,815

As at 31 December 2021, the Group's bank borrowings amounting to RMB801,249,000 (2020: RMB521,815,000) are denominated in Hong Kong dollars. CR Land and China Resources (Holdings) Company Limited ("CRH") are required to hold, directly or indirectly, not less than 51% and 35%, respectively, of the issued share capital of the Company at any time during the period of the loan in accordance with the terms of the respective loan agreements.

16. SHARE CAPITAL

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Authorised:		
5,000,000,000 (2020: 5,000,000,000) ordinary shares of		
US\$ 0.00001 each	338	338
Issued and fully paid:		
2,282,500,000 (2020: 2,282,500,000) ordinary shares at		
US\$ 0.00001 each	<u>152</u>	<u>152</u>

CHAIRMAN'S STATEMENT

I am pleased to present the annual business review and outlook of the Group for the year ended 31 December 2021 to the shareholders.

During 2021, the global economy continued to be suffered from COVID-19. In face of the complicated external situation and the challenges brought by the variant virus, the GDP of the PRC recorded a YoY growth of 8.1%, while the total domestic retail sales of consumer goods exceeded RMB40 trillion, enabling the PRC to become the world's second largest consumer market and demonstrating a solid step towards quality development of the "14th Five-Year Plan". In recent years, under the principle of "houses are for living in, not for speculation", the PRC real estate industry was subject to adjustment and reformation. On the one hand, with more notable Matthew Effect, the industry integration had been accelerating, while on the other hand, the separate operations of the commercial management and property management businesses of real estate conglomerates for capital market integration had become a new trend. The commercial management business was benefited from the continued returning of high-end consumption of luxury goods, the expanding population of middle class and the growing Z Generation, and the rapid growth of high-end and high quality business market. Supported by the favourable national policies, the property management business enjoyed major development opportunities. Meanwhile, the significant valuation differentiation of the property management business in the capital market and the debt risk of their respective parent company resulted in disposal of the property management business. The leading property management companies entered into the window phase of integration.

In 2021, the Group further facilitated marketization. By establishing solid management foundation and speeding up business development, all of our core performance indicators experienced rapid growth. On the first anniversary of the Listing, we released our brand value, "leading quality life in urban cities and enhancing space asset value through smart services", and our brand concept, "Extraordinary MIXC". All of the above demonstrated a good start of the "14th Five-Year Plan". The Group realized a consolidated revenue of RMB8.875 billion, an increase of 30.9% YoY and a core net profit of RMB1.702 billion, a significant increase of 108.5% YoY. The Group's earnings per share relating to core net profit was RMB0.746. The board of directors (the "**Board**") of the Company has resolved to declare a final dividend of RMB0.276 (equivalent to HK\$0.339) per share, a significant increase of 109.1% YoY, with an payout rate of 37.0%.

During the year, with 17 years of exploration and innovation, the commercial management business of the Group grew strongly through establishment of three core product lines, “MIXC”, “MIXONE” and “MIXC World”, which offered a refreshed branding for consistently reaching the target of becoming “the PRC’s first brand in commercial management”. By continuously improving operational quality and efficiency, the core indicators of the Group recorded steady increase. The annual retail sales of our shopping malls under management hit record high, representing a YoY increase of 43.8% and exceeding 100 billion RMB. Operating profit margin rose 9.9 percentage YoY, which drove a significant YoY increase in the revenue from operational services of 85.7%. The retail sales of eight luxury shopping malls recorded YoY growth of 39.7%, which further consolidated our leading position in the high-end markets. Meanwhile, the Group further expanded its commercial operational services to rank top-notch position in the commercial operational service industry of the PRC by obtaining eleven new contracted commercial operational projects from the parent group, twelve third-party shopping mall projects in various cities such as Shenzhen, Shanghai, Hangzhou and Shenyang. We also had twelve new shopping malls opened as scheduled at high standard and tapped into six new cities for the first time. In terms of the office building business, we actively adjusted leasing strategies to capture the huge demands in the technology and financial industry arising from the transformation and upgrade of the PRC’s economy, and successfully introduced high-quality tenants such as Fortune Global 500 enterprises and unicorns, resulting in a YoY increase in occupancy rate of 11.4 percentage points and a YoY increase in the revenue from office commercial operational and property management services of 32.5%. As of the end of 2021, the Group’s shopping mall operation and property management services business covered 68 cities, while 71 projects were under operation. Besides, office building operation and property management business covered 40 cities, while 25 projects were under operation.

In this year, by always adhering to the principle of high-quality property management services, the Group achieved quality growth in promoting the PRC's strategies and driving the transformation and upgrade of urban management. We had used our best endeavor to ensure the very success of the opening and closing ceremonies and numerous competitions of the 14th National Games, the 11th Paralympic Games and the 8th Special Olympics. As a result, all of our operational indicators improved. We recorded a revenue of RMB5.310 billion for our residential property management services for the year, up 36.7% YoY, while the gross profit margin of basic residential property management services rose to 15.0%, and the revenue from community value-added services significantly increased by 86.9%. The property management business of the Group strived to transform as "urban space operational service provider" and build our new brand, "MIXC Services". Upholding to the core power of "intelligent technologies", the Group continued to develop comprehensive urban space operational services covering three major areas, i.e. communities, offices and cities. We had joined hands with our parent company CR Land to devote much more effort in the area of urban space intelligent technologies in order to promote the construction of smart cities. At the same time, by maintaining quality increase in scale, the Group reached a significant surge of 320.5% YoY in the total GFA expansion, placing its emphasis on the development of urban public space business. As of the end of 2021, the Group's residential and other property management business covered 100 cities across the country, with 185.9 million sq.m. contracted GFA and 146.8 million sq.m. GFA under management. At the beginning of 2022, the Group has seized the market opportunity to enter into an equity acquisition framework agreement and an equity acquisition agreement for the acquisition of Yuzhou Property Service Company Limited and Jiangsu Zhongnan Property Services Co., Ltd., respectively, which helped facilitate our rapid expansion in management scale and the sound synergy with the existing businesses.

Incorporating the concept of low-carbon sustainability into the operation and management, the Group consistently improved its environmental management system, promoted green operation and achieved energy saving and efficiency increase. Led by the nation's "dual carbon" goals, the Group has included "carbon emission peak" and "carbon neutrality" into its overall strategic planning. We took active initiative to implement ESG systematic management, and had been given BBB rating under the ESG index rating by MSCI, enabling us to position in the forefront of the industry.

Looking forward into 2022, as the pandemic situation remains severe overseas and the global economic development is entering into a “post pandemic era”, the PRC faces pressures in terms of pandemic prevention and control and economic growth. Policy implementation in full force will be the key to the domestic economic development. With favorable countercyclical policy, the domestic economy has shown a sign of “steady growth”. In the coming year, led by the “14th Five-Year Plan” strategies, the Group will adhere to its strategic positioning of being a “high-quality urban lifestyle service platform” and its main target of quality development by seizing opportunities and strengthening our capabilities. For the property management business, we will capture the opportunities, exert much effort in expansion and achieve smooth post-investment integration. By consistently improving our ability to provide high quality service and enhancing operational efficiency, we will reinforce our brand, “MIXC Services”, and continue to promote our transformation into “urban space operational service provider”. In relation to the commercial management business, we will better utilize the project resources of our parent company and carry out expansion to grasp market shares to enhance market penetration and geographic grid exposure, we will constantly improve both our quality and efficiency so as to solidify our leading position in the industry. Meanwhile, we will strengthen our technology capability and space operation, targeting to build our comprehensive, integrated membership system in the coming year to boost and drive traffic across different property types, to improve customers’ experience and to facilitate our business growth.

Last but not least, on behalf of the Board, I would like to extend my heartfelt thanks to the shareholders, customers and all sectors of the society who have been paying close attention to and supporting the development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business is divided into two main segments: (i) residential property management services; (ii) commercial operational and property management services.

Residential property management services: The Group provides management services for residential properties and other non-commercial properties comprising public facilities such as stadiums, parks and industrial parks, and brings various services to families and residents in the communities to meet their living needs. Our residential property management services can be categorized as follows:

- Property management services, including security, cleaning and greening, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered;
- Value-added services to property developers, including consultancy, preliminary preparation, and pre-delivery marketing services; and
- Community value-added services, including community living services, and brokerage and asset services.

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

For shopping malls, the Group provides:

- Commercial operational services, including pre-opening management and operation management services;
- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services; and
- Commercial subleasing services, where the Group leases certain quality shopping malls from their owners and sublease to tenants such as retail stores and supermarkets.

For office buildings, the Group provides:

- Commercial operational services, including tenant sourcing, asset management and operational services, and opening preparation services; and
- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services.

The table below sets forth details of revenue by business segment and type of services as of the dates indicated:

	As of 31 December			
	2021	%	2020	%
	(RMB'000)		(RMB'000)	
Residential property management services				
Property management services	3,772,249	42.5	2,922,639	43.1
Value-added services to property developers	813,029	9.2	573,322	8.5
Community value-added services	724,777	8.1	387,858	5.7
Subtotal	5,310,055	59.8	3,883,819	57.3
Commercial operational and property management services				
Shopping malls	2,130,267	24.0	1,811,699	26.7
Office buildings	1,435,062	16.2	1,083,393	16.0
Subtotal	3,565,329	40.2	2,895,092	42.7
Total	8,875,384	100.0	6,778,911	100.0

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

Property Management Services

During the year ended 31 December 2021, the Group's revenue from residential property management services amounted to RMB3,772.3 million, representing an increase of 29.1% as compared with the corresponding period of last year, and accounting for 42.5% of our total revenue. The increase in revenue was mainly attributable to the expanding management scale. As of 31 December 2021, there were 754 managed residential and other non-commercial properties projects, an increase of 201 over the last year, with an aggregate GFA under management of 146.8 million sq.m., representing an increase of 40.3 million sq.m. over the previous year.

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,	
	2021	2020
Contracted GFA (sq.m. in thousands)	185,904	142,922
Number of projects for contracted GFA	1,041	854
GFA under management (sq.m. in thousands)	146,833	106,563
Number of projects for GFA under management	754	553

The table below sets forth a breakdown of the number of residential properties projects under management, the aggregate GFA under management as of the date indicated, and revenue generated from property management services by type of property developer for the periods indicated:

	As of 31 December					
	2021			2020		
	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	95,777	511	2,819,316	81,355	416	2,383,495
CR Group and third-party developers	51,056	243	952,933	25,208	137	539,144
Total	146,833	754	3,772,249	106,563	553	2,922,639

VALUE-ADDED SERVICES TO PROPERTY DEVELOPERS

During the year ended 31 December 2021, the Group recorded revenue generated from value-added services to property developers of RMB813.0 million, representing 9.2% of the total revenue, increased by 41.8% as compared with the corresponding period of last year. Such increase was mainly due to an increase in consultancy services and preliminary preparation services provided by the Group.

COMMUNITY VALUE-ADDED SERVICES

During the year ended 31 December 2021, the Group recorded revenue generated from community value-added services of RMB724.8 million, increased by 86.9% as compared with the corresponding period of last year, representing 8.1% of the total revenue. Such increase was primarily resulted from the expansion of the community services provided by the Group to our property residents and the increase in asset operation and investment services.

COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

Shopping Malls

For the year ended 31 December 2021, the Group's revenue from the commercial operational and property management services to shopping malls amounted to RMB2,130.3 million, representing an increase of 17.6% as compared with the corresponding period of last year, and accounting for 24.0% of the total revenue. As of 31 December 2021, the Group provided commercial operational services to 69 opened shopping mall projects with an aggregate GFA of 7.4 million sq.m., a vast majority of which were also using our property management services. In addition, we have two opened shopping mall subleasing projects as of 31 December 2021.

82.7% of the segment revenue was generated from the provision of commercial operational services and property management services to shopping malls, with the remaining revenue from the provision of commercial subleasing services.

The table below sets forth details of the contracted GFA and GFA of projects opened under commercial operational services and property management services for shopping malls as of the dates indicated:

	As of 31 December,	
	2021	2020
Contracted GFA (sq.m. in thousands)	13,014	10,099
Number of projects for contracted GFA	122	99
GFA of projects opened (sq.m. in thousands)	7,378	6,126
Number of projects opened	69	57

The table below sets forth a breakdown of the number of opened shopping malls projects receiving commercial operational services and the aggregate GFA under management 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					
	2021			2020		
	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	6,368	53	1,592,229	5,375	43	1,462,090
CR Group and third-party developers	1,010	16	168,775	751	14	65,080
Total	7,378	69	1,761,004	6,126	57	1,527,170

OFFICE BUILDINGS

During the year ended 31 December 2021, the Group's revenue from the commercial operation and property management services to office buildings was RMB1,435.1 million, representing an increase of 32.5% as compared with the corresponding period of last year, accounted for 16.2% of the total revenue. As of 31 December 2021, the Group provided commercial operation services for 25 office buildings with a total GFA of 1.6 million sq.m. and property management services for 115 offices with a total GFA of 8.2 million sq.m..

88.9% 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 the details of our contracted GFA and GFA under management of office building projects as of the dates indicated:

	As of 31 December,	
	2021	2020
Commercial operational services		
Contracted GFA (sq.m. in thousands)	1,900	1,771
Number of projects for contracted GFA	30	29
GFA under commercial operational services (sq.m. in thousands)	1,622	1,481
Number of projects under commercial operational services	25	23
Property management services		
Contracted GFA (sq.m. in thousands)	10,003	7,341
Number of projects for contracted GFA	127	94
GFA under property management services (sq.m. in thousands)	8,213	5,690
Number of projects under property management services	115	80

The table below sets forth a breakdown of the number of office buildings projects under management, the aggregate GFA under management as of the date 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					
	GFA under management (sq.m.in thousands)	2021 Number of projects	Revenue (RMB'000)	GFA under management (sq.m.in thousands)	2020 Number of projects	Revenue (RMB'000)
Commercial operational services						
CR Land	1,255	20	128,551	1,150	19	48,309
CR Group and third-party developers	367	5	30,353	331	4	8,568
Total	1,622	25	158,904	1,481	23	56,877
Property management service						
CR Land	6,582	81	1,047,275	4,957	65	834,672
CR Group and third-party developers	1,631	34	228,883	733	15	191,844
Total	8,213	115	1,276,158	5,690	80	1,026,516

² In and before June 2020, the Group's commercial operational services to offices, as inter-departmental services, formed part of the CR Land's integrated commercial property development and investment business, thus there were no additional charges on such services

OUTLOOK

Accelerate the Expansion of the Company and Strengthen its Leading Market Position

The Group plans to selectively acquire, or establish joint ventures with, property management and commercial operational service providers with complementary strengths or with targeted operation scale and profitability. Meanwhile, the Group will adhere to its strategy to penetrate regional market and take advantage of its business network in cities expand with business presence established and the brand advantages. In particular, it will continue to the property management service portfolios to all property types while focus on medium and high-end commerce in terms of commercial operational services. In addition, it will also strive to secure quality projects from third parties, therefore to enhance the market shares and realize economies of scale.

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

Maintaining High-Quality Services to Customers and Improving Professional Operation and Management

The Group adheres to the principle of high-quality services. Riding on years of professional experience accumulation in the commercial retail and service fields and following the trend of technology innovation and digital transformation, we will continue to improve our professional operation and service system to achieve high-quality development and continuous improvement of customer experience. Meanwhile, we aim to introduce more CR Group and CR Land's services and resources to the Company's managed properties so as to bring more value to our ultimate recipients of our services. In addition, we will also leverage our advantages on "space, customer and resource" to construct an integrated ecosystem featured with multiple property types, full spectrum of service offerings and become the creator of urban ecological services and people's happy life.

Pursue Strategic Investments in the Company's Ecosystem

The Group plans to pursue strategic investments in national or regional service providers with specialized businesses that are synergistic with our business, such as brokerage, asset management and new retail, to build an ecosystem of service offerings that promotes customer loyalty. Meanwhile, the Group plans to pursue strategic investments in business partners located upstream and downstream in the Group's industry chain to enhance the Company's profitability and broaden our customer base.

Develop an Integrated Membership Program with Cross-Business Function

The Group intends to further integrate residential communities, shopping malls and office buildings under our management to create more business opportunities. We plan to promote the membership system to attract third-party merchants and further develop our platform and ecosystem through creating value and growth opportunities, and continue to enhance the functionality of our membership programs to capture members' interest in our products and services offered under the membership programs, enhance their loyalty and further attract new users to our ecosystem in an efficient manner. We will also consolidate our membership programs, which allows the Company to fully understand the needs of users, optimize interaction among different property types, improve customers' cross-platform experience, and actively promote corporate brand, enhance our brand image and customer loyalty through the Company's membership programs.

Actively Promote Technology Empowerment, Continue to Enhance Service Upgrade and Organizational Improvement

The Group plans to promote digitization initiatives of "business informatization, operation digitization, space intelligentization, data capitalization" and enhances operational efficiency and users' experience by technology empowerment. We also plans to pursue strategic investments in technology companies relating to commercial operation, property management and urban management. Meanwhile, the Group continues to upgrade the functionality and capability of our digitized service platforms, such as "E-MIXC," "JOY LIFE" and "Officeasy" apps, to create a unique experience for our users.

Expand Human Resources Through Recruitment, Training and Motivation

The Group plans to attract talents with its competitive remuneration packages and excellent corporate culture and reputation, and organizes 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.

During the year ended 31 December 2021, the Group's revenue amounted to RMB8,875.4 million, representing an increase of 30.9% as compared with the corresponding period of last year. Such increase was primarily due to : (i) the increase in the GFA under management of residential property management services; (ii) the increase in our revenue from commercial operational services due to the rise in the number of commercial projects under operation and the improvement in the performance of business projects; (iii) the increase in our newly added third party commercial projects which resulted in the increase in our revenue from the pre-opening management services of the commercial projects.

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.

During the year ended 31 December 2021, the Group's cost of sales amounted to RMB6,116.9 million, representing an increase of 23.5% as compared with the corresponding period of last year. Such increase was primarily due to the increase of corresponding costs by class resulting from the growth of revenue.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2021, the gross profit of the Group amounted to RMB2,758.5 million representing a YoY increase of 51.0% and the gross profit margin was 31.1%, representing a YoY increase of 4.1 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,			
	2021		2020	
	Gross profit	Gross profit	Gross profit	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
		%		%
Residential property management services				
Property management services	567,354	15.0	359,408	12.3
Value-added services to property developers	259,045	31.9	134,465	23.5
Community value-added services	198,978	27.5	123,506	31.8
Subtotal	1,025,377	19.3	617,379	15.9
Commercial operational and property management services				
Shopping malls	1,329,256	62.4	884,975	48.8
Office buildings	403,885	28.1	324,679	30.0
Subtotal	1,733,141	48.6	1,209,654	41.8
Total	2,758,518	31.1	1,827,033	27.0

During the year ended 31 December 2021, the gross profit margin of residential property management services was 19.3%, with YoY growth of 3.4 percentage points. Such increase was primarily attributable to effective cost control measures and the improvement in operating efficiency.

During the year ended 31 December 2021, the gross profit margin of commercial operational and property management services was 48.6%, with YoY growth of 6.8 percentage points. The increase in gross profit margin of this segment was mainly due to the increase in our service scale arising from the substantial increase in the profitability of shopping malls and the increase in the number of commercial projects under management after the recovery of the epidemic in 2021. Meanwhile, we switched from a lump sum basis revenue model to a commission basis revenue model for property management services to shopping malls from July 2020, and the gross profit margin increased accordingly.

GAIN ON CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

For the year ended 31 December 2021, the Group recorded gain on changes in fair value of investment properties of RMB30.0 million, which was mainly related to the valuation increase due to the rise in the rental level of our subleasing project, Shenzhen Buji MIXONE.

OTHER INCOME AND GAINS

For the year ended 31 December 2021, the Group recorded other income and gains of RMB523.4 million, representing an increase of 190.2% as compared with the corresponding period of last year, which was mainly attributable to the increase in the interest income of bank deposits and gains from disposal of structured bank deposits.

MARKETING EXPENSES

For the year ended 31 December 2021, our marketing expenses was RMB58.1 million, representing an increase of 15.5% as compared with the corresponding period of last year, which was mainly because the Group had organized less promotion activities for the subleasing projects as affected by the pandemic in 2020.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2021, our administrative expenses was RMB819.0 million, representing an increase of 9.6% as compared with the corresponding period of last year, which was primarily attributable to the increased staff costs and office expenses as a result of the Group's business expansion. Benefited from the significant results of cost control and efficiency improvement, administrative expenses as a percentage of revenue decreased by 1.8 percentage points as compared with that in the corresponding period of last year.

OTHER EXPENSES

For the year ended 31 December 2021, our other expenses amounted to RMB20.8 million, representing an YoY increase of 360.3%, mainly due to the increase of impairment losses on trade and bill receivables, parking spaces accrued by the Group during the year.

INCOME TAX

For the year ended 31 December 2021, the Group's effective income tax rate was 26.1%, decreased by 1.8 percentage points as compared with the corresponding period of last year, mainly due to the tax exemption on offshore interest income.

PROFIT FOR THE YEAR

For the year ended 31 December 2021, the Group's net profit was RMB1,726.1 million, increased by 111.1% as compared with the corresponding period of last year.

LIQUIDITY, CAPITAL STRUCTURE AND CAPITAL RESOURCES

For the year ended 31 December 2021, the Group's total bank deposits and cash (including restricted bank deposits) are mainly held in RMB and amounted to RMB13,927.0 million, (31 December 2020: RMB10,679.4 million) an increase of 30.4% as compared with that as of the end of last year, which was mainly due to the cash inflow from operating activities and the remaining proceeds held by way of bank deposits.

For the year ended 31 December 2021, the Group's borrowings were floating interest borrowings of HK\$980.0 million (equivalent to RMB801.2 million, representing an YoY increase of 58.1%). The borrowings were mainly used for the payment of the consideration of acquisition of Huan Le Song (Hong Kong) prior to the Listing and for the payment of dividends to the shareholders.

GEARING RATIO

For the year ended 31 December 2021, the Group's gearing ratio was 35.7%, representing an increase of 1.0 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.

CAPITAL COMMITMENTS

As of 31 December 2021, the Group's capital commitments amounted to RMB17.8 million (31 December 2020: RMB 223.3 million).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2021, the Company had invested in structured bank deposits in February 2021 and the deposits have all been redeemed in full during the year in accordance with their respective terms, details of which were contained in the announcement dated 4 June 2021.

On 30 March 2021, China Resources Mixc Commercial (Shenzhen) Co. Ltd.* (華潤萬象商業(深圳)有限公司) (“**CR MixC Shenzhen**”, a wholly-owned subsidiary of the Company, as transferee) entered into (i) the Copyrights Transfer Agreement with Shenzhen Qianhai Chengcang Technology Internet Co., Ltd.* (深圳前海橙倉科技互聯有限公司) (“**Shanghai Qianhai**”, a wholly-owned subsidiary of CR Land, as transferor), where Shenzhen Qianhai agrees to transfer, among others, the ownership, operating rights and software copyrights pertinent to the certain software programmes to CR Mixc Shenzhen; and (ii) the Domain Names Transfer Agreement with CR Shenzhen (as transferor), where CR Shenzhen agrees to transfer, among others, the ownership of certain domain names. In addition, CR Property Management Engineering Technology Co. Ltd.* (華潤物業工程科技有限公司) (“**CR Property Management**”, a wholly-owned subsidiary of the Company) entered into an agreement with Pinghu Zhenshang Landscaping Co., Ltd Beijing Branch* (平湖市臻尚園林綠化有限公司北京分公司) (“**Pinghu Zhengshang**”, a wholly-owned subsidiary of CR Land) pursuant to which CR Property Management agreed to dispose and Pinghu Zhenshang agreed to acquire the certain assets at an aggregate consideration of RMB19,157,619.64. Details of both transactions were contained in the announcements dated 30 March 2021.

The Group will continue to invest in property development project when deemed appropriate. It is expected that our internal financial resources are sufficient for any necessary funding demands. Save for the above and as disclosed in the “Subsequent Events” in this announcement and the announcements of the Company dated 5 January 2022, 20 January 2022 and 8 March 2022 in relation to equity acquisition, as of the date of this announcement, the Group had no other material acquisitions or disposals, significant investments and future plans of material investments.

PROCEEDS OF THE LISTING

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

As set out in the prospectus of the Group dated 25 November 2020 (the “**Prospectus**”), the Group intends to use the proceeds for the purposes and in the amounts set forth below:

- approximately 60% will be used to make strategic investments and acquisitions to expand our property management and commercial operational businesses.
- approximately 15% will be used to pursue strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry.
- approximately 15% will be used to invest in information technology systems and smart communities.
- approximately 10% will be used as working capital and for general corporate uses.

As at 31 December 2021, RMB1,379.9 million of the proceeds of the Listing had been utilized. The remaining amounts were held by way of bank deposits with licensed banks in Hong Kong or the PRC and are intended to be used in the manner set out in the Prospectus.

Business objective as stated in the Prospectus		Proportion	Actual use of net proceeds				Expected timeline for fully utilizing the net proceeds from the Listing
			Planned use of net proceeds	Proceeds unused as of 31 December 2020	during the year ended 31 December 2021	Proceeds unused as of 31 December 2021	
RMB million							
(i)	Making strategic investments and acquisitions to expand our property management and commercial operational businesses	60%	6,960.3	6,960.3	–	6,960.3	By December 2025
(ii)	Pursuing strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry	15%	1,740.1	1,740.1	92.1	1,648.0	By December 2025
(iii)	Investing in information technology systems and smart communities	15%	1,740.1	1,740.1	127.8	1,612.3	By December 2025
(iv)	Working capital and general corporate uses	10%	1,160.0	1,160.0	1,160.0	–	By December 2025
		100%	11,600.4	11,600.4	1,379.9	10,220.5	

Notes:

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

PROPERTY HELD FOR INVESTMENT

For the year ended 31 December 2021, one of the properties of the Group, Shenzhen Buji MIXONE, was recognized as the investment property under HKFRS 16 in the consolidated statements of financial position, and the asset ratio of such investment property exceeds 5% but is less than 25% and all other ratios are less than 5% pursuant to Rule 14.04(9) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Shenzhen Buji MIXONE is located at No. 2 Xiangge Road, Buji Area, Longgang District, Shenzhen, Guangdong Province, the People’s Republic of China. It is currently used for commercial subleasing services and is held under long-term lease. During the effective term of the lease contract, the lessor has no right to unilaterally terminate the contract except for force majeure events and extreme conditions such as the Group’s rental payments are in arrears, non-compliance with regulations and damage to the buildings.

CONTINGENT LIABILITIES

As of 31 December 2021, the Group has no material contingent liabilities (as of 31 December 2020: nil).

PLEDGE OF ASSETS

As of 31 December 2021, the Group had no pledge of assets (as of 31 December 2020: nil).

FOREIGN CURRENCY RISK

As the Group’s business is mainly conducted in the PRC, we mainly take RMB as the settlement currency. As of 31 December 2021, non-RMB assets and liabilities mainly included the cash of HK\$69.9 million, US\$12,745.9, and the bank borrowings of HK\$980.0 million. 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. Meanwhile, the Group currently does not hedge its foreign exchange risk but dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

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

- A revolving loan facility letter for a facility in an aggregate amount up to HKD620,000,000 with no fixed term and is repayable on demand by the lender was entered into on 28 June 2021, details of which have been disclosed in the announcement dated 28 June 2021. The Company undertakes that during the term of the facility, CRH shall directly or indirectly own no less than 35% of the beneficial ownership of the Company, and CR Land shall remain as the single largest shareholder of the Company, directly or indirectly owning no less than 51% of the beneficial ownership of the Company and being able to control the Company. If a change of control resulting in violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.
- A revolving loan facility letter for a facility in an aggregate amount of up to HKD600,000,000 with a maturity date of 12 months was entered into on 20 October 2021, details of which have been disclosed in the announcement dated 20 October 2021. The Company undertakes that during the term of the facility, the Company shall procure that CRH and CR Land remain directly or indirectly interested in no less than 35% and 51% of the issued share capital of the Company respectively. If violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.
- A revolving loan facility letter for a facility in an aggregate amount of up to RMB1,000,000,000 with a maturity date of 12 months was entered into on 23 March 2022, details of which have been disclosed in the announcement dated 23 March 2022. The Company undertakes that during the term of the facility, the Company shall procure that CR Land remain directly or indirectly interested in no less than 51% of the issued share capital of the Company and remain to be the single largest shareholder of the Company. If violation of the relevant undertakings under this facility letter occurs, the lender may declare any commitment under this facility letter to be cancelled and/or declare the principal amount advanced and the outstanding loans, together with all the interests accrued thereon, and all other amounts due under this facility letter shall become immediately due and payable.

SUBSEQUENT EVENT

After the year ended 31 December 2021, the Company has entered into the following transactions:

- On 5 January 2022, Runying Property Technology Service Company Limited (潤楹物業科技服務有限公司) (“**Runying**”) (a wholly-owned subsidiary of the Company, as the proposed purchaser) and Tianjin Yujia Life Service Company Limited (天津禹佳生活服務有限公司) (“**Tianjin Yujia**”) (as the proposed seller) entered into the framework agreement for the proposed sale and purchase of equity interest in Yuzhou Property Service Company Limited (禹洲物業服務有限公司) (“**Yuzhou Property Service**”) which is principally engaged in the business of property management services in the PRC. The acquisition constitutes a discloseable transaction. On 8 March 2022, Runying entered into the equity transfer agreement with Tianjin Yujia and Yuzhou Property Service. The consideration is RMB1,058 million. As of the date of this Announcement, the acquisition has been completed.
- On 20 January 2022, Super Honour Development Limited (創潤發展有限公司) (a wholly-owned subsidiary of the Company, as the purchaser) entered into an equity transfer agreement with, among others, HongKong Rainbow Property Limited (香港彩虹物業有限公司) (“**Seller 1**”) and HongKong Lehuo Property Limited (香港樂活物業有限公司) (“**Seller 2**”, collectively with Seller 1 as the sellers), pursuant to which (i) the purchaser has agreed to acquire, and Seller 1 has agreed to sell, the entire equity interests of Nantong Changle Property Co., Limited (南通長樂物業有限公司) (“**Nantong Changle**”); and (ii) the purchaser has agreed to acquire, and Seller 2 has agreed to sell, 1% of the equity interests of Jiangsu Zhongnan Property Services Co., Ltd. (江蘇中南物業服務有限公司) (“**Jiangsu Zhongan**”). The consideration is to be determined and finally agreed between the parties but it shall not be higher than RMB2,260 million. Nantong Changle and Jiangsu Zhongan, together with their respective subsidiaries and branches (the “**Target Companies**”), are principally engaged in the business of property management services in the PRC. In connection with the acquisition, the purchaser also entered into a framework agreement with the Sellers, Jiangsu Zhongnan and Jiangsu Zhongnan Construction Group Co., Ltd (江蘇中南建設集團股份有限公司) (“**Jiangsu Zhongan Construction**”), pursuant to which Jiangsu Zhongnan Construction warrants to, among others, procure companies in which it directly or indirectly holds equity interests, to continue the cooperation with the Target Companies in connection with the property management projects of the Target Companies. As of the date of this announcement, the acquisition is still pending completion.

Saved as disclosed, the Group had no other significant subsequent events occurred after 31 December 2021 which would material impact on the performance and the value of the Group.

EMPLOYEE AND COMPENSATION POLICY

As of 31 December 2021, the Group had 28,654 full time employees in Mainland China and Hong Kong (31 December 2020: 27,077). 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.

CORPORATE GOVERNANCE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has applied the principles and adopted the code provisions stated in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has complied with all applicable code provisions set out in the CG Code throughout the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made by the Company to all the Directors and the relevant employees and all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE AND AUDITOR

Final results for the year ended 31 December 2021 have been reviewed by the Audit Committee which comprises three independent non-executive Directors and one non-executive Director (namely Mr. CHAN Chung Yee Alan (Chairman), Mr. CHEUNG Kwok Ching, Ms. QIN Hong and Mr. GUO Shiqing). The financial information included in this preliminary results announcement for the year ended 31 December 2021 has been agreed by the auditor of the Company. There has not been any significant changes in accounting policies during the year and there are no prior period adjustments due to correction of material errors during the year.

FINAL DIVIDEND

The Board recommended a final dividend of HK\$0.339 (equivalent to RMB0.276 (**“2021 Final Dividend”**)) for the year ended 31 December 2021 payable on or around 10 August 2022 to shareholders whose names appear on the register of members of the Company on 22 June 2022.

The 2021 Final Dividend will be payable in cash to each shareholder in Hong Kong Dollars (**“HKD”**) unless an election is made to receive the same in Renminbi (**“RMB”**).

Shareholders will be given the option to elect to receive all or part of the 2021 Final Dividend in RMB at the exchange rate of HKD1.0 : RMB0.8134, being the average benchmark exchange rate of HKD to RMB as published by the People’s Bank of China during the five business days immediately before 30 March 2022. If shareholders elect to receive the 2021 Final Dividend in RMB, such dividend will be paid to shareholders at RMB0.276 per share. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders in early July 2022 as soon as practicable after the record date of 22 June 2022 to determine shareholders’ entitlement to the 2021 Final Dividend, and lodge it to branch share registrar of the Company, Tricor Investors Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 20 July 2022.

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on 10 August 2022 at the shareholders' own risk.

If no duly completed dividend currency election form in respect of that shareholder is received by the branch share registrar of the Company by 4:30 p.m. on 20 July 2022, such shareholder will automatically receive the 2021 Final Dividend in HKD. All dividend payments in HKD will be made in the usual ways on or around 10 August 2022.

If shareholders wish to receive the 2021 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 during the following periods:

- i. from 8 June 2022 to 14 June 2022, 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 14 June 2022 ("**2022 AGM**"). In order to be eligible to attend and vote at the 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 7 June 2022; and
- ii. subject to the approval of shareholders at the meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business of the Company at 4:30 p.m. on 22 June 2022 and the register of members of the Company will be closed on 22 June 2022, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates lodged with the Company's Hong Kong share register, Tricor Investor Services Limited, at the above address not later than 4:30 p.m. on 21 June 2022.

ANNUAL GENERAL MEETING, PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The 2022 AGM will be held on 14 June 2022. A notice convening the 2022 AGM and the Company's annual report for the year ended 31 December 2021 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 website of the Stock Exchange and the Company (<http://www.crmixclifestyle.com.cn>) in due course.

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

The PRC, 30 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.

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.