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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 IN RELATION TO THE ACQUISITION OF EQUITY INTERESTS OF THE TARGET COMPANIES

Reference is made to the announcement dated 20 January 2022 (the “**Announcement**”) of the Company in relation to the entering into of the Equity Transfer 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 SUPPLEMENTAL AGREEMENT

As stated in the Announcement, the Consideration is subject to, among others, the final due diligence findings and is to be determined and finally agreed between the parties. The Board hereby announce that on 27 April 2022, the Purchaser, the Sellers, Nantong Yihao and Runying entered into a supplemental agreement to the Equity Transfer Agreement (the “**Supplemental Agreement**”) to amend and supplement certain terms of the Equity Transfer Agreement. The major amendments are set out as follows:

Consideration

Pursuant to the Supplemental Agreement, Jiangsu Zhongnan has 14 subsidiaries established under the laws of the PRC, together with which Jiangsu Zhongnan owns an aggregate of 142 branches in the PRC (two subsidiaries shall be deregistered or disposed of by the Sellers before the relevant consideration is paid into a joint account by the Purchaser), and the Consideration is revised to RMB2,485,385,768.85 (subject to adjustment and/or deduction) which is determined with reference to, among others, the audited financial information of the Target Companies as at 31 December 2021 and the debt and related liabilities (unrelated to the operations) of the Target Companies as stated therein. The Company has also taken into account the final appraisal of Jiangsu Zhongnan (the “**Valuation**”) under the income

approach and market approach and Nantong Changle under the asset-based approach as at 31 December 2021 pursuant to the business valuation carried out by Beijing North Asia Asset Assessment Firm (Special General Partnership) (北京北方亞事資產評估事務所(特殊普通合夥)), an independent and qualified valuer engaged by the Company (the “**Valuer**”), with reference to, among others, the audited financial information of the Target Companies as at 31 December 2021. The Consideration is not higher than the valuations.

The Consideration payable by the Purchaser under the Supplemental Agreement comprises of the following components, and 99% of each of the components shall be payable to Seller 1 and 1% of payable to Seller 2:

- (a) a consideration of RMB1,281,775,768.85 (“**First-Phase Consideration**”), which consists of: (i) the consideration of the Managed Projects of RMB935,772,570.51, which will be settled by the Purchaser in cash (“**Managed Projects Consideration**”); and (ii) the amount owed by Sellers and their related parties to the Target Companies of RMB346,003,198.34, which will be settled by the Purchaser by means of debt assumption (the “**Debt Assumption Consideration**”);
- (b) a consideration of RMB30 million (“**Second-Phase Consideration**”) representing the consideration for the acquisition of the equity interest of a non-wholly owned subsidiary of the Target Group; and
- (c) a consideration of RMB1,173,610,000 (“**Subsequent Consideration**”), which consists of: (i) the consideration of the businesses of the basic property services, non-owner value-added services and owner value-added service of the Contracted Projects and the Secured Projects of RMB853,130,000 (“**Undelivered Businesses Consideration**”); and (ii) the consideration of parking space and storage rooms sales agent business of RMB320,480,000 (“**Sales Agent Business Consideration**”).

The Consideration shall be further adjusted if, among others, the Managed Areas, the Contracted Areas and Secured Areas are less than the agreed areas expected to be delivered to the Target Group, and the actual commission income from parking space and storage room sales agent business is less than the agreed commission income.

Deduction from the Consideration

The Purchaser shall be entitled to deduct from the Consideration upon the occurrence of several circumstances including but not limited to:

- (a) the Sellers, their related parties and/or relevant developers failing to pay the Purchaser and/or the Target Companies according to the relevant agreements (including damages, compensation, service fees, costs and interest on advances etc.);
- (b) the Sellers and/or their related parties failing to enter into non-owner value-added service agreement(s) with the Target Companies designated by the Purchaser, having such agreement(s) to be cancelled or otherwise prematurely terminated, or having the relevant contractors or developers to default on such agreement; and
- (c) the Sellers, their related parties and/or relevant developers failing to pay any amount under the relevant agreement within a designated period of time.

Payment schedule

Subject to the debt assumption agreement to be entered into between Runying and Nantong Yihao in relation to the Debt Assumption Consideration pursuant to the terms and conditions of the Supplemental Agreement, the Sellers shall be deemed to have fulfilled the relevant settlement obligations to the Target Companies, while the Purchaser shall be deemed to have paid the Debt Assumption Consideration to the Sellers; and the remaining Consideration shall be settled in the following manner in cash, which will be financed by the internal resources of the Group:

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| Managed Projects
Consideration | : (a) Within three (3) business days after the Supplemental Agreement becoming effective, and satisfaction or waiver of conditions of, among others, the completion of filing with the SASAC of the audit report and valuation report, and the Deposit having been refunded to Runying, the Managed Projects Consideration (less corresponding income taxes withheld and paid, deposits, rectification fees for the property projects under management of the Target Group, unpaid bonuses and other deductions) shall be paid by Purchaser into a joint account maintained with a bank; and |
|-----------------------------------|--|

- (b) subject to satisfaction or waiver of conditions of, among others, the completion of the Acquisition and the completion of changes in business registration of the Target Companies, within seven (7) Hong Kong business days, the parties shall duly execute the payment instructions, after which all amounts in the joint account (excluding all interests accrued on the amounts in the joint account and other relevant deductions) shall be released to the designated offshore account of the Sellers.

Subsequent Consideration : the Subsequent Consideration will be settled by the Purchaser on 30 June and 31 December of each year after the date of the completion of the Acquisition in the following manner:

- (a) for any Contracted Projects and/or Secured Projects obtained by the Target Companies and in the satisfaction of the relevant conditions, the Purchaser shall pay the corresponding Undelivered Businesses Consideration for the relevant six-month period; and
- (b) for any commission income from parking space and storage room sales agent services, the Purchaser shall pay the corresponding Sales Agent Business Consideration for the relevant six-month period.

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. Transaction Assumption

The transaction assumption assumes that all the assets to be valued are in the course of transaction and the valuation assessed by the Valuer is based on a simulated market which involves the transaction conditions of the assets to be valued. The transaction assumption is one of the most fundamental assumptions for the performance of asset valuation;

2. Open Market Assumption

The open market assumption assumes that the parties to the assets transaction or the proposed assets transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to make a rational and informed judgment on the assets, including their functions, uses and transaction prices. The basis of open market assumption is that the assets can be traded openly in the market.

3. Asset Going-concern Assumption

The asset going-concern assumption means that the valuation method, parameters and basis shall be determined on the premise that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

4. Corporate Going-concern Assumption

The corporate going-concern assumption assumes that businesses of the valued entities can be continuously operated under its current condition, and its operating condition will not have material changes in the foreseeable future.

Specific Assumptions

1. The external economic environment had remained unchanged and there was no material change in the prevailing national macroeconomics as at the valuation benchmark date, being 31 December 2021 (the “**Valuation Date**”);
2. There is no material change in the social and economic environment and in the prevailing policies regarding, among others, taxation and tax rates of places where Jiangsu Zhongnan operates;
3. There is no material change in the policies, management systems and relevant regulation of the industries in which Jiangsu Zhongnan operates;
4. Jiangsu Zhongnan will continue to operate in accordance with its existing management model;
5. The information for Valuation, including the assets ownership information, provided by the Purchaser and Jiangsu Zhongnan is true, legal and complete, and such information collected by the Valuer within its scope of competence is true and credible;
6. Jiangsu Zhongnan had abided by all relevant laws and regulations of the PRC and conformed to the national industrial policies, and there will be no major violations affecting the development of Jiangsu Zhongnan and its realization of profits;
7. The Valuation is based on the premise of the actual stock of the assets as at the Valuation Date, and the valid domestic prices as at the Valuation Date are used as the basis for the prevailing market prices of such assets;
8. The accounting policies adopted in preparing the financial information of Jiangsu Zhongnan after the Valuation Date and in making the profit forecasts are consistent in principle in major aspects;
9. Jiangsu Zhongnan will not amend its existing credit policies, and there will be no major difficulty in payment recovery;

10. The scope of Valuation is only based on the audited financial information and asset declaration statements of the Jiangsu Zhongnan, without covering any contingent assets and liabilities that may exist outside such financial information and statements;
11. There are even cashflows in the income and expenditure of Jiangsu Zhongnan in the future;
12. There will be no other major adverse effects caused by force majeure and unforeseen factors;
13. The assets to be valued have no title defects, or the Purchaser and Jiangsu Zhongnan had revealed all such title defects (if any);
14. As at the Valuation Date, there was still uncertainty as to whether the Secured Projects could be successfully acquired by Jiangsu Zhongnan. It is assumed that property service contracts for projects within the scope of the Framework Agreement can be entered into and property services and charges can be implemented as scheduled;
15. It is assumed that the property service contracts entered into by Jiangsu Zhongnan and its subsidiaries and branches can be renewed upon expiry, or that their respective management can enter into new property service contracts through market expansion to make up for the normal withdrawal of the existing service projects, and hence the number of property services projects and level of revenue can reach a relative balance; and
16. The impact of inflation on the Valuation had not been taken into account.

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 the Valuer and Ernst & Young are as follows:

Name	Qualifications
Beijing North Asia Asset Assessment Firm (Special General Partnership)	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 the Valuer 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 the Valuer 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 the Valuer and Ernst & Young does not have any direct or indirect interests in any assets which have been since 31 December 2021 (the date to which the latest published annual result of the Group were made up) 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 the Valuer 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 Supplemental 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, 27 April 2022

As at the date of this announcement, the Board of directors of the Company comprises Mr. LI Xin (chairman) and Mr. GUO Shiqing as non-executive directors, Mr. YU Linkang, Mr. WANG Haimin, Ms. WEI Xiaohua and 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

27 April 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 TRANSACTIONS — ACQUISITION OF EQUITY INTERESTS OF THE TARGET COMPANIES

We refer to the announcements of China Resources Mixc Lifestyle Services Limited (the “**Company**”) dated 20 January 2022 and 27 April 2022 (the “**Announcements**”) relating to the captioned matters. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise defined.

We refer to the valuation report dated 26 April 2022 issued by Beijing North Asia Asset Assessment Firm (Special General Partnership) (the “**Valuer**”) regarding appraisal of the market value of Jiangsu Zhongnan as at 31 December 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 and the profit forecast in the Valuation Report are mathematically accurate and are 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.

27 April 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 JIANGSU ZHONGNAN PROPERTY SERVICES CO., LTD.

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 26 April 2022 prepared by Beijing North Asia Asset Assessment Firm (Special General Partnership) in respect of Jiangsu Zhongnan Property Services Co., Ltd. (“**Jiangsu Zhongnan**”) as at 31 December 2021 is based. The valuation is set out in the announcement of China Resources Mixc Lifestyle Services Limited (the “**Company**”) dated 27 April 2022 (the “**Announcement**”) in connection with the acquisition of the entire equity interests of Nantong Changle Property Co., Limited and 1% of the equity interests of Jiangsu Zhongnan. 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 Jiangsu Zhongnan. 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.

Emst & Young

Certified Public Accountants

Hong Kong