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 2021 INTERIM RESULTS

HIGHLIGHTS

For the six months ended 30 June 2021, the Group recorded revenue amounted to RMB4,014.4 million, representing a YoY increase of 28.1%. Among which, revenue from the residential property management services segment was RMB2,391.5 million, representing a YoY increase of 42.3% and revenue from the commercial operational and property management services segment was RMB1,622.9 million, representing a YoY increase of 11.7%.

For the six months ended 30 June 2021, gross profit of the Group was RMB1,292.7 million, representing a YoY increase of 71.1%, and the gross profit margin increased from 24.1% in the corresponding period of 2020 to 32.2%.

For the six months ended 30 June 2021, profit attributable to shareholders of the Company was RMB806.0 million, representing a YoY increase of 138.1%, and core profit attributable to shareholders of the Company (excluding revaluation gains of investment properties and the impact of relevant deferred tax) amounted to RMB779.0 million, representing a YoY increase of 115.6%.

As at 30 June 2021, GFA under management of the Group's residential property management services was 121.8 million sq.m., representing an increase of 15.3 million sq.m. as compared with that as of 31 December 2020, and GFA of opened shopping mall and opened office buildings where we provided commercial operational services were 6.9 million sq.m. and 1.5 million sq.m. respectively.

For the six months ended 30 June 2021, the earnings per share attributable to shareholders of the Company was RMB0.353 and the core profit per share attributable to shareholders of the Company was RMB0.341.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	**Six months ended 30 June**	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
REVENUE	*5*	**4,014,403**	3,134,000
Cost of sales		**(2,721,728)**	(2,378,689)
Gross profit		**1,292,675**	755,311
Gain/(loss) on changes in fair value of investment properties		**36,000**	(30,300)
Share of loss of investment in a joint venture		**(187)**	–
Other income and gains	*6*	**223,305**	62,009
Marketing expenses		**(22,708)**	(19,569)
Administrative expenses		**(387,692)**	(264,220)
Other expenses		**(6,988)**	(1,678)
Finance costs		**(38,122)**	(33,427)
PROFIT BEFORE TAX		**1,096,283**	468,126
Income tax expenses	*7*	**(290,249)**	(129,561)
PROFIT FOR THE PERIOD		**806,034**	338,565
Attributable to:			
Owners of the company		**806,034**	338,565
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted profit for the period		**RMB35.3 cents**	RMB20.5 cents
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**806,034**	338,565
Attributable to:			
Owners of the company		**806,034**	338,565

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	**June 30 2021** *RMB'000* **(Unaudited)**	December 31 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**244,646**	259,928
Investment properties		**2,270,000**	2,234,000
Intangible assets		**1,685**	2,238
Right-of-use assets		**98,264**	114,257
Investment in a joint venture		**2,143**	2,330
Deferred tax assets		**40,369**	45,367
Deposits paid for purchase of property, plant and equipment	*12*	**85,931**	86,065
Time deposits	*10*	**2,431,675**	–
Total non-current assets		**5,174,713**	2,744,185
CURRENT ASSETS			
Inventories		**159,175**	196,132
Trade receivables	*11*	**1,113,304**	822,240
Prepayments, other receivables and other assets	*12*	**690,852**	786,173
Financial assets at fair value through profit or loss		**–**	3,847,810
Restricted bank deposits		**304,206**	366,955
Cash and cash equivalents		**12,457,415**	10,312,459
Total current assets		**14,724,952**	16,331,769
CURRENT LIABILITIES			
Trade payables	*13*	**744,989**	700,378
Other payables and accruals	*14*	**2,890,353**	2,665,222
Contract liabilities		**1,061,763**	1,006,947
Lease liabilities		**60,126**	63,041
Tax payable		**72,122**	97,927
Interest-bearing bank borrowings	*15*	**515,889**	521,815
Total current liabilities		**5,345,242**	5,055,330
NET CURRENT ASSETS		**9,379,710**	11,276,439
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,554,423**	14,020,624

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021

	Note	**June 30 2021** ***RMB'000*** **(Unaudited)**	December 31 2020 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**1,304,014**	1,319,331
Other liabilities		**12,398**	12,552
Deferred tax liabilities		**269,022**	225,709
Total non-current liabilities		**1,585,434**	1,557,592
NET ASSETS		**12,968,989**	12,463,032
EQUITY			
Equity attributable to owners of the company			
Share capital	*16*	**152**	152
Reserves		**12,968,837**	12,462,880
Total equity		**12,968,989**	12,463,032

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

During the period, 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 interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and 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 phase 2 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 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings 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 amendment did not have any impact on the financial position and performance of the Group as there were no lease payments reduced or waived by the lessors as a result of the Covid-19 pandemic during the period.

4. 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, unallocated 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:

Six months ended 30 June 2021 (unaudited)	**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	**190,079**	**–**	**190,079**
Recognised over time	**2,184,911**	**1,482,095**	**3,667,006**
Revenue from other sources			
Rental income	**16,554**	**140,764**	**157,318**
Revenue from external customers	**2,391,544**	**1,622,859**	**4,014,403**
Result			
Segment results	**428,872**	**863,803**	**1,292,675**
Gain on changes in fair value of investment properties			**36,000**
Share of loss of investment in a joint venture			**(187)**
Other income and gains			**223,305**
Unallocated expenses			**(417,388)**
Finance costs			**(38,122)**
Profit before tax			**1,096,283**
As at 30 June 2021 (unaudited)			
Segment assets	**3,460,935**	**3,282,920**	**6,743,855**
Reconciliation			
Corporate and other unallocated assets			**13,155,810**
Total assets			**19,899,665**
Segment liabilities	**3,378,933**	**2,786,847**	**6,165,780**
Reconciliation			
Corporate and other unallocated liabilities			**764,896**
Total liabilities			**6,930,676**

Six months ended 30 June 2020 (audited)	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	71,685	–	71,685
Recognised over time	1,604,741	1,367,232	2,971,973
Revenue from other sources			
Rental income	4,368	85,974	90,342
Revenue from external customers	1,680,794	1,453,206	3,134,000
Result			
Segment results	235,218	520,093	755,311
Loss on changes in fair value of investment properties			(30,300)
Other income and gains			62,009
Unallocated expenses			(285,467)
Finance costs			(33,427)
Profit before tax			468,126
As at 31 December 2020 (audited)			
Segment assets	3,309,553	4,622,468	7,932,021
Reconciliation			
Corporate and other unallocated assets			11,143,933
Total assets			19,075,954
Segment liabilities	3,498,673	2,643,070	6,141,743
Reconciliation			
Corporate and other unallocated liabilities			471,179
Total liabilities			6,612,922

(1) 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.

(2) For the six months ended 30 June 2021, revenue from the ultimate holding company and the fellow subsidiaries contributed 38% (six months ended 30 June 2020: 36%) 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 six months ended 30 June 2021 and 2020.

5. REVENUE

Revenue mainly comprises proceeds from residential property management services and commercial operational and property management services. An analysis of the Group's revenue and cost of services by category for the six months ended 30 June 2021 and 2020 is as follows:

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers	**3,857,085**	3,043,658
Revenue from other sources:		
—Variable lease payments that do not depend on an index or rate	**42,491**	20,523
—Other lease payments, including fixed payments	**114,827**	69,819
	4,014,403	3,134,000

Revenue from contracts with customers:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Type of goods and services		
Residential property management services		
Property management services	**1,736,233**	1,317,109
Community value-added services	**298,824**	122,112
Value-added services to property developers	**339,933**	237,205
	2,374,990	1,676,426
Commercial operational and property management services		
Shopping malls*	**792,112**	919,045
Office buildings**	**689,983**	448,187
	1,482,095	1,367,232
Total revenue from contracts with customers	**3,857,085**	3,043,658
Timing of revenue recognition		
Goods transferred at a point in time	**93,270**	20,485
Services transferred at a point in time	**96,809**	51,200
Services transferred over time	**3,667,006**	2,971,973
Total revenue from contracts with customers	**3,857,085**	3,043,658

* 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.

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest income	**148,522**	1,615
Government grants	**34,088**	34,379
Gain on disposal of items of property, plant and equipment	**6,538**	18,131
Exchange gains, net	**4,346**	–
Fair value gains from financial assets at fair value through profit or loss	**28,470**	–
Operating subsidies	**–**	5,725
Others	**1,341**	2,159
	223,305	62,009

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. The Group's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2021 and 2020.

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax ("**CIT**") rate of 25% for the six months ended 30 June 2021 and 2020, 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% or 20% during the six months ended 30 June 2021 and 2020.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%.

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 periods are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax	**240,766**	120,250
LAT	**1,172**	633
Deferred income tax	**48,311**	8,678
Total tax charge for the period	**290,249**	129,561

8. DIVIDENDS

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.

The Board does not recommend the distribution of an interim dividend to the shareholders of the Company in respect of the six months ended 30 June 2021. 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.

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

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2020, the one share issued in exchange for the 100% of the equity interest of Golden Key Resource Limited ("**Golden Key**") from CR Land on 17 July 2020 (Note 16), the Share Subdivision on 19 October 2020 (Note 16) and the Capitalisation Issue on 19 November 2020 (Note 16), were deemed to be issued on 1 January 2020.

The calculation of the basic and diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,282,500,000 (six months ended 30 June 2020: 1,650,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020, respectively.

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**806,034**	338,565

	Number of shares	
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the period	**2,282,500,000**	1,650,000,000

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 RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
— Related parties	**675,014**	600,912
— Third parties	**445,361**	225,129
	1,120,375	826,041
Impairment	**(7,071)**	(3,801)
	1,113,304	822,240

The ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**1,054,878**	798,295
1 to 2 years	**49,810**	25,580
2 to 3 years	**14,577**	1,563
Over 3 years	**1,110**	603
	1,120,375	826,041
Impairment	**(7,071)**	(3,801)
	1,113,304	822,240

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Current		
Prepayments	**137,515**	116,201
Deposits	**16,627**	17,387
Other receivables	**97,130**	137,613
Amounts due from related parties	**445,358**	520,273
	696,630	791,474
Impairment	**(5,778)**	(5,301)
	690,852	786,173
Non-current		
Prepayments	**85,931**	86,065

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.

13. TRADE PAYABLES

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Trade payables		
— Related parties	**86,863**	119,104
— Third parties	**658,126**	581,274
	744,989	700,378

The aging analysis of the trade payables based on the invoice date are as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 1 year	**691,043**	659,255
1 to 2 years	**34,137**	20,248
2 to 3 years	**14,194**	19,948
Over 3 years	**5,615**	927
	744,989	700,378

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

14. OTHER PAYABLES AND ACCRUALS

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Other payables and accruals		
— Related parties	**278,889**	245,470
— Third parties	**1,475,219**	1,678,726
	1,754,108	1,924,196
Dividend payable		
— Related parties	**216,925**	–
— Third parties	**83,152**	–
	300,077	–
Salaries payables	**747,788**	640,457
Tax payables other than current income tax liabilities	**88,380**	100,569
	2,890,353	2,665,222

15. INTEREST-BEARING BANK BORROWINGS

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

	Effective interest rate *(%)*	**Maturity**	**30 June 2021** *RMB'000*	31 December 2020 *RMB'000*
Bank loans – unsecured	**HIBOR+1.65**	**2021**	**515,889**	521,815

As at 30 June 2021, the Group's bank borrowings amounting to RMB515,889,000 (31 December 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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Authorised:		
5,000,000,000 (31 December 2020: 5,000,000,000) ordinary shares of USD0.00001 each	**338**	338
Issued and fully paid:		
2,282,500,000 (31 December 2020: 2,282,500,000) ordinary shares of USD0.00001 each	**152**	152

	Number of Shares in issue	**Share capital**
		RMB'000
At 1 January 2020	13,000	88
Issue of share at 30 June 2020 *(a)*	1	–
	13,001	88
Subdivision of shares *(b)*	1,300,100,000	88
Capitalisation issue *(c)*	349,900,000	23
Initial public offering	550,000,000	36
Over-allotment	82,500,000	5
At 31 December 2020, 1 January 2021 and 30 June 2021	2,282,500,000	152

(a) On 17 July 2020, the Company acquired 100% of the equity interest of Golden Key from CR Land at a consideration of one share USD1, which was satisfied by the allotment and issue of one share to CR Land on 17 July 2020.

(b) On 19 October 2020, CR Land resolved, among other things, that each issued and unissued ordinary share then of USD1 par value be subdivided into 100,000 shares of USD0.00001 par value each ("**Share Subdivision**"), so that CR Land holds 1,300,100,000 shares of USD0.00001 par value each.

(c) On 19 November 2020, CR Land also resolved that, subject to the share premium account of the Company being credited as a result of the issue of shares pursuant to the Listing, the directors of the Company are authorised to allot and issue a total of 349,900,000 shares credited as fully paid at par on 9 December 2020 (the "**Listing Date**") to CR Land, as of the date immediately preceding the Listing Date (the "**Capitalisation Issue**").

As a consequence of the Share Subdivision and the Capitalisation Issue, and immediately before the completion of the offering, the authorised share capital of the Company shall be USD50,000 divided into 5,000,000,000 ordinary shares of par value USD0.00001 each, of which 1,650,000,000 shares were issued and fully paid-up.

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the interim business review and outlook of the Group for the six months ended 30 June 2021.

In recent years, under the principle of "houses are for living in, not for speculation", the PRC real estate industry saw favorable opportunities in delicacy management and gradually shifted its focus to the back-end of the industry value chain. More and more property developers adopted "developing asset-heavy business and asset-light business separately" model to pursue long-term development and unlock value. Operating commercial management and property management businesses separately and tapping into the capital markets have gradually became a new trend. In the first half of 2021, total domestic retail sales of consumer goods grew 23% YoY, and consumption remained the main engine for our economic growth. As the new middle class and Z Generation became main consumers in domestic market, China recorded the world's strongest growth for luxury consumption, bringing new opportunities for the rapid development of high-end and quality commercial operation business. The property management industry has undergone a major transformation since 2020 with the total market capitalization exceeding HK$1 trillion and will be further developed during this "golden time" driven by various favorable policies.

2021 marks the start of the 14th Five-Year Plan period, and also the first full financial year of the Group after listing. With the determination to make a good beginning at full speed in this first year, the Group has achieved stable growth in various core performance targets by fully implementing four core strategies of "scale expansion, efficiency enhancement, income increase through innovation and membership management". In the first half of the year, the Group realized consolidated revenue of RMB4.01 billion, an increase of 28.1% YoY and a net profit of RMB806.0 million, a significant increase of 138.1% YoY. The Group's earnings per share attributable to the shareholders of the Company were RMB0.353, and core profit per share attributable to the shareholders of the Company was RMB0.341.

Currently, with domestic economy gaining momentum, the Group has taken advantage of the favorable opportunity from consumption recovery and adopted effective measures to reduce costs, enhance service quality and promote business operation. Our managed shopping malls achieved retail sales of RMB56 billion in the first half of 2021 with an increase of 84.4% YoY, and the operating profit margin increased by 16.9 percentage points YoY, driving a significant increase of 126.9% YoY in terms of the Group's revenue from shopping malls operational services. The total retail sales of eight luxury shopping malls operated by the Group grew by 88.5% YoY, which further consolidated its leading position in the high-end markets. The Group also further expanded its commercial operational services, with nine new contracted commercial operational projects from the parent group, seven new shopping malls opened as scheduled at high standard and tapped into Nanchang, Jiaxing and Nanjing markets for the first time, in the first half of 2021. Meanwhile, the Group achieved expansion by obtaining eight third-party commercial projects based on its expertise in commercial operational business, which located in first and second-tier cities such as Shenzhen, Hangzhou and Shenyang, rapidly seizing the market share through asset-light model. In terms of the office building business, we successfully introduced high-quality tenants such as Fortune Global 500 enterprises and unicorns by swifty responding to the strong demands for rental in the sci-tech, finance and insurance industries under the dual cycle pattern, increasing the occupancy rate by 6.8 percentage point as compared to the end of 2020, and achieving a YoY increase of 54.0% in terms of the revenue from office commercial operational and property management services. As of 30 June 2021, the Group's shopping mall operation and property management services business covered 65 cities, while 66 projects are under operation. Besides, office building operation and property management business covered 39 cities, while 24 projects are under operation.

Always adhering to the principle of high-quality property management services, the Group has steadily enhanced its operating efficiency and standard. In the first half of the year, we recorded a revenue of RMB2.39 billion with a YoY increase of 42.3%, while the gross profit margin of basic property management services improved to 13.3% and the revenue from community value-added services significantly increased by 149.4% in the first half of the year by giving full play to the ecosystem advantages of "space, customer and resource", which contributed to 13.2% of the revenue of the residential property management services segment. In addition, the Group also proactively promoted the transformation towards "an urban operation service provider" by seizing the opportunity of accelerated "streamlining administration, delegating power, improving regulation, and upgrading services (放管服)" in the public field. The Group has successfully been awarded ten projects including Shenzhen Maozhou River, Dasha River Comprehensive Operation and Maintenance Project, Chengdu Dong'an Lake Eco-park Comprehensive Maintenance Project and Xi'an Olympic Sports Center Management Service Project, with GFA exceeding 10 million sq.m., and accounting for approximately 59% of the total third-party GFA expansion during the period. As of 30 June 2021, the Group's residential and other property management business covered 88 cities across the country, with 161.8 million sq.m. contracted GFA and 121.8 million sq.m. GFA under management.

The Group has always integrated social responsibilities into operation and management. Our first sustainability reports after listing was released in June 2021, giving comprehensive disclosure of our performance achievement. We constantly improved the environmental management system, promoted green operation, and proposed energy conservation and efficiency enhancement. It proactively participated in the community development and promoted the development of public welfare, in order to giving back to the society. The Group also proactively promoted ESG systematic management, and was included into the ESG index rating by MSCI.

Looking forward into the second half of the year, due to uncertainties in the epidemic situation, the internal and external demands will drive the domestic economy into a track full of opportunities and challenges at the same time. The Group will continue to target high-quality and stable development by seizing the industrial development opportunities and analyzing macro-policies. Our property management business will strive to achieve whole-region and whole-sector coverage, consolidate our two internal development cornerstones, i.e. quality service and basic property management, and focus on the community value-added service. Our commercial operational service will adopt different strategies for different projects and expand via multiple channels to solidity our leading position in the industry. Our integrated membership system will continue to be developed and optimized in line with the trend of technology innovation and digital transformation. The Group will make relentless effort to build the most influential asset-light management brand under our corporate vision to "become a trustworthy and popular urban quality-life service provider among customers".

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:

	For the six months ended 30 June			
	2021	**%**	2020	%
	(RMB'000)		*(RMB'000)*	
Residential property management services				
Property management services	**1,736,233**	**43.2**	1,317,109	42.0
Value-added services to property developers	**339,933**	**8.5**	237,205	7.6
Community value-added services	**315,378**	**7.9**	126,480	4.0
Subtotal	**2,391,544**	**59.6**	1,680,794	53.6
Commercial operational and property management services				
Shopping malls	**932,876**	**23.2**	1,005,019	32.1
Office buildings	**689,983**	**17.2**	448,187	14.3
Subtotal	**1,622,859**	**40.4**	1,453,206	46.4
Total	**4,014,403**	**100.0**	3,134,000	100.0

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

Property Management Services

For the six months ended 30 June 2021, the Group's revenue from property management services amounted to RMB1,736.2 million, representing an increase of 31.8% as compared with the corresponding period of last year, and accounting for 43.2% of our total revenue. As of 30 June 2021, there were 617 managed residential and other non-commercial properties, representing an increase of 115 as compared to the corresponding date in 2020; the aggregate GFA under management was 121.8 million sq.m., representing an increase of 24.3 million sq.m. as compared with the corresponding date in 2020. During the six months ended 30 June 2021, the Group's overall residential property management fee collection rate was 81.0%, an increase of 6.4 percentage points as compared with the corresponding period of last 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 30 June	
	2021	2020
Contracted GFA (sq.m. in thousands)	**161,787**	131,847
Number of projects for contracted GFA	**918**	787
GFA under management (sq.m. in thousands)	**121,845**	97,498
Number of projects for GFA under management	**617**	502

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

	As of 30 June					
	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	**86,833**	**455**	**1,314,936**	76,886	390	1,106,574
CR Group and third-party developers	**35,012**	**162**	**421,297**	20,612	112	210,535
Total	**121,845**	**617**	**1,736,233**	97,498	502	1,317,109

Value-Added Services to Property Developers

For the six months ended 30 June 2021, the Group recorded revenue generated from value-added services to property developers of RMB339.9 million, increased by 43.3% as compared with the corresponding period of last year, and accounting for 8.5% of our total revenue. Such increase was mainly due to an increase in consultancy services and preliminary preparation services provided by the Group.

Community Value-added Services

For the six months ended 30 June 2021, the Group recorded revenue generated from community value-added services of RMB315.4 million, increased by 149.4% as compared with the corresponding period of last year, and accounting for 7.9% of our total revenue. Such increase was primarily resulted from the expansion of the community services and asset services provided by the Group to our property residents.

COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

Shopping Malls

For the six months ended 30 June 2021, the Group's revenue from the commercial operational and property management services to shopping malls amounted to RMB932.9 million, representing a decrease of 7.2% as compared with the corresponding period of last year, and accounting for 23.2% of the total revenue. Starting from the second half of 2020, we switched to a commission basis revenue model for property management services to shopping malls as compared with a lump sum basis revenue model during the corresponding period of last year, so the revenue has declined as compared with the corresponding period of last year. As of 30 June 2021, the Group provided commercial operational services to 64 opened shopping mall projects with an aggregate GFA of 6.9 million sq.m., a vast majority of which were also receiving our property management services. In addition, we have two opened shopping mall subleasing projects as of 30 June 2021.

For the six months ended 30 June 2021, 80.6% 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 30 June	
	2021	2020
Contracted GFA (sq.m. in thousands)	**12,073**	5,610
Number of projects for contracted GFA	**116**	51
GFA of projects opened (sq.m. in thousands)	**6,906**	5,610
Number of projects opened	**64**	51

The table below sets forth a breakdown of the number of opened shopping malls receiving commercial operational services and the aggregate GFA as of the dates indicated, and revenue generated from commercial operational services and property management services by type of property developer for the periods indicated:

	As of 30 June					
	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	**5,769**	**47**	**685,379**	4,978	40	877,662
CR Group and third-party developers	**1,137**	**17**	**66,353**	632	11	6,666
Total	**6,906**	**64**	**751,732**	5,610	51	884,328

Office Buildings

For the six months ended 30 June 2021, the Group's revenue from the commercial operational and property management services to office buildings was RMB690.0 million, representing an increase of 54.0% as compared with the corresponding period of last year, accounted for 17.2% of the total revenue. Since July 2020, the Group started to provide commercial operational services for office buildings. As of 30 June 2021, the Group provided commercial operational services for 24 offices with a total GFA of 1.5 million sq.m. and property management services for 93 offices with a total GFA of 7.1 million sq.m.. During the period, our collection rate of property management fee from office building clients was 83.3%, representing an increase of 7.9 percentage points over the corresponding period of last year.

For the six months ended 30 June 2021, 88.0% of the segment revenue was generated from the provision of property management services to office buildings, with the remaining revenue from the provision of commercial operational services.

The table below sets forth details of our contracted GFA and GFA under management of office buildings as of the dates indicated:

	As of 30 June	
	2021	2020[1]
Commercial operational services		
Contracted GFA *(sq.m. in thousands)*	**1,767**	N/A
Number of projects for contracted GFA	**29**	N/A
GFA of the commercial operational services *(sq.m. in thousands)*	**1,487**	N/A
Number of projects for commercial operational services	**24**	N/A
Property management services		
Contracted GFA *(sq.m. in thousands)*	**9,908**	6,572
Number of projects of contracted GFA	**114**	86
GFA of the property management services *(sq.m. in thousands)*	**7,088**	5,141
Number of projects for property management services	**93**	73

The table below sets forth a breakdown of the number of office buildings under management, the aggregate GFA under management as of the dates indicated, and revenue generated from commercial operational services and property management services for the periods indicated by type of property developers:

	As of 30 June					
	2021			2020[1]		
	GFA under management ***(sq.m.in thousands)***	**Number of projects**	**Revenue** ***(RMB'000)***	GFA under management *(sq.m.in thousands)*	Number of projects	Revenue *(RMB'000)*
Commercial operational services						
CR Land	**1,120**	**19**	**65,886**	N/A	N/A	N/A
CR Group and third-party developers	**367**	**5**	**16,933**	N/A	N/A	N/A
Total	**1,487**	**24**	**82,819**	N/A	N/A	N/A
Property management services						
CR Land	**6,152**	**75**	**502,616**	4,438	60	368,321
CR Group and third-party developers	**936**	**18**	**104,548**	703	13	79,866
Total	**7,088**	**93**	**607,164**	5,141	73	448,187

1. In and before June 2020, the Group provided commercial operational services to office buildings as inter-departmental services, which formed part of the CR Land's integrated commercial property development and investment business, where no service charges were collected by us on such services.

OUTLOOK

Accelerate Expansion and Promote the Leading Market Position of the Company

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 with business presence established and the brand advantages. In particular, it will continue to expanding 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 win new engagements of property management and commercial operational services for residential properties and commercial properties developed or owned by CR Land for a stable expansion of our business. The Group 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 customers. In addition, we will also leverage our advantages on "space, customer and resource" to construct an integrated ecosystem featured with multiple property types, all-customers and 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 Company'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 six months ended 30 June 2021, the Group's revenue amounted to RMB4,014.4 million, representing an increase of 28.1% as compared with the corresponding period of last year. Such increase was primarily due to the increase in the GFA of property under our management, the significant increase of operating results of shopping malls under the regular epidemic prevention and control, and that the Group began to charge for the commercial operational services provided to office buildings since July 2020.

Cost of Sales

The Group's cost of sales mainly comprises (i) staff costs, (ii) subcontracting costs, (iii) utilities costs, (iv) common area facility costs, and (v) office and related expenses.

For the six months ended 30 June 2021, the Group's cost of sales amounted to RMB2,721.7 million, representing an increase of 14.4% 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

For the six months ended 30 June 2021, the gross profit of the Group amounted to RMB1,292.7 million and the gross profit margin was 32.2%, representing a YoY increase of 71.1% and 8.1 percentage points respectively.

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

	For the six months ended 30 June			
	2021		2020	
	Gross profit ***(RMB'000)***	**Gross profit margin** ***%***	Gross profit *(RMB'000)*	Gross profit margin *%*
Residential property management services				
Property management services	**231,092**	**13.3**	143,595	10.9
Value-added services to property developers	**88,550**	**26.0**	49,683	20.9
Community value-added services	**109,230**	**34.6**	41,940	33.2
Subtotal	**428,872**	**17.9**	235,218	14.0
Commercial operational and property management services				
Shopping malls	**631,257**	**67.7**	361,983	36.0
Office buildings	**232,546**	**33.7**	158,110	35.3
Subtotal	**863,803**	**53.2**	520,093	35.8
Total	**1,292,675**	**32.2**	755,311	24.1

For the six months ended 30 June 2021, the gross profit margin of residential property management services was 13.3%, with YoY growth of 2.4 percentage points. The increase was mainly due to the increase in the average property management fee and the improvement of operating efficiency.

For the six months ended 30 June 2021, the gross profit margin of commercial operational and property management services was 53.2%, with YoY growth of 17.4 percentage points. The significant 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 six months ended 30 June 2021, the Group recorded gain on changes in fair value of investment properties of RMB36.0 million, which was mainly related to the increase in the rental income of Buji Project in relation to our subleasing services.

OTHER INCOME AND GAINS

For the six months ended 30 June 2021, the Group recorded other income and gains of RMB223.3 million, representing an increase of 260.1% 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 structured bank deposits.

MARKETING EXPENSES

For the six months ended 30 June 2021, the Group recorded marketing expenses of RMB22.7 million, representing an increase of 16.0% as compared with the corresponding period of last year, which was mainly due to the additional opening preparation costs arising from the leasing project namely Lanzhou MIXC to be opened by the Group.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2021, the Group recorded administrative expenses of RMB387.7 million, representing an increase of 46.7% 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. Assuming revenue from management of shopping malls were charged on a commission basis in the first half of 2020, administrative expenses as a percentage of revenue has been maintained at a stable level in the first half of 2021, as compared with that in the corresponding period of last year.

INCOME TAX EXPENSES

For the six months ended 30 June 2021, the Group's effective income tax rate was 26.5%, decreased by 1.2 percentage points as compared with the corresponding period of last year, mainly due to the tax exemption on offshore interest income.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2021, the Group's net profit was RMB806.0 million, increased by 138.1% as compared with the corresponding period of last year.

LIQUIDITY AND CAPITAL RESOURCES

As of 30 June 2021, the Group's total bank deposits and cash (including restricted bank deposits) are mainly held in RMB and amounted to RMB12,761.6 million, representing an increase of 19.5% as compared to the end of last year, mainly due to the net cash inflow from operating activities and the remaining proceeds held by way of bank deposits.

As of 30 June 2021, the Group's borrowings were floating interest borrowings of HK$620.0 million (equivalent to RMB515.9 million). The borrowings were mainly used for the payment of the consideration of acquisition of Huan Le Song (Hong Kong) prior to the Listing.

DEBT-TO-ASSET RATIO

As of 30 June 2021, the Group's debt to asset ratio was 34.8%, representing an increase of 0.1 percentage points as compared to that of 31 December 2020. The debt to asset ratio was calculated by total liabilities divided by total assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2021, the Company had invested in structured bank deposits in February 2021 and the deposits have all been redeemed in full during the same period in accordance with their respective terms, details of which was contained in the announcement dated on 4 June 2021. Save as disclosed above, the Group had no 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, with total proceeds of the listing amounted to approximately RMB11,600.4 million after deducting the underwriting fees and relevant expenses.

As of 30 June 2021, RMB1,220.4 million of the listing proceeds had been utilised and the remaining was held by way of bank deposits.

Business objective as stated in the Prospectus		Proportion	Planned use of net proceeds *RMB'million*	Actual use of net proceeds in 2020 *RMB'million*	Actual use of net proceeds during the period ended 30 June 2021 *RMB'million*	Proceeds unused *RMB'million*	Expected timeline for fully utilizing the net proceeds from the Listing
(i)	Making strategic investments and acquisitions to expand our property management and commercial operational businesses	60%	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	–	23.8	1,716.3	By December 2025
(iii)	Investing in information technology systems and smart communities	15%	1,740.1	–	36.6	1,703.5	By December 2025
(iv)	Working capital and general corporate uses	10%	1,160.0	–	1,160.0	–	By December 2025
Total		100%	11,600.4	–	1,220.4	10,380.0	

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

PROPERTY HELD FOR INVESTMENT

For the six months ended 30 June 2021, one of the properties of the Group, Shenzhen Buji MIXONE has continued to be recognized as an investment property in our Interim condensed consolidated statements of financial position under HKFRS 16, and the percentage ratio of such investment property exceeds 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 on 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 30 June 2021, the Group has no material contingent liabilities.

PLEDGE OF ASSETS

As of 30 June 2021, the Group had no pledge of assets.

FOREIGN CURRENCY RISK

As the Group's business is mainly conducted in the PRC, we mainly take RMB as the settlement currency. As of 30 June 2021, non-RMB assets and liabilities mainly included the cash of HK$202.1 million, US$13,158, and the bank borrowings of HK$620.0 million. The management believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

SUBSEQUENT EVENT

After the period ended 30 June 2021 and up to the date of this announcement, the Group had no significant events occurred which have material impact on the performance and the value of the Group.

EMPLOYEE AND COMPENSATION POLICY

As of 30 June 2021, the Group had 26,845 full time employees in Mainland China and Hong Kong. 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 PRACTICES

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 for the six months ended 30 June 2021.

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 they have confirmed that they have complied with the Model Code for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE AND AUDITOR

Interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee which comprises three independent non-executive Directors and one non-executive Director. The financial information included in this announcement for the six months ended 30 June 2021 has been agreed by the auditor of the Company.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's interim report for the six months ended 30 June 2021 containing the relevant information required by the Listing Rules will be published on the websites 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
LI Xin
Chairman

The PRC, 25 August 2021

As at the date of this announcement, the Board 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.