



華潤萬象生活有限公司

China Resources Mixc Lifestyle Services Limited

(Stock Code 股份代號: 01209.HK)

非凡城市
萬象生長

2022

Interim Results Announcement
中期業績發佈會



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01 Results Highlights

Result Highlights

Each core indicator achieved better-than-expected results through proactive response to market and industry changes and continuous improvement in quality and efficiency

Revenue

RMB **5,278** million

YoY increase **31.5%**



Core Net Profit

1040 million

YoY increase **33.5%**



Earnings per share

0.450 yuan

YoY increase **27.5%**



Dividend per share

0.127yuan

First-time declaration of interim dividend



Retail Sales of Shopping Malls

RMB **597** million

YoY increase **6.6%**



Operating Profit Margin of Shopping Malls*

65.5%

YoY increase **1.6 pts**



Newly Acquired Third-Party Shopping Malls

7

Total GFA of **0.62** million sq.m.



Number of Members

31.11 million

Increase by **21.8%** as compared to the end of 2021



Total GFA under management under property management segment

261 million sq.m

YoY increase **61.4%**



Newly acquired contracted third-party areas during the period

132 million sq.m

YoY increase **650.1%**



Gross Profit Margin of Basic Properties

15.1%

YoY increase **1.8 pts**



Revenue from community value-added services

560 million

YoY increase **77.7%**



*Note: impact to revenue caused by concession on the original rental.



02 Financial Review

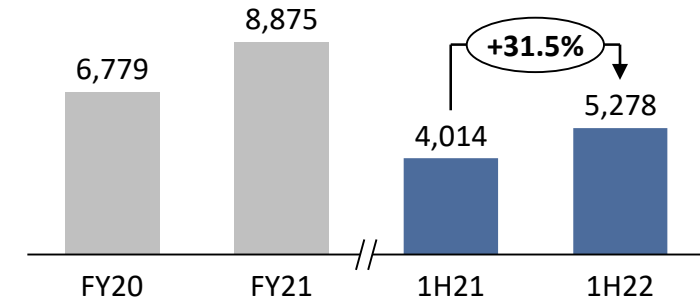
Statement of Profit or Loss

Steady increase in revenue, continuous improvement in efficiency, significant growth in core net profit: total revenue increased by 31.5% YoY to RMB 5.278 billion; the percentage of total cost of sales to total revenue slightly increased by 0.5 ppts YoY to 68.3% and the percentage of SG&A to total revenue decreased by 1.1 ppts YoY to 9.1%. Core net profit increased significantly by 33.5% to RMB 1.040 billion.

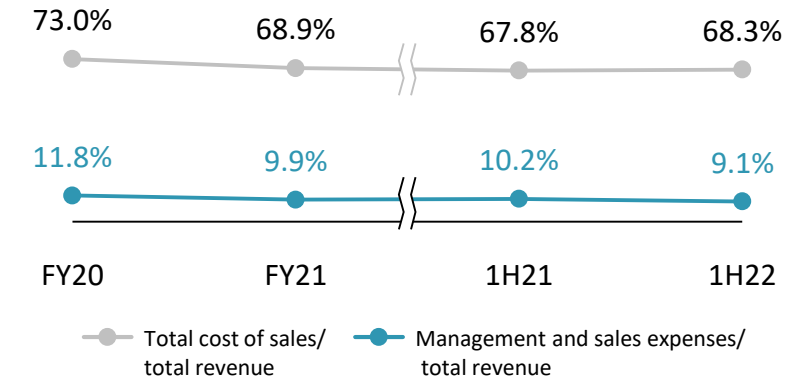
RMB'million	1H22	1H21	Change
Revenue	5,278	4,014	31.5%
Property management segment	3,354	2,392	40.2%
Commercial Office Operation segment	1,924	1,623	18.5%
Gross Profit	1,672	1,293	29.4%
Property management segment	704	429	64.2%
Commercial Office Operation segment	968	864	12.1%
Gross Profit Margin	31.7%	32.2%	-0.5ppt
Property management segment	21.0%	17.9%	+3.1ppt
Commercial Office Operation segment	50.3%	53.2%	-2.9ppt
Net Profit	1,028	806	27.5%
Core net profit	1,040	779	33.5%
Core net profit margin	19.7%	19.4%	+0.3ppt
Earnings per share	0.450	0.353	27.5%
Interim dividend per share	0.127	-	N/A

Total Revenue

RMB million



Percentage of total cost of sales and SG&A to revenue

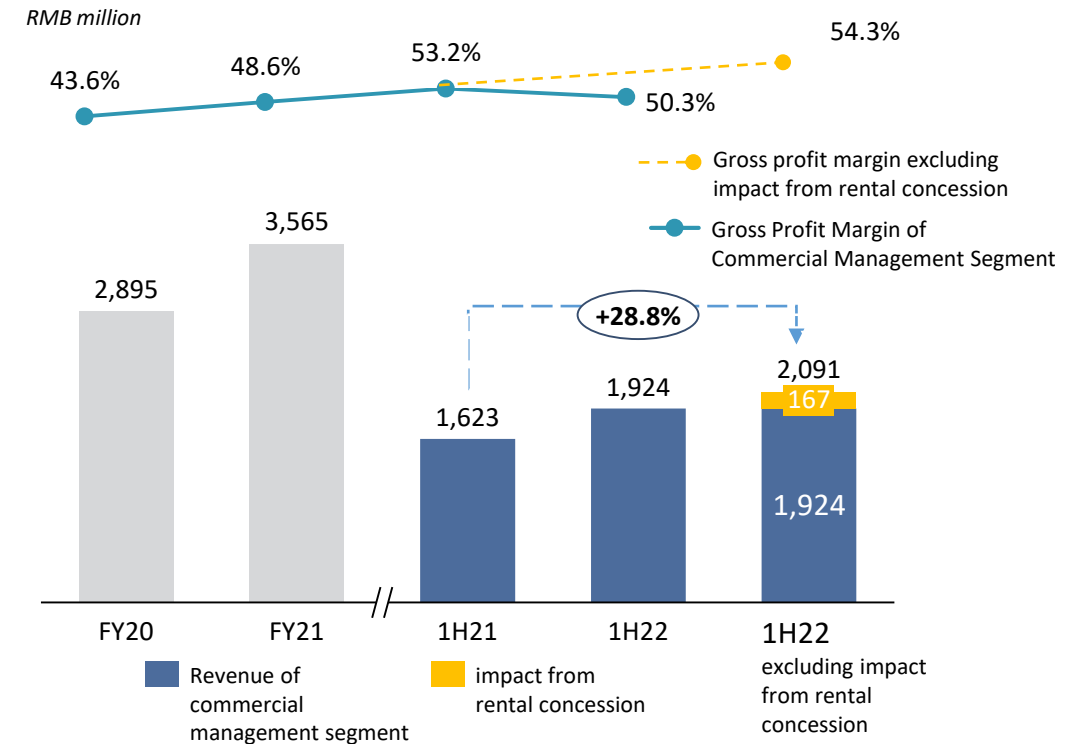


Revenue and Gross Profit Margin of Commercial Management Segment

Revenue of commercial management segment grew albeit adverse market condition with steady gross profit margin recorded, demonstrating strong resilience of light asset business model: rental income of property owners decreased due to the rental concessions during the period, resulting in decrease of revenue from commercial management segment by RMB167 million, while the revenue of the segment recorded YoY increase of 18.5% to RMB1.924 billion, but the revenue, excluding impact from rental concession, recorded YoY increase of 28.8% to RMB2.091 billion. The decrease in revenue caused direct effect to gross profit margin, which decreased by 2.9 ppt YoY to 50.3%, but increased by 1.1 ppt YoY to 54.3%, excluding impact from rental concession.

RMB 'million	1H22	1H21	Change
Revenue – commercial management segment	1,924	1,623	18.5%
Shopping malls – operation	747	658	13.6%
Shopping malls – property management	257	94	172.9%
Shopping malls– sub-leasing	169	181	-7.1%
Office – operation	54	83	-34.6%
Office – property management	697	607	14.8%
Gross profit margin – commercial management segment	50.3%	53.2%	-2.9ppt
Shopping malls – operation	62.7%	69.5%	-6.8ppt
Shopping malls – property management	52.0%	47.3%	+4.6ppt
Shopping malls– sub-leasing	71.5%	71.5%	-
Office – operation	61.1%	55.5%	+5.6ppt
Office – property management	30.5%	30.7%	-0.2ppt

Revenue and Gross Profit Margin of Commercial Management Segment



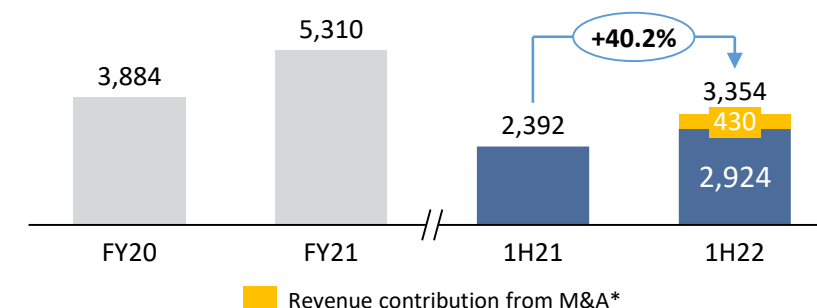
Revenue and Gross Profit Margin of Property Management Segment

Revenue grew significantly driven by the consolidation of financial statements after M&A, while gross profit margin of basic property management services increased steadily, reflecting stronger profitability of the property management segment: the revenue from property management segment increased by 40.2% YoY to RMB3.354 billion, while the gross profit margin grew by 3.1 pts YoY to 21.0%. Revenue from basic property management services increased by 1.8 pts YoY to 15.1%, and the gross profit margin from basic property management services excluding amortization of intangible assets was 16.0%, up 2.7 pts as compared to the corresponding period last year.

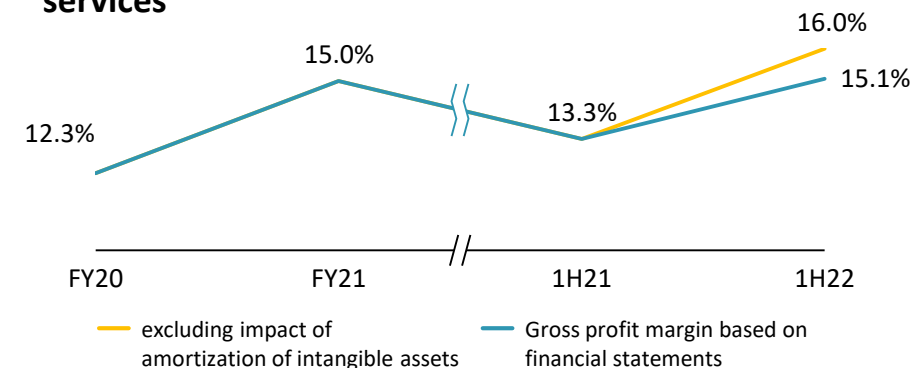
RMB 'million	1H22	1H21	Change
Revenue – property management segment	3,354	2,392	40.2%
Basic property services	2,382	1,736	37.2%
Value-added services to non-property owners	412	340	21.1%
Community value-added services	560	315	77.7%
Gross profit margin - property management segment	21.0%	17.9%	+3.1ppt
Basic property services	15.1%	13.3%	+1.8ppt
Value-added services to non-property owners	38.8%	26.0%	+12.8ppt
Community value-added services	33.1%	34.6%	-1.5ppt

Revenue from property management segment

RMB million



Gross profit margin from basic property management services



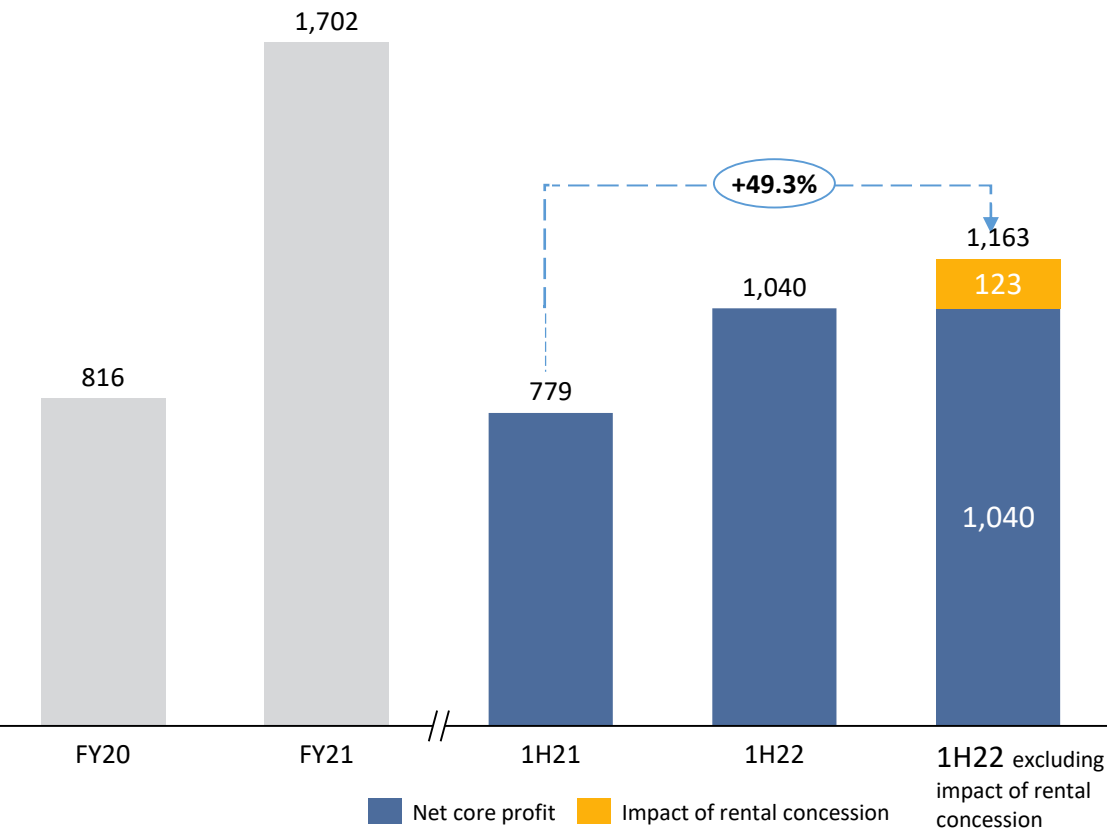
*Note : Refers to the income contribution of the Zhongnan and Yuzhou projects. Unless otherwise specified, the M&A mentioned in this report refer to the Zhongnan and Yuzhou projects.

Core Net Profit

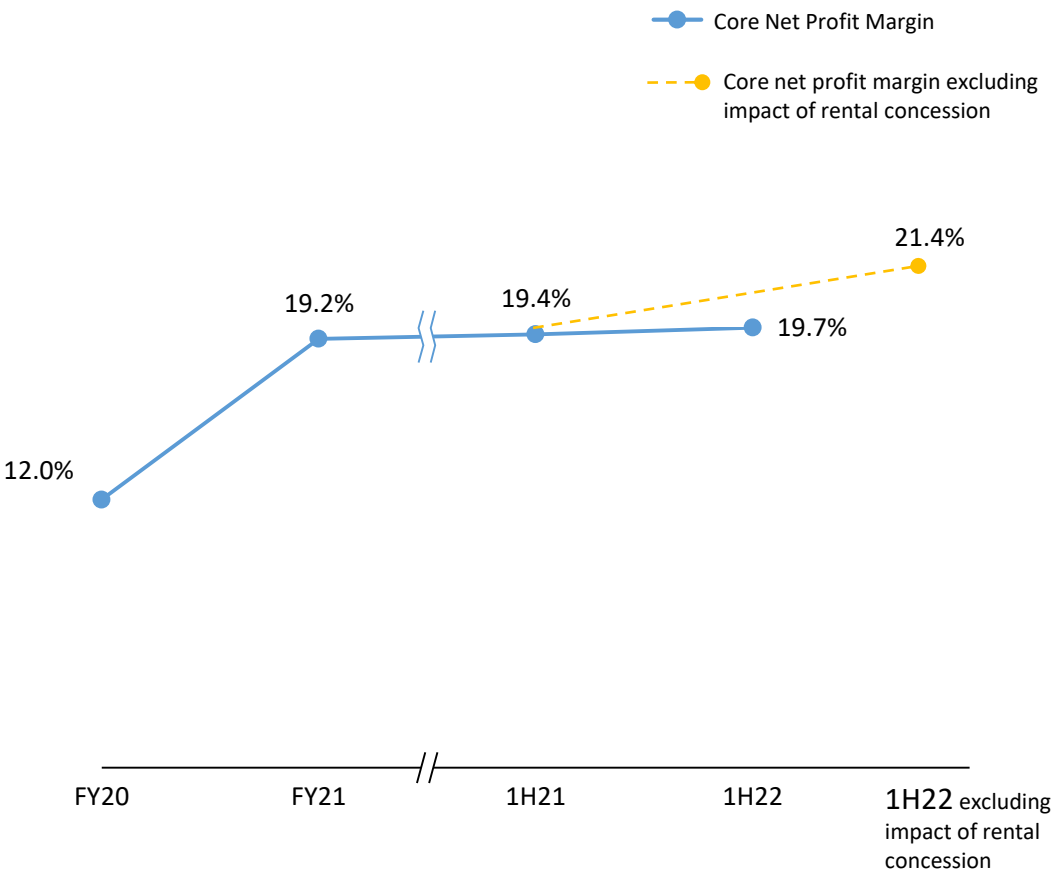
Core net profit increased rapidly, and core net profit margin maintained leading industrial position: the core net profit for the period increased by 33.5% YoY to RMB1.040 billion, and core net profit margin rose by 0.3 pts to 19.7%. Excluding impact of rental concession, the core net profit increased by 49.3% to RMB 1.163 billion, while core net profit margin grew by 2.0 percentage points to 21.4%.

Core Net Profit

RMB million



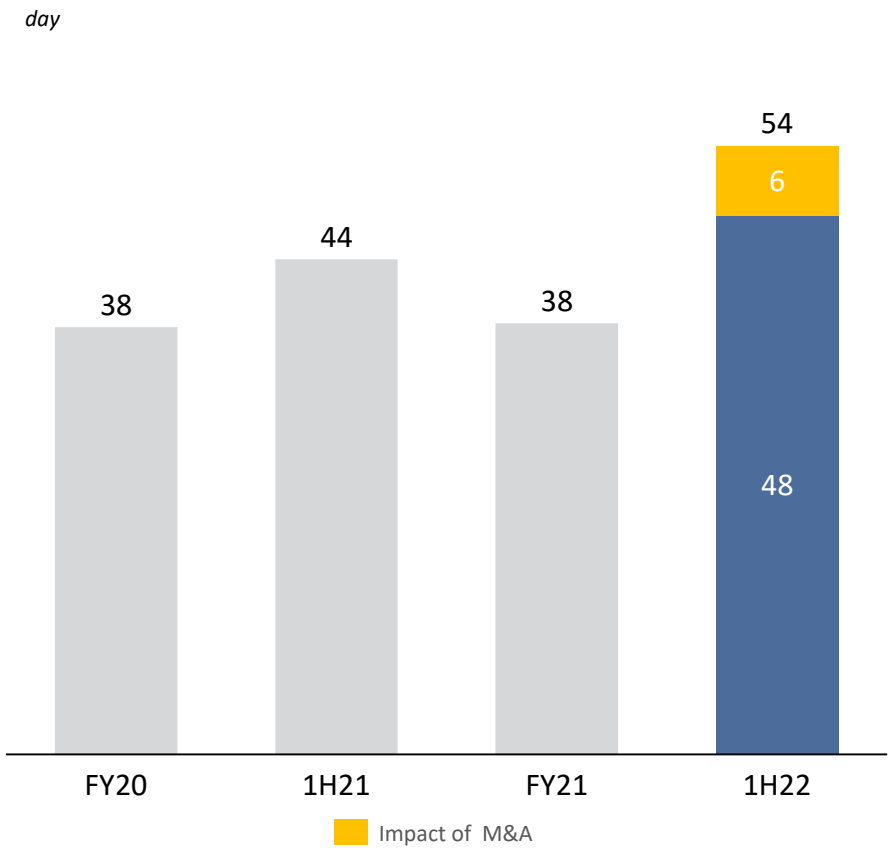
Core Net Profit Margin



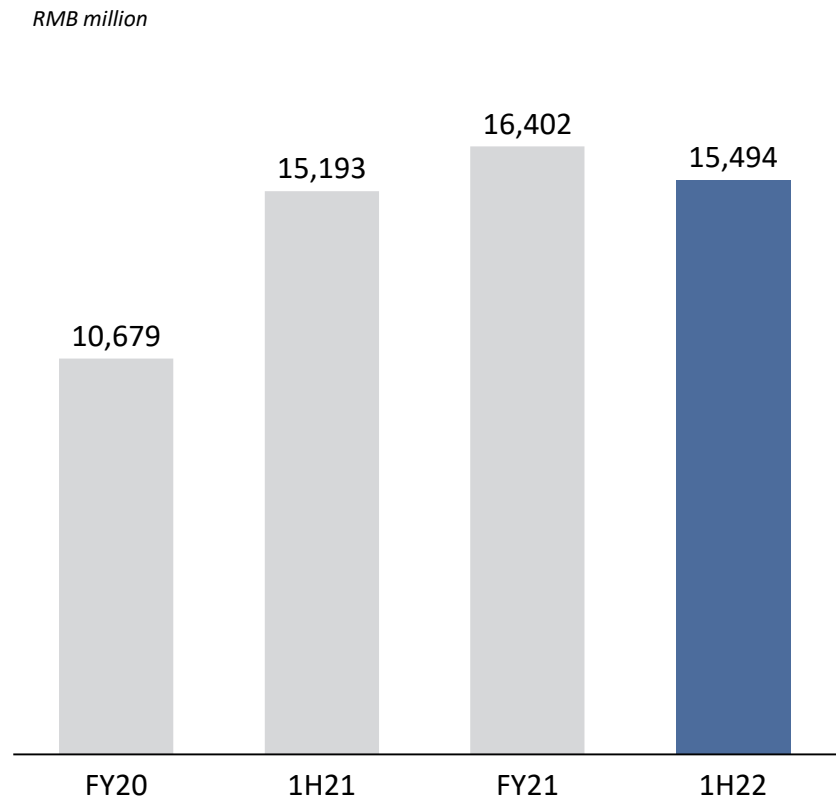
Trade Receivables and Cash & Cash Equivalents

Turnover of trade receivables was excellent among the industry with sufficient cash on hand: turnover days of trade receivables during the period was 54, while turnover days of trade receivables excluding the impact of M&A was 48. Cash on hand exceeded RMB15.0 billion.

Turnover days of trade receivables



Cash and cash equivalent



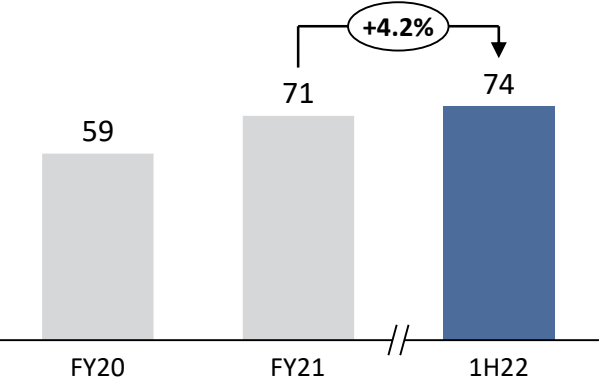


03 Business Review

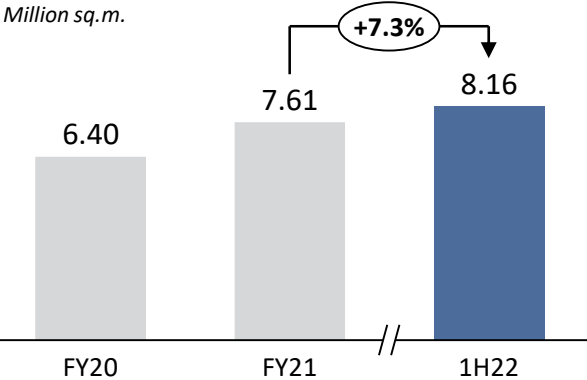
Commercial Management Business – Shopping Malls

The performance of shopping malls under management kept improving with the edge of being a leader in the industry strengthened: the number of projects under operation increased to 74 and the GFA of these projects reached to 8.16 million sq.m.. 62 projects under operation ranked top three in the local market in terms of retail sale, representing 83.8% of total malls in operation. The number of luxury shopping malls under operation increased to 11, ranking among the industry and further expanding our strategic moat in commercial high-end market.

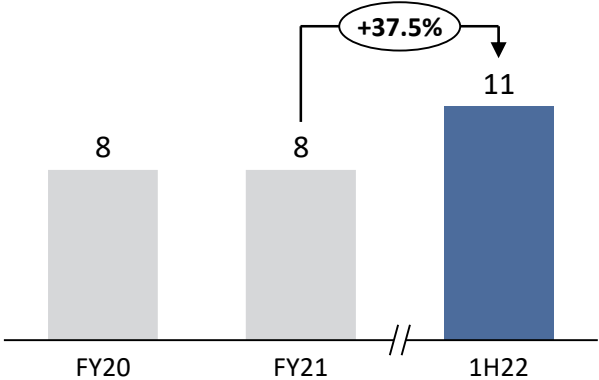
Number of malls under operation



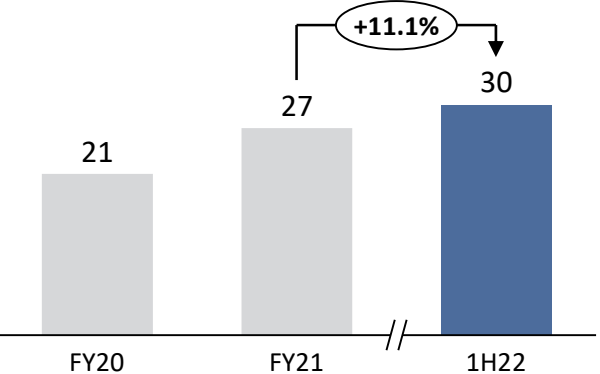
Mall area under operation



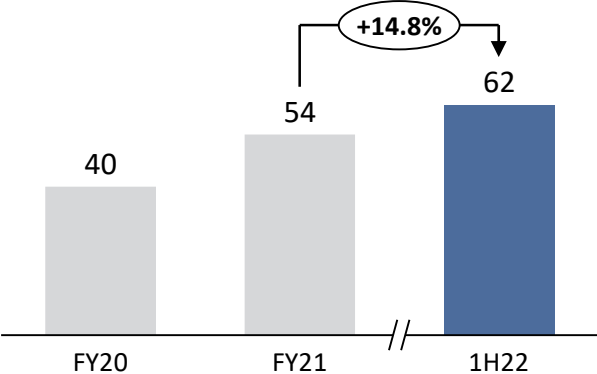
Number of luxury mall



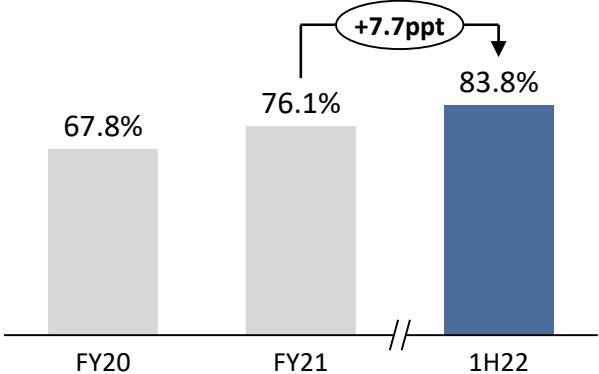
Number of mall ranked first in local market in terms of retail sales



Number of mall ranked top three in local market in terms of retail sales



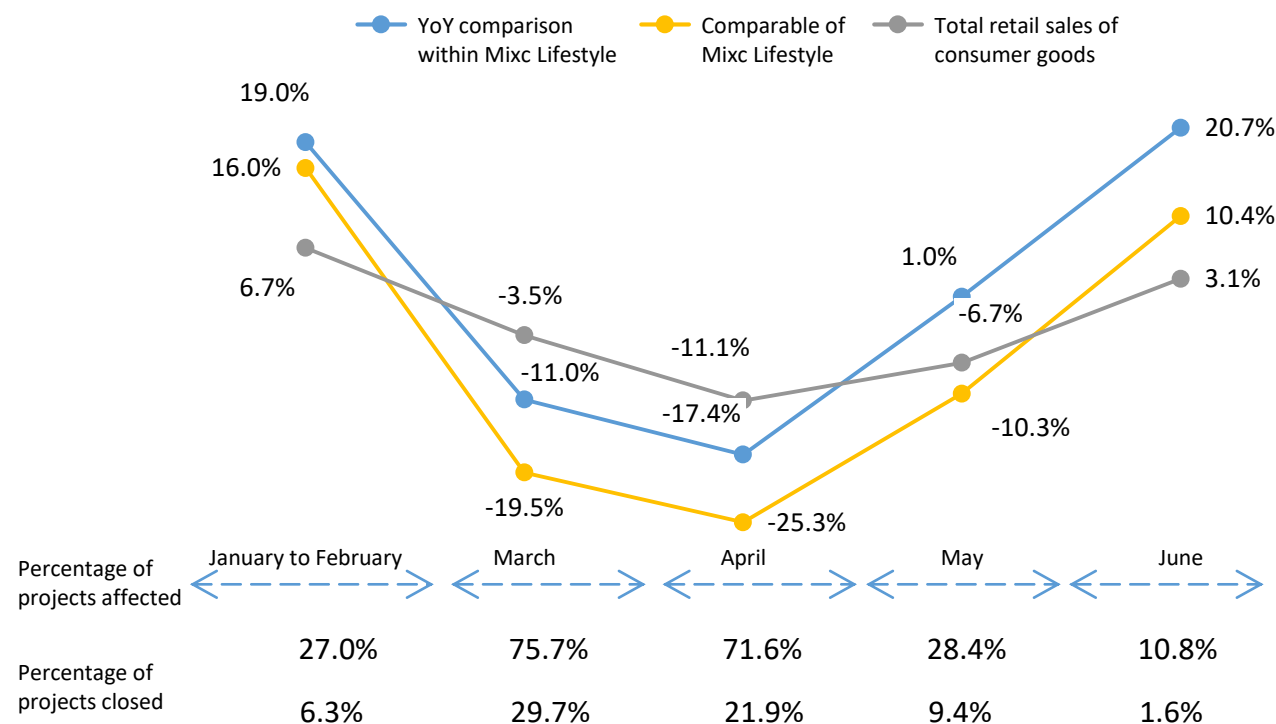
Percentage of the number of mall ranked top three in local market in terms of retail sales



Commercial Management Business – Shopping Malls

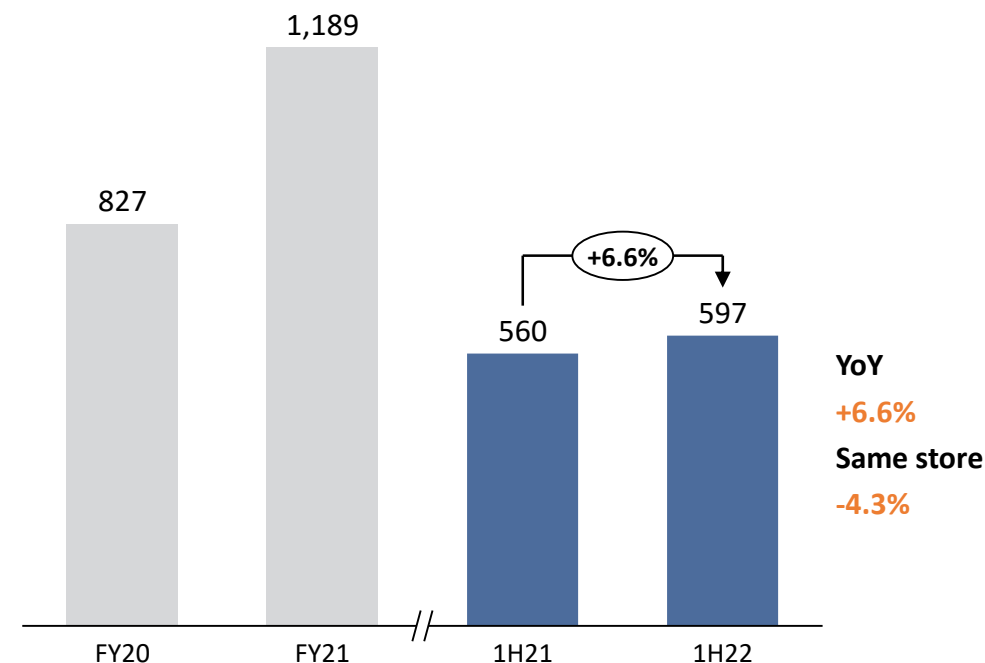
Amid difficulties caused by pressure on macro-economy, intense market competition and re-emergence of epidemic, the results of shopping malls demonstrated strong resilience and maintained overall growth momentum in retail sales through various measures including “contending for market share, resources and preferential policy”: the performance of malls under operation in terms of retail sales was outstanding during January to February and June, when the effect of epidemic was relative small, representing YoY increase of 19.0% and 20.7%, respectively, surpassing the increase in retail sales of the consumer goods. The accumulated retail sales for the first half of the year increased by 6.6% to RMB59.7 billion.

Monthly retail sales performance



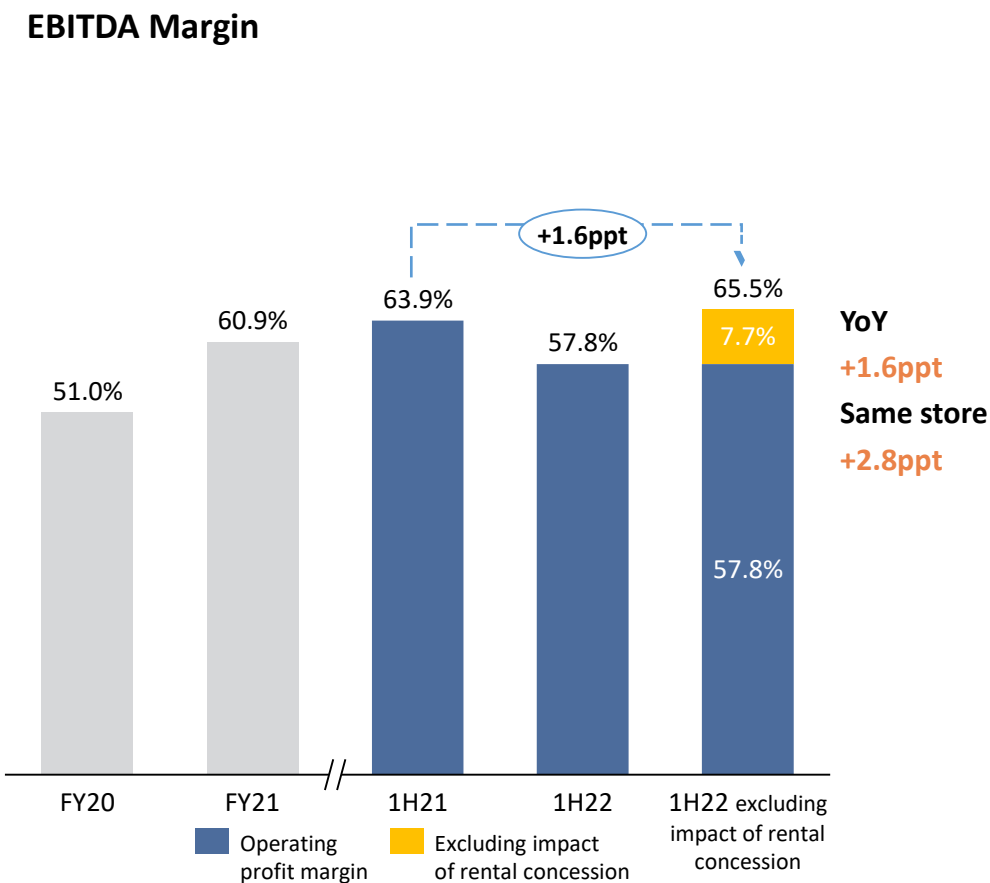
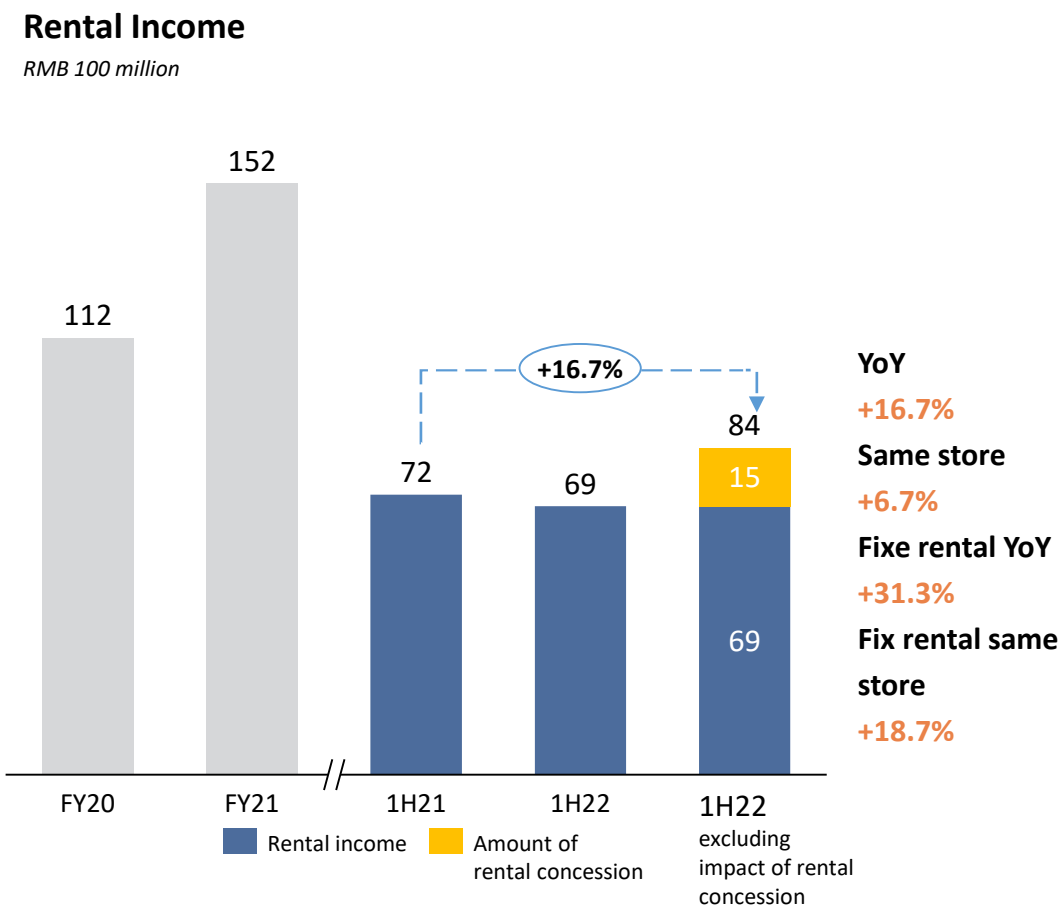
Retail sales for the first half of 2022

RMB 100 million



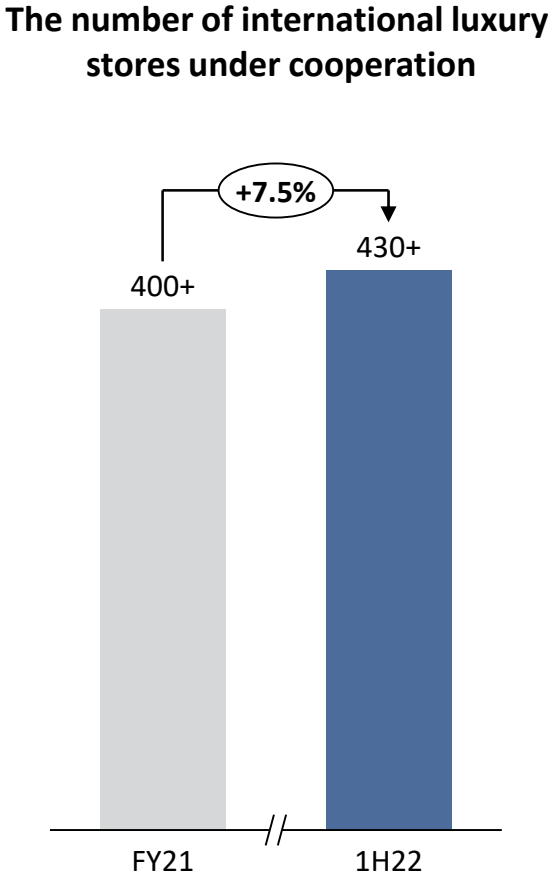
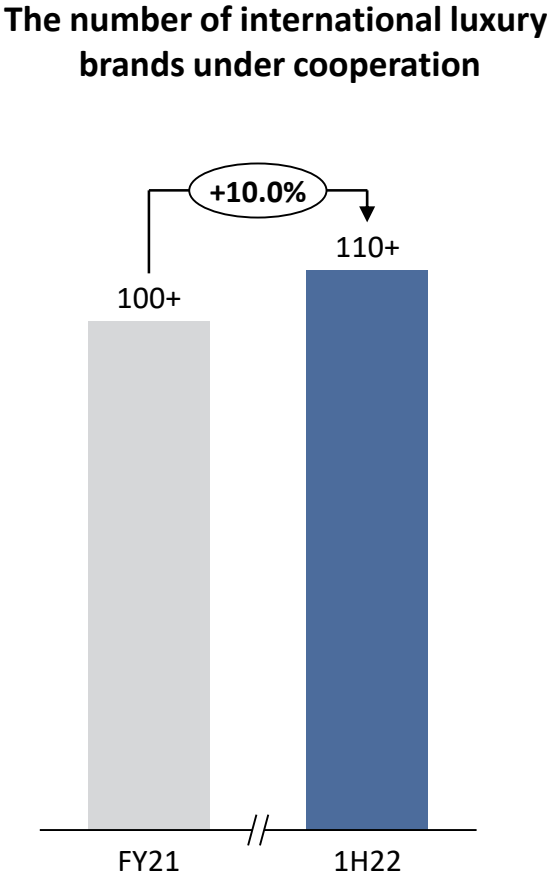
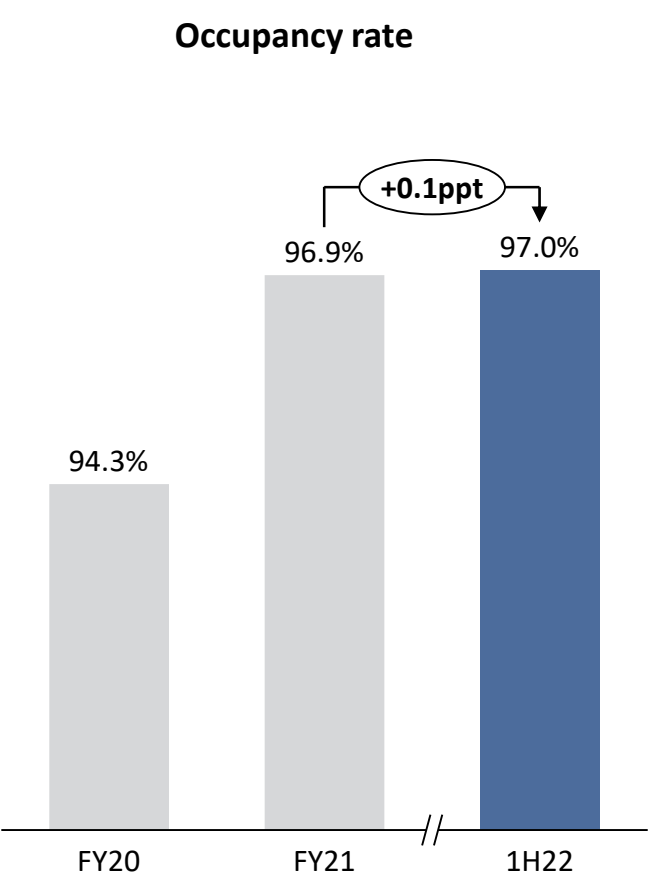
Commercial Management Business – Shopping Malls

Under severe situation, through lean management including “cost reduction, quality improvement and efficiency enhancement”, the revenue and operating profit margin, excluding impact of rental concession, both experienced increase albeit adverse market condition: excluding impact of rental concession, rental income grew 16.7% YoY to RMB8.4 billion with comparable increase of 6.7%, while operating profit margin grew 1.6 percentage points YoY to 65.5%.



Commercial Management Business – Shopping Malls

Persistently carrying out the operation principle of growing with the brands in order to further consolidate mutual trust and win-win relationship, intensify international brands cooperation and further demonstrate resilience of quality brands portfolio: the average occupancy rate for the first half year increased by 0.1 percentage point over 2021 to 97.0%. The number of international luxury brands under cooperation further increased to more than 110, thus the total number of stores under cooperation reached over 430, maintaining the number one position among the industry.

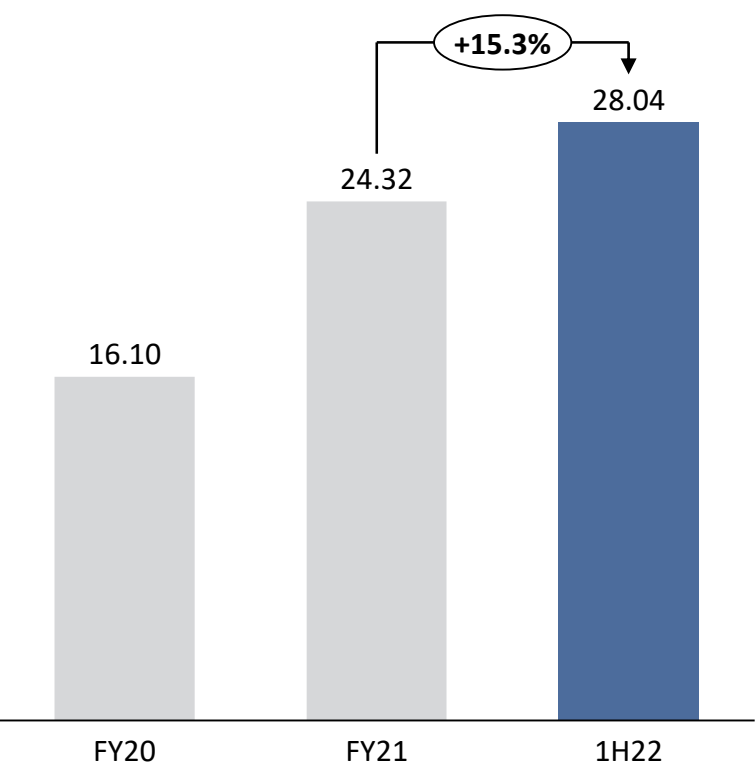


Commercial Management Business – Shopping Malls

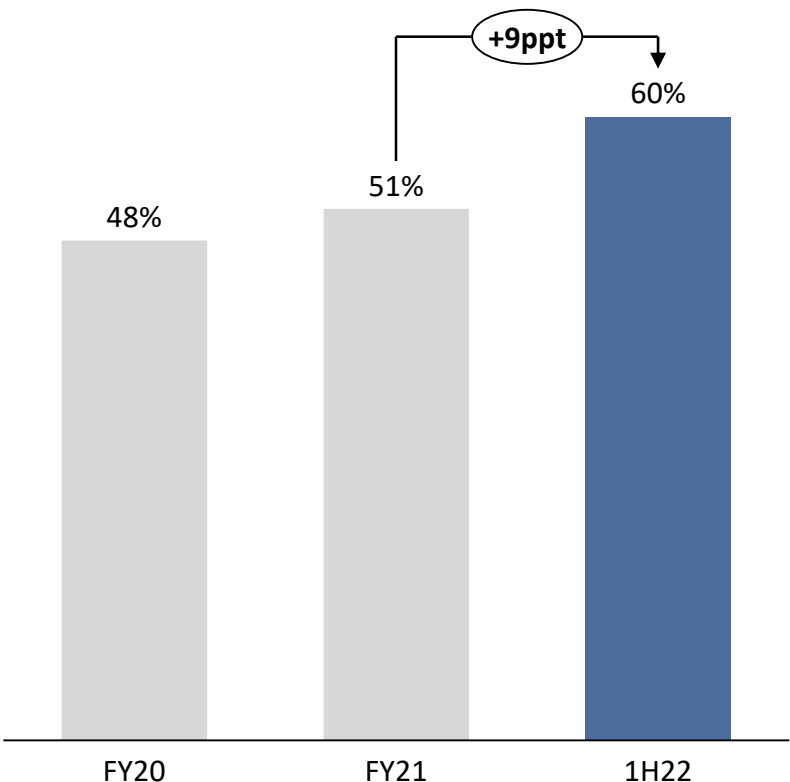
As a pioneer of membership management in the industry, the value of the leading membership management system further released albeit adverse market condition and became an “anchor” for the results of shopping malls: As of the end of June 2022, the number of shopping mall members increased by 15.3% over the end of 2021 to 28.04 million, the percentage of the consumption of the shopping mall members further rose by 9 ppt over 2021 to 60%.

Number of shopping mall members

million



Percentage of the consumption of the shopping mall members



Commercial Management Business – Shopping Malls

6 new high quality shopping malls opened during the first half of the year, which helped revitalize consumer confidence and drive the economic development of the cities: 3 luxury projects were newly opened during the period, with the average opening rate of 95% (excluding international brands), while there were 3 non-luxury project newly opened with average opening rate of 99%.

Luxury Malls

3

Number of newly opened projects

80%

Average opening rate

95%

Average opening rate (excluding international brands)



Haikou MIXC

GFA:114,000 sq.m.

60% store land in local market for the first time, building up high-end commercial position in Haikou.



Fuzhou MIXC

GFA:90,000 sq. m.

40% store land in local market for the first time, building up luxury commercial flagship in Fuzhou.



Wuhan MIXC

GFA:183,000 sq. m.

Combining arts, commerce and culture to build up a cutting edge business landmark in Central China.

Non-luxury malls

3

Number of newly opened projects

99%

Average opening rate



Shenyang Huanggu MIXONE

GFA:94,000 sq. m.

Retail sales exceeded RMB100 million for the first 20 days after opening, setting up a new level for urban commerce.



Beijing Yaojiayuan MIXONE

GFA:47,000 sq. m.

Deep understanding of customer clusters to create delicate, free and enjoyable consumption space.



Nanning Zhongshan Road MIXONE

GFA:39,000 sq. m.

Keeping abreast of new consumption trend and introducing nostalgic food street to reform and explore old town reconstruction.

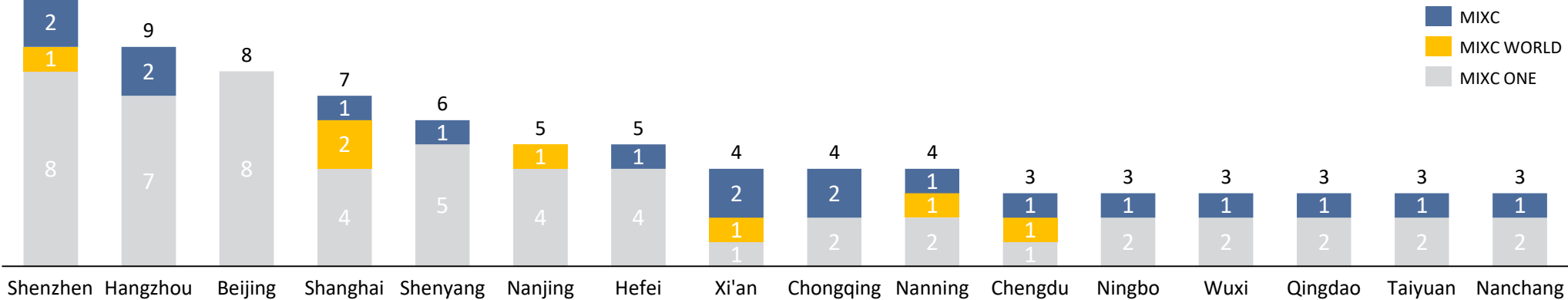
Commercial Management Business – Shopping Malls

Through continuous quality expansion, 7 high-distinction shopping malls have been successfully secured in the first half of the year with quality of contracted projects surpassing the peers: the average GFA of newly contracted projects was 88,000 sq.m., the percentage of TOD projects exceeded 85%, percentage of projects in first and second-tier cities reached 80%; five cities namely Taiyuan, Chengdu, Nanchang, Nanning and Qingdao have entered an era of “One MIXC, Multiple MIXC ONE”, and the aggregate number of cities realizing “One MIXC, Multiple MIXC ONE” and “Multiple MIXC, Multiple MIXC ONE” was 16.

Newly contracted third-party projects with high quality

Number of projects	7
GFA (ten thousands sq. m.)	62
Average GFA of single project (ten thousands sq. m.)	8.8
Percentage of TOD projects	85.7%
Percentage of projects in first and second-tier cities	80.0%

Persistently carrying out in depth development of key cities
to realize “One MIXC, Multiple MIXC ONE” and “Multiple MIXC, Multiple MIXC ONE”

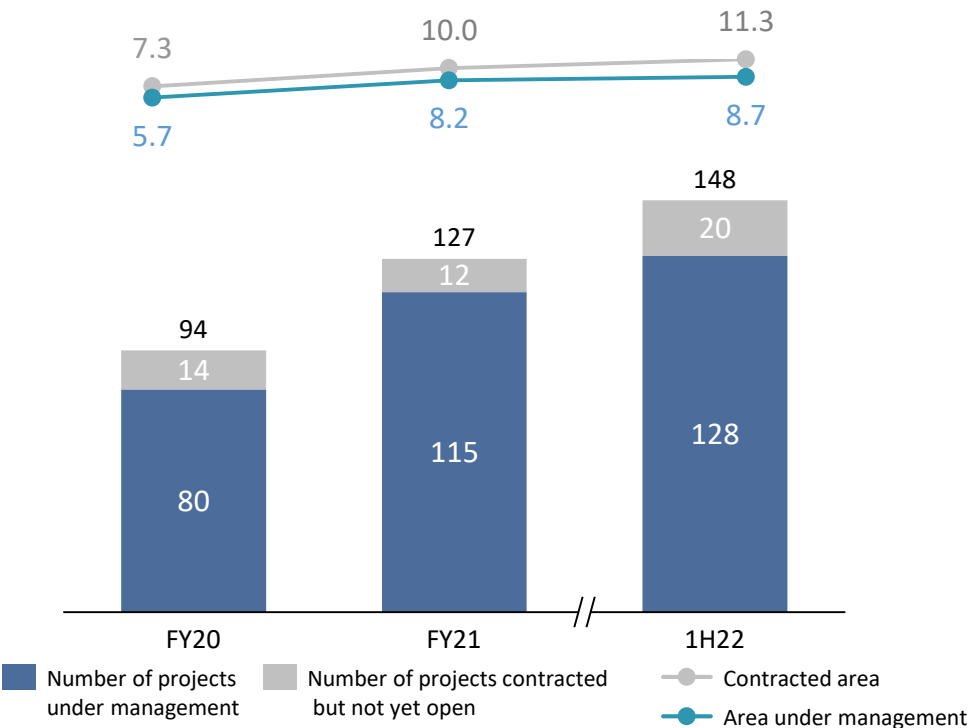


Commercial Management Business – Office

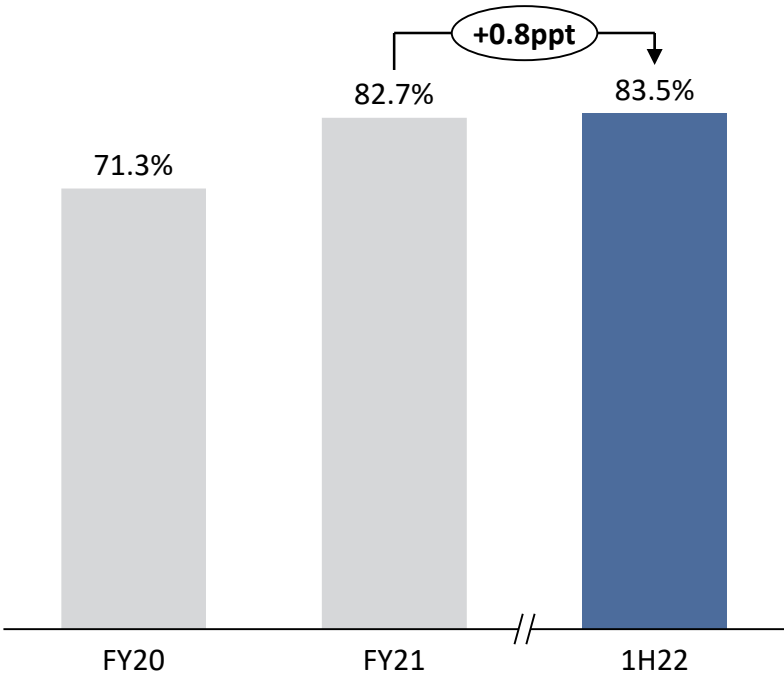
Amid the continued high office vacancy rate across the country, precise measures have been implemented to response to the adverse market condition, therefore, the occupancy rate increased albeit difficulties: As of 30 June 2022, the number of office property under management was 127, 24 of which received operational management services. Under the negative market circumstances that some industries experienced unexpected lease surrender and sluggish leasing demand caused by the epidemic, the area of newly contracted lease projects under management across the country was 89,576 sq. m. and the overall occupancy rate increased 0.8 percentage points to 83.5% albeit adverse market condition.

Commercial operation and property management projects – number under managed & contracted number and the areas thereof

Million sq. m.



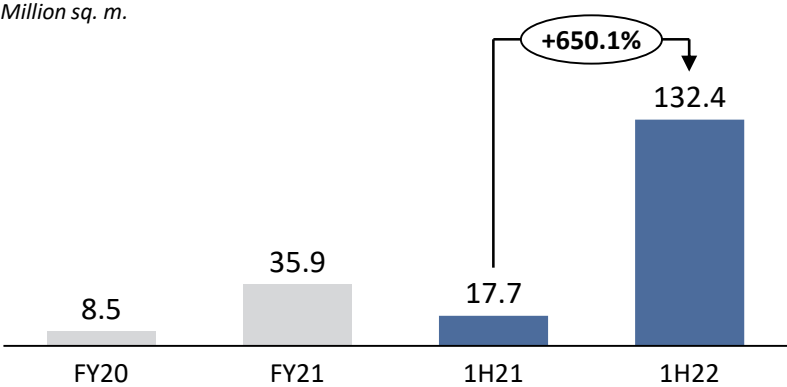
Occupancy Rate



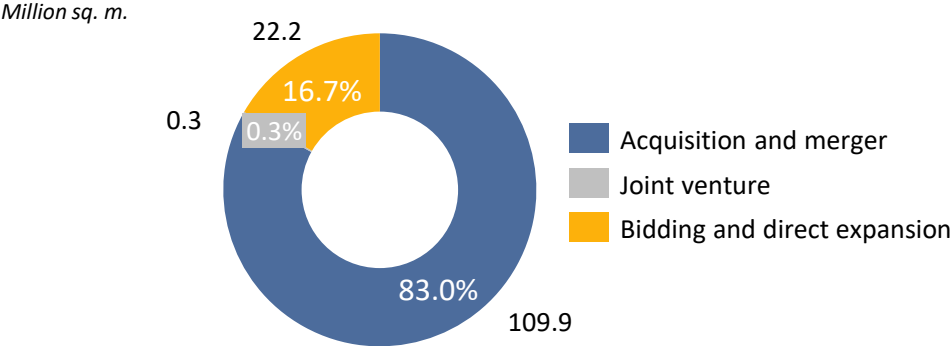
Property Management Business – Growth in Scale

In the second year upon Listing, the percentage of 3rd party area under management exceeded 50%, fully demonstrating marketization capability: during the year, the newly added third-party contracted area was 132 million sq. m., representing YoY increase of 650.1%, reflecting the success through all actions including M&A, joint venture and bid & auction; At the end of the first half of 2022, total contracted area was 334 million sq. m., total GFA under management was 253 million sq. m. and the percentage of third-party area under management exceed 50% to 57.3%.

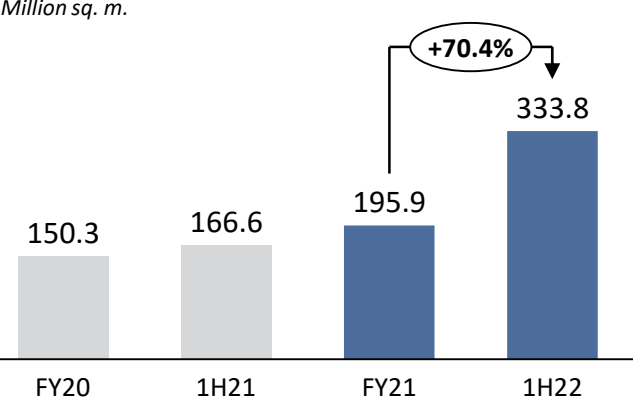
Newly added third-party contracted area



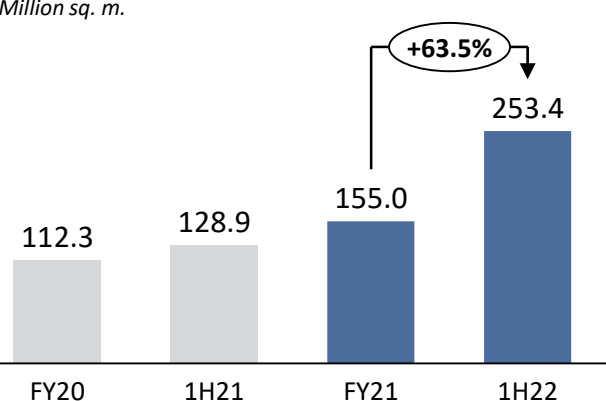
Sources of newly added third-party contracted area



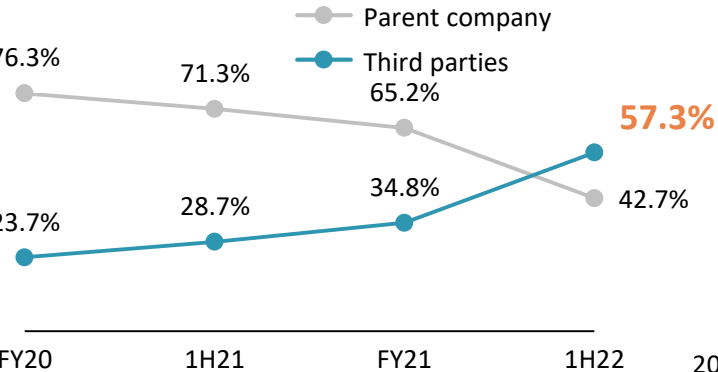
Total contracted area



Total area under management



Parent company vs percentage of third party contracted area

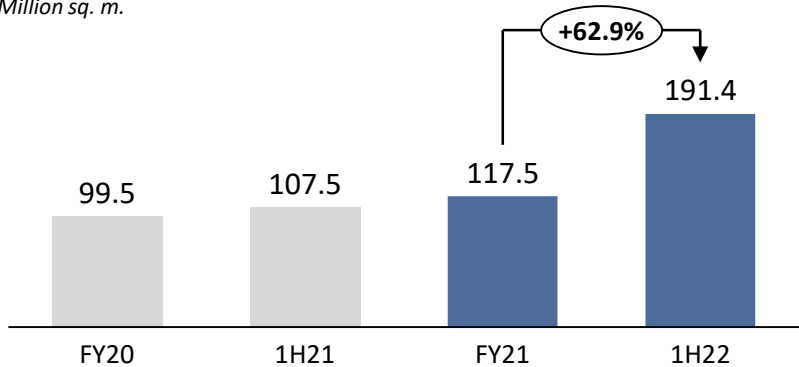


Property Management Business – Growth in Scale

Focusing on the strategies, speeding up transformation to become an “urban space operational service provider”: the area under management of urban public space increased by 82.0% to 53.30 million sq. m. as compared to the end of 2021, the percentage of which to the total area under management rose 2.1 percentage points to 21.0%. 35 urban space projects were secured during the period, including “property management city” service projects at Nanhu Street and Sungang Street in Luohu District, Shenzhen, and projects such as the environmental sanitation project in Kuiwen District, Weifang City, with annualized contracted amount of RMB256 million.

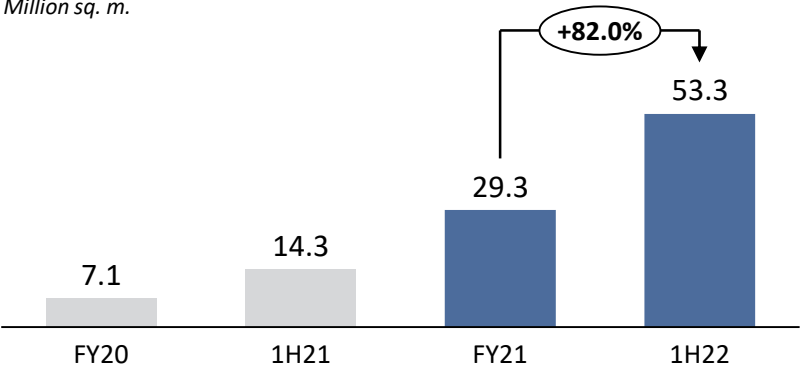
Area under management of community living space

Million sq. m.



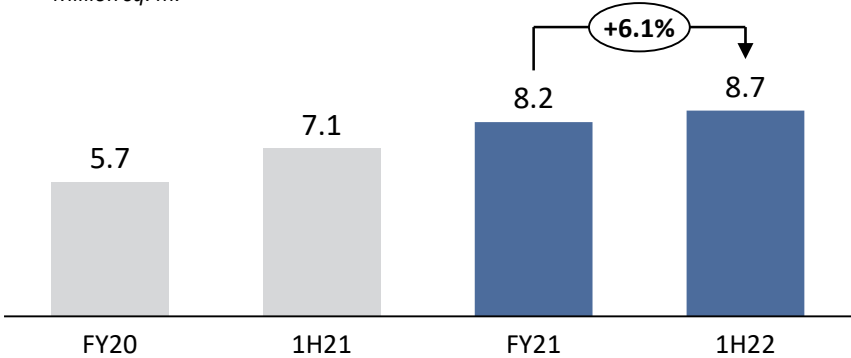
Area under management of urban public space

Million sq. m.

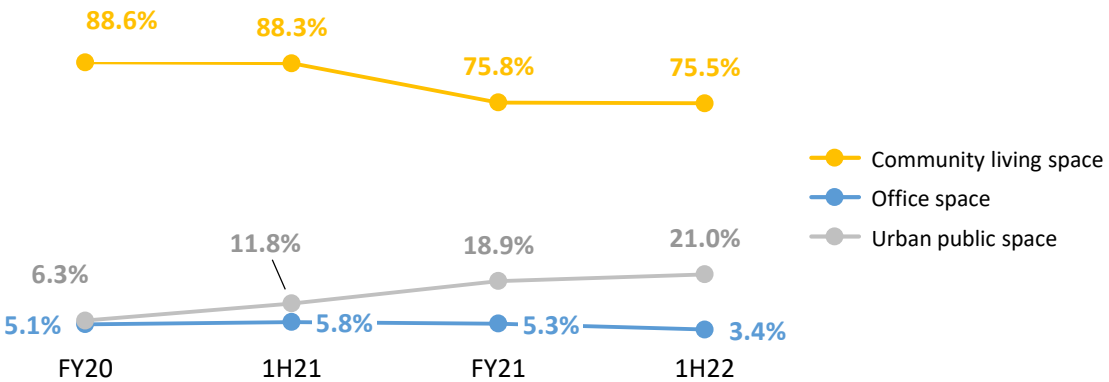


Area under management of office space

Million sq. m.



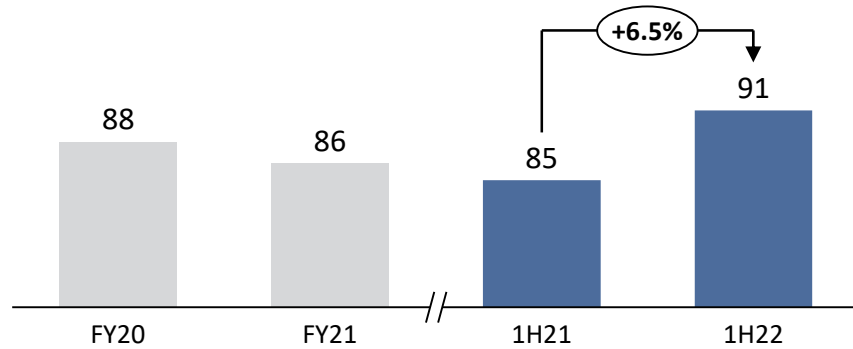
Composition of area under management



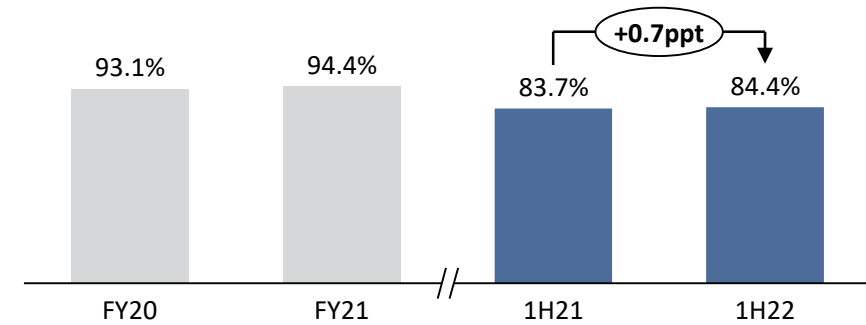
Property Management Business – Service Quality

Adhering to high-quality service principle to gain customers' recognition, boosting overall improvements in efficiency indicators and maintain a reasonable gross profit margin from basic property services: the customer satisfaction was 91, maintaining an industrial leading position; renewal rate remained at a high level of 99.1%; the collection rate for the interim period increased by 0.7 percentage points to 84.4%; gross profit margin from basic property services rose 2.9 percentage points YoY to 16.2%.

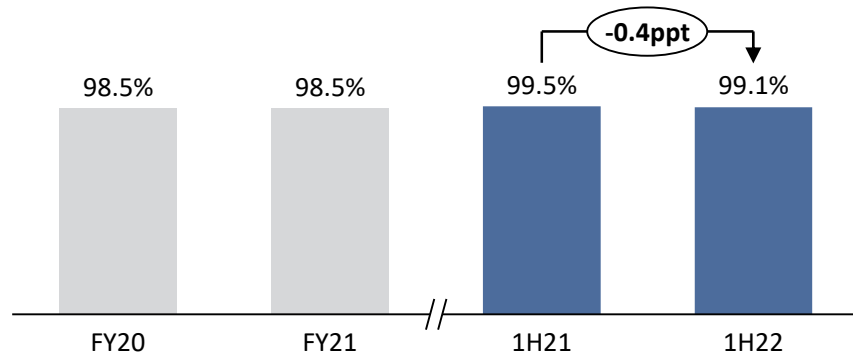
Customer satisfaction *



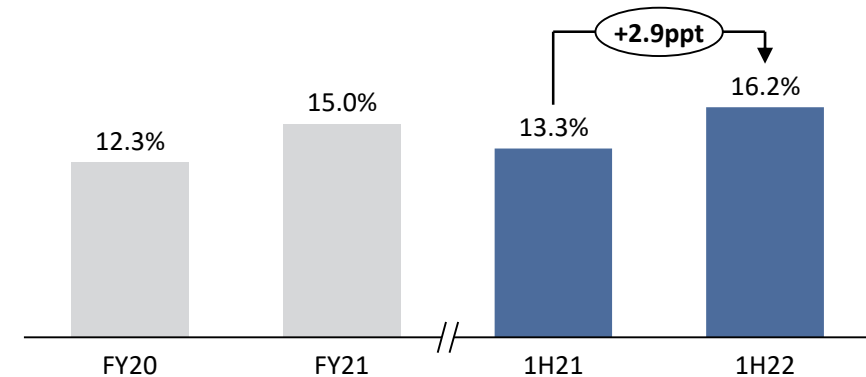
Collection rate *



Renewal Rate*



Gross profit margin from basic property service*

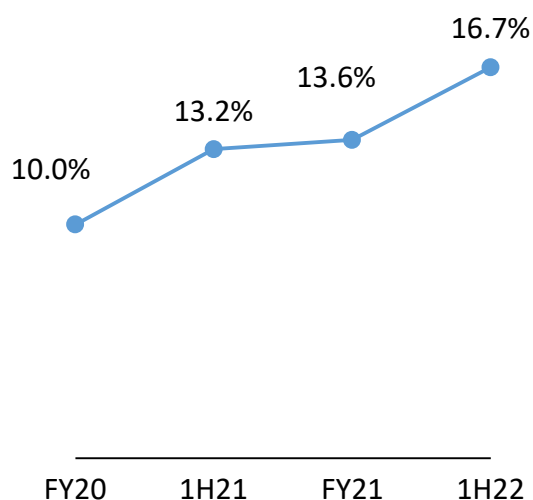


*Excluding M&A.

Property Management Business – Community Value-added Services

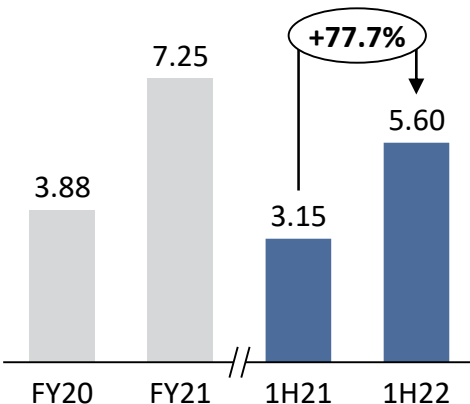
Focusing on 5 business segments under community value-added services, persistently driving standardized product portfolio development and integrating online and offline businesses for rapid growth of segmental business with high potential: the percentage of revenue from value-added services for property owners to revenue from property management segment increased by 3.1 percentage points to 16.7% as compared to 2021. Revenue from community value-added services rose 77.7 percent YoY to 560 million. Revenue growth exceeded 100% from Butler on call ,direct selection of CR goods and one-stop decoration segments.

Percentage of revenue from value-added services to property owners



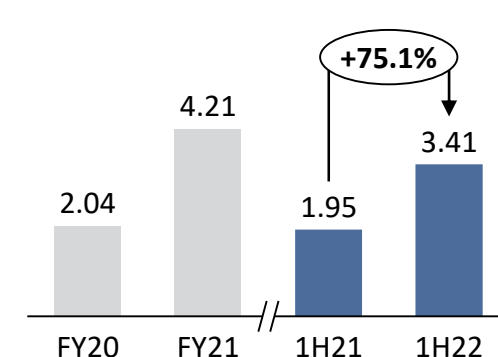
Revenue from value-added services to property owners

RMB 100 million



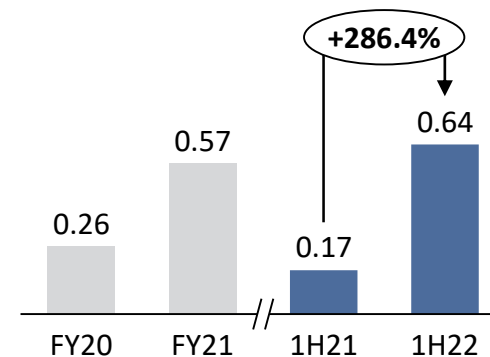
Revenue from “1m leasing and sale”

RMB 100 million



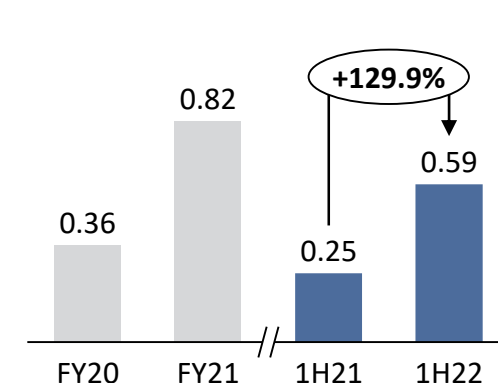
Revenue from “Butler on call”

RMB 100 million



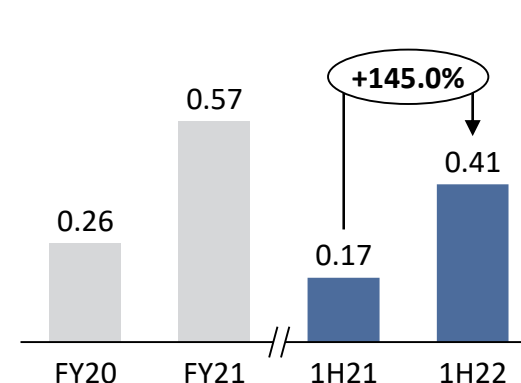
Revenue from “One-stop decoration”

RMB 100 million



Revenue from “direction selection of CR goods”

RMB 100 million



5 segments under community value-added services



Membership

“Mixc Point” bonus point membership system was officially launched on 20 May to realize integration of identify, bonus points and interests for 30 million customers under 8 segments: building on the foundation of the commercial management and property management businesses, external expansion to 6 segments under the parent company, namely marketing, healthcare, serviced apartment, hotel, culture and sports and movie theater, was carried out for horizontal integration of quality resources. Subsequently, cooperation with partners from other segments of CR Group and external partners from other industries will be strengthened, aiming to enrich the products and services for members, inbound-marketing across different segments, forming bonus point and interest portfolio with “high frequency, high loyalty”, building up of all-round business model inclusive of “space, customers, resources”.



China Resources Group's Consumption Resources

Launch of “Mixc Point” bonus point membership on 20 May 2022



Full activation of big membership pool of 31.11 million members to effectively add new customers to each segment

Reformation of Organizational Structure

Being strategic-oriented, persistently carrying out benchmarking to build up an organizational management structure catering for marketization, talent teams and incentive system: with business segments as the core, driving reformation of management structure to form an organization with “flat structure, talent priority, rapid response and high efficiency”, reform organizational structure, enable sharing-platform of middle and back office positions, strengthen recruitment of high-caliber talents, cope with light-asset management model, scale development of remuneration system, fully inspire the dynamic and self-motivation of frontline staff.

Formation of flat and high efficient organizational structure



I Finalizing organization reformation in property management services to **form “headquarters – municipal branches” two-level flat organization.**



II Average area under management of the property projects increased by approximately **350,000 sq. m.**, realizing professional organizational management.



III Percentage of members born after the 80s in the core management team of municipal branches increased by **18%**, while the percentage of members with bachelor degree or above rose by **5%**.



IV To drive the formation of professional platform of **regional legal center** for legal compliance: to realize enhancement of professionalism of legal team with efficiency per capita increased by **24%**;

Recruitment of high-calibre talents

I During the first half of 2022, **130+** high-calibre talents in digitalization field were recruited, representing an annual increase of **134%**, **61%** of which were from leading internet firms.



II **More than 100** staff were recruited to business expansion team of property development during the first half of the year, **55%** of which were from leading property management companies (top 10).

Reformation of incentive measures

I The relevance of bonus allocation with major operating indicators including turnover and profit was enhanced.



II Bonus for key position is related to organizational bonus and linked with major operating results **for timely encouragement and driving self-motivation.**

III Incentive measures had been enriched to form a **marketization incentive solution for differentiation** of commerce and property management to encourage quality external expansion and facilitate scale expansion.

Formation of Talent Supply Chain

To support the rapid development of the Company's business, the "Learning and Innovation Centre of CR Mixc Lifestyle" has been established to form a hierarchical and high quality talent team by level and position: carrying out the strategies of forming talent cultivation for key positions, development of professionalism of the staff and organization of learning capability to help the growth of the staff, boost business development and drive culture integration.

Formation of talent hierarchy

I Building on talent development project and focusing on two types of key group "mall general managers" + "property project general managers"



Pictures of talents



Backup talent pool

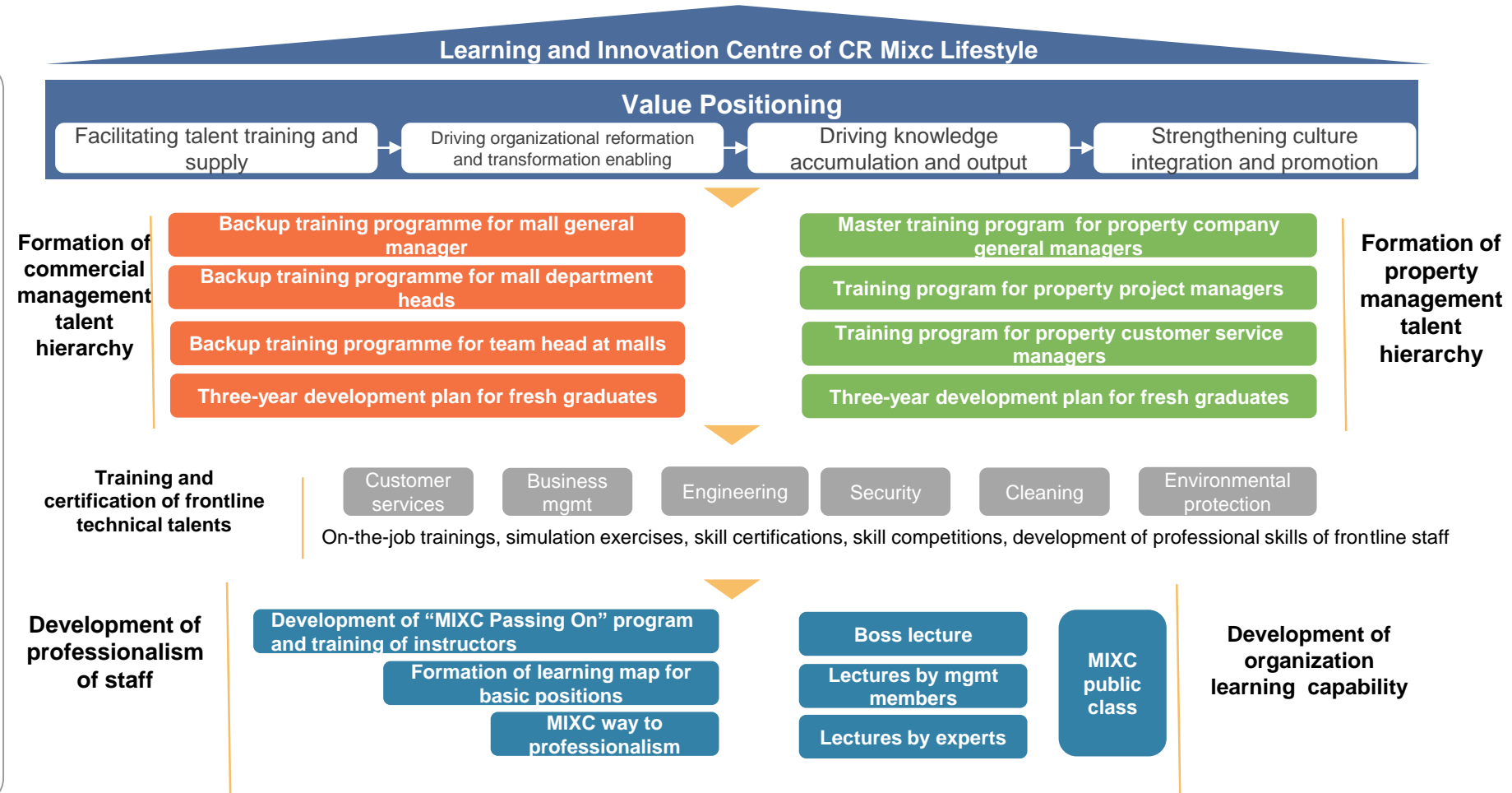
II Building up learning platform, resource platform and continuously facilitating "occupational training" + "skill competition" to ensure quality of basic services.



Learning map



Skill competition



Digitalization

Continue to build up digitalized R&D team to upgrade new property management system and optimize commercial digitalization system: user experience in terms of customer service has been improving. The new “Zhao Xi” APP for property owners was launched with various functions such as “Health Code Pass, Epidemic information Enquiry”, etc.. “E-MIXC” has been used to launch operation tools for members with high net value and for the exploration and creation of content community. In respect of management of efficiency enhancement, technology has been further developed to cover all working scenarios for property business and to set up a digital platform with operating decision as the core for commercial business.

Property Services



Zhao Xi

Development of APP for property owners and property management system and launch of “Zhao Xi Services”, an intelligent property service product.

➤ Intelligent services:

One-stop payment of living expenses, convenient roadway for people and vehicles, responsive reporting system for repair and issues; personalized invitation letter, intelligent climate reporting, health code pass, epidemic information enquiry, small community information

➤ Intelligent management:

Online and mobile development of management of property service staff;
“Community operational management platform” covering all working scenarios.



Commercial Services



E-MIXC

Improving consumer experience and commercial digitalized operation capability, upgrading digitalized system.

➤ Digitalization of member operation:

Launch of The Top Club operation tools for members with high net value and member caring tools;
Creation of E-MIXC content community

➤ Digitalization of commercial operation:

- ① Setting up digital platform with operating decision as the core;
- ② Development of digital products of marketing picture platform based on users' pictures, big database and algorithm recommendation.



Setting up big data and intelligent algorithm team, developing digital service system to facilitate decision-making, management standardization and precise customer services through digitalization

04 ESG



Environmental, social and corporate governance

Strengthen ESG information disclosure and rating communication, commence “dual-carbon” target formulation and ESG strategy planning: publication of the 2021 Sustainability Report and proactive participation in the communication with mainstream rating institutes to enhance information disclosure level and facilitate recognition by the capital market; driving the progress of “dual-carbon” target formulation, commencement of ESG strategy planning to establish a sustainable strategy focusing on MIXC ecosystem, inclusive of people-oriented, win-win collaboration, green development and integrity operation.



Strengthening ESG information disclosure and communication

- ▶ To publish “2021 Sustainability Report of CR Mixc Lifestyle” with compliance with the new requirements of the Stock Exchange to disclose performance from various perspectives.



- > Full compliance with the disclosure requirements under ESG Guidelines of the Stock Exchange.
- > Provision of six sections to response concerns of different stakeholders, including the customers, investors/ shareholders, the environment, our staff, business partners and the community
- > Adoption of “target progress” to disclose specific content required by the new requirements of the Stock Exchange.

- ▶ Proactive participation in the communication with ESG rating institutes to enhance ESG information disclosure level.



Deepening progress of “dual-carbon” target

- ▶ Continuously driving the progress of “dual-carbon” targets and establishing mid to long term carbon reduction target.



Internal environment review

Completion of audit and review of responsible carbon subjects, carbon management scope and carbon emission volume.



Formulation of initial action plan

Initial formulation of carbon management measures and action plan for further optimization.



Confirmation of the trial projects

Dual carbon trial projects (China Resources Tower and Qinghe MIXC ONE) have been confirmed to explore low-carbon reformation method for trial projects and setting up standard of low-carbon reformation technique.



ESG vision and development strategy

- ▶ **Vision:** To become the world’s top-notch enterprise with sustainable performance pioneering the industry.
- ▶ **Strategy:** To boost five areas including Mixc ecosystem, people-oriented, win-win collaboration, green development and integrity operation and to improve the performance of each area with Mixc ecosystem as the core focus in order to create long-term value for relevant parties and cities..
- > **Mixc ecosystem:** adhering to ecosystem business model and through integration of quality resources to operate urban space covering all property types, provide customers with high quality services, boost city economic growth and dynamic and create city humanity and culture.
- > **People-oriented:** adhering to the principle of “respecting people’s value, developing people’s potential and lifting up people’s soul”, attracting talents in innovative way, establishing talent development system, enhance the happiness and sense of gain of the staff and sharing development results with the staff.
- > **Win-win collaboration:** Cooperating with upstream and downstream partners to build a relationship with “win-win, mutual growth, mutual support” for joint sustainable action and improvement in sustainable performance.
- > **Green development :** adopting green concept in all operations, combining green target to all projects, integrating green management to all procedures to minimize impact to the environment and the climate and help forming a green, low-carbon and harmonious atmosphere between people and the nature.
- > **Integrity operation:** Adhering to the core corporate value of “integrity and honesty” and through continuous optimization of model governance system to comply with business ethics and drive the long term healthy operation and sustainable growth of the Company.

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