

# TARGET

## Intelligence Report

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### **CHINA RESOURCES MIXC LIFESTYLE SERVICES LTD: THIS COMPANY BAGGED A LITTLE MORE THAN \$HK12 BILLION, BUT MANAGEMENT IS INTIMATING THAT IT MIGHT NEED MORE**

The flotation of the shares of China Resources Mixc Lifestyle Services Ltd (華潤萬象生活有限公司) (Code: 1209, Main Board, The Stock Exchange of Hongkong Ltd) was a spin-off of China Resources Land Ltd (華潤置地有限公司) (Code: 1109, Main Board, The Stock Exchange of Hongkong Ltd).

China Resources Land Ltd, in turn, is a subsidiary of China Resources Company Ltd (中國華潤有限公司), one of the largest and most-profitable companies in the world, today, and, in turn, it is beneficially owned by the State-Owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China (PRC) (中華人民共和國國務院國有資產監督管理委員會).

It could, therefore, be held that the Government of the PRC has the ability, if it so determines, to direct the future deliberations of China Resources Mixc Lifestyle Services Ltd.

Put another way, China Resources Mixc Lifestyle Services Ltd could be said to be languishing under the thumb of Beijing, the political seat of power of the PRC.

And this may not necessarily be a bad thing for investors, owning shares of China Resources Mixc Lifestyle Services Ltd, since one must suppose that the high muck-a-mucks in Beijing would not want to hang out their dirty laundry on a clothes line for all to see.

### **The Initial Public Offering (IPO) Of China Resources Mixc Lifestyle Services Ltd**

On Wednesday, November 25, 2020, China Resources Mixc Lifestyle Services Ltd published and disseminated its Global Offering Prospectus in the Hongkong Special Administrative Region (HKSAR) of the PRC.

Management sought to sell a total of 550 million \$US0.00001 Offer Shares at the Indicative Offer Price Per Share at between a low of \$HK18.60 and a high of \$HK22.30.

Investors of the HKSAR were offered the opportunity to subscribe to 27.50 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors, and select, Well-Heeled Investors, along with their

corporate entities in which this class of investors is deemed, legally and beneficially, to hold equity control – were induced to subscribe to 522.50 million Offer Shares (the International Offer Shares tranche).

On Tuesday, December 8, 2020, Management of China Resources Mixc Lifestyle Services Ltd announced that the Offer Price Per Share had been struck at the highest level of the Indicative Offer Price range, being \$HK22.30; and, that it was anticipated that the Company would be enriched by about \$HK12,004.60 million from the Global Offering.

In respect of the HKSAR Offer Shares tranche, Management stated that it had ‘*been very significantly over-subscribed*’, a total of 98,522 valid applications, having been received by Management for a total of 818,936,200 HKSAR Offer Shares, representing about 29.78 times the total number of Offer Shares, initially available under this tranche.

With regard to the International Offer Shares tranche, Management stated that it had ‘*been significantly over-subscribed*,’ representing about 11.80 times the total number of 522.50 million Offer Shares, initially available under this tranche.

At Page 11 of the Announcement as to the Offer Price and the Allotment Results, dated Tuesday, December 8, 2020, Management informed shareholders as to how the net proceeds from the Global Offering would be allocated as follows:

- Approximately, 60 percent of the net proceeds, that is about \$HK7,202.70 million, ‘*for making strategic investments and acquisitions to expand our property management and commercial operational businesses. We believe strategic investments and acquisitions can help us diversify our service offerings, enhance our geographic distribution, market shares and property portfolio, and realize economies of scale*’;
- Approximately, 15 percent of the net proceeds, that is about \$HK1,800.70 million, ‘*for pursuing strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry*’;
- Approximately, 15 percent of the net proceeds, that is about \$HK1,800.70 million, ‘*for investing in information technology systems and smart communities*’; and,
- Approximately, 10 percent of the net proceeds, that is about \$HK1,200.50 million, ‘*as working capital and for general corporate uses.*’

### **The History And Business Of China Resources Mixc Lifestyle Services Ltd**

The history of China Resources Mixc Lifestyle Services Ltd can be traced back to 1994 when China Resources (Holdings) Company Ltd (華潤[集團]有限公司), a company, incorporated in the HKSAR on July 8, 1983, that is an indirect, wholly owned subsidiary of China Resources Company Ltd, ‘*invested into Beijing Huayuan Real Estate Company Ltd (北京市華遠房地產股份有限公司).*’

Beijing Huayuan Real Estate Company Ltd is said to have been the predecessor company of China Resources Land Ltd (referred to in the Global Offering Prospectus as simply ‘CR Land’), a company, domiciled in the Cayman Islands.

Taking up some of the statements with regard to the historic overview of China Resources Mixc Lifestyle Services Ltd, one was told, at Page 125 of the Global Offering Prospectus:

*‘... We, as part of CR Land, have since been providing supplementary and complementary property management services to properties developed and/or owned by CR Land, a leading large-scale residential and commercial real estate developer in the PRC and a listed company in Hong Kong.*

*‘Our Group initially focused on the provision of residential property management services to supplement and complement CR Land’s property development and investment business. The scale of our Group’s business has grown significantly alongside CR Land’s property development and investment business. Benefiting from the mutually beneficial and complementary relationship between our Controlling Shareholders and us, we have become a leading property management and commercial operational services provider and expanded our geographic coverage quickly to major regions in the PRC.*

*‘To date, our service offering includes residential property management services and commercial operational and property management services. According to Frost & Sullivan, we ranked fifth in terms of property management service revenue in 2019 among all PRC property management companies and second in terms of shopping mall property management service revenue in 2019 among all PRC shopping mall operational service providers.’*

China Resources Mixc Lifestyle Services Ltd was ... [CLICK TO ORDER FULL ARTICLE](#)

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