China Resources Mixc Lifestyle (1209 HK)

1H26: Results In Line; Commercial Drives Margin Expansion; Maintains 100% Payout Ratio

Highlights

- 1H26 core net profit rose 10.8% yoy to Rmb2.23b. This is in line with the double-digit growth we had forecast during our 22 July results preview and also equivalent to 50.9% of our full-year estimate.
- Gross profit margin expanded 0.9ppt yoy to 38.0%, driven by mix as commercial lifted its share of revenue to 40.1% from 38.3%; within-segment margins were flat to lower.
- An interim DPS of Rmb0.586 and a special interim DPS of Rmb0.391 kept the payout at 100% of core net profit. Maintain BUY. Target price: HK$55.00.

1H26 Results

Year to 31 Dec (Rmbm)	1H26	2H25	1H25	yoy	hoh
Revenue	9,217	9,498	8,524	+8.1%	-3.0%
- property management	5,330	5,691	5,156	+3.4%	-6.3%
- commercial	3,698	3,638	3,267	+13.2%	+1.7%
- ecosystem	188	169	100	+87.8%	+11.5%
Gross profit	3,507	3,240	3,165	+10.8%	+8.2%
Attributable net profit	2,239	1,939	2,030	+10.3%	+15.5%
Core net profit	2,229	1,939	2,011	+10.8%	+15.0%
Core EPS (Rmb/share)	0.977	0.850	0.881	+10.8%	+15.0%
DPS (Rmb/share)	0.586	0.509	0.529	+10.8%	+15.1%
Special DPS (Rmb/share)	0.391	0.341	0.352	+11.1%	+14.7%
Total payout ratio	100.0%	100.0%	100.0%	0.0ppt	0.0ppt
Margins					
Gross profit margin	38.0%	34.1%	37.1%	+0.9ppt	+3.9ppt
- property management	18.3%	17.3%	18.8%	-0.5ppt	+1.0ppt
- commercial	66.9%	60.4%	66.1%	+0.8ppt	+6.5ppt
SG&A-to-revenue ratio	6.7%	8.6%	6.3%	+0.4ppt	-1.9ppt
Core net profit margin	24.2%	20.4%	23.6%	+0.6ppt	+3.8ppt

Source: CR Mixc, UOB Kay Hian

Analysis

- **1H26 results in line with expectation; margin expanded, with 100% payout sustained.** CR Mixc Lifestyle's (CR Mixc) core attributable net profit increased 10.8% yoy to Rmb2,229m in 1H26, in line with expectation and accounting for 50.9% of our full-year estimate. Growth was driven by an 8.1% yoy revenue growth to Rmb9,216.8m, led by the commercial segment (+13.2% yoy), and a 0.9ppt yoy expansion in gross profit margin to 38.0%, as the higher-margin commercial segment increased its revenue contribution to 40.1% (1H25: 38.3%). This was partly offset by the SG&A-to-revenue ratio widening 0.4ppt yoy to 6.7%. The company declared an interim basic DPS of Rmb0.586 and a special DPS of Rmb0.391, together up 10.8% yoy, and maintaining a total payout ratio of 100% of core net profit.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	17,154	18,022	19,647	21,623	23,616
EBITDA	4,363	5,032	5,753	6,539	7,332
Operating profit	4,231	4,859	5,529	6,247	6,953
Net profit (rep./act.)	3,598	3,969	4,405	4,900	5,372
Net profit (adj.)	3,474	3,950	4,383	4,877	5,349
EPS (fen)	152.2	173.1	192.0	213.7	234.4
PE (x)	22.0	19.3	17.4	15.6	14.3
P/B (x)	4.6	4.9	4.7	3.6	3.4
EV/EBITDA (x)	15.8	13.7	12.0	10.6	9.4
Dividend yield (%)	4.6	5.2	5.7	6.4	7.0
Net margin (%)	21.0	22.0	22.4	22.7	22.7
Net debt/(cash) to equity (%)	(58.2)	(35.8)	(46.1)	(44.8)	(49.7)
Interest cover (x)	37.7	45.3	51.9	58.9	66.1
ROE (%)	n.a.	24.8	27.8	26.1	24.6
Consensus net profit (Rmbm)	-	-	4,389.9	4,845.6	5,385.8
UOBKH/Consensus (x)	-	-	1.00	1.01	0.99

Source: CR Mixc, Bloomberg, UOB Kay Hian

Analyst(s)

Damon Shen

Damonshen@uobkh.com

+86 21 54047225 ext.820

Liu Jieqi

Jieqi.Liu@uobkh.com

+852 28261392

BUY (Maintained)

Share Price	HK$39.10
Target Price	HK$55.00
Upside	+40.7%

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	1209 HK
Shares issued (m):	2,282.5
Market Cap (HK$m):	88,971.8
Market cap (US$m):	11,349.3
3-mth avg t'over (US$m):	25.0

Price Performance (%)

52-week high/low: HK$51.15/HK$36.14

1mth	3mth	6mth	1yr	YTD
(2.4)	(6.3)	(18.1)	0.6	(9.2)

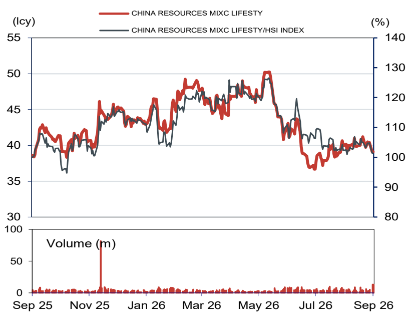
Major Shareholders (%)

China Resources Co Ltd	72.29
JP Morgan Chase & Co	5.67

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	7.13
FY26 Net Debt/ Share (Rmb)	3.28

Price Chart



Source: Bloomberg

Company Description

China Resources Mixc Lifestyle Services is an asset-light property management and commercial operation service provider in China, spun off from parent China Resources Land. Its commercial segment operates shopping malls and offices, while its property management segment serves residential communities and urban space, including public facilities, industrial parks and venues.

- **GFA expansion remained on track with a faster shift to higher-quality segments.** Total managed GFA rose 5.1% yoy to 456.3m sqm. This was led by urban public space at 141.1m sqm (+10.9% yoy) and mall GFA in operation at 15.1m sqm (+11.7% yoy), while community space grew by just 2.0% yoy. Third-party projects accounted for 59.0% of managed GFA.
- **PM segment grew slowly with a slight margin decline.** Property management (PM) revenue rose 3.4% yoy to Rmb5.33b, driven by urban space (+9.0% yoy) and basic PM (+2.8% yoy), while the VAS drag narrowed to 1.3% yoy vs a double-digit contraction last year. Segment gross margin slipped 0.5ppt yoy to 18.3%, as a 0.3ppt improvement in basic PM was more than offset by urban space, community VAS and non-owner VAS.
- **Shopping mall business remained resilient.** Commercial revenue rose 13.2% yoy to Rmb3.70b, with mall operation revenue up 15.2% yoy to Rmb2.61b and office up 8.6% yoy to Rmb1.09b. Tenant retail sales rose 21.7% yoy to Rmb148.5b, and 10.2% yoy on a comparable basis against national retail sales growth of 1.3%. Rental income rose 15.8% yoy to Rmb17.1b, lifting NOI margin 0.7ppt yoy to 68.9%, while average occupancy rose 0.2ppt from end-2025 to 97.4%. Three malls were opened in 1H26, taking the total number of malls in operation to 138 (1H25: 125). The reserve pipeline stands at 80 projects, which implies 218 malls that will be in operation by 2028. We expect this planned mall expansion to allow the company to achieve its targeted double-digit earnings growth.
- **Cash generating ability held up.** Operating cash flow/core net profit ratio stood at 68.3%, up 3.5ppt yoy and inside the 60-70% interim range we had mentioned. Total cash on hand rose 8.4% hoh to Rmb17.1b in 1H26, while receivable turnover days edged up 0.2 days yoy to 56.4 days. We expect the company to achieve its 2026 full-year target of an operating cash flow-to-core net profit ratio of over 1.0x.
- **Stable dividend payout policy maintained.** CR Mixc declared an interim DPS of Rmb0.586 and a special interim DPS of Rmb0.391, together amounting to Rmb0.977 and up 10.8% yoy. This kept its payout at 100% of core net profit (60% excluding the special dividend), unchanged from 1H25. We expect the company to achieve its targeted double-digit DPS growth in 2026.
- **Management outlook and guidance.** At the sector level, management expects consumption to stay cyclical but sees the structural recovery intact, and describes PM as in a deep adjustment period with industry collection rates and residential margins still under pressure. At the company level, it reiterated its 2026 target of double-digit core net profit growth, which will be driven by around 10 new mall openings in 2H26, high double-digit growth in sublease and ecosystem gross profit, and cost savings. Management guides revenue growth as the harder target to hit, given the large PM base. The five-year target of 100 new commercial projects is unchanged, with 12 already secured in 1H26.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of HK$55.00.** We make no change to our estimates or valuation following in-line results. The stock trades at 16.6x 2026F PE and a 6.0% 2026 dividend yield.

Earnings Revision/Risk

- **Earnings forecast unchanged.** 1H26 results are in line with our preview and we keep our 2026/27/28 forecasts.

Share Price Catalyst

- Faster-than-expected mall openings and tenant retail sales growth.
- Continued 100% payout of core net profit.

GFA Of All Segments

Million sqm	1H26	1H25	yoy
Community	281.0	275.5	2.0%
Office & Industrial	19.0	17.8	6.8%
Urban Public	141.1	127.2	10.9%
Shopping Mall	15.1	13.6	11.7%
Total managed GFA	456.3	434.0	5.1%
- Parent Company	187.3	176.9	5.9%
- Third Party	269.0	257.2	4.6%

Source: CR Mixc, UOB Kay Hian

Gross Profit Margin (GPM) Of PM Segment

	1H26	1H25	yoy
GPM	18.3%	18.8%	-0.5ppt
basic PM	16.9%	16.6%	+0.3ppt
VAS-non owner	22.8%	26.0%	-3.2ppt
community VAS	38.2%	40.4%	-2.2ppt
urban space	12.5%	14.2%	-1.7ppt

Source: CR Mixc, UOB Kay Hian

Key Statistics Of Mall Portfolio

Malls in operation	1H26	1H25	Chg
Total GFA (m sqm)	15.1	13.6	1.5
No. of projects	138	125	13
- From CR Land	99	94	5
- From CR Group / 3rd party	39	31	8

Source: CR Mixc, UOB Kay Hian

Gross Profit Margin Of Commercial Segment

	1H26	1H25	yoy
GPM	66.9%	66.1%	+0.8ppt
shopping malls	78.7%	78.7%	0.0ppt
offices	38.7%	37.7%	+1.0ppt

Source: CR Mixc, UOB Kay Hian

Mall Opening Pipeline (Cumulative)

No. of malls	1H26	2026	2027	2028+
- from CR Land	99	104	112	136
- from third parties	39	44	52	82
Total in operation	138	148	164	218
GFA (m sqm)	15.14	16.30	18.43	25.40

Source: CR Mixc, UOB Kay Hian

Mall Operating Data

	1H26	1H25	yoy
Tenant retail sales (Rmb b)	148.5	122.0	21.7%
- comparable growth	10.2%	9.7%	+0.5ppt
Rental income (Rmb b)	17.1	14.7	15.8%
NOI (Rmb b)	11.7	10.0	16.9%
NOI margin	68.9%	68.2%	+0.7ppt
Average occupancy	97.4%	97.1%	+0.3ppt
Malls ranked no.1	62	53	9

Source: CR Mixc, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	18,021.6	19,646.6	21,622.6	23,615.5
EBITDA	5,031.9	5,753.4	6,538.8	7,331.6
Deprec. & amort.	172.5	224.2	291.5	378.9
EBIT	4,859.4	5,529.2	6,247.3	6,952.6
Total other non-operating income	604.9	654.0	655.2	656.9
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	-111.0	-111.0	-111.0	-111.0
Pre-tax profit	5,353.4	6,072.2	6,791.6	7,498.6
Tax	-1,269.6	-1,518.1	-1,697.9	-1,874.6
Minorities	-114.7	-149.1	-193.9	-252.0
Net profit	3,969.0	4,405.1	4,899.8	5,371.9
Net profit (adj.)	3,950.0	4,382.6	4,877.3	5,349.4
Adjusted EPS	173.1	192.0	213.7	234.4

Balance Sheet

Year to 31 Dec(Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,294.5	5,471.4	5,701.3	6,000.1
Other LT assets	9,140.4	10,304.7	11,701.8	13,378.4
Cash/ST investment	5,538.3	7,491.8	9,570.9	11,123.8
Other current assets	9,077.8	7,844.7	9,868.1	8,641.9
Total assets	29,050.9	31,112.6	36,842.1	39,144.2
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	10,197.0	11,453.2	12,105.6	13,372.7
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	3,160.2	3,160.2	3,160.2	3,160.2
Shareholders' equity	15,461.9	16,267.4	21,344.4	22,379.5
Minority interest	231.8	231.8	231.8	231.8
Total liabilities & equity	29,050.9	31,112.7	36,842.0	39,144.2

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	4,579.0	7,209.3	4,068.5	8,696.9
Profit fo the year	5,353.4	6,072.2	6,791.6	7,498.6
Tax	-1,269.6	-1,518.1	-1,697.9	-1,874.6
Deprec. & amort.	172.5	224.2	291.5	378.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	419.7	2,489.2	-1,371.0	2,493.3
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	-96.9	-58.3	54.4	200.8
Investing	-5,021.0	-1,194.8	2,504.1	-2,155.8
Capex (growth)	-122.3	-879.9	-1,120.9	-1,429.6
Investment	0.0	0.0	0.0	0.0
Capex (growth)	0.0	0.0	0.0	0.0
Others	-4,898.7	-314.9	3,624.9	-726.2
Financing	-3,619.8	-4,061.0	-4,493.5	-4,988.3
Dividend payments	-3,474.1	-3,950.0	-4,382.6	-4,877.3
Proceeds from borrowings	-34.8	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	-111.0	-111.0	-111.0	-111.0
Net cash inflow (outflow)	-4,061.9	1,953.5	2,079.0	1,552.9
Beginning cash & cash equivalent	9,600.1	5,538.3	7,491.8	9,570.9
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	5,538.3	7,491.8	9,570.9	11,123.8

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.9	29.3	30.2	31.0
Pre-tax margin	29.7	30.9	31.4	31.8
Net margin	22.0	22.4	22.7	22.7
ROA	13.6	14.6	14.4	14.1
ROE	24.8	27.8	26.1	24.6
Growth				
Turnover	5.1	9.0	10.1	9.2
EBITDA	15.3	14.3	13.6	12.1
Pre-tax profit	10.1	13.4	11.8	10.4
Net profit	10.3	11.0	11.2	9.6
Net profit (adj.)	13.7	11.0	11.3	9.7
EPS	13.7	11.0	11.3	9.7
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(35.8)	(46.1)	(44.8)	(49.7)