时代邻里
TIMES NEIGHBORHOOD

TIMES NEIGHBORHOOD HOLDINGS LIMITED

時代鄰里控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF ANNUAL RESULTS

- Revenue for the Year amounted to approximately RMB1,758.4 million, representing a year-on-year increase of approximately 62.6%.
- Gross profit for the Year amounted to approximately RMB531.0 million, representing a year-on-year increase of approximately 73.9%. Gross profit margin increased by 2.0 percentage points to approximately 30.2%.
- Net profit for the Year amounted to approximately RMB236.9 million, representing a year-on-year increase of approximately 148.6%. Net profit margin increased by 4.7 percentage points to approximately 13.5%.
- The core net profit (excluding listing expenses) attributable to owners of the parent for the Year amounted to approximately RMB232.6 million, representing a year-on-year increase of approximately 93.7%, and the core net profit margin attributable to owners of the parent increased by 2.1 percentage points to approximately 13.2%.
- The basic and diluted earnings per share for the Year were RMB25 cents, representing a year-on-year increase of 92.3%.
- As at 31 December 2020, the total contracted GFA (including urban public service projects) amounted to approximately 111.6 million sq.m., representing an increase of approximately 92.4% as compared to approximately 58.0 million sq.m. as at 31 December 2019.
- The Board recommended a final dividend of RMB7.1 cents per ordinary share for the year ended 31 December 2020.

The board (the "**Board**") of directors (the "**Directors**") of Times Neighborhood Holdings Limited (the "**Company**" or "**we**" or "**Times Neighborhood**") is pleased to announce its consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Year**" or the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	4	**1,758,427**	1,081,341
Cost of sales		**(1,227,379)**	(776,044)
GROSS PROFIT		**531,048**	305,297
Other income and gains	5	**23,546**	6,078
Selling and marketing costs		**(46,885)**	(10,380)
Administrative expenses		**(180,274)**	(124,945)
Net impairment losses on financial and contract assets		**(2,154)**	(3,473)
Other expenses		**(2,322)**	(26,893)
Finance costs, net	7	**(8,321)**	(13,539)
Share of profit of an associate		**2,101**	3,393
PROFIT BEFORE TAX	6	**316,739**	135,538
Income tax expense	8	**(79,865)**	(40,214)
PROFIT FOR THE YEAR		**236,874**	95,324
Attributable to:			
Owners of the parent		**232,606**	96,313
Non-controlling interests		**4,268**	(989)
		236,874	95,324
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (expressed in RMB cents per share)	10	**25**	13

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**236,874**	95,324
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of overseas subsidiaries	**26,548**	(4,153)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**(90,637)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(64,089)**	(4,153)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**172,785**	91,171
Attributable to:		
Owners of the parent	**168,517**	92,160
Non-controlling interests	**4,268**	(989)
	172,785	91,171

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**51,931**	35,463
Right-of-use assets		**11,621**	8,825
Goodwill		**283,957**	68,841
Other intangible assets		**118,307**	33,740
Investment in an associate		**64,346**	70,522
Deferred tax assets		**20,997**	21,340
Prepayments, deposits and other receivables		**187,296**	5,320
Total non-current assets		**738,455**	244,051
CURRENT ASSETS			
Inventories		**2,194**	3,763
Trade receivables	*11*	**574,082**	213,482
Contract assets		**12,747**	16,524
Prepayments, deposits and other receivables		**72,770**	48,375
Financial assets at fair value through profit or loss		**76,000**	–
Restricted bank deposits		**124,964**	3,540
Cash and cash equivalents		**1,047,739**	971,207
Total current assets		**1,910,496**	1,256,891
CURRENT LIABILITIES			
Trade payables	*12*	**275,467**	122,129
Other payables and accruals		**370,121**	242,862
Contract liabilities	*4*	**131,731**	173,614
Lease liabilities		**9,254**	5,557
Tax payable		**64,777**	39,824
Government grants		**200**	200
Total current liabilities		**851,550**	584,186
NET CURRENT ASSETS		**1,058,946**	672,705
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,797,401**	916,756

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 December 2020

	Note	2020 RMB'000	2019 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,797,401**	916,756
NON-CURRENT LIABILITIES			
Lease liabilities		**13,096**	11,900
Government grants		**156**	350
Deferred tax liabilities		**22,452**	5,275
Total non-current liabilities		**35,704**	17,525
Net assets		**1,761,697**	899,231
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**8,868**	8,170
Reserves		**1,711,465**	887,822
		1,720,333	895,992
Non-controlling interests		**41,364**	3,239
Total equity		**1,761,697**	899,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2020

1. CORPORATE AND GROUP INFORMATION

General information

The Company is a limited liability company incorporated in the Cayman Islands on 12 July 2019. The registered office address of the Company is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The Company's shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 December 2019.

The Company is an investment holding company. During the Year, the Company's subsidiaries were involved in the provision of property management and other relevant services in the People's Republic of China (the "**PRC**").

In the opinion of the Directors, the immediate holding company of the Company is Asiaciti Enterprises Ltd., which was incorporated in the British Virgin Islands ("**BVI**"), and the ultimate holding company is Renowned Brand Investments Limited ("**Renowned Brand**"), which was incorporated in the BVI. Renowned Brand is wholly owned by Mr. Shum Chiu Hung ("**Mr. Shum**"), the founder of the Company and the Group.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to IAS 1 and IAS 8	*Definition of Material*

Other than as explained below regarding the impact of Amendment to IFRS 16, the adoption of the *Conceptual Framework for Financial Reporting 2018* and the above revised standards has had no significant financial effect on these consolidated financial statements.

Amendment to IFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB806,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the provision of property management services, value-added services to non-property owners, community value-added services and professional services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

The Group's revenue from external customers is derived solely from its operation in Mainland China. Except for the Group's certain property, plant and equipment amounting to HKD13,000 (equivalent to approximately RMB11,000) (2019: Nil), the Group's non-current assets are located in Mainland China.

Information about major customers

For the year ended 31 December 2020, revenue from Times China Holding Limited ("**Times China**") and its subsidiaries (the "**Times China Group**") contributed 24.6% (2019: 24.8%) to the Group's revenue. Other than the revenue from Times China Group, 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 the years ended 31 December 2020 and 31 December 2019.

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Services transferred over time:		
Property management services	**1,009,483**	677,811
Value-added services to non-property owners	**393,700**	275,478
Community value-added services	**135,474**	76,610
Professional services	**107,259**	26,917
	1,645,916	1,056,816
Goods transferred at a point in time:		
Value-added services to non-property owners	**28,496**	-
Community value-added services	**50,679**	2,542
Professional services	**33,336**	21,983
	112,511	24,525
	1,758,427	1,081,341

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2020	2019
	RMB'000	*RMB'000*
Contract liabilities		
– Third parties	**122,620**	171,221
– Related parties	**9,111**	2,393
	131,731	173,614

Contract liabilities of the Group mainly arise from the receipt in advance from customers when the underlying services are yet to be provided.

The following table shows the amount of revenue recognised in the current Reporting Period that was included in the contract liabilities at the beginning of the Reporting Period:

	2020	2019
	RMB'000	*RMB'000*
Property management services	**108,292**	38,835

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Property management services, value-added services to non-property owners and professional services

The Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly or quarterly basis. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts. The majority of the property management services do not have a fixed term. The term of the contracts for value-added services to non-property owners and professional services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Community value-added services

The services are rendered in a short period of time which is generally less than a year and there was no unsatisfied performance obligation at the end of the respective periods.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**10,570**	1,011
Gain on disposal of financial assets at fair value through profit or loss	**4,338**	2,285
Government grants	**2,632**	257
Tax incentives on value-added tax	**4,660**	1,974
Others	**1,346**	551
	23,546	6,078

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	RMB'000	*RMB'000*
Cost of services provided*	**1,174,524**	753,649
Cost of inventories sold	**52,855**	22,395
Depreciation of property, plant and equipment	**10,226**	7,448
Depreciation of right-of-use assets	**4,983**	3,897
Amortisation of other intangible assets	**12,693**	4,492
Research and development costs:		
Current year expenditure	**3,233**	886
Auditors' remuneration	**2,734**	2,288
Employee benefit expense (excluding Directors' and chief executive's remuneration)		
Wages and salaries	**618,342**	502,032
Pension scheme contributions	**27,298**	56,521
Equity-settled share award expense	**530**	–
Less: Amount capitalised in other intangible assets	**(2,487)**	(2,324)
	643,683	556,229
Net impairment losses recognised/(reversed) on financial and contract assets		
– Trade receivables	**(1,247)**	3,473
– Contract assets	**3,401**	–
	2,154	3,473
Rental expense		
– Short-term leases	**13,578**	9,582
– Leases of low-value assets	**703**	433
	14,281	10,015
Bank interest income	**(10,570)**	(1,011)
Government grants	**(2,632)**	(257)
Foreign exchange losses, net	**130**	68
Gain on disposal of financial assets at fair value through profit or loss	**(4,338)**	(2,285)

* Cost of services provided for the Year included an aggregate amount of RMB560,880,000 (2019: RMB505,020,000) which comprised employee benefit expense, depreciation of property, plant and equipment, amortisation of other intangible assets and rental expense. This amount was also included in the respective expense items disclosed above.

7. FINANCE COSTS, NET

	2020	2019
	RMB'000	*RMB'000*
Finance expense:		
Interest expense on lease liabilities	**1,071**	677
Interest expense arising from revenue contracts	**7,250**	12,695
Other interest expense	**–**	167
Interest expense of asset-backed securities	**–**	97,951
	8,321	111,490
Finance income:		
Interest income from a loan granted to a related party	**–**	(97,951)
Finance costs, net	**8,321**	13,539

8. INCOME TAX

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 BVI, the entities of the Group which were incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable profits arising in Hong Kong during the Year.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("**CIT**") rate of 25% for the Reporting Period. Certain subsidiaries of the Group operating in Mainland China enjoyed a preferential CIT rate of 15% or 20% during 2020.

	2020	2019
	RMB'000	*RMB'000*
Current income tax	**81,351**	43,240
Deferred income tax	**(1,486)**	(3,026)
Total tax charge for the year	**79,865**	40,214

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**316,739**		135,538	
Tax at the statutory tax rate	**79,185**	**25.0**	33,885	25.0
Lower tax rates enacted by local authorities	**(1,296)**	**(0.4)**	(806)	(0.6)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**–**	**–**	3,000	2.2
Tax incentives on eligible expenses	**(2,449)**	**(0.8)**	(256)	(0.2)
Profit attributable to an associate	**(525)**	**(0.2)**	(848)	(0.6)
Expenses not deductible for tax	**4,701**	**1.5**	5,219	3.9
Tax losses not recognised	**249**	**0.1**	20	–
Tax charge at the Group's effective rate	**79,865**	**25.2**	40,214	29.7

9. DIVIDENDS

The Board recommended a final dividend of RMB7.1 cents per ordinary share totalling RMB69,983,000 for the year ended 31 December 2020 (2019: RMB29,986,000).

The proposed final dividend for the Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 942,845,000 (2019: 752,616,000) in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	2020	2019
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	**232,606**	96,313
Shares		
Weighted average number of ordinary shares in issue during the year (in thousand)	**942,845**	752,616
Earnings per share		
Basic and diluted (RMB cents per share)	**25**	13

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019, respectively.

11. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Related parties	**388,456**	112,280
Third parties	**197,600**	114,542
	586,056	226,822
Impairment	**(11,974)**	(13,340)
	574,082	213,482

Notes:

(a) Trade receivables from related parties are due in six months upon the issuance of demand notes.

(b) For trade receivables from property management services, the Group charges property management fees on a quarterly or monthly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services, the Group's trading terms with its customers are mainly on credit and the credit period is generally within three months.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the demand note date and net of loss allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**557,653**	194,038
1 to 2 years	**11,394**	13,948
2 to 3 years	**3,970**	3,925
3 to 4 years	**922**	1,313
4 to 5 years	**143**	258
Total	**574,082**	213,482

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**13,340**	9,867
Net impairment losses (reversed)/recognised	**(1,247)**	3,473
Amount written off as uncollectible	**(119)**	–
At end of year	**11,974**	13,340

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Reporting Period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**263,941**	114,913
Over 1 year	**11,526**	7,216
	275,467	122,129

Trade payables are unsecured and non-interest-bearing and are normally settled based on terms of 60 days.

13. SHARE CAPITAL

	2020	2019
Authorised:		
2,000,000,000 (2019: 2,000,000,000) ordinary shares of HKD0.01 each	**HKD20,000,000**	HKD20,000,000
Issued and fully paid:		
985,672,747 (2019: 908,672,747) ordinary shares of HKD0.01 each	**HKD9,856,727**	HKD9,086,727
Equivalent to	**RMB8,868,000**	RMB8,170,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
Issue of share at 12 July 2019 (date of incorporation)	**1**	**–**
Issue of share at 2 August 2019	**1**	**–**
Capitalisation issue	**746,852,745**	**6,715**
Initial public offering	**161,820,000**	**1,455**
At 31 December 2019 and 1 January 2020	**908,672,747**	**8,170**
New issue	**77,000,000**	**698**
At 31 December 2020	**985,672,747**	**8,868**

On 7 July 2020, 77,000,000 shares was issued, at an issue price of HKD10.22 per share for a total cash consideration, before expenses, of HKD786,940,000 (equivalent to RMB713,928,000).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2020. In 2020, the policies of the property industry continued to be positive. Ten ministries including the Ministry of Housing and Urban-Rural Development have issued numerous notices, which require to regulate the relationship between local governments and enterprises at the grassroots level, recognize the service value of property companies and their important roles in community governance at the national level, and lay a policy foundation for the rapid development of the industry. At the same time, the policy encourages market-based property management fees, supports the renovation of old communities, community elderly care and other new businesses, encourages the development of intelligent service capacities, and explores the "property service + life service" model to meet the increasing aspiration of the public for better living conditions and life, pointing the way for rapid development of the industry.

In 2020, the number of property service companies landing the capital market hit a new high. With continuous promotion of capital, the industry has accelerated its integration and leading companies constantly expand their business and enrich their services. The fierce competition on enterprise scale puts forward higher requirements for the independent expansion capacities of property companies, and meanwhile encourages them to explore differentiated development.

Rapid growth in scale and performance, continuous improvement in industry recognition

In 2020, Times Neighborhood continued to be deeply engaged in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), expanded its presence nationwide, and accelerated the development of diversified businesses. Capturing on its leading industry experience and forward-looking corporate development strategies, the Group's revenue was approximately RMB1,758.4 million, representing a year-on-year increase of approximately 62.6%. The gross profit was approximately RMB531.0 million, representing a year-on-year increase of approximately 73.9%, and the gross profit margin was approximately 30.2%, representing a year-on-year increase of 2.0 percentage points. The core net profit attributable to owners of the parent was approximately RMB232.6 million, representing a year-on-year increase of approximately 93.7%.

In terms of business expansion, the scale of our management increased rapidly. In 2020, relying on its brand strength and rich experience, and focusing on core areas, the Group actively explored multi-format projects and rapidly expanded across the country through investment, mergers and acquisitions. For the year ended 31 December 2020, we had a total of 527 projects under management with a total contracted GFA of 111.6 million sq.m., representing an increase of 92.4% as compared to the year ended 31 December 2019, and a total GFA under management of 98.7 million sq.m., including 518 property management service projects under management, with a total GFA under property management exceeding 68.8 million sq.m., and 9 urban public service projects with a GFA under management of approximately 29.9 million sq.m.. Meanwhile, the Group has achieved good results in obtaining higher quality third-party development projects. As of 31 December 2020, the contracted area of third-party development projects under the management of the Group (including urban public service projects) increased to approximately 77.4 million sq.m..

In 2020, the Group actively sought and seized market opportunities, and successfully acquired Guangzhou Haoqing Property Management Co., Ltd. (廣州市浩晴物業管理有限公司) (“**Guangzhou Haoqing**”), Guangzhou Yaocheng Property Management Co., Ltd. (廣州市耀城物業管理有限公司) (“**Guangzhou Yaocheng**”) and 51% equity interest of Shanghai Kejian Property Services Co., Ltd. (上海科箭物業服務有限公司) (“**Shanghai Kejian**”), thus entering the fields of electricity property management and industrial logistics real estate property management, and further expanding and consolidating its presence in market segments. The Group entered into an equity transfer agreement for the acquisition of 49% equity interest of Chengdu Holytech Technology Co., Ltd. (成都合達聯行科技有限公司) (“**Chengdu Holytech**”), which broadened our business scale and market share in the property management service industry in Southwestern China, thus laying a solid foundation for the Group’s expansion in such region.

In terms of community value-added services, our performance has achieved leap-forward growth. In 2020, we actively innovate business models to provide customers with full-cycle life services; at the same time, we have introduced nearly a hundred brand partners to form an online and offline community economic ecosystem, which enables the service breadth continuously expanding and the platform ecology continuously improving. For the year ended 31 December 2020, revenue from community value-added services was approximately RMB186.2 million, representing a year-on-year increase of approximately 135.1%.

In 2020, with its service quality and brand reputation tested in markets, the Group was recognized by China Index Academy (“**CIA**”) as the 12th in the Top 100 Property Management Companies in China in terms of overall strength, and successively ranked among “2020 China Top 10 Listed Property Management Companies in Terms of Overall Strength (2020中國上市物業服務企業綜合實力TOP10)”, “2020 China Top 5 Listed Property Management Enterprises with Investment Value (2020中國上市物業服務投資價值優秀企業TOP5)” and “China’s Leading Enterprises in Urban Property Management in 2020 (2020中國城市物業服務領先企業)”, and was recognized by CIA as the “2020 China Leading Property Management Companies in Terms of Characteristic Services-Quality Characteristic Services (2020中國特色物業服務領先企業－品質特色服務)”. By virtue of our comprehensive and transparent communication and excellent capital market performance, the Group has also been included in the Hang Seng Composite Index, the Hang Seng Stock Connect Hong Kong Index Series, and the MSCI China Small Cap Index.

“4321” Strategy leads organizational optimization, incentives and upgrades

The Group will continue to adhere to the mission of “Let more people enjoy a better life”. Driven by the core strategy of “4321”, the Group will expand its management scale horizontally, tap value-added services vertically, and improve organizational efficiency through organizational changes and incentive systems to enhance comprehensive competitiveness.

In terms of layout, we penetrate in the four core urban agglomerations. The development of the regional economy determines the demand for property management services. We will capture the opportunities during the period for rapid development and increasing integration of the industry, and accelerate the deepening of the Greater Bay Area, urban agglomerations in Yangtze River Delta, Chengyu region and Central China. Meanwhile, we will continue to strengthen our independent expansion capabilities through actively establishing an elite talent team, and achieve sustained and steady endogenous growth.

In terms of business fromat, we deploy three core business formats. The foot traffic in one business determines the service demand, and the complexity of the interaction in the business determines the barriers to entry. Therefore, the Group will try its best to deploy businesses with high traffic, service demand, and complex interaction in communities, industrial parks, and public buildings. In the future, the Company will continue to focus on the residential business, strengthen efforts in non-residential businesses such as industrial and government public construction, and explore commercial business at the same time.

In terms of business, we achieve two core growth points. The development of value-added services determines the potential room for enterprise growth. Positioned as a "modern service creator", the Group provides integrated services for large and small property owners and realized two core growth points of property management services and value-added services. Relying on the advantages of the Group's huge management area and access to traffic, we will build an online platform ecosystem, optimize the supply chain, and incubate a variety of value-added businesses for our corporate and individual customers. At the same time, we will continue to build professional service capabilities, strengthen our efforts on professional service outsourcing, and further enhance customers' satisfaction of property services while achieving revenue growth.

In terms of system, we establish a core platform of "Technology +Service" for the whole life cycle. We will digitize and standardize business products and transaction processes, enhance customer experience and operational efficiency, and promote the transformation of enterprises to "Smart communities and Internet +". At the same time, in terms of smart services, together with Alibaba, China Mobile and iFLYTEK, we have successfully developed the "Smart City CIM + Smart Community BIM" model, through which we can carry out a three-dimensional intelligent management and control of projects in an integrated manner and explore the structure of future communities.

To better promote the implementation of the "4321" core strategy, we will continue to optimize the organizational structure, improve the incentive system. Adhering to the principle of "the Group exercising overall leadership, regional branches responsible for operations, and the center focusing on developing capabilities", we will optimize the organizational process structure and management methods and improve operational efficiency. We are also simultaneously establishing a comprehensive multi-level incentive system covering more employees to fully mobilize organizational motivation.

PROSPECTS

In 2021, with more regulated policies and increasing demand for services, the industry will find new opportunities for transformation and upgrading to a modern service industry. The property service management industry will maintain a steady growth momentum and scale dividends will continue. Riding on the digital wave driven by internet of things (IoT) and artificial intelligence (AI), property and living services and operation logic will be redefined. The service ecology will experience significant changes along the trend of scale economy, professionalism, platform, technology and brand. There comes a new future for evaluating the potential value of property enterprises. In addition to economics of scale, featured services such as in-depth urban penetration, comprehensive urban services and intelligent services may contribute to enhancing advantages of a company and even its valuation.

2021 is the sprint year of the Group's first Three-year Plan. The Group will seize the opportunities of the time, adhere to the core strategy of "4321", and strive to "let more people to enjoy a better life", give back to the owners with better quality, more convenient and more considerate services from the Greater Bay Area to the whole of China, and return to all employees and shareholders with high-quality and sustainable growth.

Mr. BAI Xihong
Chairman and Non-executive Director

10 March 2021

BUSINESS REVIEW

Business Overview

The Group is a leading and fast-growing modern service enterprise in China, with extensive coverage over urban and rural public institutions and spaces and continuous development and integration of more business forms, based on rapidly improving the residential community service business. In 2020, the Group was ranked 12th among China's Top 100 Property Management Companies by CIA in terms of overall strength.

Our main business includes property management services, value-added services to non-property owners, community value-added services and other professional services, comprehensively covering the entire property management value chain.

Property Management Services

As at 31 December 2020, our property management services under management have covered 53 cities, with 518 property management projects under management (excluding 9 urban public service projects), and a GFA under property management of approximately 68.8 million sq.m.. In addition, we had a total of 67 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 12.9 million sq.m.. Leveraging the good quality and market reputation, we have expanded to cities including Suzhou, Chongqing, Wuhan, Chengdu, Nanjing, Zhengzhou, Ningbo, Shenyang, Wuxi, Huzhou, Langfang and Nanning.

In 2020, we rapidly expanded our property management services portfolio and increased our business scale and market share and diversified our business scope through organic expansion and strategic acquisition and investment opportunities.

The table below sets forth the movements of our contracted GFA under property management and GFA under management as of the dates indicated:

	For the year ended 31 December			
	2020		2019	
	Total contracted GFA ***(sq.m.'000)***	**Total GFA under management** ***(sq.m.'000)***	Total contracted GFA *(sq.m.'000)*	Total GFA under management *(sq.m.'000)*
At the beginning of the period	49,293	38,429	27,707	18,770
New engagements(1)	12,682	10,526	9,325	7,398
Acquisitions(2)	21,969	21,875	13,864	13,864
Terminations(3)	(2,268)	(2,012)	(1,603)	(1,603)
At the end of the period	81,676	68,818	49,293	38,429

Notes:

(1) In relation to residential communities and non-residential communities we manage, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for non-residential communities replacing their previous property management service providers.

(2) These refer to engagements obtained through our acquisitions of Guangzhou Haoqing in March 2020, Guangzhou Yaocheng in May 2020 and the 51% equity interest of Shanghai Kejian in July 2020.

(3) These terminations include our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable engagements in an effort to optimize our property management services portfolio.

Our Geographical Presence

The table below sets forth our contracted GFA under property management and GFA under management by regions as of the dates indicated:

	For the year ended 31 December			
	2020		2019	
	Total contracted GFA ***(sq.m.'000)***	**Total GFA under management** ***(sq.m.'000)***	Total contracted GFA *(sq.m.'000)*	Total GFA under management *(sq.m.'000)*
Greater Bay Area				
Guangzhou	**21,323**	**20,106**	15,218	13,710
Foshan	**11,035**	**9,125**	8,733	7,819
Zhuhai	**4,792**	**4,604**	4,465	4,121
Zhongshan	**4,629**	**4,023**	2,141	1,314
Dongguan	**2,476**	**2,185**	1,762	1,500
Zhaoqing	**3,007**	**2,338**	3,618	3,050
Huizhou	**1,683**	**912**	730	91
Jiangmen	**2,554**	**2,055**	1,140	712
Shenzhen	**139**	**139**	139	–
Subtotal	**51,638**	**45,487**	37,946	32,317
Other Region				
Northeast China(1)	**210**	**210**	–	–
North China(2)	**1,682**	**1,682**	579	579
East China(3)	**10,117**	**10,025**	–	–
South China(4)	**10,203**	**4,966**	6,160	2,408
Central China(5)	**6,149**	**4,860**	4,520	3,125
Northwest China(6)	**97**	**97**	–	–
Southwest China(7)	**1,580**	**1,492**	88	–
Subtotal	**30,038**	**23,331**	11,347	6,112
Total	**81,676**	**68,818**	49,293	38,429

Notes:

Only the provinces, cities and autonomous regions where we have property management projects are listed below:

(1) Northeast China includes: Liaoning Province;

(2) North China includes: Beijing, Tianjin, Hebei Province;

(3) East China includes: Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Shandong Province, Fujian Province;

(4) South China includes: Guangdong Province (excluding cities in the Greater Bay Area), Guangxi Zhuang Autonomous Region;

(5) Central China includes: Henan Province, Hubei Province, Hunan Province;

(6) Northwest China includes: Shaanxi Province;

(7) Southwest China includes: Chongqing, Sichuan Province, Guizhou Province, Yunnan Province.

The Group has been deeply rooted in the Greater Bay Area for more than 20 years and has continuously expanded the scope of property management in the Greater Bay Area, further consolidating its competitive advantage in the area. As at 31 December 2020, among the Group's projects under property management, the projects with the GFA under property management of approximately 45.5 million sq.m. were located in the Greater Bay Area, accounting for 66.1% of the GFA under property management. With our successful management experience in the Greater Bay Area and word of mouth in the market, we achieved rapid expansion in other cities. In 2020, the addition to the contracted GFA under property management of the Group was approximately 12.7 million sq.m., of which approximately 8.8 million sq.m. was the addition to the contracted GFA in the projects in the Greater Bay Area, and approximately 3.9 million sq.m. was the addition to the contracted GFA in the projects in other cities (excluding terminated projects).

Portfolio of properties under management

We manage a diversified portfolio of properties, and in addition to residential properties, we also place an increasingly focus on non-residential properties, such as commercial properties and office buildings, government buildings, industrial parks, public facilities, hospitals, airports and schools, to diversify the project types of our service offerings and make them balanced.

The table below sets forth a breakdown of our GFA under property management as of the dates and revenue generated from property management services for the periods indicated by the type of property:

	For the year ended 31 December							
	2020				2019			
	GFA *(sq.m.'000)*	**Percentage** *%*	**Revenue** *(RMB'000)*	**Percentage** *%*	GFA *(sq.m.'000)*	Percentage *%*	Revenue *(RMB'000)*	Percentage *%*
Residential properties	**22,322**	**32.4**	**499,567**	**49.5**	14,336	37.3	412,708	60.9
Non-residential properties	**46,496**	**67.6**	**509,916**	**50.5**	24,093	62.7	265,103	39.1
Total	**68,818**	**100.0**	**1,009,483**	**100.0**	38,429	100.0	677,811	100.0

As a result of our continuous efforts to expand our customer base and to diversify our portfolio of properties under management, our GFA under property management for non-residential properties increased from approximately 24.1 million sq.m. as at 31 December 2019 to approximately 46.5 million sq.m. as at 31 December 2020, and the proportion of our revenue generated from managing non-residential properties to our total revenue generated from property management services increased from 39.1% in 2019 to 50.5% in 2020. We believe that the experience and recognition we have gained from managing such diversified non-residential properties will enable us to further expand our portfolio of properties under management, grow our customer base and create diversified sources of financial growth.

Nature of developers served

We benefit from the rapid growth of Times China Group's real estate development business. At the same time, we step up our expansion into independent third-party markets. Leveraging on our high quality services, our professional service team and our renowned reputation, we have achieved a rapid growth in terms of GFA obtained from the expansion of third-party markets.

The following table sets forth our GFA under property management as of the dates and revenue generated from property management services by property developers for the periods indicated:

	For the year ended 31 December							
	2020				2019			
	GFA *(sq.m.'000)*	**Percentage** *%*	**Revenue** *(RMB'000)*	**Percentage** *%*	GFA *(sq.m.'000)*	Percentage *%*	Revenue *(RMB'000)*	Percentage *%*
Times China Group[1]	**21,324**	**31.0**	**491,985**	**48.7**	17,371	45.2	381,711	56.3
Third-party property developers[2]	**47,494**	**69.0**	**517,498**	**51.3**	21,058	54.8	296,100	43.7
Total	**68,818**	**100.0**	**1,009,483**	**100.0**	38,429	100.0	677,811	100.0

Notes:

(1) Includes properties solely developed by Times China Group and properties that Times China Group jointly developed with other property developers for which properties Times China Group held a controlling interest.

(2) Includes properties solely developed by third-party property developers independent from Times China Group, as well as properties jointly developed by Times China Group and other property developers for which Times China Group did not hold a controlling interest. Properties developed by third-party property developers also include government-owned buildings and other public properties, which are constructed by third-party construction companies.

The percentage of GFA under property management for properties developed by third-party property developers grew from 54.8% as at 31 December 2019 to 69.0% as at 31 December 2020. The revenue generated from managing properties developed by third-party property developers increased from approximately RMB296.1 million in 2019 to approximately RMB517.5 million in 2020. Such growth is mainly due to our strategic acquisitions and the business cooperation with third parties.

Value-added Services to Non-property Owners

We offer a broad range of property related business solutions to non-property owners, primarily property developers, which cover their entire property development process, consisting of (i) sales assistance services, which assist property developers in showcasing and marketing their properties, including pre-sale consultation, display unit management, organizing sales campaigns as well as visitor reception for property development projects; (ii) construction site services, including consultancy and security services; (iii) housing agency services for residences, shops and parking spaces; (iv) pre-delivery cleaning services; and (v) urban redevelopment project services. In 2020, the revenue derived from value-added services to non-property owners increased significantly by 53.3% to approximately RMB422.2 million from approximately RMB275.5 million in the same period of 2019, primarily due to the substantial increase in the revenue of sales assistance services, urban redevelopment project services and housing agency services.

The table below sets forth the breakdown of revenue derived from value-added services to non-property owners for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Sales assistance services	**277,895**	**65.8**	198,900	72.2
Construction site services	**41,733**	**9.9**	45,666	16.6
Pre-delivery cleaning services	**38,927**	**9.2**	22,990	8.3
Urban redevelopment project services	**35,145**	**8.3**	7,922	2.9
Housing agency services	**28,496**	**6.8**	–	–
Total	**422,196**	**100.0**	275,478	100.0

As at 31 December 2020, we provided property management services and value-added services for 17 urban redevelopment projects, including services such as cleaning, security, operation management and tenant management. The urban redevelopment projects not only enrich our source of income, but also bring us more project reserves and the possibility of diversifying value-added businesses.

The housing agency business is developed by Times Neighborhood to provide integrated marketing services for real estate enterprises and property owners, such as pipeline distribution, sales agency, real estate rental and management, integrated marketing and promotion. In 2020, the revenue derived from the housing agency services reached approximately RMB28.5 million, mainly because we provided sales agency and other marketing services for many property projects developed by Times China and third-party developers.

Community Value-added Services

As an extension of property management services, in order to satisfy the property owners and residents' pursuit of convenience, enhance customers' experience and increase their loyalty, we provide a wide range of services in two categories, namely, public space leasing and parking space management and resident services. Our resident services mainly include featured butler services, community shopping, operation management, repair and maintenance of home appliances and event organization services.

The table below sets forth the breakdown of revenue derived from community value-added services for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Revenue ***(RMB'000)***	**Percentage** ***%***	Revenue *(RMB'000)*	Percentage *%*
Public space leasing and parking space management	**68,870**	**37.0**	45,621	57.6
Resident services	**117,283**	**63.0**	33,531	42.4
Total	**186,153**	**100.0**	79,152	100.0

Revenue from community value-added services in 2020 increased by 135.1% to approximately RMB186.2 million as compared with approximately RMB79.2 million for the corresponding period in 2019, which was mainly due to the expansion of our GFA under property management, the substantial increase in the number of users served and the increasing diversification of resident services business types.

In 2020, we made efforts to develop "Neighborhood Shopping", a community on-line shopping platform, to provide owners with high-quality goods and considerate services by establishing cooperation with more than 100 well-known brands in China. We selected high-quality brand products covering the daily needs of community life; we integrated advantageous products in the market with the community as a unit, and regularly launched group buying activities in the community, so that we quickly gained traction with many community owners and securing considerable orders. The shopping platform has a drainage effect, thus continuously enhancing the stickiness of property owners to our service platform, which together with our various diversified services, including renovation, soft decoration, housing rental and sales services, etc., making our resident service income increase by 250.2% from the same period in 2019 to approximately RMB117.3 million.

Other Professional Services

We provide other professional services to our customers, including (i) elevator services (including sale, installation, repair and maintenance of elevators); (ii) Zhilian technology services; and (iii) urban public services.

The table below sets forth the breakdown of revenue derived from other professional services for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Elevator services	**49,234**	**35.0**	29,659	60.6
Zhilian technology services (formerly known as the "intelligent engineering services")	**43,605**	**31.0**	4,687	9.6
Urban public services (formerly known as the "municipal sanitation services")	**47,756**	**34.0**	14,554	29.8
Total	**140,595**	**100.0**	48,900	100.0

In 2020, we comprehensively launched the "FEELLINK-Neighborhood Zhilian (鄰里智聯)" service, which is oriented towards four major sectors: family, community, business enterprise and city services, to provide community services, integrated installation and testing services for intelligent equipment and systems, system platform upgrade and reconstruction services, and after-sales operation and maintenance services. The revenue from Zhilian technology services increased from approximately RMB4.7 million in 2019 to approximately RMB43.6 million in 2020, mainly due to the increase in the GFA under management properties and the increase in service revenue from the business enterprise and urban service sectors.

In 2020, we continued to expand urban public services projects, providing services such as municipal sanitation, security patrol, integrated management of construction site and comprehensive cleaning for these projects. As of 31 December 2020, 9 urban public services projects under our management were all located in the Greater Bay Area with the management area of approximately 29.9 million sq.m..

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from property management services, value-added services to non-property owners, community value-added services and other professional services. The Group's revenue increased by approximately RMB677.1 million or approximately 62.6% to approximately RMB1,758.4 million in 2020 from approximately RMB1,081.3 million in 2019, which was primarily attributable to the increase in our revenue from property management services and revenue from value-added services to non-property owners.

The table below sets forth the breakdown of revenue of the Group by business line for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Revenue *(RMB in million)*	**Percentage %**	Revenue *(RMB in million)*	Percentage %
Categories				
Property management services	**1,009.5**	**57.4**	677.8	62.7
Value-added services to non-property owners	**422.2**	**24.0**	275.5	25.5
Community value-added services	**186.2**	**10.6**	79.1	7.3
Other professional services	**140.5**	**8.0**	48.9	4.5
Total	**1,758.4**	**100.0**	1,081.3	100.0

The property management services are still our largest source of revenue. In 2020, the Group's revenue from property management services was approximately RMB1,009.5 million, accounting for 57.4% of the Group's total revenue. The increase in revenue was primarily driven by the fast growth of our GFA under management, which was resulted from both our continuous cooperation with Times China Group and our efforts to expand the third-party customer base. The increase in revenue from value-added services to non-property owners, community value-added services and other professional services was mainly due to the increasing demands for services resulting from the increase of property development projects, the increase of our management area and the number of users served and the increasing diversification of resident services business types, as well as the increase of service types, respectively.

Cost of Sales

Our expenses mainly consist of (i) labor costs; (ii) cleaning and gardening expenses; and (iii) maintenance costs, etc. For the year ended 31 December 2020, the total expenses of the Group was approximately RMB1,227.4 million, which was increased by approximately RMB451.4 million or approximately 58.2% as compared to approximately RMB776.0 million for the year ended 31 December 2019. The rate of increase in cost of sales was lower than that of our revenue, primarily due to the control and standardization of various services and processes by the technological means of the Group so as to improve efficiency and save costs.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group increased by approximately RMB225.7 million or 73.9% to approximately RMB531.0 million in 2020 from approximately RMB305.3 million in 2019.

Gross profit margin of the Group by business line was as follows:

	For the year ended 31 December	
	2020	2019
	%	%
Property management services	**28.2**	25.8
Value-added services to non-property owners	**29.8**	28.1
Community value-added services	**51.0**	55.0
Other professional services	**18.2**	19.5
Total gross profit margin	**30.2**	28.2

In 2020, the gross profit margin of the Group increased by 2.0 percentage points year-on-year, primarily due to the growth in the scale of property management services and the general increase in gross profit margin as a result of the improvement of the operation process and the application of smart technologies.

Our gross profit margin of property management services increased by 2.4 percentage points, primarily due to our successful implementation of cost-control measures, such as further adopting technologies and automated equipment to replace manual labor. The Group has continuously promoted the construction of intelligent community and management system, which successfully reduced our cost and improved our efficiency. Furthermore, certain expenses had been reduced as the Group was entitled to the social security relief policy.

Our gross profit margin of value-added services to non-property owners increased by 1.7 percentage points, primarily due to the service types we provided were more diversified, such as the new housing agency services business in 2020, and expanded the urban redevelopment project services which constitute higher gross profit margin.

The gross profit margin of our community value-added services decreased by 4.0 percentage points. Compared with the previous concentration of community value-added services in the lease of public space and management of parking lots with high gross profit margin, the Company strategically developed resident services and recorded an exponential growth in revenue during the Year. Due to the adjustments and changes in the service portfolio, there was a decrease in the gross profit margin in 2020. However, the resident services will generate revenue and gross profit growth quickly for the Company in the long run.

Our gross profit margin of other professional services decreased by 1.3 percentage points, primarily due to change in the services and product mix.

Other Income and Gains

The other income of the Group increased by approximately RMB17.4 million or 285.2% to approximately RMB23.5 million in 2020 from approximately RMB6.1 million in 2019, which was primarily attributable to the increase in bank interests and gains from the disposal of financial assets at fair value through profit or loss.

Administrative Expenses

Administrative expenses mainly consist of (i) labor costs; (ii) office expenses; and (iii) depreciation and amortization, etc. For the year ended 31 December 2020, the total administrative expenses of the Group were approximately RMB180.3 million, which increased by approximately RMB55.4 million or approximately 44.4% as compared to approximately RMB124.9 million for the year ended 31 December 2019. Such increase was mainly due to the increase in the expenses arising from business expansion.

Other Expenses

The other expenses of the Group decreased by approximately RMB24.6 million or 91.4% to approximately RMB2.3 million in 2020 from approximately RMB26.9 million in 2019. The decrease in expenses was mainly due to other expenses in 2019 included the listing expenses of approximately RMB23.8 million.

Finance Costs, Net

The finance costs of the Group decreased by approximately RMB5.2 million or 38.5% to approximately RMB8.3 million in 2020 from approximately RMB13.5 million in 2019. The decrease in the expenses was mainly because of the decrease in the interest expense generated from the contract revenue of property management, which arose from property management fees received in advance of the due date, which will gradually decrease as the property management fees received in advance matures.

Income Tax Expense

For the year ended 31 December 2020, the income tax of the Group was approximately RMB79.9 million (2019: RMB40.2 million). The increase was primarily due to the increase in taxable income.

Property, Plant and Equipment

The Group's property, plant and equipment mainly include leasehold improvement, motor vehicles and office equipment. As at 31 December 2020, the Group's property, plant and equipment was approximately RMB51.9 million, representing an increase of approximately RMB16.4 million as compared to RMB35.5 million at the end of 2019, primarily due to the increase in the expenditures on office equipment and transportation equipment purchased by the Group and construction in progress resulting from business expansion and the increase in some fixed assets through the acquisition of companies.

Trade Receivables

Trade receivables mainly arise from property management services, value-added services to non-property owners and other professional services provided to Times China Group and third parties. The Group's trade receivables as at 31 December 2020 amounted to approximately RMB574.1 million, representing an increase of approximately RMB360.6 million or 168.9% as compared to approximately RMB213.5 million as at 31 December 2019, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 384.4% from approximately RMB53.7 million as of 31 December 2019 to approximately RMB260.1 million as of 31 December 2020, primarily due to the expansion of the Company's business scale and the prepayments for equity transactions.

Trade Payables

The Group's trade payables as at 31 December 2020 amounted to approximately RMB275.5 million, representing an increase of approximately RMB153.4 million or 125.6% as compared to approximately RMB122.1 million as at 31 December 2019, primarily due to the expansion of the Company's business scale.

Other Payables and Accruals

Other payables and accruals increased by 52.4% from approximately RMB242.9 million as of 31 December 2019 to approximately RMB370.1 million as of 31 December 2020, primarily due to the expansion of the Company's business scale.

Financial Position and Capital Structure

For the year ended 31 December 2020, the Group maintained a sound financial position.

As at 31 December 2020, the Group's current ratio (current assets/current liabilities) was 2.24 times (31 December 2019: 2.15 times) and net gearing ratio indicated a net cash status (31 December 2019: net cash). Net gearing ratio is calculated by other interest-bearing borrowings minus cash and cash equivalent, and then divided by net assets. As at 31 December 2020 and 2019, the Group did not have any outstanding other interest-bearing borrowings.

Financial Guarantee

As at 31 December 2020, the Group did not have financial guarantee.

Pledge of Assets

As at 31 December 2020, none of the assets of the Group were pledged.

Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities.

Interest Rate Risk

As the Group had no significant interest-bearing assets and liabilities, the Group is not exposed to material risk directly relating to changes in market interest rate.

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2020, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Acquisition of Guangzhou Haoqing

Pursuant to the equity transfer agreement entered into on 24 March 2020 between Huizhou Huiyang Baowen Real Estate Development Management Co., Ltd. (惠州市惠陽區保文房地產開發經營有限公司) ("**Huizhou Huiyang**") as vendor and Guangzhou Times Neighborhood Corporate Governance Co., Ltd. (廣州市時代鄰里企業管理有限公司) ("**Guangzhou Times Neighborhood**"), an indirect wholly-owned subsidiary of the Company, as purchaser, Guangzhou Times Neighborhood agreed to acquire the entire equity interest of Guangzhou Haoqing and the shareholder loan from Huizhou Huiyang at a total consideration of RMB32,722,984.80. Guangzhou Haoqing is a property management and urban public service provider established in the PRC. The business registration and arrangement of such equity transfer were completed in April 2020. Upon completion of such acquisition, Guangzhou Haoqing has become a subsidiary of the Group. For more details, please refer to the announcement of the Company dated 24 March 2020.

Acquisition of Xuzhou Mengmu Enterprise Management Co., Ltd. ("Xuzhou Mengmu") and Shanghai Kejian

Pursuant to the equity transfer agreement entered into on 28 June 2020 by and among Guangzhou Times Neighborhood, certain vendors and Xuzhou Mengmu, Guangzhou Times Neighborhood acquired the entire equity interest of Xuzhou Mengmu at a consideration of RMB234,050,000, and Xuzhou Mengmu holds 51% equity interest of Shanghai Kejian. Shanghai Kejian is a property management service provider for industrial logistics real estate established in the PRC. The business registration and arrangement of such equity transfer were completed in July 2020. Upon completion of such acquisition, Xuzhou Mengmu and Shanghai Kejian have become subsidiaries of the Group. For more details, please refer to the announcement and supplemental announcement of the Company dated 28 June 2020 and 10 July 2020, respectively.

Pursuant to the equity transfer agreement, Shanghai Kejian should achieve a target net profit after tax for the financial years ended 31 December 2020, 2021 and 2022, and the Company is entitled to relevant distributions. According to the audited financial results of Shanghai Kejian, Shanghai Kejian achieved the guarantee amount of the net profit after tax as at 31 December 2020, and the Company is also entitled to receive relevant pro rata distributions.

Entering into an Agreement to Acquire 49% Equity Interest in Chengdu Holytech

Pursuant to the equity transfer agreement entered into on 11 December 2020 by and among Guangzhou Times Property Management Co., Ltd. ("**Guangzhou Times Property**"), certain vendors, Co-investor and Chengdu Holytech, Guangzhou Times Property acquired 49% equity interest of Chengdu Holytech at a consideration of RMB296,587,200. Chengdu Holytech holds a wholly-owned subsidiary, Chengdu Holytech Property Co., Ltd. ("**Holytech Property**"), which is a property management service provider established in the PRC. Upon completion, Chengdu Holytech will become an associate of the Company and will be recorded as an investment to associates by the Company. For more details, please refer to the announcement of the Company dated 11 December 2020. The business registration for the 49% equity interest in Chengdu Holytech was completed in January 2021.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures in 2020, nor was there any plan authorized by the Board for other material investments or additions of capital assets at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there were no other significant events occurring after the Reporting Period.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on the listing date (i.e. 19 December 2019) by way of global offering, raising the total net proceeds (after deducting professional fees, underwriting commissions and other related listing expenses) of approximately HKD786,744,178.

The proceeds from the Listing are and will be continuously used according to the plans disclosed in the section headed "Future Plans and Use of Proceeds-Use of Proceeds" in the prospectus dated 9 December 2019 of the Company, namely:

Proposed Use of Proceeds	**As at 31 December 2020 Actual Use of Proceeds (Including the Reserved Amount)**
Approximately 65% of the total net proceeds or HKD511,383,716 will be used for seeking selective strategic investment and acquisition opportunities and further developing strategic alliances;	Approximately 65.0% of the total net proceeds or HKD511,383,716 has been used for seeking selective strategic investment and acquisition opportunities and further developing strategic alliances;
Approximately 15% of the total net proceeds or HKD118,011,627 will be used for improving the customer service quality by using advanced technology and building a smart community;	Approximately 7.5% of the total net proceeds or HKD59,320,000 has been used for improving the customer service quality by using advanced technology and building a smart community, while the remainder will be used for the intended purposes;
Approximately 10% of the total net proceeds or HKD78,674,417 will be used for further developing a one-stop service platform; and	Approximately 1.1% of the total net proceeds or HKD8,490,000 has been used for further developing a one-stop service platform, while the remainder will be used for the intended purposes; and
Approximately 10% of the total net proceeds or HKD78,674,417 will be used for working capital and general corporate purposes.	Proceeds have not been used for working capital and general corporate purposes, but will be used for intended purposes.

USE OF NET PROCEEDS FROM THE PLACING AND SUBSCRIPTION OF SHARES

On 7 July 2020, the Company entered into an agreement with Credit Suisse (Hong Kong) Limited (the manager) and Asiaciti Enterprises Ltd. ("**Asiaciti Enterprises**") (the seller), pursuant to which the manager conditionally agreed to place 77,000,000 existing ordinary shares of the Company at the placing price of HKD10.22 per share to not less than six (6) placees on a best effort basis, while Asiaciti Enterprises conditionally agreed to subscribe for new shares, the number of which is equal to the number of the placing shares placed by the manager, at the issue price of HKD10.22 per new share (the "**Issue Price**"). The Issue Price represented a discount of approximately 6.92% to the closing price of HKD10.98 per share as quoted on the Stock Exchange on the last trading day prior to the signing of the agreement. The Directors considered that the placing and subscription provide a good opportunity for the Company to raise additional funds to consolidate its financial position, broaden the shareholder base and capital base of the Group, thus promoting future development, and helping increase the liquidity of shares. The Company completed the placing of shares, and allotment and issuance of new shares under the general mandate, on 9 July 2020 and 20 July 2020, respectively. The total net proceeds raised by the Company after deducting all relevant fees, costs and expenses to be borne or incurred by the Company are approximately HKD779,596,946. The net price for the subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company was approximately HKD10.12 per share.

The proceeds from the placing and subscription of shares are and will be continuously used according to the plans disclosed in the announcements dated 7 July 2020 and 20 July 2020 of the Company, which set forth as follow:

Proposed Use of Proceeds	As at 31 December 2020 Actual Use of Proceeds (Including the Reserved Amount)
Approximately 90% of the total net proceeds or HKD701,637,251 will be used for potential strategic investment and acquisition opportunities; and	Approximately 24.6% of the total net proceeds or HKD192,003,575 has been used for potential strategic investment and acquisition opportunities, while the remainder will be used for the intended purposes; and
Approximately 10% of the total net proceeds or HKD77,959,695 will be used for general working capital of the Group.	Proceeds have not been used for general working capital, but will be used for intended purposes.

As at the date of this announcement, (i) the Company actively explores any targets that are related to its core businesses and has not identified any new investment or acquisition targets; (ii) the Company has developed a general list of prospects, but no agreement has been entered by the Group in respect of any such investments or acquisitions; and (iii) the rest of the net proceeds from the Subscription will be continuously used according to the original intended use, subject to market conditions.

EMPLOYEES AND RENUNERATION POLICY

As at 31 December 2020, the Group had 8,129 full-time employees (31 December 2019: 8,050 full-time employees).

The remunerations of the employees are commensurate with their performance, skills, knowledge, experience and the market trend. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme, housing provident fund and mandatory provident fund. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the employees may be offered with discretionary bonuses and cash awards based on individual performances. The Group also provides training programs for the employees with a view to constantly upgrading their skills and knowledge.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2020 (the "**AGM**") is scheduled to be held on Thursday, 20 May 2021. A notice convening the AGM will be issued and disseminated to the shareholders of the Company (the "**Shareholders**") in due course.

FINAL DIVIDEND

The Board recommended a final dividend of RMB7.1 cents per ordinary share totalling approximately RMB69,983,000 for the year ended 31 December 2020 (2019: RMB3.3 cents). The final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid on or around 2 July 2021.

The proposed final dividend shall be declared in RMB and paid in HKD. The final dividend payable in HKD will be converted from RMB to HKD at the average exchange rate of HKD against RMB announced by the People's Bank of China on 20 May 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2021 to 20 May 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 13 May 2021.

The record date for qualifying to receive the proposed final dividend is 28 May 2021. In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval by the Shareholders in the forthcoming AGM, the register of members of the Company will be closed from 26 May 2021 to 28 May 2021, both days inclusive. All transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 25 May 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our Shareholders and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2020. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2020.

SHARE AWARD SCHEME

On 23 September 2020, the Company adopted a share award scheme (the "**Scheme**") to recognize the contributions of selected participants and encourage them to remain in office in the Group, thus promoting continuous operation and development of the Group. The details are set out in the announcement of the Company dated 23 September 2020. According to the Scheme, the award shares will be satisfied by way of acquisition of existing Shares through on-market transactions by the trustee and will be held on trust until they are vested. The total number of all award shares granted under the Scheme shall not exceed 3% of the total issued shares of the Company as at 23 September 2020.

On 13 November 2020, according to the Scheme, the Company granted 24 selected participants (including 4 executive Directors) a total of 3,350,000 award shares, representing approximately 0.34% of the total issued shares of the Company as at 13 November 2020. The details are set out in the announcement of the Company dated 13 November 2020.

During the year ended 31 December 2020, the trustee purchased a total of 3,350,000 shares at a total consideration of approximately HKD25,967,000 and shall hold the shares upon trust for the benefits of the relevant grantees until they are vested (or cancelled) in accordance with the Scheme.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2020 and the financial statements for the year ended 31 December 2020 prepared in accordance with the IFRSs.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year 2020 has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.shidaiwuye.com), and the annual report for the year 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
Times Neighborhood Holdings Limited
Mr. BAI Xihong
Chairman

Hong Kong, 10 March 2021

As at the date of this announcement, the Board comprises Ms. WANG Meng, Mr. YAO Xusheng, Ms. XIE Rao and Ms. ZHOU Rui as executive Directors; Mr. BAI Xihong and Mr. LI Qiang as non-executive Directors; Mr. LUI Shing Ming, Brian, Dr. WONG Kong Tin and Dr. CHU Xiaoping as independent non-executive Directors.