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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS HIGHLIGHTS

- Revenue for the Period amounted to approximately RMB1,162.1 million, representing an increase of 65.5% as compared with the corresponding period in 2020.
- Gross profit for the Period amounted to approximately RMB349.7 million, representing an increase of 75.6% as compared with the corresponding period in 2020.
- The net profit attributable to owners of the parent for the Period amounted to approximately RMB153.1 million, representing an increase of 81.8% as compared with the corresponding period in 2020.
- The basic and diluted earnings per share for the Period were RMB16 cents, representing an increase of 77.8% as compared with the corresponding period in 2020.
- As at 30 June 2021, the total contracted GFA of property management amounted to approximately 124.4 million sq.m., representing an increase of approximately 52.5% as compared to approximately 81.6 million sq.m. as at 31 December 2020.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Times Neighborhood Holdings Limited (the “Company” or “we” or “Times Neighborhood”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”), together with the comparative figures for the corresponding period in 2020, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	5	1,162,141	701,952
Cost of sales		<u>(812,458)</u>	<u>(502,853)</u>
GROSS PROFIT		349,683	199,099
Other income and gains		18,586	9,348
Selling and marketing costs		(19,708)	(7,242)
Administrative expenses		(119,938)	(70,273)
Impairment losses on financial assets		(6,155)	(1,191)
Other expenses		(144)	(2,087)
Finance costs	7	(2,175)	(10,128)
Share of profits and losses of associates		<u>1,977</u>	<u>1,295</u>
PROFIT BEFORE TAX	6	222,126	118,821
Income tax expense	8	<u>(55,366)</u>	<u>(34,575)</u>
PROFIT FOR THE PERIOD		<u>166,760</u>	<u>84,246</u>
Attributable to:			
Owners of the parent		153,100	84,174
Non-controlling interests		<u>13,660</u>	<u>72</u>
		<u>166,760</u>	<u>84,246</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (express in RMB cents per share)	10	<u>16</u>	<u>9</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	166,760	84,246
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>4,244</u>	<u>(6,294)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<u>(14,632)</u>	<u>14,364</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(10,388)	8,070
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	156,372	92,316
Attributable to:		
Owners of the parent	<u>142,712</u>	<u>92,244</u>
Non-controlling interests	<u>13,660</u>	<u>72</u>
	156,372	92,316

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*30 June 2021*

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		96,474	51,931
Right-of-use assets		9,103	11,621
Goodwill		562,909	283,957
Other intangible assets		250,031	118,307
Investment in associates		69,140	64,346
Deferred tax assets		23,288	20,997
Prepayments, deposits and other receivables		8,599	187,296
		<hr/>	<hr/>
Total non-current assets		1,019,544	738,455
CURRENT ASSETS			
Inventories		1,950	2,194
Trade receivables	<i>11</i>	756,919	574,082
Contract assets		10,481	12,747
Prepayments, deposits and other receivables		247,177	72,770
Financial assets at fair value through profit or loss		2,000	76,000
Restricted bank deposits		10,134	124,964
Cash and cash equivalents		921,206	1,047,739
		<hr/>	<hr/>
Total current assets		1,949,867	1,910,496
CURRENT LIABILITIES			
Trade payables	<i>12</i>	364,433	275,467
Other payables and accruals		448,542	370,121
Contract liabilities		107,634	131,731
Lease liabilities		8,050	9,254
Tax payables		68,073	64,777
Government grants		200	200
		<hr/>	<hr/>
Total current liabilities		996,932	851,550
NET CURRENT ASSETS			
		<hr/> 952,935	<hr/> 1,058,946
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 1,972,479	<hr/> 1,797,401

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
30 June 2021

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,972,479</u>	<u>1,797,401</u>
NON-CURRENT LIABILITIES		
Lease liabilities	10,536	13,096
Government grants	7,210	156
Deferred tax liabilities	43,577	22,452
Financial liabilities for put option written on non-controlling interests	<u>125,443</u>	<u>–</u>
Total non-current liabilities	<u>186,766</u>	<u>35,704</u>
Net assets	<u><u>1,785,713</u></u>	<u><u>1,761,697</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	8,868	8,868
Reserves	<u>1,661,532</u>	<u>1,711,465</u>
	<u>1,670,400</u>	<u>1,720,333</u>
Non-controlling interests	<u>115,313</u>	<u>41,364</u>
Total equity	<u><u>1,785,713</u></u>	<u><u>1,761,697</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

1. CORPORATE AND GROUP INFORMATION

Times Neighborhood Holdings Limited (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 is an investment holding company. During the six months ended 30 June 2021, the Company and its subsidiaries (together, the “Group”) were involved in the provision of property management and other relevant services in the People’s Republic of China (the “PRC”).

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 19 December 2019 (the “Listing”).

In the opinion of the Directors, the immediate holding company of the Company is Best Source Ventures Limited, which was incorporated in the British Virgin Islands (“BVI”), and the ultimate holding company is Renowned Brand Investments Limited, which was incorporated in the BVI.

2. BASIS OF PREPARATION

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 9, IAS 39, *Interest Rate Benchmark Reform – Phase 2*
IFRS 7, IFRS 4 and IFRS 16

Amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The adoption of the above revised standards has had no significant financial effect on the Interim Financial Information.

4. 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 HKD18,000 (approximately equivalent to RMB15,000) (31 December 2020: HKD13,000 (approximately equivalent to RMB11,000)), the Group's non-current assets are located in Mainland China.

Information about major customers

For the six months ended 30 June 2021, revenue from Times China Holdings Limited and its subsidiaries (the "Times China Group") contributed 17.7% (six months ended 30 June 2020: 23.7%) of 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 six months ended 30 June 2021 and 30 June 2020.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Services transferred over time:		
Property management services	730,477	424,631
Value-added services to non-property owners	156,035	185,374
Community value-added services	140,653	40,056
Professional services	70,086	36,403
	<u>1,097,251</u>	<u>686,464</u>
Goods transferred at a point in time:		
Value-added services to non-property owners	13,956	–
Community value-added services	37,536	10,904
Professional services	13,398	4,584
	<u>64,890</u>	<u>15,488</u>
	<u><u>1,162,141</u></u>	<u><u>701,952</u></u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided*	768,774	492,356
Cost of inventories sold	43,684	10,497
Depreciation of property, plant and equipment	8,640	4,851
Depreciation of right-of-use assets	2,919	2,794
Amortisation of other intangible assets	15,923	3,981
Research and development costs:		
Current period expenditure	1,487	675
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	376,179	323,852
Pension scheme contributions	36,917	14,970
Equity-settled share award expense	1,980	–
Less: Amount capitalised in other intangible assets	(4,760)	(3,476)
	410,316	335,346
Impairment losses on financial assets:		
– Trade receivables	6,155	1,191
Rental expense		
– Short-term leases	6,106	5,597
– Leases of low-value assets	293	211
	6,399	5,808
Bank interest income	(3,063)	(3,001)
Government grants	(9,198)	(740)
Foreign exchange losses, net	11	26
Gain on disposals of financial assets at fair value through profit or loss	(1,346)	(2,882)

* Cost of services provided for the period included an aggregate amount of RMB336,721,000 (six months ended 30 June 2020: RMB302,519,000) 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

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Interest expense on lease liabilities	437	597
Interest expense arising from revenue contracts	<u>1,738</u>	<u>9,531</u>
	<u>2,175</u>	<u>10,128</u>

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 Period.

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 the reporting period.

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Current income tax	58,555	33,617
Deferred income tax	<u>(3,189)</u>	<u>958</u>
Total tax charged for the period	<u>55,366</u>	<u>34,575</u>

9. DIVIDENDS

The proposed 2020 final dividend of RMB7.1 cents per share, totaling RMB69,983,000, was approved by the Company's shareholders at the annual general meeting on 20 May 2021. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2021.

No interim dividend was proposed during the period (six months ended 30 June 2020: nil).

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

The calculation of the basic and diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB153,100,000 (six months ended 30 June 2020: RMB84,174,000), and the weighted average number of ordinary shares of 982,323,000 (six months ended 30 June 2020: 908,673,000) in issue during the period.

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

11. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Related parties	429,216	388,456
Third parties	345,116	197,600
	774,332	586,056
Impairment	(17,413)	(11,974)
	756,919	574,082

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:

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	735,600	557,653
1 to 2 years	14,755	11,394
2 to 3 years	5,254	3,970
3 to 4 years	1,130	922
4 to 5 years	180	143
	<u>756,919</u>	<u>574,082</u>

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Less than 1 year	324,071	263,941
Over 1 year	40,362	11,526
	<u>364,433</u>	<u>275,467</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Times Neighborhood is China's leading and fast-growing comprehensive property management service provider. It is mainly engaged in property management services, value-added services to non-property owners, community value-added services and other professional services. In 2021, Times Neighborhood put forward the brand philosophy of "creation of services" and being a "modern service creator". It is committed to creating better experiences, emotional connection and future ecology, so as to create more value and possibilities for customers and enable more people to enjoy a better life. In the first half of 2021, Times Neighborhood retained the "12th in the Top 100 Property Management Companies in China (中國物業服務百強企業 TOP12)" by China Index Academy (the "CIA"), with high-quality property services, leading brand influence and forward-looking corporate development strategy, and "2021 China's Leading Enterprise in Internet Community Operation (2021 中國互聯網社區運營領先企業)", "2021 China's Leading Enterprise in Smart City Service (2021 中國智慧城市服務領先企業)" and "2021 China Leading Property Management Company – Comprehensive Service Provider for Diversified Business Form (2021 中國特色物業服務領先企業 – 多元業態綜合服務商)" by CIA, with professional, intelligent and high-end operation management model. Thereafter, we also won many honorary awards granted by many industry authority organizations, including "2021 Top 100 of Most Valuable Brand of China Property Management Service (2021 中國物業服務企業品牌價值100強)", "2021 Top 15 Listed Company of China Property Management Services (2021 中國物業服務企業上市公司 TOP15)" and "2021 China Leading Listed Property Company in Terms of Market Development Ability (2021 中國物業上市公司市拓能力領先企業)". Times Neighborhood was recognized in the market, with its inclusion in the Hang Seng Property Service and Management Index of Hang Seng Indexes Company Limited in April 2021.

In 2021, Times Neighborhood was continuously and 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. With the philosophy of "creation of services" and adhering to the core strategy of "4321", that is, penetrate in the four core urban agglomerations, deploy three core business formats, achieve two core growth points, and establish a core platform of "Technology+Service" for the whole life cycle, in the first half of 2021, the Group's revenue was approximately RMB1,162.1 million, representing a year-on-year increase of approximately 65.5%; gross profit was approximately RMB349.7 million, representing a year-on-year increase of approximately 75.6%; gross profit margin was approximately 30.1%, representing a year-on-year increase of 1.7 percentage points. Net profit attributable to equity owners of the Company was approximately RMB153.1 million, representing a year-on-year increase of approximately 81.8%.

As at 30 June 2021, we had a total of 968 property management contract projects with a total contracted GFA of approximately 124.4 million sq.m., representing an increase of approximately 65.3% as compared with the same period of 2020, and had a total of 814 projects under property management, with a total GFA under management of approximately 97.9 million sq.m. The Group made a good progress in securing high-quality third-party development projects. As of 30 June 2021, the contracted GFA from third-party development projects of the Group (excluding urban public service projects) increased to approximately 89.4 million sq.m.

Under the principles of long-termism and high-quality growth, the Group carried out exogenous expansion, merger and acquisition. In the first half of 2021, the Company further acquired a 31% equity interest in Chengdu Holytech Technology Co., Ltd. (成都合達聯行科技有限公司) (“Chengdu Holytech”), thus holding an 80% equity interest in total. Chengdu Holytech became an indirect non-wholly owned subsidiary of the Company, with its results consolidated into those of the Group. The Group had continuously and was deeply engaged in urban public service, with strategic cooperation in urban service in Yingtan City, Jiangxi Province and Wenjiang District, Chengdu City, Sichuan Province etc.

We actively innovated our business model and provided customers with full-cycle resident services. Meanwhile, we introduced approximately 100 brand partners to form an online and offline community economic ecosphere, which continuously enlarged the service scope and improved the platform ecology. For the six months ended 30 June 2021, revenue from community value-added services was approximately RMB178.2 million, representing a year-on-year increase of approximately 249.4%.

Business Model

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 of 30 June 2021, our property management services under management has covered 75 cities, with a total of 814 property management projects, and a GFA under property management of approximately 97.9 million sq.m.. In addition, we had a total of 154 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 26.4 million sq.m.. Leveraging on the good quality and market reputation, we have expanded to cities including Guiyang, Jinan, Mianyang, Yibin, Ya’an, Zhuzhou, Yueyang, Qingdao and Shangqiu.

In the first half of 2021, 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:

	30 June 2021		30 June 2020	
	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)
At the beginning of the period	81,676	68,818	49,293	38,429
New engagements ⁽¹⁾	16,916	10,457	5,303	5,482
Acquisitions ⁽²⁾	29,231	22,101	21,969	5,747
Terminations ⁽³⁾	(3,427)	(3,427)	(1,305)	(1,305)
At the end of the period	<u>124,396</u>	<u>97,949</u>	<u>75,260</u>	<u>48,353</u>

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 the engagements consolidated through the further acquisition of Chengdu Holytech, by aggregately acquired 80% equity interest of Chengdu Holytech in the first half of 2021, and the engagements obtained through our acquisitions of Guangzhou Haoqing Property Management Co., Ltd. (廣州市浩晴物業管理有限公司) (“Guangzhou Haoqing”) and Guangzhou Yaocheng Property Management Co., Ltd. (廣州市耀城物業管理有限公司) (“Guangzhou Yaocheng”), and the acquisition of 51% equity interest in Shanghai Kejian Property Services Co., Ltd. (上海科箭物業服務有限公司) (“Shanghai Kejian”) in 2020.
- (3) These terminations include our voluntary non-renewal of certain property management service contracts. We reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio.

Our Geographic Presence

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

	As at 30 June 2021		As at 31 December 2020	
	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)
Greater Bay Area				
Guangzhou	26,228	21,418	21,323	20,106
Foshan	11,966	9,386	11,035	9,125
Zhuhai	4,849	4,478	4,792	4,604
Zhongshan	4,602	4,119	4,629	4,023
Dongguan	3,251	2,393	2,476	2,185
Zhaoqing	2,343	1,905	3,007	2,338
Huizhou	2,338	1,970	1,683	912
Jiangmen	2,670	2,280	2,554	2,055
Shenzhen	139	139	139	139
Subtotal	58,386	48,088	51,638	45,487
Other Region				
Northeast China ⁽¹⁾	210	210	210	210
North China ⁽²⁾	1,526	1,526	1,682	1,682
East China ⁽³⁾	14,373	14,018	10,117	10,025
South China ⁽⁴⁾	11,505	5,242	10,203	4,966
Central China ⁽⁵⁾	8,591	6,677	6,149	4,860
Northwest China ⁽⁶⁾	2,780	1,758	97	97
Southwest China ⁽⁷⁾	27,024	20,430	1,580	1,492
Subtotal	66,009	49,861	30,038	23,332
Total	124,395	97,949	81,676	68,819

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, Ningxia Hui Autonomous Region;
- (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 of 30 June 2021, among the Group's projects under property management, the projects with the management area of approximately 48.1 million sq.m. were located in the Greater Bay Area, accounting for 49.1% 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. During the first half of 2021, the net addition to the contracted GFA under property management of the Group was approximately 42.7 million sq.m., of which approximately 6.7 million sq.m. was the addition to the contracted GFA in the projects in the Greater Bay Area and approximately 36.0 million sq.m. was the addition to the contracted GFA in the projects in other cities.

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 indicated and revenue generated from property management services for the periods indicated by type of property:

	For the six months ended 30 June							
	2021				2020			
	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %
Residential properties	43,781	44.7	341,193	46.7	19,647	40.6	237,224	55.9
Non-residential properties	54,168	55.3	389,284	53.3	28,706	59.4	187,407	44.1
Total	<u>97,949</u>	<u>100.0</u>	<u>730,477</u>	<u>100.0</u>	<u>48,353</u>	<u>100.0</u>	<u>424,631</u>	<u>100.0</u>

As a result of our continuous efforts to achieve external growth through exogenous expansion, merger and acquisition, our area of residential properties under management increased from approximately 19.6 million sq.m. as of 30 June 2020 to approximately 43.8 million sq.m. as of 30 June 2021. We believe that the increase in the area of residential properties under management can create more room for us to further increase our value-added service revenue and create diversified sources of financial growth.

Nature of Developers Served

While benefiting from the rapid growth of Times China Group's real estate development business, we also stepped 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 a breakdown of our GFA under property management as of the dates indicated and revenue generated from property management services by property developer for the periods indicated:

	For the six months ended 30 June							
	2021				2020			
	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %
Times China Group ⁽¹⁾	22,556	23.0	270,125	37.0	19,655	40.6	226,805	53.4
Third-party property developers ⁽²⁾	75,393	77.0	460,352	63.0	28,698	59.4	197,826	46.6
Total	97,949	100.0	730,477	100.0	48,353	100.0	424,631	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 59.4% as of 30 June 2020 to 77.0% as of 30 June 2021. The revenue generated from managing properties developed by third-party property developers increased from RMB197.8 million in the first half of 2020 to RMB460.4 million in the first half of 2021. 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. During the first half of 2021, the revenue derived from value-added services to non-property owners decreased by 8.3% to approximately RMB170.0 million from RMB185.4 million in the same period of 2020, primarily due to the decrease in the revenue of sales assistance services and pre-delivery cleaning services.

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

	For the six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %
Sales assistance services	100,284	59.0	110,021	59.3
Construction site services	17,424	10.2	19,565	10.6
Pre-delivery cleaning services	17,587	10.3	28,602	15.4
Urban redevelopment project services	20,740	12.2	16,500	8.9
Housing agency services	13,956	8.3	10,686	5.8
Total	<u>169,991</u>	<u>100.0</u>	<u>185,374</u>	<u>100.0</u>

As of 30 June 2021, we provided property management and value-added services for 15 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 services is developed by Times Neighborhood to provide integrated marketing services for real estate enterprises, such as pipeline distribution, sales agency, integrated marketing and promotion. In the first half of 2021, the revenue derived from the housing agency services reached approximately RMB14.0 million, mainly because we provided sales agency and other marketing services for many property projects developed by Times China Group 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 community event organization services.

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

	For the six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %
Public space leasing and parking space management	43,434	24.4	26,886	52.8
Resident services	134,755	75.6	24,074	47.2
Total	<u>178,189</u>	<u>100.0</u>	<u>50,960</u>	<u>100.0</u>

During the first half of 2021, the revenue from community value-added services increased by 249.4% to approximately RMB178.2 million as compared with approximately RMB51.0 million for the corresponding period in 2020, 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 the first half of 2021, the Group continued to vigorously promote "Neighborhood Shopping", a community online shopping platform, to provide owners with high-quality goods and considerate services, and increased the number of orders from the platform through group buying activities in communities. It opened offline renovation stores to improve the service experience of owners and expand revenue streams including renovation and soft decoration. Our revenue from resident services increased by 459.3% to approximately RMB134.8 million, as compared with the same period of 2020.

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 periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Revenue <i>(RMB'000)</i>	Percentage <i>%</i>	Revenue <i>(RMB'000)</i>	Percentage <i>%</i>
Zhilian technology services	37,065	44.4	12,850	31.4
Elevator services	20,354	24.4	9,354	22.8
Urban public services	26,065	31.2	18,783	45.8
Total	<u>83,484</u>	<u>100.0</u>	<u>40,987</u>	<u>100.0</u>

In the first half of 2021, we were deeply engaged in Zhilian technology services, which is oriented towards four major sectors: family, community, business enterprise and city services, to provide building intelligence, smart park consulting design, upgrade, reconstruction, operation and maintenance services. The revenue from Zhilian technology services increased to approximately RMB37.1 million from approximately RMB12.9 million in the same period of 2020.

In the first half of 2021, we continued to develop 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 30 June 2021, we acquired 12 new urban public service projects, with an additional contract amount of approximately RMB91.4 million in total and an annualized contract amount of approximately RMB29.4 million.

INDUSTRY REVIEW

In 2021, the property management industry continually focus on expansion of the scale. Industry data shows that the amount of mergers and acquisitions in the property management industry in the first half of the year has exceeded that of the whole of last year, and leading enterprises continued to grow with their strong financial strength, which led to the increasing industry concentration. In addition, the targets of acquisitions and mergers in the industry are no longer limited to property management companies, but covering downstream value-added services and urban services. In terms of capital, as the Stock Exchange plans to raise the listing threshold, small-sized property companies accelerate their listing processes, and it is expected that the listing tide will continue in the year. Based on the capital support and the efficient operation of enterprises after spin-off and separate listing, it is expected that there will be increasing competition in the property management industry, and enterprises need to identify their strategic direction, maintain their strategic focus, arrange diversified development in a timely manner, and maintain long-term and steady growth.

There are favorable policies for property management companies exploring their development. At the beginning of 2021, the Ministry of Housing and Urban-Rural Development, together with ten ministries and commissions, issued the Notice on Strengthening and Improving Residential Property Management, which specifies requirements for the development of the property management industry on six aspects, namely integration into the grass-roots social governance system, improvement in the governance structure of owners' committees, improvement in the property management service level, promotion of the development of the resident service industry, standardization of the use and management of maintenance funds, strengthening of the supervision and management of property services, and exploring the "property service + life service" model, laying a foundation for the standardized development of the industry. In addition, in the "14th Five-Year Plan", property management is mentioned six times, which involves the quality development of the resident service industry, comprehensive promotion of rural revitalization, consolidation of achievements in poverty alleviation, improvement in the urban governance level, improvement in community management and service mechanisms, and construction of a green policy development system, etc., thus providing room for the development of the property management industry.

With the "14th Five-Year Plan", China will start a new journey and enter a new stage of development. At present, China remains in an important period of strategic opportunity for development. Under the background of an increasingly complex international environment and significantly increased uncertainty of global economic development, it is of paramount importance to construct a new development paradigm. As important participants in grass-roots governance, property service companies play an important role in maintaining stability and harmony and creating jobs, and are of great significance for the work for "stability on six key fronts" and the task of "maintaining security in six key areas." In the future, property management companies will actively seize the historic opportunities, consolidate superior resources, and contribute to improving the life quality of people and achieving high-quality development.

PROSPECTS

2021 is a year full of opportunities and challenges, as well as a golden period for development. Under the background of everchanging political, economic, social and technical changes, the landscape of the property management industry will change dramatically.

Affected by the epidemic, the global economic recovery is slow with increasing inflationary pressures. Under this background, the development of manufacturing and consumer industries is limited, while it is a critical period for the property management industry, as an important part of grass-roots governance, to serve the society and show its value, and the importance of the property management industry is further highlighted.

In the first half of 2021, favorable policies for the industry were continuously introduced, which is not only the driving force for the development of the industry but also imposes more responsibilities for the industry. During the "14th Five-Year Plan" period, China entered into a new stage of development, and there was a new orientation for the property management industry – from pure property management service to participation in grass-roots governance, and from community to vast urban space, the role of property enterprises constantly changed, with increasingly enriching service items and continuous improvement in service capability.

Meanwhile, the government put forward higher requirements for the property management industry. Recently, eight ministries and commissions including the Ministry of Housing and Urban-Rural Development jointly published the Notice on Continuous Regulation and Standardization of the Order in Real Estate with a focus on handling issues in real estate development, housing transactions, housing leases and property management services, which are frequently reported by the people and are of grave concerns to the society. In this context, despite market sentiment fluctuation, in the long run, the development of the property management industry is standardized, with the faster withdrawal of inferior companies from the industry, which is conducive to further industry consolidation by compliant listed companies. Documents issued by ten ministries and commissions at the beginning of the year show that efforts should be made to support the merger and reorganization of property service enterprises, promote the large-scale and brand-based management of property services, and improve the overall service level. Therefore, documents published by the ten ministries and commissions, and the eight ministries and commissions are two important parts of a whole, while industry consolidation and standardized development represent the general trend.

The consolidated property management industry will play a greater role in urban governance. General Secretary Xi Jinping pointed out that “urban management should be as delicate as embroidery”. In recent years, property management enterprises have actively made arrangements for urban public service. They have started with environmental sanitation service, upgraded and reconstructed the original community property management model, and extended it to cover the urban public space. The “14th Five-Year Plan” specifies that efforts should be made to adhere to the guidance of party building, shift the work priority to the community level, achieve empowerment by technology, and continuously improve the scientific, sophisticated and intelligent level of urban governance and promote the modernization of urban social governance. In the foreseeable future, property management enterprises will actively explore the path to participation in urban governance, so as to contribute to new urbanization.

Despite decades of development of the property management industry, the real competition has just begun. With the increasing number of listed companies and the increasing industrial concentration, there will be increasing competition in the industry. In the current industry homogenization, how to carry out differentiated development and distinguish in the next round of competition will be the key work of property management enterprises in the future.

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 RMB460.1 million or approximately 65.5% to approximately RMB1,162.1 million for the six months ended 30 June 2021 from approximately RMB702.0 million for the six months ended 30 June 2020, which was primarily attributable to the increase in our revenue from property management services and revenue from community value-added services.

The table below sets forth the breakdown of revenue of the Group by operating segments for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	<i>RMB in million</i>	<i>Percentage %</i>	<i>RMB in million</i>	<i>Percentage %</i>
Property management services	730.5	62.9	424.6	60.5
Value-added services to non-property owners	170.0	14.6	185.4	26.4
Community value-added services	178.2	15.3	51.0	7.3
Other professional services	83.4	7.2	41.0	5.8
Total	<u>1,162.1</u>	<u>100.00</u>	<u>702.0</u>	<u>100.00</u>

The property management services are still our largest source of revenue. As at 30 June 2021, the revenue from property management services was approximately RMB730.5 million, accounting for 62.9% of the Group's total revenue. This 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 decrease in revenue from value-added services to non-property owners was mainly due to the decline in the revenue from sales assistance services and pre-delivery cleaning services. The increase in revenue from community value-added services was mainly due to an increase in the GFA under management as well as diversified types of service businesses. The increase in revenue from other professional services was mainly due to an increase in revenue from Zhilian technology services.

Cost of Sales

Our cost of sales mainly consists of (i) labor costs; (ii) cleaning and gardening expenses; and (iii) maintenance costs, etc. For the six months ended 30 June 2021, the total cost of sales of the Group was approximately RMB812.5 million, which increased by approximately RMB309.6 million or approximately 61.6% as compared to approximately RMB502.9 million for the same period of 2020. The growth rate of cost of sales was lower than that of revenue, primarily due to the continuous control of operating costs and continuous standardization of project management processes, which paid off.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group increased by approximately RMB150.6 million or approximately 75.6% to approximately RMB349.7 million for the six months ended 30 June 2021 from approximately RMB199.1 million for the six months ended 30 June 2020.

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

	For the six months ended 30 June	
	2021	2020
	%	%
Property management services	27.7	26.3
Value-added services to non-property owners	30.1	28.4
Community value-added services	44.0	52.1
Other professional services	21.1	20.5
Total gross profit margin	30.1	28.4

For the six months ended 30 June 2021, the gross profit margin of the Group increased by 1.7 percentage points as compared with the corresponding period last 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.

The gross profit margin of our property management services increased by 1.4 percentage points, mainly due to successful cost reduction and efficiency improvement as a result of our successful implementation of cost control measures, continuous promotion of the construction of intelligent community and management systems.

Our gross profit margin of value-added services to non-property owners increased by 1.7 percentage points, mainly due to the growth of housing agency services business and the expansion of urban redevelopment services, both of which deliver higher gross profit margins.

The gross profit margin of our community value-added services decreased by 8.1 percentage points, mainly due to the Company's strategic expansion of resident services, which helped achieve geometric growth. However, there was a decrease in the gross profit margin, due to the adjustment and change of service portfolio.

Our gross profit margin of other professional services increased by 0.6 percentage point, primarily due to the gradual expansion of our business scale.

Other Income and Gains

The other income and gains of the Group increased by approximately RMB9.3 million or approximately 100.0% to approximately RMB18.6 million for the six months ended 30 June 2021 from approximately RMB9.3 million for the six months ended 30 June 2020, which was primarily attributable to the increase in bank interest and gains from government grants income.

Administrative Expenses

Administrative expenses mainly consist of (i) office expenses; and (ii) depreciation and amortization, etc. For the six months ended 30 June 2021, the total administrative expenses of the Group were approximately RMB119.9 million, which increased by approximately RMB49.6 million or approximately 70.6% as compared to approximately RMB70.3 million for the six months ended 30 June 2020. 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 RMB2.0 million or approximately 95.2% to approximately RMB0.1 million for the six months ended 30 June 2021 from approximately RMB2.1 million for the six months ended 30 June 2020. The decrease in the expenses was mainly due to the decrease in non-operating expenditure.

Finance Costs

The finance costs of the Group decreased by approximately RMB7.9 million or approximately 78.2% from approximately RMB10.1 million for the six months ended 30 June 2020 to approximately RMB2.2 million for the six months ended 30 June 2021, mainly due to a decrease in the interest expense generated from the revenue of property management contract. The interest expenses from the property management contract revenue, which were derived from the property management fees received in advance of the due date, gradually decreased as the property management fees received in advance were due successively.

Income Tax Expense

For the six months ended 30 June 2021, the income tax of the Group during the first half of 2021 was approximately RMB55.4 million (for the six months ended 30 June 2020: RMB34.6 million). The increase was primarily due to the increase in taxable income.

Profit for the Period

The net profit of the Group increased by approximately RMB82.6 million or approximately 98.1% to approximately RMB166.8 million for the six months ended 30 June 2021 from approximately RMB84.2 million for the six months ended 30 June 2020.

Property, Plant and Equipment

The Group's property, plant and equipment mainly included leasehold improvement, motor vehicles and office equipment. As at 30 June 2021, the Group's property, plant and equipment was approximately RMB96.5 million, representing an increase of approximately RMB44.6 million from approximately RMB51.9 million as at 31 December 2020, mainly due to business expansion and an increase in 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 30 June 2021 amounted to approximately RMB756.9 million, representing an increase of approximately RMB182.8 million or 31.8% as compared to approximately RMB574.1 million as at 31 December 2020, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables decreased by 1.7% from approximately RMB260.1 million as of 31 December 2020 to approximately RMB255.8 million as of 30 June 2021.

Trade Payables

The Group's trade payables as at 30 June 2021 amounted to approximately RMB364.4 million, representing an increase of approximately RMB88.9 million or 32.3% as compared to approximately RMB275.5 million as at 31 December 2020, mainly due to the expansion of the Company's business scale.

Other Payables and Accruals

Other payables and accruals increased by approximately 21.2% from approximately RMB370.1 million as of 31 December 2020 to approximately RMB448.5 million as of 30 June 2021, primarily due to the expansion of the Company's business scale.

Financial Position and Capital Structure

For the six months ended 30 June 2021, the Group maintained a sound financial position.

As at 30 June 2021, the Group's current ratio (current assets/current liabilities) was 1.96 times (31 December 2020: 2.24 times) and net gearing ratio indicated a net cash status (31 December 2020: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 30 June 2021, the Group did not have any outstanding interest-bearing borrowings.

Financial Guarantee

As at 30 June 2021, the Group did not have financial guarantee.

Pledge of Assets

As at 30 June 2021, none of the assets of the Group were pledged.

Contingent Liabilities

As at 30 June 2021, 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 30 June 2021, the Group did not engage in hedging activities for managing foreign exchange rate risk.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AFFILIATES AND JOINT VENTURE ENTERPRISES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Further Acquisition of Chengdu Holytech

In accordance with the equity transfer agreement entered into between, among others, Guangzhou Times Property Management Co., Ltd. (“Guangzhou Times Property”) and Chengdu Holytech on 16 April 2021, Guangzhou Times Property acquired a 31% equity interest in Chengdu Holytech at a consideration of RMB194,492,100. Chengdu Holytech Property Co., Ltd. (“Holytech Property”) is a wholly owned subsidiary of Chengdu Holytech, which is a property management service provider established in the PRC. The business registration and arrangement of such equity transfer were completed in April 2021. Upon completion of such acquisition, Guangzhou Times Property held an 80% equity interest in Chengdu Holytech in total, while Chengdu Holytech and Holytech Property became subsidiaries of the Group. For more details, please see the announcements of the Company dated 11 December 2020 and 16 April 2021.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, affiliates and joint venture enterprises during the Period, 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 PERIOD

No other significant events took place after the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

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 30 June 2021 Actual Use of Proceeds (Including the Reserved Amount)
<ul style="list-style-type: none"> – 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 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 10% of the total net proceeds or HKD78,674,417 will be used for further developing a one-stop service platform; and – Approximately 10% of the total net proceeds or HKD78,674,417 will be used for working capital and general corporate purposes. 	<ul style="list-style-type: none"> – Approximately 65% of the total net proceeds or HKD511,383,716 has been fully used for seeking selective strategic investment and acquisition opportunities and further developing strategic alliances; – Approximately 8.5% of the total net proceeds or HKD67,240,235 has been used for improving the customer service quality by using advanced technology and building a smart community, while the remainder will continue to be used for the intended purposes before 31 December 2022; – Approximately 2% of the total net proceeds or HKD15,649,130 has been used for further developing a one-stop service platform, while the remainder will continue to be used for the intended purposes before 31 December 2022; and – Proceeds have not been used for working capital and general corporate purposes, but will continue to be used for intended purposes before 31 December 2022.

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) places 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 30 June 2021 Actual Use of Proceeds (Including the Reserved Amount)
<ul style="list-style-type: none"> – Approximately 90% of the total net proceeds or HKD701,637,251 will be used for potential strategic investment and acquisition opportunities; and – Approximately 10% of the total net proceeds or HKD77,959,695 will be used for general working capital of the Group. 	<ul style="list-style-type: none"> – Approximately 54.5% of the total net proceeds or HKD424,501,567 has been used for potential strategic investment and acquisition opportunities, while the remainder will continue to be used for the intended purposes in the year 2021; and – Proceeds have not been used for general working capital, but will continue to be used for intended purposes in the year 2021.

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 placing and subscription of shares will be continuously used according to the original intended use in the year 2021, subject to market conditions.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 10,664 full-time employees (30 June 2020: 8,949 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 remuneration 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.

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 during the six months ended 30 June 2021. 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 during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company, together with the management of the Company, has reviewed the interim report of the Group and its unaudited condensed consolidated interim results for the six months ended 30 June 2021. The audit committee has also reviewed the effectiveness of risk management and internal control system of the Company, and considered the risk management and internal control system to be effective and adequate.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (<http://www.shidaiwuye.com>), and the interim report for 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the 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, 11 August 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; and Mr. Lui Shing Ming, Brian, Dr. Wong Kong Tin and Dr. Chu Xiaoping as independent non-executive Directors.