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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 2022**

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 2022 (the “**Period**”), together with the comparative figures for the corresponding period in 2021, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	5	1,311,820	1,162,141
Cost of sales		<u>(1,014,275)</u>	<u>(812,458)</u>
GROSS PROFIT		297,545	349,683
Other income and gains		9,878	18,586
Selling and marketing costs		(20,176)	(19,708)
Administrative expenses		(147,001)	(119,938)
Impairment losses on financial assets		(62,521)	(6,155)
Other expenses		(10,163)	(144)
Finance costs	7	(1,319)	(2,175)
Share of profits and losses of associates		<u>(5,457)</u>	<u>1,977</u>
PROFIT BEFORE TAX	6	60,786	222,126
Income tax expense	8	<u>(11,608)</u>	<u>(55,366)</u>
PROFIT FOR THE PERIOD		<u>49,178</u>	<u>166,760</u>
Attributable to:			
Owners of the parent		31,222	153,100
Non-controlling interests		<u>17,956</u>	<u>13,660</u>
		<u>49,178</u>	<u>166,760</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB cents per share)	10	<u>3</u>	<u>16</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	49,178	166,760
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(51,841)</u>	<u>4,244</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<u>53,726</u>	<u>(14,632)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>1,885</u>	<u>(10,388)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>51,063</u>	<u>156,372</u>
Attributable to:		
Owners of the parent	<u>33,107</u>	142,712
Non-controlling interests	<u>17,956</u>	<u>13,660</u>
	<u>51,063</u>	<u>156,372</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		91,733	95,216
Right-of-use assets		13,314	15,911
Goodwill		565,955	562,909
Other intangible assets		243,991	253,693
Investment in associates		66,575	72,522
Deferred tax assets		35,501	20,949
Prepayments, deposits and other receivables		6,735	6,939
		<hr/>	<hr/>
Total non-current assets		1,023,804	1,028,139
CURRENT ASSETS			
Inventories		1,055	1,435
Trade receivables	<i>11</i>	1,305,705	1,139,996
Contract assets		9,088	10,178
Prepayments, deposits and other receivables		293,497	263,334
Restricted bank deposits		10,224	11,324
Cash and cash equivalents		650,597	814,329
		<hr/>	<hr/>
Total current assets		2,270,166	2,240,596
CURRENT LIABILITIES			
Trade payables	<i>12</i>	596,001	569,447
Other payables and accruals		383,016	371,544
Contract liabilities		124,345	128,025
Lease liabilities		8,156	8,790
Tax payables		58,599	72,903
Government grants		379	1,915
		<hr/>	<hr/>
Total current liabilities		1,170,496	1,152,624
NET CURRENT ASSETS		1,099,670	1,087,972
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,123,474	2,116,111
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
30 June 2022

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,123,474</u>	<u>2,116,111</u>
NON-CURRENT LIABILITIES		
Lease liabilities	10,248	13,537
Government grants	–	6
Deferred tax liabilities	38,381	43,757
Financial liabilities for put option written on non-controlling interests	<u>134,460</u>	<u>125,442</u>
Total non-current liabilities	<u>183,089</u>	<u>182,742</u>
Net assets	<u><u>1,940,385</u></u>	<u><u>1,933,369</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	8,868	8,868
Shares held for the share award scheme	(22,198)	(22,198)
Reserves	<u>1,827,664</u>	<u>1,838,121</u>
	<u>1,814,334</u>	<u>1,824,791</u>
Non-controlling interests	<u>126,051</u>	<u>108,578</u>
Total equity	<u><u>1,940,385</u></u>	<u><u>1,933,369</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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 2022, 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 2022 (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 2021.

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 2021, except for the adoption of the following revised International Financial Reporting Standards (“**IFRS(s)**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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, community value-added services, value-added services to non-property owners 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 HKD19,000 (approximately equivalent to RMB16,000) (31 December 2021: HKD22,000 (approximately equivalent to RMB18,000)) and certain right-of-use assets amounting to HKD3,486,000 (approximately equivalent to RMB2,982,000) (31 December 2021: HKD3,975,000 (approximately equivalent to RMB3,250,000)), the Group's non-current assets are located in Mainland China.

Information about major customers

For the six months ended 30 June 2022, revenue from Times China Holdings Limited and its subsidiaries (the "Times China Group") contributed 11.0% (six months ended 30 June 2021: 17.7%) 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 2022 and 30 June 2021.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Services transferred over time:		
Property management services	914,972	730,477
Community value-added services	159,259	140,653
Value-added services to non-property owners	88,673	156,035
Professional services	45,043	70,086
	<u>1,207,947</u>	<u>1,097,251</u>
Goods transferred at a point in time:		
Community value-added services	41,627	37,536
Value-added services to non-property owners	8,521	13,956
Professional services	53,725	13,398
	<u>103,873</u>	<u>64,890</u>
	<u><u>1,311,820</u></u>	<u><u>1,162,141</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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided*	953,130	768,774
Cost of inventories sold	61,145	43,684
Depreciation of property, plant and equipment	8,334	8,640
Depreciation of right-of-use assets	3,492	2,919
Amortisation of other intangible assets	24,488	15,923
Gain on derecognition of right-of-use assets for a sublease classified as a finance lease	(184)	–
Loss upon early termination of a lease	(170)	–
Research and development costs:		
Current period expenditure	1,322	1,487
Deferred expenditure amortised	1,790	1,072
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	465,009	376,179
Pension scheme contributions	58,573	36,917
Equity-settled share award expense	1,955	1,980
Less: Amount capitalised in other intangible assets	(6,605)	(4,760)
	518,932	410,316
Impairment losses on financial assets:		
– Trade receivables	59,672	6,155
– Prepayments, deposits and other receivables	3,086	–
– Contract assets	(237)	–
Rental expense		
– Short-term leases	7,726	6,106
– Leases of low-value assets	206	293
	7,932	6,399
Bank interest income	(516)	(3,063)
Government grants	(655)	(9,198)
Foreign exchange (gains)/losses, net	(108)	11
Gain on disposals of financial assets at fair value through profit or loss	(2,557)	(1,346)
Fair value losses on put option	9,018	–

* Cost of services provided for the period included an aggregate amount of RMB440,448,000 (six months ended 30 June 2021: RMB336,721,000) 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	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Interest expense on lease liabilities	679	437
Interest expense arising from revenue contracts	<u>640</u>	<u>1,738</u>
	<u>1,319</u>	<u>2,175</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 Period. Certain subsidiaries of the Group operating in Mainland China enjoyed a preferential CIT rate of 15% or 20% during the Period.

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Current income tax	31,866	58,555
Deferred income tax	<u>(20,258)</u>	<u>(3,189)</u>
Total tax charged for the Period	<u>11,608</u>	<u>55,366</u>

9. DIVIDENDS

The proposed 2021 final dividend of RMB4.7 cents per share, totaling RMB46,327,000, was approved by the Company's shareholders at the annual general meeting on 30 May 2022. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2022.

No interim dividend was proposed during the Period (six months ended 30 June 2021: 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 RMB31,222,000 (six months ended 30 June 2021: RMB153,100,000), and the weighted average number of ordinary shares of 982,323,000 (six months ended 30 June 2021: 982,323,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021, respectively.

11. TRADE RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Related parties	786,582	761,565
Third parties	598,450	398,085
	1,385,032	1,159,650
Impairment	(79,327)	(19,654)
	<u>1,305,705</u>	<u>1,139,996</u>

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	1,103,038	1,013,727
1 to 2 years	185,255	119,164
2 to 3 years	15,494	5,639
3 to 4 years	1,806	1,256
4 to 5 years	112	210
	<u>1,305,705</u>	<u>1,139,996</u>

12. TRADE PAYABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Less than 1 year	498,473	495,195
Over 1 year	<u>97,528</u>	<u>74,252</u>
	<u>596,001</u>	<u>569,447</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 a leading and fast-growing urban comprehensive service operator in China, providing high-quality community services, urban services and innovative services for diversified industrial types such as residences, industrial parks, public buildings and other urban spaces. In 2022, Times Neighborhood has adhered to 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 to enable more people to enjoy a better life. In the first half of 2022, Times Neighborhood won the “11th in the 2022 Top 100 Property Management Companies in China”, “2022 Leading Companies in Property Management with Chinese Characteristics – Comprehensive Service Provider of Multiple Formats”, “2022 Leading Companies in the Top 100 Property Management Companies in Growth in China”, “2022 Leading Companies in Internet Community Operation in China”, “2022 Leading Companies in Intelligent City Services in China”, “2022 Outstanding Companies in Residential Property Management in China” and other awards issued by Beijing China Index Information Technology Academy (“CIA”) for its high-quality property services, leading brand influence and forward-looking corporate development strategy. It also won four awards, including the “TOP7 in Market Expansion Capability of the 2022 Property Management Listed Companies in China”, “TOP6 in Growth Potential of the 2022 Property Management Listed Companies in China”, “TOP4 in Non-Residential Property Management of the 2022 Property Management Listed Companies in China” and “2022 Outstanding Property Management Listed Companies in Investment Value in China” issued by CIA for its outstanding capital markets performance, solid investment value, strong comprehensive strength and development potential. Times Neighborhood has also won two awards, including the “TOP14 of 2022 Property Management Enterprise Listed Companies” and “TOP5 of 2022 Leading Enterprises of Property Listed Companies in ESG Sustainability” issued by Shanghai E-House Real Estate Research Institute with its strong comprehensive strength in six dimensions of operation scale, profitability, anti-risk capability, growth potential, capital markets performance, innovation capability and social responsibility.

In 2022, Times Neighborhood has 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 by adhering to the core strategy of “4321”, which is to strengthen our position 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 2022, the Group’s revenue was approximately RMB1,311.8 million, representing a year-on-year increase of approximately 12.9%; gross profit was approximately RMB297.5 million, representing a year-on-year decrease of approximately 14.9%; gross profit margin was approximately 22.7%, representing a year-on-year decrease of 7.4 percentage points.

As of 30 June 2022, we had a total of 1,056 property management contract projects with a total contracted GFA of 132.2 million sq.m., representing an increase of 6.3% as compared with the same period of 2021, and had a total of 917 projects under property management (excluding urban public service projects), with a total GFA under management of approximately 108.2 million sq.m.. The Group made good progress in securing high-quality third-party development projects. As of 30 June 2022, the contracted area from third-party development projects under management by the Group (excluding urban public service projects) increased to approximately 82.1 million sq.m..

Business Model

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

Property Management Services

As of 30 June 2022, our property management services under management have covered 87 cities, with a total of 917 property management projects under management (excluding 29 projects of urban public services), and a GFA under property management of approximately 108.2 million sq.m.. In addition, we had a total of 139 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 24.0 million sq.m.. Leveraging on the good quality and market reputation, the scale of our property management services under management has continued to grow.

In the first half of 2022, we increased our business scale and market share and diversified our business scope majorly through organic expansion.

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 2022		30 June 2021	
	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	132,015	105,513	81,676	68,818
New engagements ⁽¹⁾	9,242	11,604	16,916	10,457
Acquisitions ⁽²⁾	–	–	29,231	22,101
Terminations ⁽³⁾	(9,068)	(8,896)	(3,427)	(3,427)
At the end of the period	132,189	108,221	124,396	97,949

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.

The new engagements area in 2022 includes the business acquired from the acquisition of 100% interest in Heshan Jianmei Property Management Co., Ltd. (鶴山市堅美物業管理有限公司) (“**Heshan Jianmei**”), with a total area of approximately 973,000 sq.m.. The business of Heshan Jianmei was acquired by the Company through bidding, and finally obtained the project management right by means of equity transfer after negotiation, which was not an active acquisition and was included as new engagements area.

- (2) These refer to our engagements consolidated through holding a total of 80% equity interest of Chengdu Holytech Technology Co., Ltd. (成都合達聯行科技有限公司) (“Chengdu Holytech”) after the further acquisition of Chengdu Holytech in 2021.
- (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 services 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 2022		As at 31 December 2021	
	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	26,626	21,976	25,187	21,473
Foshan	12,609	9,975	12,213	9,181
Zhuhai	4,832	4,567	5,023	4,758
Zhongshan	2,455	1,972	4,602	4,119
Dongguan	3,541	2,883	3,285	2,627
Zhaoqing	2,861	2,255	3,224	2,617
Huizhou	2,792	2,035	2,727	1,970
Jiangmen	4,258	3,485	3,285	2,513
Shenzhen	139	139	139	139
Subtotal	60,113	49,287	59,685	49,397
Other Region				
Northeast China ⁽¹⁾	334	334	210	210
North China ⁽²⁾	1,547	1,463	2,122	2,038
East China ⁽³⁾	16,956	16,178	17,286	16,624
South China ⁽⁴⁾	12,948	8,428	13,056	5,794
Central China ⁽⁵⁾	9,825	8,447	9,456	7,727
Northwest China ⁽⁶⁾	2,917	1,896	2,912	1,891
Southwest China ⁽⁷⁾	27,549	22,188	27,288	21,832
Subtotal	72,076	58,934	72,330	56,116
Total	132,189	108,221	132,015	105,513

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 the Greater Bay Area), Guangxi Province, Hainan Province;
- (5) Central China includes: Henan Province, Hubei Province, Hunan Province;
- (6) Northwest China includes: Shaanxi Province, Gansu 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 2022, among the Group's projects under property management, the projects with the management area of approximately 49.3 million sq.m. were located in the Greater Bay Area, accounting for 45.5% 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.

Portfolio of Properties under Management

We manage a diversified portfolio of properties, and in addition to residential properties, we also place an increasing 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							
	2022				2021			
	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %
Residential properties	53,538	49.5	426,604	46.6	43,781	44.7	341,193	46.7
Non-residential properties	54,683	50.5	488,368	53.4	54,168	55.3	389,284	53.3
Total	108,221	100.0	914,972	100.0	97,949	100.0	730,477	100.0

Benefitting from our continuous efforts to expand the customer base and to diversify the portfolio of properties under management, effective strategies for independent expansion were implemented to gain a balanced and diversified business layout. As of 30 June 2022, the management area for the residential business was approximately 53.5 million sq.m., accounting for approximately 49.5% of the scale under management. In the first half of 2022, the revenue derived from the management of residential properties was approximately RMB426.6 million, accounting for approximately 46.6% of the revenue from property management services, representing an increase of approximately 25.0% as compared with the same period of 2021. We believe that the experience and recognition gained from managing such diversified businesses will enable us to effectively maintain our portfolio of properties under management and our customer base and generate a stable and recurring income.

Nature of Developers Served

We 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 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							
	2022				2021			
	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⁾	26,158	24.2	310,921	34.0	22,556	23.0	270,125	37.0
Third-party property developers ⁽²⁾	82,063	75.8	604,051	66.0	75,393	77.0	460,352	63.0
Total	108,221	100.0	914,972	100.0	97,949	100.0	730,477	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 revenue generated from managing properties developed by third-party property developers increased by 31.2% from RMB460.4 million in the first half of 2021 to RMB604.1 million in the first half of 2022. Such growth is mainly due to our active and multi-faceted business cooperation with third parties.

Community Value-added Services

As an extension of property management services, in order to satisfy the property owners' and residents' pursuit of convenience, to enhance customers' experience and to 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 bag checking, home renovation, asset management, community group buying and housekeeping 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			
	2022		2021	
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %
Public space leasing and parking space management	53,012	26.4	43,434	24.4
Resident services	147,874	73.6	134,755	75.6
Total	200,886	100.0	178,189	100.0

During the first half of 2022, the revenue from community value-added services increased by 12.7% to approximately RMB200.9 million as compared with approximately RMB178.2 million for the corresponding period in 2021, which was mainly due to the expansion of our GFA under property management, the substantial increase in the number of users served and the increase in diversification of resident services business types.

In the first half of 2022, the Group continued to vigorously promote "Neighborhood Shopping", a community online shopping platform, to provide owners with high-quality goods and thoughtful services, and increased the number of orders from the platform through group buying events in communities. The Group opened offline exclusive brand image stores to improve the service experience of owners and to expand revenue streams which include renovation and soft decoration. Our revenue from resident services increased by 9.7% to approximately RMB147.9 million, as compared with the same period of 2021.

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. Such solutions consist of (i) sales assistance services to assist property developers in showcasing and marketing their properties, services of which include pre-sale consultation, display unit management, organizing sales campaigns and visitor reception for property development projects, (ii) construction site services, such as 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 2022, the revenue derived from value-added services to non-property owners decreased by 42.8% to approximately RMB97.2 million from RMB170.0 million in the same period of 2021, 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			
	2022		2021	
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %
Sales assistance services	69,084	71.1	100,284	59.0
Construction site services	10,993	11.3	17,424	10.2
Pre-delivery cleaning services	–	–	17,587	10.3
Urban redevelopment project services	8,597	8.8	20,740	12.2
Housing agency services	8,520	8.8	13,956	8.3
Total	<u>97,194</u>	<u>100.0</u>	<u>169,991</u>	<u>100.0</u>

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			
	2022		2021	
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %
Zhilian technology services	28,100	28.4	37,065	44.4
Elevator services	38,110	38.6	20,354	24.4
Urban public services	32,558	33.0	26,065	31.2
Total	<u>98,768</u>	<u>100.0</u>	<u>83,484</u>	<u>100.0</u>

In the first half of 2022, we deeply engaged in elevator services, which were oriented towards four major sectors: family, community, business enterprise and city services. By doing so we provided elevator upgrade, reconstruction, operation and maintenance services. The revenue from elevator services increased to approximately RMB38.1 million from approximately RMB20.4 million in the same period of 2021.

In the first half of 2022, 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 2022, we had a total of 29 urban public service projects, with an aggregate signed contract amount of approximately RMB215.9 million and an annualized contract amount of approximately RMB75.9 million.

INDUSTRY REVIEW

In the first half of 2022, the international environment became more complex and the downward pressure on the world economy increased. In China, the COVID-19 epidemic spread in many regions and economic growth was severely challenged. China efficiently coordinated epidemic prevention and control with the need of socio-economic development, and took a variety of measures to ensure stable growth, thereby achieving positive GDP growth in the first half of 2022.

In the face of the epidemic, upstream industries such as real estate, construction and logistics were greatly impacted, and when combined with the influence of their own cycle, the recovery progress was relatively slow. In the first half of 2022, the property management industry also showed a new development trend under the influence of many factors. In terms of scale competition, the industry mergers and acquisitions market began to cool down in the first half of 2022, and the number of large mergers and acquisitions cases decreased significantly. Property companies were more cautious about mergers and acquisitions measures and paid more attention to the quality of the target and the effect of strategic synergy. As the growth rate of new housing delivery slows down, competition for the expansion of the stock market will be more intense. In terms of capital markets, the listing tide of the industry gradually receded. The listing process of property companies slowed down, and the valuation of the sector entered into an adjustment period in the first half of 2022. In the next stage, the property management industry may return to the essence of operation, and enterprises will need to continue to polish their business strength and service quality to enhance their brand reputation and market competitiveness.

At the policy level, the value of the property management industry in primary-level social governance, assistance in epidemic prevention and control, and the development of living services has been continuously affirmed. At the beginning of 2022, the State Council's Notice on the "14th Five-Year Plan" Urban and Rural Community System Construction Plan and the "14th Five-Year Plan" National Aging Career Development and Elderly Service System Planning reiterated property service enterprises and encouraged the development of community elderly care, childcare, housekeeping, catering, retail and other living diversified services. Such notice also supported the industry to take advantage of proximity in order to provide professional services. In addition, nine departments including the Ministry of Civil Affairs jointly issued the Opinions on Further Promoting the Construction of Intelligent Communities, which proposed six key tasks to promote the construction of intelligent communities. As an important implementation carrier for the construction of convenient living areas and intelligent communities, the property management industry has continuously highlighted its value and has a broad room for imagination.

PROSPECTS

2022 is destined to be an extraordinary year. The recurring epidemic has shown its effects, and sudden international events have exceeded expectations. There remains many challenges in stabilizing domestic economic growth and protecting people's livelihoods. As an important part of the primary-level social governance system, the property management industry needs to constantly adapt to changes, respond to social expectations and requirements, and reflect the value of the industry.

In the first half of 2022, the policy side was still favorable for the development of the industry, and the property management industry has gradually moved from the initial stage of rapid expansion to the development stage of building diversified capabilities, thickening endogenous strength, and improving growth quality. In the complex market environment, the competitive landscape of the property management industry is also constantly changing. It is expected that the industry will separate into different paths in terms of business models and enterprise forms. It will be a long-term task to identify strategic anchors and explore a clear strategic direction and path for enterprise development in the next stage.

With a foothold on the present and looking forward, adhering to "long-termism" and quality growth will still be the core development concepts of Times Neighborhood, and we will continue to implement the "4321" strategy. In terms of scale, we will continue to enhance our own brand effect and vigorously carry out the "Starfire Plan" to focus on the scale expansion of our core areas and core business formats. We aim to deepen and strengthen our position in the cities we have entered, and improve our management density. In terms of value-added business, we will continue to improve our service quality and customer satisfaction to form a sticky base for users, develop diversified value-added businesses around people and housing, and build a community living ecology. In terms of technology platforms, we will continue to optimize customer experience, improve the efficiency of customer service and internal operation management, and build an agile and efficient organization through technology empowerment.

The future is here, and in an ever-changing era, stability and long-term progress can only be achieved through maintaining strategic focus. We will continue to focus on customer service and the essence of enterprise operations, whilst fulfilling enterprise responsibilities and rewarding shareholders and investors with better operating performance.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from property management services, community value-added services, value-added services to non-property owners and other professional services. The Group's revenue increased by approximately RMB149.7 million or approximately 12.9% to approximately RMB1,311.8 million for the six months ended 30 June 2022 from approximately RMB1,162.1 million for the six months ended 30 June 2021, 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			
	2022		2021	
	<i>RMB in million</i>	<i>Percentage %</i>	<i>RMB in million</i>	<i>Percentage %</i>
Property management services	914.9	69.8	730.5	62.9
Community value-added services	200.9	15.3	178.2	15.3
Value-added services to non-property owners	97.2	7.4	170.0	14.6
Other professional services	98.8	7.5	83.4	7.2
Total	<u>1,311.8</u>	<u>100.00</u>	<u>1,162.1</u>	<u>100.00</u>

The property management services are still our largest source of revenue. As at 30 June 2022, the revenue from property management services was approximately RMB914.9 million, accounting for 69.8% of the Group's total revenue. This increase in revenue was primarily driven by the growth of our GFA under management, which 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 community value-added services was mainly due to the diversified expansion of service business types. The decrease in revenue from value-added services to non-property owners was mainly due to the active reduction of pre-delivery cleaning services and the decline in revenue from sales assistance services. The increase in revenue from other professional services was mainly due to an increase in revenue from elevator 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 2022, the total cost of sales of the Group was approximately RMB1,014.3 million, which increased by approximately RMB201.8 million or approximately 24.8% as compared to approximately RMB812.5 million for the same period of 2021. The growth rate of cost of sales was higher than that of revenue, primarily due to the adjustment of employees' basic remuneration and the increase in labor costs.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group decreased by approximately RMB52.2 million or approximately 14.9% to approximately RMB297.5 million for the six months ended 30 June 2022 from approximately RMB349.7 million for the six months ended 30 June 2021.

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

	For the six months ended 30 June	
	2022	2021
	%	%
Property management services	23.7	27.7
Community value-added services	33.9	44.0
Value-added services to non-property owners	6.4	30.1
Other professional services	6.9	21.1
Total gross profit margin	22.7	30.1

For the six months ended 30 June 2022, the gross profit margin of the Group decreased by 7.4 percentage points year on year, primarily due to the growth in the scale of property management and the general decrease in gross profit margin as a result of the changes in business structure and the basic employee compensation, and the increase of labor costs.

The gross profit margin of our property management services decreased by 4.0 percentage points. The decrease in gross profit margin of property management services was mainly due to the increase of labor costs as a result of the adjustment of the basic employee compensation.

The gross profit margin of our community value-added services decreased by 10.1 percentage points, mainly due to the Company's strategic expansion of resident services which helped to achieve substantial revenue growth. However, there was a decrease in the gross profit margin due to the adjustment and change of service portfolio.

The gross profit margin of our value-added services to non-property owners decreased by 23.7 percentage points, primarily due to the decrease in revenue and gross profit margin of sales assistance business as a result of the cyclical impact of China's real estate market.

The gross profit margin of our other professional services decreased by 14.2 percentage points, primarily due to the adjustment of business structure of Zhilian technology services.

Other Income and Gains

The other income and gains of the Group decreased by approximately RMB8.7 million or approximately 46.8% to approximately RMB9.9 million for the six months ended 30 June 2022 from approximately RMB18.6 million for the six months ended 30 June 2021, which was primarily attributable to the decrease in 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 2022, the total administrative expenses of the Group were approximately RMB147.0 million, which increased by approximately RMB27.1 million or approximately 22.6% as compared to approximately RMB119.9 million for the six months ended 30 June 2021. Such increase was mainly due to the increase in the expenses arising from business expansion.

Impairment Losses on Financial Assets

The impairment losses on financial assets of the Group increased by approximately RMB56.3 million or approximately 908.1% from approximately RMB6.2 million for the six months ended 30 June 2021 to approximately RMB62.5 million for the six months ended 30 June 2022. Such increase was mainly due to increased credit risk of several customers, and increased trade receivables, resulting in the increase in impairment provision of trade receivables.

Other Expenses

The other expenses of the Group increased by approximately RMB10.1 million or approximately 10,100% to approximately RMB10.2 million for the six months ended 30 June 2022 from approximately RMB0.1 million for the six months ended 30 June 2021. The increase in the expenses was mainly due to the increase of the fair value losses on put option.

Finance Costs

The finance costs of the Group decreased by approximately RMB0.9 million or approximately 40.9% from approximately RMB2.2 million for the six months ended 30 June 2021 to approximately RMB1.3 million for the six months ended 30 June 2022, mainly due to the decrease of interest expense arising from revenue contracts.

Income Tax Expense

For the six months ended 30 June 2022, the income tax of the Group during the first half of 2022 was approximately RMB11.6 million (for the six months ended 30 June 2021: RMB55.4 million). The decrease in income tax expense was primarily due to the decrease in taxable income.

Profit for the Period

The net profit of the Group decreased by approximately RMB117.6 million or approximately 70.5% to approximately RMB49.2 million for the six months ended 30 June 2022 from approximately RMB166.8 million for the six months ended 30 June 2021, mainly due to the decrease in overall gross profit margins and the provision for impairment losses of financial assets of approximately RMB62.5 million.

Property, Plant and Equipment

The Group's property, plant and equipment mainly included leasehold improvement, motor vehicles and office equipment. As at 30 June 2022, the Group's property, plant and equipment was approximately RMB91.7 million, representing an decrease of approximately RMB3.5 million from approximately RMB95.2 million as at 31 December 2021, mainly due to an increase in the depreciation of property, plant and equipment.

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 2022 amounted to approximately RMB1,305.7 million, representing an increase of approximately RMB165.7 million or 14.5% as compared to approximately RMB1,140.0 million as at 31 December 2021, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 11.1% from approximately RMB270.3 million as of 31 December 2021 to approximately RMB300.2 million as of 30 June 2022, primarily due to the expansion of the Company's business scale.

Trade Payables

The Group's trade payables as at 30 June 2022 amounted to approximately RMB596.0 million, representing an increase of approximately RMB26.6 million or 4.7% as compared to approximately RMB569.4 million as at 31 December 2021, mainly due to the expansion of the Company's business scale.

Other Payables and Accruals

Other payables and accruals increased by approximately 3.1% from approximately RMB371.5 million as of 31 December 2021 to approximately RMB383.0 million as of 30 June 2022, primarily due to the provision of 2021 final dividend.

Financial Position and Capital Structure

For the six months ended 30 June 2022, the Group maintained a sound financial position.

As at 30 June 2022, the Group's current ratio (current assets/current liabilities) was 1.94 times (31 December 2021: 1.94 times) and net gearing ratio indicated a net cash status (31 December 2021: 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 2022, the Group did not have any outstanding interest-bearing borrowings.

Financial Guarantee

As at 30 June 2022, the Group did not have financial guarantee.

Pledge of Assets

As at 30 June 2022, none of the assets of the Group were pledged.

Contingent Liabilities

As at 30 June 2022, 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 2022, 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

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 2022.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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.

As at 30 June 2022, the proceeds from the Listing have been 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	Percentage of Total %	Net Proceeds HK\$	As at 30 June 2022		Expected Timeline for Use of Remaining Unutilized Proceeds
			Amount Used (Including the Reserved Amount) HK\$	Remaining Unutilized Proceeds	
a) Seeking selective strategic investment and acquisition opportunities and further developing strategic alliances;	65	511,383,716	511,383,716	–	N/A
b) Improving the customer service quality by using advanced technology and building a smart community;	15	118,011,627	87,967,137	30,044,490	On or before 31 December 2023*
c) Further developing a one-stop service platform; and	10	78,674,417	47,368,781	31,305,636	On or before 31 December 2023*
d) Working capital and general corporate purposes.	10	78,674,417	78,674,417	–	N/A

* The COVID-19 pandemic caused a delay in the Company’s implementation of the relevant plan. As at the date of this announcement, the Company expects the unutilised net proceeds to be fully utilized on or before 31 December 2023.

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.

As at 30 June 2022, the proceeds from the placing and subscription of shares have been 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	Percentage of Total %	Net Proceeds HK\$	As at 30 June 2022		Expected Timeline for Use of Remaining Unutilized Proceeds
			Amount Used (Including the Reserved Amount) HK\$	Remaining Unutilized Proceeds	
a) Potential strategic investment and acquisition opportunities; and	90	701,637,251	428,770,106	272,867,145	On or before 31 December 2023*
b) General working capital of the Group.	10	77,959,695	77,959,695	–	N/A

* The COVID-19 pandemic caused a delay in the Company's implementation of the relevant plan. As at the date of this announcement, the Company expects the unutilised net proceeds to be fully utilized on or before 31 December 2023.

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, subject to market conditions.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 10,268 full-time employees (30 June 2021: 10,664 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 (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 2022. 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 enquiries 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 2022.

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 2022.

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 2022. 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 2022 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.

SUPPLEMENTAL INFORMATION ON ACQUISITION OF A TOTAL OF 80% EQUITY INTEREST IN CHENGDU HOLYTECH

References are made to the announcements of the Company dated 11 December 2020 and 16 April 2021 (the “**Announcements**”) in relation to the acquisitions of 49% and 31% of the equity interest in Chengdu Holytech, respectively. Unless otherwise defined, capitalized terms used herein shall have the same meanings ascribed to them in the Announcements.

The Company recorded the amounts due from non-controlling shareholders in an aggregate amount of RMB157,771,000 in the audited financial statement of the Company for the year ended 31 December 2021 and RMB166,882,000 in the unaudited financial statement of the Company for the six months ended 30 June 2022. Such outstanding amount was related to a term of the agreement for the First Acquisition among the Purchaser, the Minority Shareholder and Chengdu Holytech (the “**Agreed Term**”) that certain trade payable, tax payable and accruals of Chengdu Holytech due to third parties (the “**Payable**”) shall be borne by the Minority Shareholder. The Purchaser or Chengdu Holytech did not have any obligation under the Agreement to settle the Payable. The Minority Shareholder has not honoured the Agreed Term. Chengdu Holytech had to settle the Payable upon receipt of the relevant invoices from the third parties in order to ensure its smooth operation and continuous cooperation with the relevant third parties.

Completion of the acquisitions of 49% and 31% of the equity interest in Chengdu Holytech took place on 1 January 2021 and 16 April 2021, respectively. Upon completion of the 31% of the equity interest of Chengdu Holytech on 16 April 2021, Chengdu Holytech has become an indirect non-wholly-owned subsidiary of the Company. As at the day immediately before completion of 49% of the equity interest of Chengdu Holytech, the amount of Payable to be assumed by the Minority Shareholder was approximately RMB136,000,000. During the period from 16 April 2021 to 31 December 2021, Chengdu Holytech had incurred further Payable to third parties in an amount of approximately RMB21,771,000 as the financial results of Chengdu Holytech were consolidated by the Group. As such, the aggregate amount of the Payable of RMB157,771,000 was recorded in the audited financial statement of the Company for the year ended 31 December 2021 as the amounts due from non-controlling shareholder. As at 30 June 2022, the Minority Shareholder has not honoured its obligation under the Agreement. The Payable has accumulated to the amount of RMB166,882,000 based on the unaudited financial statement of the Company for the six months ended 30 June 2022.

If the Minority Shareholder has not honored its obligation to pay under the Agreed Term, but Chengdu Holytech has settled the Payable, Chengdu Holytech has the right to demand the Minority Shareholder for reimbursement and a default payment. The default payment is calculated at 10% per annum of the reimbursement. The Purchaser and Chengdu Holytech have had further discussion with the Minority Shareholder. It is expected that the Minority Shareholder would reimburse the amount equal to the Payable and pay the default payment to Chengdu Holytech on or before 10 December 2022.

As at the date of this announcement, the general partner of the Minority Shareholder is Chengdu Jiarui Yukui Enterprise Management Co., Ltd., which is ultimately owned by Mr. You Jiang (游江先生). The limited partners are Ms. Cao Li (曹莉女士), Mr. He Zengli (賀增禮先生), Mr. Liu Jianming (劉建明先生), Mr. You Jiang (游江先生) and Ms. Zhao Xiaying (趙夏影女士). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ms. Cao Li (曹莉女士) is not a connected person of the Company. For the other ultimate beneficial owners, each of them has taken up certain roles in Chengdu Holytech or its subsidiaries.

By Order of the Board
Times Neighborhood Holdings Limited
Mr. Bai Xihong
Chairman

Hong Kong, 29 August 2022

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.