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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 2024**

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 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

| | | For the six months ended 30 June | |
|--|-------|-------------------------------------|------------------|
| | | 2024 | 2023 |
| | Notes | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| REVENUE | 5 | 1,151,455 | 1,221,756 |
| Cost of sales | | <u>(900,459)</u> | <u>(934,182)</u> |
| GROSS PROFIT | | 250,996 | 287,574 |
| Other income and gains | | 10,411 | 78,217 |
| Selling and marketing costs | | (19,404) | (10,890) |
| Administrative expenses | | (108,581) | (134,894) |
| Net impairment losses on financial assets and contract assets | | (74,886) | (75,176) |
| Other expenses | | (1,442) | (368,913) |
| Finance costs | 7 | (181) | (284) |
| Share of profits and losses of associates | | <u>105</u> | <u>460</u> |
| PROFIT/(LOSS) BEFORE TAX | 6 | 57,018 | (223,906) |
| Income tax expense | 8 | <u>(14,665)</u> | <u>(18,241)</u> |
| PROFIT/(LOSS) FOR THE PERIOD | | <u>42,353</u> | <u>(242,147)</u> |
| Attributable to: | | | |
| Owners of the parent | | 40,743 | (243,629) |
| Non-controlling interests | | <u>1,610</u> | <u>1,482</u> |
| | | <u>42,353</u> | <u>(242,147)</u> |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted (expressed in RMB cents per share) | 10 | <u>4</u> | <u>(25)</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | For the six months ended 30 June | |
|---|-------------------------------------|-------------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| PROFIT/(LOSS) FOR THE PERIOD | 42,353 | (242,147) |
| OTHER COMPREHENSIVE INCOME | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | <u>(8,590)</u> | <u>(38,591)</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>8,865</u> | <u>39,016</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | <u>275</u> | <u>425</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | <u>42,628</u> | <u>(241,722)</u> |
| Attributable to: | | |
| Owners of the parent | 41,018 | (243,204) |
| Non-controlling interests | <u>1,610</u> | <u>1,482</u> |
| | <u>42,628</u> | <u>(241,722)</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

| | <i>Notes</i> | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 85,521 | 79,605 |
| Right-of-use assets | | 4,561 | 5,482 |
| Goodwill | | 123,242 | 123,242 |
| Other intangible assets | | 139,052 | 165,023 |
| Investment in associates | | 68,901 | 68,796 |
| Deferred tax assets | | 134,423 | 124,891 |
| Prepayments, deposits and other receivables | | — | 2,642 |
| | | <u>555,700</u> | <u>569,681</u> |
| CURRENT ASSETS | | | |
| Inventories | | 2,156 | 3,121 |
| Trade receivables | <i>11</i> | 830,012 | 823,543 |
| Prepayments, deposits and other receivables | | 213,624 | 255,517 |
| Restricted bank deposits | | 17,933 | 22,626 |
| Cash and cash equivalents | | 964,136 | 918,740 |
| | | <u>2,027,861</u> | <u>2,023,547</u> |
| Assets of disposal groups classified as held for sale | | — | 11,555 |
| | | <u>2,027,861</u> | <u>2,035,102</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | <i>12</i> | 519,000 | 550,397 |
| Other payables and accruals | | 360,923 | 358,416 |
| Contract liabilities | | 98,739 | 95,453 |
| Lease liabilities | | 3,632 | 4,643 |
| Tax payables | | 41,626 | 39,560 |
| Government grants | | 39 | 786 |
| Financial liability for a put option written on non-controlling interests | | 52,230 | 52,230 |
| | | <u>1,076,189</u> | <u>1,101,485</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

30 June 2024

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Liabilities directly associated with the assets classified as held for sale | — | 10,155 |
| Total current liabilities | <u>1,076,189</u> | <u>1,111,640</u> |
| NET CURRENT ASSETS | <u>951,672</u> | <u>923,462</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>1,507,372</u> | <u>1,493,143</u> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 3,403 | 3,995 |
| Deferred tax liabilities | <u>21,543</u> | <u>25,949</u> |
| Total non-current liabilities | <u>24,946</u> | <u>29,944</u> |
| Net assets | <u>1,482,426</u> | <u>1,463,199</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>1,381,687</u> | <u>1,364,325</u> |
| | <u>1,368,357</u> | <u>1,350,995</u> |
| Non-controlling interests | <u>114,069</u> | <u>112,204</u> |
| Total equity | <u><u>1,482,426</u></u> | <u><u>1,463,199</u></u> |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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 2024, 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 Ltd., 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 2024 (the “**Interim Financial Information**”) has been prepared in accordance with International Accounting Standard (“**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 2023.

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 2023, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

| | |
|--------------------------------|---|
| Amendments to IFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”) |
| Amendments to IAS 1 | <i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”) |
| Amendments to IAS 7 and IFRS 7 | <i>Supplier Finance Arrangements</i> |

The adoption of the above new and 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 Chinese Mainland. Except for the Group's certain property, plant and equipment amounting to HKD9,000 (approximately equivalent to RMB8,000) (31 December 2023: HKD12,000 (approximately equivalent to RMB10,000)) and certain right-of-use assets amounting to HKD1,395,000 (approximately equivalent to RMB1,240,000) (31 December 2023: HKD2,086,000 (approximately equivalent to RMB1,738,000)), the Group's non-current assets are located in Chinese Mainland.

Information about major customers

For the six months ended 30 June 2024, there was no revenue from sales to a single customer or a group of customers under common control amounting to 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Services transferred over time: | | |
| Property management services | 895,689 | 953,439 |
| Value-added services to non-property owners | 14,617 | 41,271 |
| Community value-added services | 117,050 | 104,173 |
| Professional services | 89,640 | 77,694 |
| | <hr/> | <hr/> |
| Subtotal | 1,116,996 | 1,176,577 |
| | <hr/> | <hr/> |
| Goods transferred at a point in time: | | |
| Value-added services to non-property owners | 535 | 2,763 |
| Community value-added services | 18,527 | 31,161 |
| Professional services | 15,397 | 11,255 |
| | <hr/> | <hr/> |
| Subtotal | 34,459 | 45,179 |
| | <hr/> | <hr/> |
| Total | <u>1,151,455</u> | <u>1,221,756</u> |

6. PROFIT/(LOSS) BEFORE TAX

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

| | For the six months ended 30 June | |
|--|---|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Cost of services provided* | 879,261 | 914,525 |
| Cost of inventories sold | 21,198 | 19,657 |
| Depreciation of property, plant and equipment | 10,670 | 9,624 |
| Depreciation of right-of-use assets | 2,718 | 3,177 |
| Amortisation of other intangible assets | 26,650 | 26,321 |
| Research and development costs: | | |
| Current period expenditure | 4,519 | 5,463 |
| Deferred expenditure amortised | 7,190 | 6,319 |
| Employee benefit expense (excluding Directors' and chief executive's remuneration): | | |
| Wages and salaries | 211,961 | 348,070 |
| Pension scheme contributions | 31,636 | 44,181 |
| Equity-settled share award expense | — | 1,583 |
| | <hr/> | <hr/> |
| Total | 243,597 | 393,834 |
| | | |
| Impairment of goodwill** | — | 361,651 |
| Impairment of other intangible assets** | — | 860 |
| Impairment losses/(reversed) on financial assets and contract assets: | | |
| –Trade receivables | 59,790 | 20,488 |
| – Prepayments, deposits and other receivables | 15,082 | 55,012 |
| – Contract assets | 14 | (324) |
| Rental expense: | | |
| –Short-term leases | 4,325 | 10,350 |
| –Leases of low-value assets | 50 | 151 |
| | <hr/> | <hr/> |
| Total | 4,375 | 10,501 |
| Bank interest income | (5,082) | (4,034) |
| Government grants | (421) | (1,037) |
| Foreign exchange gains, net | — | (546) |
| Gain on disposals of financial assets at fair value through profit or loss | (735) | (1,354) |
| Fair value gain on put option | — | (69,411) |
| Loss upon early termination of a lease | — | (126) |

6. PROFIT/(LOSS) BEFORE TAX (continued)

* Cost of services provided for the Period included an aggregate amount of RMB205,548,000 (six months ended 30 June 2023: RMB334,983,000) 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.

** These items are included in “Other expenses” in the interim condensed consolidated statement of profit or loss.

7. FINANCE COSTS

| | For the six months ended 30 June | |
|---------------------------------------|-------------------------------------|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Interest expense on lease liabilities | <u>181</u> | <u>284</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 Chinese Mainland are subject to the PRC corporate income tax (“CIT”) rate of 25% for the Period. Certain subsidiaries of the Group operating in Chinese Mainland enjoyed a preferential CIT rate of 15% or 20% during the Period.

| | For the six months ended 30 June | |
|----------------------------------|-------------------------------------|-----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax | 28,603 | 35,420 |
| Deferred income tax | <u>(13,938)</u> | <u>(17,179)</u> |
| Total tax charged for the period | <u>14,665</u> | <u>18,241</u> |

9. DIVIDENDS

The proposed 2023 final dividend of RMB2.4 cents per share, totaling RMB23,656,000, was approved by the Company's shareholders at the annual general meeting of the Company held on 30 May 2024. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2024.

No interim dividend was proposed for the Period (six months ended 30 June 2023: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the earnings/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 982,323,000 (six months ended 30 June 2023: 982,323,000) in issue during the Period.

The calculation of basic and diluted earnings/(loss) per share is based on:

| | For the six months ended 30 June | |
|--|-------------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Earnings | | |
| Profit/(loss) attributable to ordinary equity holders of the parent (RMB'000) | <u>40,743</u> | <u>(243,629)</u> |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period (in thousand) | <u>982,323</u> | <u>982,323</u> |
| Earnings/(loss) per share | | |
| Basic and diluted (RMB cents per share) | <u>4</u> | <u>(25)</u> |

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023, respectively.

11. TRADE RECEIVABLES

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|-----------------|---|---|
| Related parties | 545,582 | 571,734 |
| Third parties | 738,184 | 647,016 |
| Subtotal | 1,283,766 | 1,218,750 |
| Impairment | (453,754) | (395,207) |
| Total | <u>830,012</u> | <u>823,543</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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | 575,597 | 541,999 |
| 1 to 2 years | 130,694 | 240,519 |
| 2 to 3 years | 104,278 | 26,055 |
| 3 to 4 years | 18,393 | 14,824 |
| 4 to 5 years | 1,050 | 146 |
| Total | <u>830,012</u> | <u>823,543</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 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|------------------|---|---|
| Less than 1 year | 325,022 | 407,696 |
| Over 1 year | 193,978 | 142,701 |
| Total | <u>519,000</u> | <u>550,397</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 2024, Times Neighborhood has continued to adhere to the belief of “long-termism” in its development, as well as the goals of profitable growth with cash flow, quality scale growth, devoted service quality and cost-competitive organizational structure in pursuit of high-quality development. It has continued to create value unswervingly. In the first half of 2024, Times Neighborhood, as a “modern service creator”, won the “11th in the 2024 Top 100 Property Management Companies in China”, “2024 Outstanding Companies in Residential Property Management in China”, “2024 Leading Companies in Intelligent City Services in China”, “2024 Outstanding Property Management Enterprise of Industrial Parks in China”, “2024 Outstanding Companies in IFM Service in China”, “7th in Market Expansion Capability of the 2024 Property Management Listed Companies in China”, “6th in China’s Exceptional Property Management Companies in terms of ESG Development for 2024” and “5th in 2024 Outstanding Property Management Listed Companies in Investment Value in China” and other awards issued by Beijing China Index Information Technology Academy for maintaining a leading position in the industry, as well as its comprehensive strength and core advantages. It also won the “Excellence Index – 24th in 2024 Property Service Enterprises with Excellent Performance” and “Excellence Index – 2024 Top 10 Property Service Enterprises with Excellent Performance in Digitalization” and other awards issued by Guandian Index Academy for its strong comprehensive strength, development potential and leading digitalization progress. Times Neighborhood won the “13th in 2024 Top 20 Listed Companies of China Property Management Service”, “2024 ESG Best Practice of China Listed Property Management Service Companies”, “11th in 2024 Top 100 Property Management Companies in China”, “10th in 2024 Urban Service Enterprises in China”, “2024 Top 100 High-quality Management Enterprises in China” and other awards presented by Beijing Zhongwu Zhihui Information Technology Co., Ltd. for its continuously improving comprehensive strengths, high-quality service ability and unique potential creativity.

In 2024, Times Neighborhood has continuously and deeply engaged in the four core urban agglomerations of Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”), Yangtze Delta, Chongqing-Chengdu region and Central China, focusing on project density and in-depth business development. 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 2024, the Group recorded revenue of approximately RMB1,151.5 million, gross profit of approximately RMB251.0 million, with a gross profit margin of approximately 21.8%.

As of 30 June 2024, we had a total of 936 property management contract projects with a total contracted gross floor area (“GFA”) of approximately 119.1 million square meters (“sq.m.”), and had a total of 863 projects under property management (excluding urban public service projects), with a total GFA under management of approximately 111.3 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 2024, our property management services under management have covered 82 cities, with a total of 863 property management projects under management (excluding 22 projects of urban public services), and a GFA under property management of approximately 111.3 million sq.m. In addition, we had a total of 73 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 7.8 million sq.m. In the first half of 2024, we strategically adjusted our portfolio of properties under management to pursue better profitability and cash collection performance.

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 2024 | | 30 June 2023 | |
|---------------------------------------|-----------------------------------|---|-----------------------------------|---|
| | 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 | 117,577 | 110,933 | 134,142 | 118,708 |
| New engagements ⁽¹⁾ | 5,230 | 4,106 | 5,814 | 8,750 |
| Terminations ⁽²⁾ | (3,742) | (3,742) | (10,915) | (10,358) |
| At the end of the period | 119,065 | 111,297 | 129,041 | 117,100 |

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 terminations include our voluntary non-renewal of certain property management service contracts. We reallocated our resources to projects with better profitability and cash collection performance 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 2024 | | As at 31 December 2023 | |
|--------------------------------|-----------------------------------|---|-----------------------------------|---|
| | 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 | 16,732 | 16,486 | 16,508 | 16,458 |
| Foshan | 13,319 | 13,185 | 12,659 | 12,524 |
| Zhuhai | 4,795 | 4,179 | 4,795 | 4,179 |
| Zhongshan | 2,169 | 2,060 | 2,127 | 2,060 |
| Dongguan | 3,898 | 3,736 | 3,898 | 3,736 |
| Zhaoqing | 2,195 | 1,968 | 2,206 | 1,979 |
| Huizhou | 3,261 | 3,100 | 2,994 | 2,643 |
| Jiangmen | 4,309 | 4,087 | 4,110 | 3,887 |
| Shenzhen | 100 | 55 | 55 | 55 |
| Subtotal | <u>50,778</u> | <u>48,856</u> | <u>49,352</u> | <u>47,521</u> |
| Other Region | | | | |
| Northeast China ⁽¹⁾ | 86 | 86 | 86 | 86 |
| North China ⁽²⁾ | 2,461 | 2,461 | 2,765 | 2,765 |
| East China ⁽³⁾ | 17,801 | 17,431 | 18,027 | 17,558 |
| South China ⁽⁴⁾ | 10,026 | 7,412 | 9,113 | 7,292 |
| Central China ⁽⁵⁾ | 9,856 | 8,845 | 10,194 | 9,183 |
| Northwest China ⁽⁶⁾ | 1,622 | 1,622 | 1,812 | 1,812 |
| Southwest China ⁽⁷⁾ | 26,435 | 24,584 | 26,228 | 24,716 |
| Subtotal | <u>68,287</u> | <u>62,441</u> | <u>68,225</u> | <u>63,412</u> |
| Total | <u>119,065</u> | <u>111,297</u> | <u>117,577</u> | <u>110,933</u> |

Notes:

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

- (1) Northeast China includes: Liaoning Province, Jilin 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, Hainan Province;
- (5) Central China includes: Henan Province, Hubei Province, Hunan Province;
- (6) Northwest China includes: Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region; and
- (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 2024, among the Group's projects under property management, the projects with the management area of approximately 48.9 million sq.m. were located in the Greater Bay Area, accounting for 43.9% of the GFA under property management. With our successful management experience in the Greater Bay Area and word of mouth in the market, we also achieved quality layout in other cities.

Portfolio of Properties under Management

We manage a diversified portfolio of properties, and in addition to the three major businesses of residential, industrial parks and public buildings, we also manage commercial properties, office buildings, urban space and other businesses, and are committed to enriching the types of services we provide.

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 | | | | | | | |
|-------------------------------|--|-----------------|----------------------|-----------------|--|-----------------|----------------------|-----------------|
| | 2024 | | | | 2023 | | | |
| | GFA under management (sq.m.'000) | Percentage % | Revenue (RMB'000) | Percentage % | GFA under management (sq.m.'000) | Percentage % | Revenue (RMB'000) | Percentage % |
| Residential properties | 69,060 | 62.1 | 492,304 | 55.0 | 69,554 | 59.4 | 493,274 | 51.7 |
| Non-residential properties | 42,237 | 37.9 | 403,385 | 45.0 | 47,546 | 40.6 | 460,165 | 48.3 |
| Total | 111,297 | 100.0 | 895,689 | 100.0 | 117,100 | 100.0 | 953,439 | 100.0 |

Benefitting from our continuous efforts to expand the customer base and to optimize 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 2024, the management area for the residential business was approximately 69.1 million sq.m., accounting for approximately 62.1% of the scale under management. In the first half of 2024, the revenue derived from the management of residential properties was approximately RMB492.3 million, accounting for approximately 55.0% of the revenue from property management services. We believe that the experience and recognition gained from managing such diversified businesses will enable us to further expand our portfolio of properties under management and our customer base and generate a stable and recurring income in the future.

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, the GFA obtained from the expansion of third-party markets accounts for approximately 69.4% of the management area in property management services.

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 | | | | | | | |
|--|-------------------------------------|-----------------|----------------------|-----------------|-------------------------------------|-----------------|----------------------|-----------------|
| | 2024 | | | | 2023 | | | |
| | 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⁾ | 34,009 | 30.6 | 398,601 | 44.5 | 32,106 | 27.4 | 368,736 | 38.7 |
| Third-party property developers ⁽²⁾ | 77,288 | 69.4 | 497,088 | 55.5 | 84,994 | 72.6 | 584,703 | 61.3 |
| Total | <u>111,297</u> | <u>100.0</u> | <u>895,689</u> | <u>100</u> | <u>117,100</u> | <u>100.0</u> | <u>953,439</u> | <u>100.0</u> |

Notes:

- (1) Includes properties solely developed by Times China Holdings Limited and its subsidiaries (together, the “**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 decreased by 15.0% from approximately RMB584.7 million in the first half of 2023 to approximately RMB497.1 million in the first half of 2024. Such decrease was mainly due to reduction in the area under management of third-party properties after we strategically adjusted the portfolio of properties under management in order to pursue a better profit margin and collection.

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 move-in furnishing, home renovation, asset management 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 | | | |
|--|----------------------------------|-----------------|----------------------|-----------------|
| | 2024 | | 2023 | |
| | Revenue (RMB'000) | Percentage % | Revenue (RMB'000) | Percentage % |
| Public space leasing and parking space management | 57,694 | 42.6 | 58,665 | 43.3 |
| Resident services | 77,883 | 57.4 | 76,669 | 56.7 |
| Total | <u>135,577</u> | <u>100.0</u> | <u>135,334</u> | <u>100.0</u> |

During the first half of 2024, the revenue from community value-added services increased to approximately RMB135.6 million as compared with approximately RMB135.3 million for the corresponding period in 2023, which was mainly due to the adjustment made to the structure of resident services business.

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; and (iv) urban redevelopment project services. During the first half of 2024, the revenue derived from value-added services to non-property owners decreased by 65.6% to approximately RMB15.2 million from approximately RMB44.0 million in the same period of 2023. In response to the cyclical downturn of the PRC real estate industry, the Group adjusted the scale of value-added services to non-property owners out of prudent considerations and to balance the pace of payment collection, resulting in a decrease in overall revenue of value-added services to non-property owners during the Period.

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 | | | |
|--------------------------------------|----------------------------------|-----------------|----------------------|-----------------|
| | 2024 | | 2023 | |
| | Revenue (RMB'000) | Percentage % | Revenue (RMB'000) | Percentage % |
| Sales assistance services | 13,472 | 88.9 | 39,330 | 89.3 |
| Construction site services | 1,145 | 7.6 | 1,637 | 3.7 |
| Urban redevelopment project services | – | – | 304 | 0.7 |
| Housing agency services | 535 | 3.5 | 2,763 | 6.3 |
| Total | <u>15,152</u> | <u>100</u> | <u>44,034</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 (智聯) 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 | | | |
|-----------------------------|----------------------------------|-----------------|----------------------|-----------------|
| | 2024 | | 2023 | |
| | Revenue (RMB'000) | Percentage % | Revenue (RMB'000) | Percentage % |
| Zhilian technology services | 3,136 | 3.0 | 17,657 | 19.9 |
| Elevator services | 25,460 | 24.2 | 18,870 | 21.2 |
| Urban public services | 76,441 | 72.8 | 52,422 | 58.9 |
| Total | <u>105,037</u> | <u>100.0</u> | <u>88,949</u> | <u>100.0</u> |

In the first half of 2024, 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 2024, we had a total of 22 urban public service projects, with an aggregate signed contract amount of approximately RMB330.2 million.

INDUSTRY REVIEW

In the first half of 2024, the national economy continued to recover and improve, and the overall operation was stable and progress was made amidst stability. In the first half of 2024, the gross domestic product grew by 5.0%, and the total retail sales of domestic social consumer goods grew by 3.7%. China's economy still has tremendous developmental resilience and potential, among which the modern service industry has been developing positively, and the growth of the consumption of services has improved relatively.

In 2024, the real estate service industry has continued to give play to its consumption characteristics of “rigid demand + long cycle”, and as the back-end of the real estate industry chain, its value is significant in the service economy, with a promising room for market growth. The property services industry covers the “incremental + inventory” market, and even with the slowdown in the growth of real estate development, the scale of property management across the country will still be expected to grow. On the other hand, the property service industry has been continuing its technological advancement, with property service enterprises actively exploring the implementation of new quality and new productivity, and devoting themselves to technological empowerment and new routes of development. At the policy level, the property management industry policy has continued to focus on regulating the development of the industry and building industry standards, encouraging enterprises to develop diversified services, and various national and regional policies have been launched, continuing to build up a favorable policy environment to “escort” the sustainable development of the property management industry. In March 2024, the central government released the Government Work Report, which proposed to “promote the continuous improvement of the quality of commodities and services to better satisfy the needs of the people for a better life; promote the expansion of the capacity and quality of services for the elderly, childcare and domestic helpers; and support the provision of community services by the social forces, and encouraged more property service enterprises to develop diversified value-added services. Property service enterprises will be given more opportunities and practical assistance in promoting the development of value-added services in the community.

PROSPECTS

Looking forward to the second half of 2024, the external international environment is characterized by rising instability and uncertainty, and the domestic economy will still face difficulties and challenges. However, the domestic economy has demonstrated strong resilience in the first half of the year, and the growth rate is expected to pick up in the second half of the year after the gradual implementation of multiple policies, and the long-term positive development trend is expected to continue. The upgrading and transformation of China's economy and the unleashing of consumption potential as a result of the improvement in the growth of the population's income imply long-term development opportunities.

In the second half of 2024, the management team will be determined to face the new changes and challenges in the policy environment, industry environment and social environment, and to realize sustainable growth and long-term high-quality development of the enterprise with strong conviction.

The Group will focus on the “Spark Program” to expand the scale of its property services, tap into the four core regions to enhance its management density, and explore the three core industries to consolidate its competitive advantages. We will make use of data-based information and artificial intelligence (“AI”) tools to expand and improve the database of the regions under our management, so as to achieve high-quality growth through differentiated competitive solutions. At the same time, we will continue to strengthen the four service product ranges, namely “Bauhinia”, “Tulip”, “Golden Lily” and “Sunflower”, to accelerate the organic integration of property services with our core value-added businesses. We will enhance product synergy and innovation in value-added businesses to create one-stop asset management services. With a deep understanding of customers’ demand for upgraded consumption quality, we will focus on the in-depth development of asset services, targeting the stock market of renovation business and creating new growth points for our business through business synergies.

Based on the core development concepts of “long-termism” and quality growth, we are committed to improving our “endogenous strength” in services and business operations. Service quality is the basic foundation of a property enterprise. The Group will proactively adapt to changes in the industry, proactively embrace the trend of policy development, solidly enhance service quality, win customers’ recognition by matching quality and price with services, and steadfastly implement the philosophy of “Surprise Customers with Quality and Satisfy Customers with Service”, so as to make the value of services become the core competitiveness of Times Neighborhood.

The Group will adhere to the development path of digital transformation. Through continuous online service process and intelligent service experience tools, we will lead a digital lifestyle and provide customers with a complete set of solutions to enjoy their life in the future. At the same time, our organization construction penetrates across “teams, tools and capabilities” as we embrace new technologies, make good use of new tools, and make good use of the development opportunities brought by AI. We will promote the application of AI in housekeeping by accelerating the progress of digitization and automation, and realizing the double enhancement of efficiency and effectiveness.

As people’s pursuit of high quality of life becomes more and more diversified, the property services industry has a vast market space with both opportunities and challenges, and the future is full of possibilities. The only way for the Group to realize “long-termism” is to forge more valuable service capabilities. As a service-oriented enterprise, Times Neighborhood will continue to pursue excellence in quality services and focus on building real estate space services.

In the future, Times Neighborhood will also continue to use its strong beliefs to achieve sustainable growth and long-term high-quality development of the enterprise, create more value for customers, create more benefits for shareholders, and enable more people to enjoy a better life.

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 decreased by approximately RMB70.3 million or approximately 5.8% to approximately RMB1,151.5 million for the six months ended 30 June 2024 from approximately RMB1,221.8 million for the six months ended 30 June 2023, which was primarily attributable to the decrease in our revenue from property management services and revenue from value-added services to non-property owners after the Group adjusted its business structure.

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 | | | |
|---|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | 2024 | | 2023 | |
| | <i>RMB</i> <i>(in million)</i> | <i>Percentage</i> <i>%</i> | <i>RMB</i> <i>(in million)</i> | <i>Percentage</i> <i>%</i> |
| Property management services | 895.7 | 77.8 | 953.5 | 78.0 |
| Community value-added services | 135.6 | 11.8 | 135.4 | 11.1 |
| Value-added services to non-property owners | 15.2 | 1.3 | 44.0 | 3.6 |
| Other professional services | 105.0 | 9.1 | 88.9 | 7.3 |
| Total | <u>1,151.5</u> | <u>100.0</u> | <u>1,221.8</u> | <u>100.0</u> |

The property management services are still our largest source of revenue. For the six months ended 30 June 2024, the revenue from property management services was approximately RMB895.7 million, accounting for 77.8% of the Group's total revenue. The decrease in revenue was primarily due to the reduction in the area under management after we strategically adjusted the portfolio of properties under management to pursue better profitability and cash collection performance. The revenue from community value-added services remained basically the same. The decrease in revenue from value-added services to non-property owners was mainly due to adjustments made to the scale of value-added services to non-property owners out of prudent considerations and to balance the pace of payment collection in response to the cyclical downturn of the PRC real estate industry market. The increase in revenue from other professional services was mainly due to an increase in revenue from urban public services.

Cost of Sales

Our cost of sales mainly consists of (i) labor costs; and (ii) marketing costs, etc. For the six months ended 30 June 2024, the total cost of sales of the Group was approximately RMB900.5 million, which decreased by approximately RMB33.7 million or approximately 3.6% as compared to approximately RMB934.2 million for the same period in 2023. The decrease in cost of sales was largely in sync with the decrease in area under management.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group decreased by approximately RMB36.6 million or approximately 12.7% to approximately RMB251.0 million for the six months ended 30 June 2024 from approximately RMB287.6 million for the six months ended 30 June 2023.

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

| | For the six months ended 30 June | |
|---|-------------------------------------|------|
| | 2024 | 2023 |
| | % | % |
| Property management services | 20.8 | 22.9 |
| Community value-added services | 42.0 | 44.9 |
| Value-added services to non-property owners | 5.5 | 5.9 |
| Other professional services | 6.8 | 7.0 |
| Total gross profit margin | 21.8 | 23.5 |

For the six months ended 30 June 2024, the gross profit margin of the Group recorded a year-on-year decrease of 1.7 percentage points, primarily due to the changes in gross profit margin of property management services.

The gross profit margin of our property management services decreased by 2.1 percentage points, primarily due to increasing investment in the environment, fire safety, and quality service of long-term projects to support long-term expansion strategies and deliver high-quality services.

The gross profit margin of our community value-added services decreased by 2.9 percentage points, mainly due to the adjustment and change of service portfolio.

The gross profit margin of our value-added services to non-property owners decreased by 0.4 percentage points, primarily due to the cyclical impact of China's real estate market.

Other Income and Gains

The other income and gains of the Group decreased by approximately RMB67.8 million or approximately 86.7% to approximately RMB10.4 million for the six months ended 30 June 2024 from approximately RMB78.2 million for the six months ended 30 June 2023, which was primarily due to no fair value gain on put option recorded for the Period.

Administrative Expenses

Administrative expenses mainly consist of (i) office expenses; and (ii) depreciation and amortization, etc. For the six months ended 30 June 2024, the total administrative expenses of the Group were approximately RMB108.6 million, which decreased by approximately RMB26.3 million or approximately 19.5% as compared to approximately RMB134.9 million for the six months ended 30 June 2023. Such decrease was mainly due to a reduction in staff costs resulting from the Group's continuing effort in adopting refined management and applying smart devices with advanced technology.

Net Impairment loss on Financial Assets and Contract Assets

The net impairment losses on financial assets and contract assets of the Group decreased by approximately RMB0.3 million from approximately RMB75.2 million for the six months ended 30 June 2023 to approximately RMB74.9 million for the six months ended 30 June 2024. There was no significant changes.

Other Expenses

The other expenses of the Group decreased by approximately RMB367.5 million or approximately 99.6% to approximately RMB1.4 million for the six months ended 30 June 2024 from approximately RMB368.9 million for the six months ended 30 June 2023. The decrease in the other expenses was mainly due to the fact that impairment losses in goodwill was not provided for the Period.

Finance Costs

The finance costs of the Group decreased from approximately RMB0.3 million for the six months ended 30 June 2023 to approximately RMB0.2 million for the six months ended 30 June 2024. There are no significant changes.

Income Tax Expense

For the six months ended 30 June 2024, the income tax expense of the Group was approximately RMB14.7 million (for the six months ended 30 June 2023: RMB18.2 million). The decrease in income tax expense was primarily due to the decrease in taxable income.

Profit/(loss) for the Period

The Group recorded a net profit of approximately RMB42.4 million for the six months ended 30 June 2024, as compared to the net loss of approximately RMB242.1 million for the six months ended 30 June 2023. Such turnaround was mainly due to the stable performance of the core business and the fact that impairment losses in goodwill were not provided for the Period.

Property, Plant and Equipment

The Group's property, plant and equipment mainly included leasehold improvement, motor vehicles and office equipment. As at 30 June 2024, the Group's property, plant and equipment was approximately RMB85.5 million, representing an increase of approximately RMB5.9 million from approximately RMB79.6 million as at 31 December 2023, mainly due to an increase in the transportation equipment required for urban public services.

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 2024 amounted to approximately RMB830.0 million, representing an increase of approximately RMB6.5 million or 0.8%, as compared to approximately RMB823.5 million as at 31 December 2023, mainly due to the slight expansion of the revenue scale from other professional services.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables decreased by approximately 17.3% from approximately RMB258.2 million as of 31 December 2023 to approximately RMB213.6 million as of 30 June 2024, primarily due to the decrease in the balance of receivables from non-controlling shareholders in the Period.

Trade Payables

The Group's trade payables as at 30 June 2024 amounted to approximately RMB519.0 million, representing a decrease of approximately RMB31.4 million or 5.7% as compared to approximately RMB550.4 million as at 31 December 2023, mainly because it improved the settlement efficiency for a few high-quality suppliers to maintain good cooperative relationships.

Other Payables and Accruals

Other payables and accruals increased from approximately RMB358.4 million as of 31 December 2023 to approximately RMB360.9 million as of 30 June 2024. There was no significant change.

Financial Position and Capital Structure

For the six months ended 30 June 2024, the Group maintained a sound financial position.

As at 30 June 2024, the Group's current ratio (current assets/current liabilities) was 1.88 times (31 December 2023: 1.83 times) and net gearing ratio indicated a net cash status (31 December 2023: 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 2024, the Group did not have any outstanding interest-bearing borrowings.

Financial Guarantee

As at 30 June 2024, the Group did not have any financial guarantee.

Pledge of Assets

As at 30 June 2024, none of the assets of the Group were pledged.

Contingent Liabilities

As at 30 June 2024, 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 any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2024, 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

There were no 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.

SIGNIFICANT EVENTS AFTER THE PERIOD

On 8 August 2024, the Group entered into an equity transfer agreement with non-controlling shareholders of Joan Elevator (Guangdong) Co., Ltd. (廣東駿安電梯有限公司, “Joan Elevator”) to acquire the remaining 30% interest in Joan Elevator, which is mainly engaged in the business of installation, sale and maintenance of elevators. The maximum consideration is RMB4.5 million for the acquisition, which is in the form of cash. The relevant equity transfer registration arrangement will be completed in 2024.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 2024, 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 % | Net Proceeds HKD | As at | As at | Remaining Unutilized Proceeds HKD (%) | Expected Timeline for Use of Remaining Unutilized Proceeds |
|---|---|------------------------|---|---|--|---|
| | | | 1 January 2024 Amount Used (Including the Reserved Amount) HKD (%) | 30 June 2024 Amount Used (Including the Reserved Amount) HKD (%) | | |
| a) Seeking selective strategic investment and acquisition opportunities and further developing strategic alliances; | 65 | 511,383,716 | 511,383,716 (65) | 511,383,716 (65) | – | N/A |
| b) Improving the customer service quality by using advanced technology and building a smart community; | 15 | 118,011,627 | 101,841,187 (12.9) | 103,720,948 (13.2) | 14,290,679 (1.8) | On or before 31 December 2025* |
| c) Further developing a one-stop service platform; and | 10 | 78,674,417 | 67,458,364 (8.6) | 70,847,934 (9.0) | 7,826,483 (1.0) | On or before 31 December 2025* |
| d) Working capital and general corporate purposes. | 10 | 78,674,417 | 78,674,417 (10) | 78,674,417 (10) | – | N/A |

* In order to ensure that the funds will be utilized more effectively to enhance the service quality, the Company has decided to further defer the relevant plan. As at the date of this announcement, the Company expects the unutilized net proceeds to be fully utilized on or before 31 December 2025.

USE OF NET PROCEEDS FROM THE PLACING AND SUBSCRIPTION OF SHARES

On 7 July 2020, the Company entered into an agreement (the “**Agreement**”) with Credit Suisse (Hong Kong) Limited (the “**Manager**”) (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 2024, the net proceeds from the placing and subscription of shares have been and will be continuously used according to the plans disclosed in the announcements of the Company dated 7 July 2020 and 20 July 2020, which are set forth as follow:

| Proposed Use of Proceeds | Percentage of Total Net Proceeds % | Net Proceeds HKD | As at | As at | Remaining Unutilized Proceeds HKD (%) | Expected Timeline for Use of Remaining Unutilized Proceeds |
|--|---|------------------------|---|---|--|---|
| | | | 1 January 2024 Amount Used (Including the Reserved Amount) HKD (%) | 30 June 2024 Amount Used (Including the Reserved Amount) HKD (%) | | |
| a) Potential strategic investment and acquisition opportunities; and | 90 | 701,637,251 | 428,770,106 (55) | 428,770,106 (55) | 272,867,145 (35) | On or before 31 December 2025* |
| b) General working capital of the Group. | 10 | 77,959,695 | 77,959,695 (10) | 77,959,695 (10) | – | N/A |

* As the Group has become more prudent in selecting and capitalizing on strategic investment and acquisition opportunities that meet the Group’s long-term development needs, the Company has decided to further defer the relevant plan. As at the date of this announcement, the Company expects the unutilized net proceeds to be fully utilized on or before 31 December 2025.

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 2024, the Group had 5,867 full-time employees (31 December 2023: 6,584 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 the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 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 Part 2 of the CG Code during the six months ended 30 June 2024. 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 by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own Code of Conduct for securities transactions conducted by Directors. After making specific enquiries to all the Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale and redemption of any listed securities of the Company (including the sale of treasury shares) by the Company or any of its subsidiaries during the six months ended 30 June 2024. As at 30 June 2024, the Company did not have any treasury shares.

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 2024. 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 2024 interim report containing all the information required by the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company in due course and dispatched to the shareholders of the Company upon request.

UPDATES ON OPERATIONAL TARGETS OF SHANGHAI KEJIAN AND CHENGDU HOLYTECH

References are made to the announcements of the Company dated 28 June 2020, 10 July 2020 and 22 September 2023, respectively, in relation to 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**”) by the Group.

References are also made to the announcements of the Company dated 11 December 2020, 16 April 2021 and 15 December 2023, respectively, in relation to the acquisition of an aggregate of 80% equity interest in Chengdu Holytech Technology Co., Ltd. (成都合達聯行科技有限公司) (“**Chengdu Holytech**”) by the Group.

As at the date of this announcement, as the profit specific audit report of Chengdu Holytech for the year ended 31 December 2023 has not been finalised by the Company, the amount of shortfall in profit guarantee for 2023 (if any) cannot be ascertained yet. The Company will make further announcement(s) as and when appropriate to inform the shareholders and potential investors of the Company of the actual performance of the Chengdu Holytech for the year ended 31 December 2023 pursuant to the Listing Rules and the Company's entitlement to relevant distributions as of 31 December 2023.

While the profit specific audit report of each of Shanghai Kejian and Chengdu Holytech for the year ended 31 December 2022 has been issued, due to the impact of COVID-19 pandemic and the recognition of significant amount of credit impairment loss as a result of the downturn in the PRC economy, which were events that had not been expected at the time the profit guarantees were agreed among the parties, the parties have yet to agree the amount of net profit after taxation. As at the date of this announcement, the parties are still trying to negotiate and agree on a mechanism to determine the amounts of shortfall payable to the Group in a fair and reasonable manner and no unanimous consensus has been reached yet. In order to ensure the continuous and smooth operations of each of Shanghai Kejian and Chengdu Holytech, which is of the utmost priority to the Group, the Company will continue to use its best efforts to negotiate with the relevant parties with an aim to achieving a mutual consensus on the amounts of shortfall as soon as practicable while at the same time protecting its legitimate interest under the agreements. The Company will make the best effort to try to agree on the amounts of shortfall with the relevant parties, and will make further announcement(s) on any update in accordance with the Listing Rules as and when appropriate.

In respect of Shanghai Kejian, the Company expects that the shortfall, once such amount has been agreed upon by the parties, will be sufficiently compensated by the entitled profit distribution of the non-controlling shareholder of Shanghai Kejian for the year ended 31 December 2022. Given the Company is the majority shareholder of Shanghai Kejian and has control over decisions of its board of directors, the Company will be able to determine the time and amount of distribution of profits of Shanghai Kejian.

In respect of Chengdu Holytech, the Company expects that the shortfall for the year ended 31 December 2022, once such amount has been agreed upon by the parties, will be sufficiently compensated by (i) the entitled profit distribution of the non-controlling shareholder of Chengdu Holytech for the year ended 31 December 2022; and (ii) equity interest, including undistributed profits, attributable to the non-controlling shareholder. The Company will assess the recoverability of the shortfall for the year ended 31 December 2023 after the profit specific audit report for 2023 has been issued and the parties have agreed on the amount of the shortfall. Given the Company is the majority shareholder of Chengdu Holytech and has control over decisions of the board of directors, the Company will be able to determine the time and amount of distribution of profits of the Chengdu Holytech. In addition, the non-controlling shareholder of Chengdu Holytech executed an equity pledge over the 20% equity interest of Chengdu Holytech held by it in favour of the Group. As at 30 June 2024, the amount of such non-controlling interests amounted to approximately RMB57 million in accordance with the unaudited management accounts. If the non-controlling shareholder of Chengdu Holytech fails to compensate the Company for the shortfall in full, the Company will have the right to enforce the equity pledge. Therefore, the Company considers that the equity pledge should provide sufficient safeguard to the Company in respect of its interest in the profit guarantees related to Chengdu Holytech.

By Order of the Board
Times Neighborhood Holdings Limited
Mr. Shum Chiu Hung
Chairman

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises Ms. Wang Meng, Ms. Xie Rao and Ms. Zhou Rui as executive Directors; Mr. Shum Chiu Hung, 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.