时代邻里
TIMES NEIGHBORHOOD

TIMES NEIGHBORHOOD HOLDINGS LIMITED
時代鄰里控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

SUMMARY OF ANNUAL RESULTS

- Revenue for the Year amounted to approximately RMB1,081.3 million, representing a year-on-year increase of approximately 55.4%.
- Gross profit for the Year amounted to approximately RMB305.3 million, representing a year-on-year increase of approximately 60.3%. Gross profit margin increased by 0.8 percentage point to approximately 28.2%.
- The core net profit (excluding listing expenses) attributable to owners of the parent for the Year amounted to RMB120.1 million, representing a year-on-year increase of 89.1%.
- The basic and diluted earnings per share for the Year were RMB13 cents, representing a year-on-year increase of 44.4%.
- As at 31 December 2019, the total contracted GFA (including municipal sanitatic projects) amounted to 58.0 million sq.m., representing an increase of approximately 109.4% as compared to approximately 27.7 million sq.m. as at 31 December 2018.
- The Board recommended a final dividend of RMB3.3 cents per ordinary share for the year ended 31 December 2019.

Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated 9 December 2019 (the "Prospectus").

The board (the "Board") of directors (the "Directors") of Times Neighborhood Holdings Limited (the "Company" or "we" or "Times Neighborhood") is pleased to announce its consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 (the "Year" or the "Reporting Period"), together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	4	**1,081,341**	695,752
Cost of sales		**(776,044)**	(505,254)
Gross profit		**305,297**	190,498
Other income and gains	5	**6,078**	2,055
Selling and marketing costs		**(10,380)**	(8,466)
Administrative expenses		**(124,945)**	(89,717)
Impairment losses on financial assets		**(3,473)**	(1,714)
Other expenses		**(26,893)**	(4,901)
Finance costs, net	7	**(13,539)**	(4,606)
Share of profit of an associate		**3,393**	3,437
PROFIT BEFORE TAX	6	**135,538**	86,586
Income tax expense	8	**(40,214)**	(22,422)
PROFIT FOR THE YEAR		**95,324**	64,164
Attributable to:			
Owners of the parent		**96,313**	63,524
Non-controlling interests		**(989)**	640
		95,324	64,164
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	10	**RMB13 cents**	RMB9 cents

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**95,324**	64,164
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(4,153)**	(357)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(4,153)**	(357)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**91,171**	63,807
Attributable to:		
Owners of the parent	**92,160**	63,167
Non-controlling interests	**(989)**	640
	91,171	63,807

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,463**	28,005
Right-of-use assets		**8,825**	4,106
Goodwill		**68,841**	47,230
Other intangible assets		**33,740**	18,873
Investment in an associate		**70,522**	67,129
Deferred tax assets		**21,340**	12,691
Prepayments, deposits and other receivables		**5,320**	–
Total non-current assets		**244,051**	178,034
CURRENT ASSETS			
Inventories		**3,763**	1,512
Trade receivables	*11*	**213,482**	212,149
Contract assets		**16,524**	20,974
Prepayments, deposits and other receivables		**48,375**	2,050,710
Amount due from an associate		**–**	482
Restricted bank deposits		**3,540**	200
Cash and cash equivalents		**971,207**	1,182,349
Total current assets		**1,256,891**	3,468,376
CURRENT LIABILITIES			
Trade payables	*12*	**122,129**	112,306
Other payables and accruals		**242,862**	1,740,962
Contract liabilities	*4*	**173,614**	49,012
Other interest-bearing borrowings		**–**	152,000
Lease liabilities		**5,557**	2,463
Tax payable		**39,824**	29,187
Government grants		**200**	200
Total current liabilities		**584,186**	2,086,130
NET CURRENT ASSETS		**672,705**	1,382,246
TOTAL ASSETS LESS CURRENT LIABILITIES		**916,756**	1,560,280

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
As at 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**916,756**	1,560,280
NON-CURRENT LIABILITIES			
Other interest-bearing borrowings		**–**	1,449,000
Lease liabilities		**11,900**	2,006
Government grants		**350**	550
Deferred tax liabilities		**5,275**	1,278
Total non-current liabilities		**17,525**	1,452,834
Net assets		**899,231**	107,446
EQUITY			
Equity attributable to owners of the parent:			
Share capital	*13*	**8,170**	–
Reserves		**887,822**	103,218
		895,992	103,218
Non-controlling interests		**3,239**	4,228
Total equity		**899,231**	107,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2019

1. CORPORATE AND GROUP INFORMATION

General information

The Company is a limited liability company incorporated in the Cayman Islands on 12 July 2019. The registered office address of the Company is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

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

The Company's shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 December 2019 (the "Listing").

On 15 November 2019, the board of directors of Times China Holdings Limited ("Times China") declared a special dividend to be satisfied wholly by way of distribution in specie to its then qualifying shareholders of an aggregate of 746,852,747 shares of the Company, representing the entire issued share capital of the Company immediately following the capitalisation issue and before completion of the Listing, pro rata to their respective shareholdings in Times China on 2 December 2019 on the basis of one share for every 2.6 Times China shares held on 2 December 2019, rounded down to the nearest share (the "Times China Distribution"). The Times China Distribution was completed upon the Listing.

In the opinion of the directors, prior to the Times China Distribution, the immediate holding company of the Company was Wisdom Sharp Investments Limited ("Wisdom Sharp"), which was in incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company was Renowned Brand Investments Limited ("Renowned Brand"), which was incorporated in the BVI. After the Times China Distribution, the immediate holding company of the Company is Asiaciti Enterprises Ltd., which was in incorporated in the BVI, and the ultimate holding company is Renowned Brand, which was incorporated in the BVI.

Group reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Listing Business was operated through Guangzhou Times Neighborhood Corporate Governance Co., Ltd. ("Guangzhou Times Neighborhood") and its subsidiaries in the PRC. Guangzhou Times Neighborhood was incorporated in the PRC and is an investment holding company. The ultimate holding company of Guangzhou Times Neighborhood was Renowned Brand.

In preparation for the initial listing of the Company's shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken pursuant to which Guangzhou Times Neighborhood and its subsidiaries, engaged in the Listing Business, were transferred to the Company. The Reorganisation involved the following:

(1) On 12 July 2019, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of incorporation, the authorised share capital of the Company was Hong Kong Dollar ("HKD") 380,000 divided into 38,000,000 ordinary shares of HKD0.01 each, among which one nil-paid share was issued and held by Wisdom Sharp, a wholly-owned subsidiary of Times China.

(2) On 31 July 2019, Guangzhou Times Holdings Group Company Limited (廣州市時代控股集團有限公司) ("Guangzhou Times Holdings") transferred its 40% equity interest in Guangzhou Times Neighborhood to Peace Power Limited ("Peace Power") at a consideration of RMB30,800,000. The consideration was fully paid in September 2019. Upon completion of such transfer, Guangzhou Times Neighborhood, which is a holding company of all the PRC operating subsidiaries engaged in the Listing Business, is wholly owned by Peace Power.

(3) On 2 August 2019, the Company acquired 100% of the equity interest in Power Voice Limited ("Power Voice") from Wisdom Sharp, at a consideration of USD1.00. The consideration was satisfied by the allotment and issue of one share to Wisdom Sharp on 2 August 2019.

Upon completion of the above transfers, the Company became the holding company of Power Voice and the companies now comprising the Group.

For more details on the Reorganisation, please see "History, Reorganisation and Corporate Structure" section of the Prospectus.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019.

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted IFRS 16 *Leases* in previous years as disclosed in the Prospectus.

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

The adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

No geographical information is presented as the Group's revenue from external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

For the year ended 31 December 2019, revenue from Times China and its subsidiaries (the "Times China Group") contributed to 24.8% (2018: 31.1%) 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 years ended 31 December 2019 and 31 December 2018.

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

	2019	2018
	RMB'000	*RMB'000*
Services transferred over time:		
Property management services	**677,811**	404,071
Value-added services to non-property owners	**275,478**	196,689
Community value-added services	**76,610**	58,166
Professional services	**26,917**	34,531
	1,056,816	693,457
Goods transferred at a point in time:		
Community value-added services	**2,542**	819
Professional services	**21,983**	1,476
	24,525	2,295
	1,081,341	695,752

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2019	2018
	RMB'000	*RMB'000*
Contract liabilities		
– Third parties	**171,221**	49,012
– Related parties	**2,393**	–
	173,614	49,012

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

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

	2019	2018
	RMB'000	*RMB'000*
Property management services	**38,835**	24,934

(b) Performance obligations

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

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

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

Community value-added services

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

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2019	2018
	RMB'000	*RMB'000*
Bank interest income	**1,011**	722
Gain on disposals of financial assets at fair value through profit or loss	**2,285**	506
Government grants	**257**	406
Foreign exchange gains, net	**–**	308
Tax incentives on value-added tax	**1,974**	–
Others	**551**	113
	6,078	2,055

6. PROFIT BEFORE TAX

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

	2019 *RMB'000*	2018 *RMB'000*
Cost of services provided*	**753,649**	503,574
Cost of inventories sold	**22,395**	1,680
Depreciation of property, plant and equipment	**7,448**	6,478
Depreciation of right-of-use assets	**3,897**	3,306
Amortisation of other intangible assets	**4,492**	3,459
Research and development costs:		
Current year expenditure	**886**	742
Auditor's remuneration	**2,288**	675
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**502,032**	302,337
Pension scheme contributions	**56,521**	29,925
Less: Amount capitalised in other intangible assets	**(2,324)**	(885)
	556,229	331,377
Impairment losses on financial assets:		
– Trade receivables	**3,473**	1,714
Rental expense:		
– Short-term leases	**9,582**	6,693
– Leases of low-value assets	**433**	263
	10,015	6,956
Bank interest income	**(1,011)**	(722)
Government grants	**(257)**	(406)
Foreign exchange losses/(gains), net	**68**	(308)
Gain on disposals of financial assets at fair value through profit or loss	**(2,285)**	(506)

* Cost of services provided for the Year included an aggregate amount of RMB505,020,000 (2018 : RMB295,108,000) which comprised employee benefit expense, depreciation of property, plant and equipment, amortisation of other intangible assets and rental expense. This amount was also included in the respective expense items disclosed above.

7. FINANCE COSTS, NET

	2019	2018
	RMB'000	*RMB'000*
Finance expense:		
Interest expense on lease liabilities	**677**	549
Interest expense arising from revenue contracts	**12,695**	3,657
Other interest expense	**167**	400
Interest expense of asset-backed securities	**97,951**	73,570
	111,490	78,176
Finance income:		
Interest income from a loan granted to a related party	**(97,951)**	(73,570)
Finance costs, net	**13,539**	4,606

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities of the Group which were incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable profits arising in Hong Kong during the Year.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("CIT") rate of 25% for the Reporting Period. Certain subsidiaries of the Group operating in Mainland China are eligible for certain tax concessions. Guangzhou Times Linlibang Network Technology Co., Ltd. enjoyed a preferential CIT rate of 15%, whereas Foshan Shunde Hetai Property Management Co., Ltd., Qingyuan Shengye Property Services Co., Ltd., Foshan Nanhai Yixin Property Management Co., Ltd. ("Foshan Yixin"), Guangzhou Times Neighborhood Environmental Science Technology Co., Ltd. and Qingyuan Rongtai Property Management Co., Ltd. ("Qingyuan Rongtai") enjoyed a preferential CIT rate of 20% during 2019.

	2019	2018
	RMB'000	*RMB'000*
Current income tax	**43,240**	24,991
Deferred income tax	**(3,026)**	(2,569)
Total tax charged for the year	**40,214**	22,422

9. DIVIDENDS

The Board recommended a final dividend of RMB3.3 cents per ordinary share totalling RMB29,986,000 for the year ended 31 December 2019 (2018: Nil).

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

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

The calculations of basic and diluted earnings per share amounts for both years are based on the assumption that the Reorganisation and the capitalisation issue have been effective on 1 January 2018.

The calculations of the basic and diluted earnings per share amount are based on the profit for the Year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 752,616,000 (2018: 746,853,000) in issue during the Year.

	2019	2018
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	**96,313**	63,524
Shares		
Weighted average number of ordinary shares in issue during the year (in thousand)	**752,616**	746,853
Earnings per share		
Basic and diluted (RMB cents per share)	**13**	9

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018 respectively.

11. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Related parties	**112,280**	166,031
Third parties	**114,542**	55,985
	226,822	222,016
Impairment	**(13,340)**	(9,867)
	213,482	212,149

Notes:

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

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

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

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**194,038**	152,982
1 to 2 years	**13,948**	46,514
2 to 3 years	**3,925**	11,838
3 to 4 years	**1,313**	591
4 to 5 years	**258**	224
Total	**213,482**	212,149

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**9,867**	8,153
Impairment losses *(note 6)*	**3,473**	1,714
At end of year	**13,340**	9,867

12. TRADE PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
Less than 1 year	**114,753**	105,750
Over 1 year	**7,376**	6,556
	122,129	112,306

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

13. SHARE CAPITAL

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

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

	Number of shares in issue	**Share capital** *RMB'000*
Issue of share at 12 July 2019 (date of incorporation) *(note (a))*	**1**	**–**
Issue of share at 2 August 2019 *(note (b))*	**1**	**–**
Capitalisation issue *(note (c))*	**746,852,745**	**6,715**
Initial public offering *(note (d))*	**161,820,000**	**1,455**
At 31 December 2019	**908,672,747**	**8,170**

Notes:

(a) The Company was incorporated in the Cayman Islands on 12 July 2019 with authorised and issued share capital of HKD380,000 divided into 38,000,000 ordinary shares of HKD0.01 each, among which one nil-paid share was issued and held by Wisdom Sharp.

(b) On 2 August 2019, the Company acquired 100% of the equity interest of Power Voice from Wisdom Sharp at a consideration of USD1.00, which was satisfied by the allotment and issue of one share to Wisdom Sharp on 2 August 2019.

(c) On 3 December 2019, a written resolution was passed by the Company's shareholders, approving (i) the increase of the authorised share capital to HKD20,000,000 divided into 2,000,000,000 shares of HKD0.01 each; and (ii) the capitalisation of share premium into 746,852,745 ordinary shares by applying HKD7,469,000 (equivalent to RMB6,715,000) to pay up in full at par for allotment and issue to the then existing shareholders in proportion to their respective shareholdings in the Company as of the date immediately preceding the successful Listing.

(d) On 19 December 2019, the Company issued 161,820,000 shares in its initial public offering at the price of HKD5.15 per share.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2019. Due to the continuous development of its business, the Group's revenue was approximately RMB1,081.3 million, representing a year-on-year increase of approximately 55.4%. The gross profit was RMB305.3 million, representing a year-on-year increase of 60.3%, and the gross profit margin was 28.2%, representing a year-on-year increase of 0.8 percentage point. The core net profit (excluding the listing expenses) attributable to owners of the parent was approximately RMB120.1 million, representing a year-on-year increase of approximately 89.1%.

In the long-term trend of China's rapidly accelerated urbanization, the continuous growth of the existing real estate market and consumption upgrade in China, the property management industry is on a "fast track". According to the prediction of China Index Academy ("CIA"), by 2022, the size of the basic property management market in China will reach 1 trillion. With the initial development of property industry standards, which helps effectively improve industry professionalism, the industry plays an increasingly significant role in urban public services. Under this background, capital continuously flows into the industry, with an increasingly enhanced Matthew Effect in the industry and a continuous increase in the concentration. In addition, with a rise in the consumption of society, consumers place greater demand in relation to consumption, and property management service items are also increasingly innovative and diversified. As a result, the market potential for value-added services is considerable.

Looking back on the development history of more than 20 years, Times Neighborhood, as a member of Times China (stock code: 1233), developed and co-existed with Times China. On 19 December 2019, Times Neighborhood was officially listed on the Main Board of the Stock Exchange, with its business model, competitive advantages and development prospects recognized in international capital markets. We have developed into an independent and highly professional property management service provider with a certain size.

Review of Results

Times Neighborhood is China's leading and fast-growing comprehensive property management service provider. It is mainly engaged in property management services, value-added services to non-property owners, community value-added services and other professional services. We strive to provide more services and create more value for owners and customers through diversified business ecology planning. We adhere to the concept of "impress customers with quality and warm customers with services (品質讓客戶驚喜，服務讓客戶感動)" and have always been committed to "let more people enjoy a better life (讓更多人享受美好生活)". In 2019, with its service quality and brand reputation tested in markets, the Group was recognized by CIA as the 13th in the Top 100 Property Management Companies in Terms of Overall Strength in the PRC, and successively ranked among "2019 Top 100 Property Management Companies in Guangdong in Terms of Overall Strength" and "2019 Top 500 Property Management Companies in Terms of Overall Strength", and was recognized by CIA as one of the "China Leading Property Management Companies".

In terms of business expansion, the scale of our management increased rapidly in 2019. For the year ended 31 December 2019, we had a total of 229 projects under management, with a total contracted GFA of 58.0 million sq.m. and a total GFA under management of 46.5 million sq.m., including 223 property management service projects under management, with a total GFA under property management exceeding 38.4 million sq.m., and 6 municipal sanitation projects with a GFA under management of approximately 8.1 million sq.m.. In 2019, the Group continued to be deeply engaged in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and actively expanded its business to other regions, such as Guangxi and Sichuan. Meanwhile, the Group has achieved good results in obtaining higher quality third-party development projects. As at 31 December 2019, the contracted area of third-party development projects under the management of the Group (including municipal sanitation projects) increased by approximately 26.9 million sq.m.. During the year of 2019, the Group actively sought and seized market opportunities, successfully acquiring three companies, namely, Guangzhou Dongkang Property Services Co., Ltd. ("Guangzhou Dongkang"), Qingyuan Rongtai and Foshan Yixin, which brought about more new advantages and opportunities for us while expanding the scale of management. Specifically, the acquisition of Guangzhou Dongkang helped enrich our professional service qualification, expanding our business to the municipal sanitation service sector. We began to provide services for public buildings and obtained broader business development opportunities. The Group is committed to continuously enriching the forms of its property management services. For example, we successfully provided services for Hong Kong-Zhuhai-Macao Bridge Station Port, Foshan West Railway Station, Dongguan Opium War Museum and other projects, thus making new breakthrough in the forms of projects under management, expanding the scope of service and sources of revenue of the Group, bringing about new market business opportunities for the Group, helping gradually develop the Group into a comprehensive property management service provider oriented towards urban services.

In terms of value-added services, we have also made a series of attempts. In the second half of 2019, we developed diversified community value-added items including house repair and tourism customization. At the same time, we continuously upgraded and optimized our one-stop online service platform Neighborhood Services (鄰里邦) mobile app, and launched the diversified value-added services and products on the platform. As at 31 December 2019, the number of registered users of Linlibang reached 0.21 million. Through Neighborhood Services (鄰里邦) mobile app, we continuously strive to create a convenient and comfortable community lifestyle for property owners and residents and enhance their experience and happiness.

In terms of science and technology empowerment service, through the application of a variety of advanced technologies such as Internet of Things, cloud computing and AI computing, we upgraded and optimized our nationwide integrated management and control platform, thus improving our service quality and efficiency. Through its wholly-owned subsidiary Guangzhou Neighborhood Intelligent Engineering Co., Ltd., the Group integrated platform development, sales agency, construction and installation, and after-sales maintenance, with a focus on the development in three main sectors, namely smart car park, smart monitoring, and smart door lock. In 2019, the Group completed 85 projects for the remote management and control transformation of smart car parks, and 40 projects for national smart management and control access, thus achieving cost reduction and efficiency enhancement and improving the intelligentization development level.

PROSPECTS

In 2020, the property management industry will continue to grow steadily in the trend of continuous growth of the existing real estate market and consumption upgrade. The outbreak of the COVID-19 (Novel Coronavirus) in early 2020 highlights the increasingly important role of high-quality property management in urban public services, leading to increasingly greater attention to our industry in capital markets and increased competition in the industry. Expansion is still an important strategy for property management companies.

The Group will make use of the advantages of the listing platform to deepen its strategic arrangements and promote sizable and high-quality expansion. We will continue to focus on new or existing residential property projects, expand and strengthen property services, reduce expenditures and increase efficiency, tap diversified demand for community services, and improve the bargaining power with quality. At the same time, we will further expand the non-residential property market, increase the business diversity and carry out differentiated development of products, so as to create diversified sources of financial growth.

We will expand our business scale and market share and continuously consolidate our leading position in the industry. We will gain a toehold in the Greater Bay Area, expand the national market, and quickly develop our business in Central China, Eastern China and other first-tier areas with high economic growth through mergers and acquisitions. In addition, we will make arrangements for more high-profit business forms, and will be deeply engaged in the sub-sector of property services, and gradually create barriers to competition in the service industry.

We actively respond to market demand, continue to provide diversified and differentiated value-added services and develop new sources of business growth. In terms of community service, we plan to build a one-stop family service platform in the community, make greater efforts to promote community value-added services and increase high value-added services such as asset management and one-stop move-in solutions. In terms of value-added services to non-property owners, we will provide developers with more value-added services. In addition, the Group will focus on developing other professional services and develop core capabilities in terms of intelligentization, elevator, environmental protection and other services.

We will further optimize the business model and cost control through digital management systems and automatic operation modes. We will increase continuous investment in terms of technology in three areas, namely management support, operation support and customer support, so as to optimize the internal management system. Meanwhile, we will provide more convenient and reliable services for owners through modern technology to improve the stickiness of owners.

Making progress despite the fierce competition. 2020 is the first fully year after the Listing of Times Neighborhood, as well as a year when employees of Times Neighborhood make efforts. The COVID-19 outbreak in early 2020 brings about a tinge of apprehension in us, as well as an opportunity for us to show our ability. We have shown ourselves as a reliable and efficient service enterprise to customers and won the recognition of the community government and even the public.

In the future, with the concept of "impress customers with quality and warm customers with services", we will continue to sincerely provide considerate services, in four aspects, namely scope, considerateness, speed and concentration, at all stages namely first meeting, acquaintance, mutual understanding and accompanying with customers, in every process from house purchase to living in which Times Neighborhood contacts prospective owners and owners. Based on the comprehensive service aesthetics, we will continuously provide quality property and resident services, improve the life quality of owners, and provide better living experience for more cities and families.

Spring comes after winter; flowers will bloom after the crisis ends.
Looking forward to our good news.

Mr. BAI Xihong
Chairman and Non-executive director

10 March 2020

BUSINESS REVIEW

Business Model

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

Property Management Services

As at 31 December 2019, our property management services under management have covered 19 cities, with a total of 223 property management projects under management (excluding 6 municipal sanitation projects), and a GFA under property management of over 38.4 million sq.m.. In addition, we had a total of 54 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 10.9 million sq.m.. Leveraging the good quality and market reputation, we have expanded to cities including Guangzhou, Foshan, Zhuhai, Zhongshan, Dongguan, Zhaoqing, Jiangmen, Huizhou, Changsha, Qingyuan, Tangshan, Zhanjiang, Chenzhou, Qinzhou and Chaozhou.

In 2019, we rapidly expanded our property management services portfolio and increased our business scale and market share and diversified our business scope through organic expansion and strategic acquisition and investment opportunities.

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

	For the year ended 31 December			
	2019		2018	
	Aggregate contracted GFA ***(sq.m.'000)***	**GFA under management** ***(sq.m.'000)***	Aggregate contracted GFA *(sq.m.'000)*	GFA under management *(sq.m.'000)*
At the beginning of the period	27,707	18,770	19,821	16,046
New engagements(1)	9,325	7,398	8,006	2,844
Acquisitions(2)	13,864	13,864	–	–
Terminations(3)	(1,603)	(1,603)	(120)	(120)
At the end of the period	49,293	38,429	27,707	18,770

Notes:

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

(2) These refer to engagements obtained through our acquisitions of Guangzhou Dongkang in March 2019, Qingyuan Rongtai in April 2019 and Foshan Yixin in September 2019.

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

Our Geographic Presence

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

	For the year ended 31 December			
	2019		2018	
	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	**15,218**	**13,710**	6,385	5,413
Foshan	**8,733**	**7,819**	7,124	4,825
Zhuhai	**4,465**	**4,121**	3,545	2,991
Zhongshan	**2,141**	**1,314**	1,960	1,133
Dongguan	**1,762**	**1,500**	813	120
Zhaoqing	**3,618**	**3,050**	287	287
Huizhou	**730**	**91**	586	49
Jiangmen	**1,140**	**712**	712	712
Shenzhen	**139**	**–**	–	–
Subtotal	**37,946**	**32,317**	21,412	15,530

	For the year ended 31 December			
	2019		2018	
	Contracted GFA	**GFA under management**	Contracted GFA	GFA under management
	(sq.m.'000)	***(sq.m.'000)***	*(sq.m.'000)*	*(sq.m.'000)*
Other cities				
Qingyuan	**4,669**	**2,216**	2,635	1,321
Changsha	**4,240**	**2,845**	3,380	1,919
Zhanjiang	**27**	**27**	–	–
Chenzhou	**280**	**280**	280	–
Qinzhou	**6**	**6**	–	–
Tangshan	**579**	**579**	–	–
Chaozhou	**159**	**159**	–	–
Yulin	**1,090**	–	–	–
Shantou	**209**	–	–	–
Chengdu	**88**	–	–	–
Subtotal	**11,347**	**6,112**	6,295	3,240
Total	**49,293**	**38,429**	27,707	18,770

The Group has been deeply rooted in the Greater Bay Area for more than 20 years and has continuously expanded the scope of property management in the Greater Bay Area, further consolidating its competitive advantage in the area. As at the end of 2019, among the Group's projects under property management, the projects with GFA of approximately 32.3 million sq.m. were located in the Greater Bay Area, accounting for 84.1% of the total GFA under property management. With our successful management experience in the Greater Bay Area and word of mouth in the market, we achieved rapid expansion in other cities. In 2019, the addition to the contracted GFA of the Group was 21.6 million sq.m., of which 16.6 million sq.m. was the addition to the contracted GFA in the projects in the Greater Bay Area, representing a year-on-year increase of 77.6%, and 5.0 million sq.m. was the addition to the contracted GFA in the projects in other cities, representing a year-on-year increase of 79.4%.

Portfolio of properties under management

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

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

	For the year ended 31 December							
	2019				2018			
	GFA under management *(sq.m.'000)*	**Percentage** *%*	**Revenue** *(RMB'000)*	**Percentage** *%*	GFA under management *(sq.m.'000)*	Percentage *%*	Revenue *(RMB'000)*	Percentage *%*
Residential properties	**14,336**	**37.3**	**412,708**	**60.9**	10,764	57.3	283,107	70.1
Non-residential properties	**24,093**	**62.7**	**265,103**	**39.1**	8,006	42.7	120,964	29.9
Total	**38,429**	**100.0**	**677,811**	**100.0**	18,770	100.0	404,071	100.0

As a result of our continuous efforts to expand our customer base and to diversify our portfolio of properties under management, our GFA under property management for non-residential properties increased from 8.0 million sq.m. as at 31 December 2018 to 24.1 million sq.m. as at 31 December 2019, and the proportion of our revenue generated from managing non-residential properties to our total revenue generated from property management services increased from 29.9% in 2018 to 39.1% in 2019. We believe that the experience and recognition we have gained from managing such diversified non-residential properties will enable us to further expand our portfolio of properties under management, grow our customer base and create diversified sources of financial growth.

Nature of developers served

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

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

	For the year ended 31 December							
	2019				2018			
	GFA under management	**Percentage**	**Revenue**	**Percentage**	GFA under management	Percentage	Revenue	Percentage
	(sq.m.'000)	***%***	***(RMB'000)***	***%***	*(sq.m.'000)*	*%*	*(RMB'000)*	*%*
Times China Group[(1)]	**17,371**	**45.2**	**381,711**	**56.3**	13,356	71.2	295,634	73.2
Third parties[(2)]	**21,058**	**54.8**	**296,100**	**43.7**	5,414	28.8	108,437	26.8
Total	**38,429**	**100.0**	**677,811**	**100.0**	18,770	100.0	404,071	100.0

Notes:

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

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

The percentage of GFA under property management for properties developed by third-party property developers grew from 28.8% as at 31 December 2018 to 54.8% as at 31 December 2019. The revenue generated from managing properties developed by third-party property developers increased from RMB108.4 million in 2018 to RMB296.1 million in 2019. Such growth is mainly due to our strategic acquisitions and the business cooperation with third parties.

Value-added Services to Non-property Owners

We offer a broad range of property related business solutions to non-property owners, primarily property developers, which cover their entire property development process, consisting of (i) sales assistance services, which assist property developers in showcasing and marketing their properties, including pre-sale consultation, display unit management, organizing sales campaigns as well as visitor reception for property development projects, (ii) construction site services, including consultancy and security services, (iii) pre-delivery cleaning services, (iv) urban redevelopment project services and (v) house repair services. The revenue derived from value-added services to non-property owners increased significantly by 40.1% from RMB196.7 million in 2018 to approximately RMB275.5 million in 2019, primarily due to the substantial increase in projects developed by Times China Group, resulting in the increased management demands to the construction sites and sales office.

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

	For the year ended 31 December			
	2019		2018	
	Revenue ***(RMB'000)***	**Percentage** ***%***	Revenue *(RMB'000)*	Percentage *%*
Sales assistance services	**198,900**	**72.2**	121,605	61.8
Construction site services	**45,666**	**16.6**	42,566	21.7
Pre-delivery cleaning services	**22,990**	**8.3**	31,830	16.2
Urban redevelopment project services	**7,922**	**2.9**	–	–
House repair services	**–**	**–**	688	0.3
Total	**275,478**	**100.0**	196,689	100.0

As at 31 December 2019, we provided property management services and value-added services for 17 urban redevelopment projects, including services such as cleaning, security, operation management and tenant management. The urban redevelopment projects not only enrich our source of income, but also bring us more project reserves and the possibility of diversifying value-added businesses.

Community Value-added Services

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

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

	For the year ended 31 December			
	2019		2018	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Public space leasing and parking space management	**45,621**	**57.6**	43,069	73.0
Resident services	**33,531**	**42.4**	15,916	27.0
Total	**79,152**	**100.0**	58,985	100.0

Revenue from community value-added services in 2019 increased by 34.1% to approximately RMB79.1 million when compared with RMB59.0 million in 2018, which was mainly due to the expansion of our GFA under property management, the substantial increase in the number of users served and the diversification of service types.

Other Professional Services

We provide other professional services to our customers, including (i) elevator services (including sale, installation, repair and maintenance of elevators), (ii) municipal sanitation services and (iii) intelligent engineering services.

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

	For the year ended 31 December			
	2019		2018	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Elevator services	**29,659**	**60.6**	28,036	77.9
Municipal sanitation services	**14,554**	**29.8**	–	–
Intelligent engineering services	**4,687**	**9.6**	7,971	22.1
Total	**48,900**	**100.0**	36,007	100.0

We entered the field of municipal sanitation services through the strategic acquisition of Guangzhou Dongkang, providing road cleaning, garbage collection and garbage transportation services to municipal sanitation projects including public roads, garbage stations and parks. As at 31 December 2019, 6 municipal sanitation projects under our management were all located in the Greater Bay Area with GFA of approximately 8.1 million sq.m..

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from property management services, value-added services to non-property owners, community value-added services and other professional services. The Group's revenue increased by RMB385.5 million or 55.4% to RMB1,081.3 million in 2019 from RMB695.8 million in 2018, which was primarily attributable to the increase in our revenue from property management services and revenue from value-added services to non-property owners.

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

	For the year ended 31 December			
	2019		2018	
	RMB in million	*%*	*RMB in million*	*%*
Categories				
Property management services	**677.8**	**62.7**	404.1	58.0
Value-added services to non-property owners	**275.5**	**25.5**	196.7	28.3
Community value-added services	**79.1**	**7.3**	59.0	8.5
Other professional services	**48.9**	**4.5**	36.0	5.2
Total	**1,081.3**	**100.0**	695.8	100.0

The property management services are still our largest source of revenue. In 2019, the revenue from property management services was RMB677.8 million, accounting for 62.7% of the Group's total revenue. This increase was primarily driven by the fast growth of our total GFA under management, which was resulted from both our continuous cooperation with Times China Group and our efforts to expand the third-party customer base. The increase in revenue from value-added services to non-property owners, community value-added services and other professional services was mainly due to the increasing demands for services resulting from the increase of property development projects, the increase of our management area, as well as the increase of service types, respectively.

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 year ended 31 December 2019, the total cost of sales of the Group was approximately RMB776.0 million, which was increased by approximately RMB270.7 million or approximately 53.6% as compared to approximately RMB505.3 million for the year ended 31 December 2018. The rate of increase in cost of sales was lower than that of our revenue, primarily due to the control and standardization of various services and processes by the technological means of the Group so as to improve efficiency and save costs.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group increased by RMB114.8 million or 60.3% to RMB305.3 million in 2019 from RMB190.5 million in 2018.

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

	For the year ended 31 December	
	2019	2018
	%	*%*
Property management services	**25.8**	24.0
Value-added services to non-property owners	**28.1**	26.2
Community value-added services	**55.0**	55.8
Other professional services	**19.5**	25.3
Total gross profit margin	**28.2**	27.4

The gross profit margin of the Group increased by 0.8 percentage point in 2019, primarily due to the growth in property management services and the general increase in gross profit margin as a result of the improvement of the operation process.

Our gross profit margin of property management services increased by 1.8 percentage points, primarily due to our successful implementation of cost-control measures, such as further adopting technologies and automated equipment to replace manual labor. The Group has continuously promoted the construction of intelligent community and management system, which successfully reduced our cost and improved our efficiency.

Our gross profit margin of value-added services to non-property owners increased by 1.9 percentage points, primarily due to our more diversified service types, such as the new urban redevelopment project services in 2019.

Our gross profit margin of community value-added services decreased by 0.8 percentage point, primarily due to the larger size of the projects of resident services with lower gross profit margin such as retail business.

Our gross profit margin of other professional services decreased by 5.8 percentage points, primarily due to the adjustment of the elevator business model to the model of bulk purchasing and distributing elevator sets in 2019, which would give us more flexibility in pricing our installation services and consequently further improve the profitability of our elevator installation services, despite the decline in gross profit margin.

Other Income and Gains

The other income and gains of the Group increased by RMB4.0 million or 190.5% to RMB6.1 million in 2019 from RMB2.1 million in 2018, which was primarily attributable to the increase in gains from the disposals of financial assets at fair value through profit or loss and gains from the tax incentives for value-added tax.

Administrative Expenses

Administrative expenses mainly consist of (i) office expenses; and (ii) depreciation and amortization, etc. For the year ended 31 December 2019, the total administrative expenses of the Group were approximately RMB124.9 million, which increased by approximately RMB35.2 million or approximately 39.2% as compared to approximately RMB89.7 million for the year ended 31 December 2018. Such increase was mainly incurred in the business expansion.

Other Expenses

The other expenses of the Group increased by RMB22.0 million or 449.0% to RMB26.9 million in 2019 from RMB4.9 million in 2018. The increase in expenses is mainly attributable to the listing expenses.

Finance Costs, net

The finance costs of the Group increased by RMB8.9 million or 193.5% to RMB13.5 million in 2019 from RMB4.6 million in 2018, which were primarily attributable to interest expense arising from revenue contracts. Interest expense arising from revenue contracts results from property management fees received in advance of the due date.

Income Tax Expense

For the year ended 31 December 2019, the income tax of the Group was approximately RMB40.2 million (2018: RMB22.4 million). The increase was primarily due to the increase in taxable income.

Property, Plant and Equipment

The Group's property, plant and equipment mainly include leasehold improvement, motor vehicles and office equipment. As at 31 December 2019, the Group's property, plant and equipment was approximately RMB35.5 million, an increase by approximately RMB7.5 million from RMB28.0 million at the end of 2018, was mainly due to our purchase of information technology systems, the increase in the Group's transportation equipment and lease renovations, to improve management capabilities and provide better services to customers.

Trade Receivables

Trade receivables mainly arise from property management services, value-added services to non-property owners and other professional services provided to Times China Group and third parties. The Group's trade receivables as at 31 December 2019 amounted to approximately RMB213.5 million, representing an increase of approximately RMB1.4 million or 0.7% as compared to approximately RMB212.1 million as at 31 December 2018, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables decreased by 97.4% from RMB2,050.7 million as at 31 December 2018 to RMB53.7 million as of 31 December 2019 primarily due to the receipt of repayments from related parties.

Trade Payables

The Group's trade payables as at 31 December 2019 amounted to approximately RMB122.1 million, representing an increase of approximately RMB9.8 million or 8.7% as compared to approximately RMB112.3 million as at 31 December 2018, mainly due to the expansion of the Company's business scale.

Other Payables and Accruals

Other payables and accruals decreased by 86.0% from RMB1,741.0 million as of 31 December 2018 to RMB242.9 million as of 31 December 2019 primarily due to repayment of amounts due to related parties.

Other Interest-Bearing Borrowings

Other interest-bearing borrowings was fully settled as the Group has fully repaid the asset-backed securities in 2019.

Financial Position and Capital Structure

For the year ended 31 December 2019, the Group maintained a sound financial position.

As at 31 December 2019, the Group's current ratio (current assets/current liabilities) was 2.15 times (31 December 2018: 1.66 times) and net gearing indicated a net cash status (31 December 2018: 394.3%). Net gearing ratio is calculated by other interest-bearing borrowings minus cash and cash equivalent, and then divided by net assets. As at 31 December 2019, the Group did not have any outstanding other interest-bearing borrowings.

Pledge of Assets

As at 31 December 2019, none of the assets of the Group were pledged.

Contingent Liabilities

As at 31 December 2019, the Group did not have any material contingent liabilities.

Interest Rate Risk

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

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2019, the Group had not engaged 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

Acquisition of Guangzhou Dongkang

Pursuant to an equity transfer agreement entered into by the Group and the shareholders of Guangzhou Dongkang dated 1 February 2019, the Group acquired the entire equity interest in Guangzhou Dongkang at a cash consideration of RMB45,364,000. Guangzhou Dongkang is a property management and municipal sanitation services provider established in the PRC with limited liability. The equity transfer registration arrangement was completed in March 2019. Since then, Guangzhou Dongkang has become a subsidiary of the Group.

Please refer to the Prospectus for more details.

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, nor was there any plan authorized by the Board for other material investments or additions of capital assets at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have material subsequent events.

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 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 stated in the Prospectus, we intended to use net proceeds as follows: (i) approximately 65%, or approximately HKD511.4 million (equivalent to approximately RMB459.8 million) for pursuing strategic acquisition and investment opportunities; (ii) approximately 15%, or approximately HKD118.0 million (equivalent to approximately RMB106.1 million) for leveraging the advanced Internet of Things, Internet and AI technologies to build intelligent communities that would improve working efficiency, improve service quality for our customers and lower the labor costs; (iii) approximately 10%, or approximately HKD78.7 million (equivalent to approximately RMB70.7 million) for the development of a one-stop service community platform and our "Neighborhood Services" online service platform; and (iv) approximately 10%, or approximately HKD78.7 million (equivalent to approximately RMB70.7 million) for our general corporate purposes and working capital.

The proceeds would be allocated and used according to the purposes set out in the Prospectus and were not utilized as at 31 December 2019.

EMPLOYEES AND RENUNERATION POLICY

As at 31 December 2019, the Group had 8,050 employees (31 December 2018: 4,924 employees).

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2019 (the "AGM") is scheduled to be held on 15 May 2020 (Friday). A notice convening the AGM will be issued and disseminated to the shareholders of the Company (the "Shareholders") in due course.

FINAL DIVIDEND

The Board recommended a final dividend of RMB3.3 cents per ordinary share totalling RMB29,986,000 for the year ended 31 December 2019 (2018: Nil). The final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid on or around 2 July 2020.

The proposed final dividend shall be declared in RMB and paid in HKD. The final dividend payable in HKD will be converted from RMB to HKD at the average exchange rate of HKD against RMB announced by the People's Bank of China on 15 May 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 May 2020 (Tuesday) to 15 May 2020 (Friday), both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 11 May 2020 (Monday).

The record date for qualifying to receive the proposed final dividend is 25 May 2020 (Monday). In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval by the Shareholders in the forthcoming AGM, the register of members of the Company will be closed from 21 May 2020 (Thursday) to 25 May 2020 (Monday), both days inclusive. All transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 20 May 2020 (Wednesday).

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the period from the Listing Date to 31 December 2019. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the period from the Listing Date until 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2019.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2019 and the financial statements for the year ended 31 December 2019 prepared in accordance with the IFRSs.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for 2019 has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.shidaiwuye.com), and the annual report for 2019 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 10 March 2020

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