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 2021

SUMMARY OF ANNUAL RESULTS

- Revenue for the Year amounted to approximately RMB2,719.7 million, representing a year-on-year increase of approximately 54.7%.
- Gross profit for the Year amounted to approximately RMB742.1 million, representing a year-on-year increase of approximately 39.8%.
- Net profit for the Year amounted to approximately RMB334.1 million, representing a year-on-year increase of approximately 41.0%.
- The core net profit (excluding non-recurring expenses) attributable to owners of the parent for the Year amounted to approximately RMB330.5 million, representing a year-on-year increase of approximately 42.1%.
- The basic and diluted earnings per share for the Year were RMB31 cents, representing a year-on-year increase of 24.0%.
- As of 31 December 2021, the total contracted GFA for property management service amounted to approximately 132.0 million sq.m., representing an increase of approximately 61.8% as compared to approximately 81.6 million sq.m. as of 31 December 2020.
- The Board recommended a final dividend of RMB4.7 cents per ordinary share for the year ended 31 December 2021.

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 2021 (the "**Year**" or the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	4	**2,719,747**	1,758,427
Cost of sales		**(1,977,687)**	(1,227,379)
GROSS PROFIT		**742,060**	531,048
Other income and gains	5	**38,108**	23,546
Selling and marketing costs		**(20,561)**	(46,885)
Administrative expenses		**(279,224)**	(180,274)
Net impairment losses on financial and contract assets		**(10,443)**	(2,154)
Other expenses		**(28,281)**	(2,322)
Finance costs	7	**(3,348)**	(8,321)
Share of profit of an associate		**5,482**	2,101
PROFIT BEFORE TAX	6	**443,793**	316,739
Income tax expense	8	**(109,656)**	(79,865)
PROFIT FOR THE YEAR		**334,137**	236,874
Attributable to:			
Owners of the parent		**308,000**	232,606
Non-controlling interests		**26,137**	4,268
		334,137	236,874
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (expressed in RMB cents per share)	10	**31**	25

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**334,137**	236,874
OTHER COMPREHENSIVE LOSS		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of overseas subsidiaries	**21,801**	26,548
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**(35,455)**	(90,637)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(13,654)**	(64,089)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**320,483**	172,785
Attributable to:		
Owners of the parent	**294,346**	168,517
Non-controlling interests	**26,137**	4,268
	320,483	172,785

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**95,216**	51,931
Right-of-use assets		**15,911**	11,621
Goodwill		**562,909**	283,957
Other intangible assets		**253,693**	118,307
Investments in associates		**72,522**	64,346
Deferred tax assets		**20,949**	20,997
Prepayments, deposits and other receivables		**6,939**	187,296
Total non-current assets		**1,028,139**	738,455
CURRENT ASSETS			
Inventories		**1,435**	2,194
Trade receivables	*11*	**1,139,996**	574,082
Contract assets		**10,178**	12,747
Prepayments, deposits and other receivables		**263,334**	72,770
Financial assets at fair value through profit or loss		**–**	76,000
Restricted bank deposits		**11,324**	124,964
Cash and cash equivalents		**814,329**	1,047,739
Total current assets		**2,240,596**	1,910,496
CURRENT LIABILITIES			
Trade payables	*12*	**569,447**	275,467
Other payables and accruals		**371,544**	370,121
Contract liabilities		**128,025**	131,731
Lease liabilities		**8,790**	9,254
Tax payable		**72,903**	64,777
Government grants		**1,915**	200
Total current liabilities		**1,152,624**	851,550
NET CURRENT ASSETS		**1,087,972**	1,058,946
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,116,111**	1,797,401

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 December 2021

	Note	**2021** **RMB'000**	2020 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,116,111**	1,797,401
NON-CURRENT LIABILITIES			
Lease liabilities		**13,537**	13,096
Government grants		**6**	156
Deferred tax liabilities		**43,757**	22,452
Financial liabilities for put option written on non-controlling interests		**125,442**	–
Total non-current liabilities		**182,742**	35,704
Net assets		**1,933,369**	1,761,697
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**8,868**	8,868
Shares held for the share award scheme		**(22,198)**	(22,198)
Reserves		**1,838,121**	1,733,663
		1,824,791	1,720,333
Non-controlling interests		**108,578**	41,364
Total equity		**1,933,369**	1,761,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

General information

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021.

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

Other than as explained below regarding the impact of Amendment to IFRS 16, the adoption of the above revised standards has had no significant financial effect on these consolidated financial statements.

Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB253,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

The Group's revenue from external customers is derived solely from its operation in Mainland China. Except for the Group's certain property, plant and equipment amounting to HKD3,997,000 (equivalent to approximately RMB3,268,000) (2020: HKD13,000 (equivalent to approximately RMB11,000)), the Group's non-current assets are located in Mainland China.

Information about major customers

For the year ended 31 December 2021, revenue from Times China Holding Limited ("**Times China**") and its subsidiaries (collectively referred to as the "**Times China Group**") contributed 21.7% (2020: 24.6%) to the Group's revenue. Other than the revenue from Times China Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021 ***RMB'000***	2020 *RMB'000*
Services transferred over time:		
Property management services	**1,576,671**	1,009,483
Value-added services to non-property owners	**367,598**	393,700
Community value-added services	**437,639**	135,474
Professional services	**145,387**	107,259
	2,527,295	1,645,916
Goods transferred at a point in time:		
Value-added services to non-property owners	**29,318**	28,496
Community value-added services	**109,505**	50,679
Professional services	**53,629**	33,336
	192,452	112,511
	2,719,747	1,758,427

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:

	2021 ***RMB'000***	2020 *RMB'000*
Property management services	**100,142**	108,292

(b) Performance obligations

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

Property management 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 and payment is generally due within 30 to 90 days from the billing date. 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.

Value-added services to non-property owners

Value-added services to non-property owners mainly include construction site services, sales assistance services, pre-delivery cleaning services, construction and installation services and brokerage services provided to non-property owners. The term of the contracts for construction site services and sales assistance services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required. Pre-delivery cleaning services, construction and installation services are rendered in a short period of time and there were no unsatisfied performance obligations at the end of the respective periods. As the customers simultaneously receive and consume the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied.

For brokerage services, the Group provides sales and rental assistance services to property developers.

Brokerage commission is recognised at a point in time when a buyer/lessee and a seller/lessor execute a legally binding agreement and the performance obligations are satisfied.

The payment for value-added services to non-property owners is generally due when the services are rendered to the customer.

Community value-added services

The community value-added services except for brokerage services provided to property owners and residents and sale of goods 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. The payment for such community value-added services is generally due when the services are rendered to the customer.

Brokerage commission is recognised at a point in time when a buyer/lessee and a seller/lessor execute a legally binding agreement and the performance obligations are satisfied. The payment is generally due when the services are rendered to the customer.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The payment is generally due within 30 to 90 days from delivery.

Professional services

Revenue from sales commission, and the sale of elevators and elevator parts is recognised at the point in time when control of the asset is transferred to the end customer. The payment is generally due within 30 to 90 days from delivery.

Revenue from the provision of other professional services is recognised when the services are rendered and the terms of the contracts for other professional services are generally set to expire when the counterparties notify the Group that the services are no longer required. The payment is generally due when the services are rendered to the customer.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**3,837**	10,570
Gain on disposal of financial assets at fair value through profit or loss	**5,328**	4,338
Government grants	**18,707**	2,632
Tax incentives on value-added tax	**7,654**	4,660
Others	**2,582**	1,346
	38,108	23,546

6. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of services provided*	**1,863,763**	1,174,524
Cost of inventories sold	**113,924**	52,855
Depreciation of property, plant and equipment	**17,718**	10,226
Depreciation of right-of-use assets	**6,816**	4,983
Amortisation of other intangible assets	**41,239**	12,693
Research and development costs:		
Current year expenditure	**4,739**	3,233
Deferred expenditure amortised**	**2,407**	1,647
Auditors' remuneration	**2,699**	2,498
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
Wages and salaries	**804,561**	618,342
Pension scheme contributions***	**87,005**	27,298
Equity-settled share award scheme expense	**3,921**	530
Less: Amount capitalised in other intangible assets	**(20,669)**	(2,487)
	874,818	643,683

	2021 *RMB'000*	2020 *RMB'000*
Net impairment losses recognised/(reversed) on financial and contract assets		
– Trade receivables	**10,832**	(1,247)
– Contract assets	**(389)**	3,401
	10,443	2,154
Rental expense		
– Short-term leases	**15,298**	13,578
– Leases of low-value assets	**837**	703
	16,135	14,281
Bank interest income	**(3,837)**	(10,570)
Government grants	**(18,707)**	(2,632)
Gain on disposal of financial assets at fair value through profit or loss	**(5,328)**	(4,338)
Compensation paid for contract termination for business combination	**30,000**	–

* Cost of services provided for the Year included an aggregate amount of RMB716,919,000 (2020: RMB560,880,000) 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.

** Deferred expenditure amortised recognised in the administrative expenses was also included in the amortisation of other intangible assets.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	2021 *RMB'000*	2020 *RMB'000*
Interest expense on lease liabilities	**1,252**	1,071
Interest expense arising from revenue contracts	**2,096**	7,250
	3,348	8,321

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

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("**CIT**") rate of 25% for the Reporting Period. Certain subsidiaries of the Group operating in Mainland China enjoyed a preferential CIT rate of 15% or 20% during 2021 and 2020.

	2021 ***RMB'000***	2020 *RMB'000*
Current income tax	**110,326**	81,351
Deferred income tax	**(670)**	(1,486)
Total tax charge for the year	**109,656**	79,865

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

	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**443,793**		316,739	
Tax at the statutory tax rate	**110,948**	**25.0**	79,185	25.0
Lower tax rates enacted by local authorities	**(10,471)**	**(2.4)**	(1,296)	(0.4)
Tax incentives on eligible expenses	**(1,498)**	**(0.3)**	(2,449)	(0.8)
Profit attributable to an associate	**(1,371)**	**(0.3)**	(525)	(0.2)
Expenses not deductible for tax	**6,727**	**1.5**	4,701	1.5
Tax losses not recognised	**371**	**0.1**	249	0.1
Taxes on undistributed profits of the subsidiaries in the PRC	**4,950**	**1.1**	–	–
Tax charge at the Group's effective rate	**109,656**	**24.7**	79,865	25.2

9. DIVIDENDS

The Board recommended a final dividend of RMB4.7 cents per ordinary share totalling RMB46,327,000 for the year ended 31 December 2021 (2020: RMB69,983,000).

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 982,323,000 (2020: 942,845,000) in issue during the year.

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

	2021	2020
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	**308,000**	232,606
Shares		
Weighted average number of ordinary shares in issue during the year (in thousand)	**982,323**	942,845
Earnings per share		
Basic and diluted (RMB cents per share)	**31**	25

Because the diluted earnings per share amount is increased when taking shares held for the share award scheme into account, the shares held for the share award scheme had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share.

11. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Related parties *(note (a))*	**761,565**	388,456
Third parties *(note (b))*	**398,085**	197,600
	1,159,650	586,056
Impairment	**(19,654)**	(11,974)
	1,139,996	574,082

Notes:

(a) Trade receivables from related parties are due in 12 months upon the issuance of demand notes.

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

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group had significant concentration of credit risk as 53.6% (2020: 52.9%) of the trade receivables were derived from Times China Group as at 31 December 2021. 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:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**1,013,727**	557,653
1 to 2 years	**119,164**	11,394
2 to 3 years	**5,639**	3,970
3 to 4 years	**1,256**	922
4 to 5 years	**210**	143
	1,139,996	574,082

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**11,974**	13,340
Net impairment losses recognised/(reversed) *(note 6)*	**10,832**	(1,247)
Amount written off as uncollectible	**(3,152)**	(119)
At end of year	**19,654**	11,974

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:

	2021	2020
	RMB'000	*RMB'000*
Less than 1 year	**495,195**	263,941
Over 1 year	**74,252**	11,526
	569,447	275,467

Included in the trade payables are payables of RMB2,518,000 (2020: RMB4,355,000) due to related parties which are repayable within 60 days.

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

13. SHARE CAPITAL

	2021	2020
Authorised: 2,000,000,000 (2020: 2,000,000,000) ordinary shares of HKD0.01 each	**HKD20,000,000**	HKD20,000,000
Issued and fully paid: 985,672,747 (2020: 985,672,747) ordinary shares of HKD0.01 each	**HKD9,856,727**	HKD9,856,727
Equivalent to	**RMB8,868,000**	RMB8,868,000

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2021.

RAPID ENHANCEMENT OF CAPACITY AND WIDE RECOGNITION IN THE INDUSTRY

Time flies like an arrow ! The year 2021 has passed quickly. It is the final year of the first three-year plan of Times Neighborhood. We are very pleased to see the remarkable achievements made by Times Neighborhood in the past three years. Looking back on 2019, Times Neighborhood was successfully listed on the Stock Exchange, and rapidly expanded its scale with the power of the capital market, whilst making great progress in terms of management area, business forms and regional arrangements. In 2021, Times Neighborhood made efforts in deep engagement in four core urban agglomerations, increasing its management area year on year by approximately 53.3% to more than 100 million sq.m.

Due to the rapid increase in the scale of management and the smooth diversification of business, the Group steadily improved its financial indicators, and achieved a significant increase in revenue and profitability. In 2021, the Group's revenue was approximately RMB2,719.7 million, representing a year-on-year increase of approximately 54.7%; gross profit was approximately RMB742.1 million, representing a year-on-year increase of approximately 39.8%.

With its brand strength and substantive experience, the Group focused on its core business forms and actively made arrangements in core urban agglomerations. The Group achieved continuous expansion of scale through diversified expansion. For the year ended 31 December 2021, our increase in contracted area through third-party independent expansion was approximately 20.16 million sq.m., doubling that of 2020 !

With technological usage, Times Neighborhood has created the life-cycle "technology+service" platform, and achieved dual-wheel drive for property management and value-added services. Through online property management, online project operation and online community-based transactions, the Group achieved accurate customer profiling, promoted the development of the project management and value-added business, and continuously increased the activity of property owners and customer stickiness through community operations. For the year ended 31 December 2021, revenue from community value-added services was approximately RMB547.1 million, representing a year-on-year increase of approximately 193.8%.

Times Neighborhood also made breakthroughs in environmental protection, social responsibility and corporate governance. During the Year, the Group established an Environmental, Social and Governance ("**ESG**") committee to guide and review the formulation of the Company's ESG management policies and strategies. The Group actively promoted the "National Green and Low-carbon Action" initiative, carrying out a series of online and offline community-based environmental protection activities, popularizing the relevant knowledge of "carbon peaking" and "carbon neutrality", and publicizing effective carbon reduction actions for property owners to jointly create a low-carbon community.

On the basis of continuous expansion of business scale and improvement of service quality, the Group was recognized by China Index Academy ("**CIA**") as the 12th among the Top 100 Property Management Companies in China in terms of comprehensive strength, and was granted awards such as "Top 7 Listed Property Management Companies with Growth Potential in China", "China's Leading Brand Enterprise in Terms of Professional Operation of Property Management in 2021", "China's Best Employer in the Property Management Industry in 2021" and "Leading Enterprise in the Property Service Market in the Guangdong-Hong Kong-Macao Greater Bay Area" by CIA. The Group had a brand value of RMB6,441 million and took its brand strength to a new level. Meanwhile, the Group has received various awards from various industry authorities, such as "China's Top 15 Listed Property Service Enterprises in 2021", "China's Leading Listed Property Company in Terms of Market Development Ability in 2021", "China's Leading Enterprise in Quality Property Service in 2021" and "Top 10 Listed Service Companies in Operation Innovation in 2021". We are particularly delighted that the Group has ranked among "China's Top 50 Leading Real Estate Technology Enterprises" by KPMG and "2020-2021 China's Top 20 Property Enterprise in Digital Strength" by E-House (China) - CRIC, acknowledging the Group's continuous efforts in improving its digital ability.

INDUSTRY REVIEW

The previous year was a challenging year. In 2021, the COVID-19 outbreak did not subside, with sporadic outbreaks in many parts of China, affecting the macro economy and people's livelihoods. However, due to good epidemic prevention measures and a loose policy environment, China remained in the leading position globally in economic development and epidemic prevention and control. In 2021, the overall economy recovered continuously and steadily with a year-on-year increase of 8.1% in GDP.

The complex economic environment increasingly highlighted the importance of property management companies in grass-roots governance, resident services and employment stabilization. The value and status of property service companies were further recognized at the national level. Policy support and standards would continue to promote the development and demand upgrading of property services. Therefore, the industry was in a golden period of development. According to estimates from third-party research organizations, as of the end of 2021, the total GFA under property management in China increased to 27.4 billion sq.m., and the market share of the top 100 enterprises would increase to 52.1%.

Meanwhile, under the encouragement by policies, continuous quality improvement and capacity expansion were achieved in the property management industry. At the beginning of 2021, the Ministry of Housing and Urban-Rural Development, together with ten ministries and commissions, issued the Notice on Strengthening and Improving Residential Property Management, which specified requirements for the development of the property management industry in six aspects, namely integration into the grass-roots social governance system, improvement in the governance structure of property owners' committees, improvement in the level of property management service, promotion of the development of the resident service industry, standardization of the use and management of maintenance funds and strengthening of the supervision and management of property services, and encouraged to explore the "property services + resident services" model. This laid a foundation for the standardized development of the industry. In May 2021, 12 authorities including the Ministry of Commerce, the National Development and Reform Commission and the Ministry of Civil Affairs jointly issued the Opinions on Promoting the Construction of One-quarter Hour Convenient Living Circle in Cities, which encouraged qualified property service companies to extend their business scope to cover elderly care, child care and housekeeping, etc., so as to promote the development of the "property services + resident services" business model of property service companies. In addition, in the “14th Five-Year” Plan, property management is mentioned six times, including the quality development of the resident service industry, comprehensive promotion of rural revitalization, consolidation of achievements in poverty alleviation, improvement in the urban governance level, improvement in community management and service mechanisms, and construction of a green policy development system, etc., thus providing room for the development of the property management industry.

FUTURE OUTLOOK AND STRATEGIES

With the continuous improvement in the marketization of the property management industry, standardized development becomes inevitable. Eight ministries and commissions of China including the Ministry of Housing and Urban-Rural Development jointly issued documents to regulate the order of real estate development, further eliminate non-standard property enterprises, accelerate industry clearing, and promote the concentration of resources on high-quality enterprises. These are conducive to the rapid integration of high-quality property enterprises. In recent years, the development model of the real estate industry has gradually shifted to a virtuous circular development model, and the competition in the existing market is expected to focus on scale expansion. In light of rising costs and refined management, the ability in making high-density arrangements in key cities directly determines the upper limit on future management efficiency improvement and business enabling.

In addition, with the gradual advancement of new urbanization, the development of urban agglomeration has become an important direction. The “14th Five-Year” Plan specifies that efforts should be made to optimize and upgrade the urban agglomerations including Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Chengdu-Chongqing and the middle reaches of the Yangtze River, with a focus on the promotion of urban agglomeration development. The concentration of production factors including population, industry and capital on the centers of urban agglomerations continues to increase, which provides the market basis, business environment and development momentum for property service companies to provide diversified services. In light of the increase in social demands of urban agglomerations, property service companies will gradually usher in a new prospect – “high quality and price”.

As a result, we will face intensified competition, but the market we serve will be larger. We will play fully to our advantage. In the first three-year plan period, Times Neighborhood expanded rapidly with the power of capital. In the next three years, Times Neighborhood will usher in better development opportunities.

In order to let more people enjoy a better life, we will continue to adhere to our “4321” core strategy !

In terms of scale, we will continuously and deeply engage in four core urban agglomerations, namely the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, Chengdu-Chongqing, and Central China, with a focus on the three core business forms, namely housing, industrial parks and public buildings. We will vigorously carry out the “Spark Plan” to get deeply engaged in cities where we have operated and expand the coverage of residential buildings. We will establish strategic cooperation with more industrial parks to further expand our presence in core areas. We will continuously construct a “large public building” platform to integrate all high-quality resources of the Group and build a good reputation in the public building sector.

In terms of value-added business, we will build a "housing group" around community assets and a "resident group" around property owners, based on community. The resident group business will continuously attract traffic through community operation, to provide a foundation for the development of community group buying and other businesses, and a platform for the development of long-term emerging businesses. The housing group will continuously tap into community resources and improve the conversion rate to contribute more profits to subsequent developments. In terms of technology platforms, we will continue to increase our investment in technology and continuously optimize our customer-oriented system to enhance the experience of customers. Meanwhile, we will strengthen the construction of internal organizational processes, business systems, business analysis platforms and other infrastructure, so as to improve the operational efficiency of the organization.

We believe that as long as we adhere to the correct strategic direction and long-termism, we will eventually achieve greater success and give back to our owners, shareholders, employees, partners, and friends in all sectors of society who care about Times Neighborhood, with better results !

Finally, on behalf of the Board, I would like to express my heartfelt gratitude to all the employees for their dedication and efforts, and to property owners, shareholders and partners for their care about Times Neighborhood, and their trust and support to the Group over the years !

BAI Xihong
Chairman of the Board and Non-executive Director

31 March 2022

BUSINESS REVIEW

Business Overview

The Group is a leading and fast-growing comprehensive urban service operator in China, providing high-quality community services, urban services and innovative services for diversified businesses such as residential, industrial parks, public buildings and other urban spaces. In 2021, the Group was ranked 12th among China's Top 100 Property Management Companies by CIA in terms of overall strength.

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

Property Management Services

As of 31 December 2021, our property management services under management have covered 87 cities, with 901 property management projects under management (excluding 27 urban public service projects), and a GFA under property management of approximately 105.5 million sq.m.. In addition, we had a total of 137 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 26.5 million sq.m.. Leveraging the good quality and market reputation, our scale under management continues to increase.

In 2021, we rapidly expanded our property management services portfolio and increased our business scale and market share and diversified our business scope through organic expansion and strategic acquisition and investment opportunities.

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

	For the year ended 31 December			
	2021		2020	
	Contracted GFA	**GFA under management**	Contracted GFA	GFA under management
	sq.m.'000	***sq.m.'000***	*sq.m.'000*	*sq.m.'000*
At the beginning of the period	**81,676**	**68,818**	49,293	38,429
New engagements[1]	**27,713**	**20,350**	12,682	10,526
Acquisitions[2]	**29,231**	**22,101**	21,969	21,875
Terminations[3]	**(6,605)**	**(5,756)**	(2,268)	(2,012)
At the end of the period	**132,015**	**105,513**	81,676	68,818

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 our engagements consolidated through holding a total of 80% equity interest of Chengdu Holytech Technology Co., Ltd. (成都合達聯行科技有限公司) (“**Chengdu Holytech**”) after the further acquisition of Chengdu Holytech in 2021, and the engagements obtained through our acquisitions of Guangzhou Haoqing Property Management Co., Ltd. (廣州市浩晴物業管理有限公司) (“**Guangzhou Haoqing**”) and Guangzhou Yaocheng Property Management Co., Ltd. (廣州市耀城物業管理有限公司) (“**Guangzhou Yaocheng**”), and the acquisition of 51% equity interest in Shanghai Kejian Property Services Co., Ltd. (上海科箭物業服務有限公司) (“**Shanghai Kejian**”) in 2020.

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

Our Geographical Presence

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

	For the year ended 31 December			
	2021		2020	
	Contracted GFA	**GFA under management**	Contracted GFA	GFA under management
	sq.m.'000	***sq.m.'000***	*sq.m.'000*	*sq.m.'000*
Greater Bay Area				
Guangzhou	**25,187**	**21,473**	21,323	20,106
Foshan	**12,213**	**9,181**	11,035	9,125
Zhuhai	**5,023**	**4,758**	4,792	4,604
Zhongshan	**4,602**	**4,119**	4,629	4,023
Dongguan	**3,285**	**2,627**	2,476	2,185
Zhaoqing	**3,224**	**2,617**	3,007	2,338
Huizhou	**2,727**	**1,970**	1,683	912
Jiangmen	**3,285**	**2,513**	2,554	2,055
Shenzhen	**139**	**139**	139	139
Subtotal	**59,685**	**49,397**	51,638	45,487
Other Region				
Northeast China(1)	**210**	**210**	210	210
North China(2)	**2,122**	**2,038**	1,682	1,682
East China(3)	**17,286**	**16,624**	10,117	10,025
South China(4)	**13,056**	**5,794**	10,203	4,966
Central China(5)	**9,456**	**7,727**	6,149	4,860
Northwest China(6)	**2,912**	**1,891**	97	97
Southwest China(7)	**27,288**	**21,832**	1,580	1,491
Subtotal	**72,330**	**56,116**	30,038	23,331
Total	**132,015**	**105,513**	81,676	68,818

Notes:

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

(1) Northeast China includes: Liaoning Province;

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

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

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

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

(6) Northwest China includes: Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region;

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

The Group has been deeply rooted in the Greater Bay Area for more than 20 years and has continuously expanded the scope of property management in the Greater Bay Area, further consolidating its competitive advantage in the area. As at 31 December 2021, among the Group's projects under property management, the projects with the GFA under property management of approximately 49.4 million sq.m. were located in the Greater Bay Area, accounting for 46.8% of the GFA under property management. Benefiting from a good brand image, an excellent expansion team and a flexible and efficient incentive system, the market expansion capability of the Group has been continuously enhanced. In 2021, the Group increased the contracted area by 20.2 million sq.m. through third-party independent expansion.

Portfolio of properties under management

We manage a diversified portfolio of properties, and in addition to focusing on 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 and revenue generated from property management services for the periods indicated by the type of property:

	For the year ended 31 December							
	2021				2020			
	GFA under management ***(sq.m.'000)***	**Percentage** ***%***	**Revenue** ***(RMB'000)***	**Percentage** ***%***	GFA under management *(sq.m.'000)*	Percentage *%*	Revenue *(RMB'000)*	Percentage *%*
Residential properties	**48,765**	**46.2**	**777,677**	**49.3**	22,322	32.4	499,567	49.5
Non-residential properties	**56,748**	**53.8**	**798,994**	**50.7**	46,496	67.6	509,916	50.5
Total	**105,513**	**100.0**	**1,576,671**	**100.0**	68,818	100.0	1,009,483	100.0

Benefitting from our continuous efforts to expand the customer base and to diversify the portfolio of properties under management, the effective strategies for independent expansion and mergers and acquisitions were implemented to gain a balanced and diversified business layout. As of 31 December 2021, the management area for the residential business was approximately 48.8 million sq.m., accounting for approximately 46.2% of the scale under management. The revenue derived from the management of residential properties for the year was approximately RMB777.7 million, accounting for approximately 49.3% of the revenue from property management services, representing an increase of approximately 55.7% as compared with the same period of 2020. 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, grow our customer base and create diversified sources of financial growth.

Nature of developers served

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

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

	For the year ended 31 December							
	2021				2020			
	GFA under management *(sq.m.'000)*	Percentage %	Revenue *(RMB'000)*	Percentage %	GFA under management *(sq.m.'000)*	Percentage %	Revenue *(RMB'000)*	Percentage %
Times China Group[(1)]	**24,916**	**23.6**	**568,786**	**36.1**	21,324	31.0	491,985	48.7
Third parties[(2)]	**80,597**	**76.4**	**1,007,885**	**63.9**	47,494	69.0	517,498	51.3
Total	**105,513**	**100.0**	**1,576,671**	**100.0**	68,818	100.0	1,009,483	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 69.0% in 2020 to 76.4% in 2021. The revenue generated from managing properties developed by third-party property developers increased from RMB517.5 million in 2020 to RMB1,007.9 million in 2021. Such growth is mainly due to our strategic acquisitions and third-party independent expansion.

Value-added Services to Non-property Owners

We offer a broad range of property related business solutions to non-property owners, primarily property developers, which cover their entire property development process, consisting of (i) sales assistance services, which assist property developers in showcasing and marketing their properties, including pre-sale consultation, display unit management, organizing sales campaigns as well as visitor reception for property development projects; (ii) construction site services, including consultancy and security services; (iii) housing agency services for residences, shops and parking spaces; (iv) pre-delivery cleaning services; and (v) urban redevelopment project services. As a result of the cyclical impact of China's real estate market, the revenue derived from value-added services to non-property owners in 2021 decreased by 6.0% to approximately RMB396.9 million from RMB422.2 million in 2020, primarily due to the decrease in revenue from sales assistance services.

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

	For the year ended 31 December			
	2021		2020	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Sales assistance services	**254,675**	**64.2**	277,895	65.8
Construction site services	**37,754**	**9.5**	41,773	9.9
Pre-delivery cleaning services	**37,063**	**9.3**	38,927	9.2
Urban redevelopment project services	**38,106**	**9.6**	35,145	8.3
Housing agency services	**29,318**	**7.4**	28,496	6.8
Total	**396,916**	**100.0**	422,196	100.0

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 bag check, home renovation, asset management, community group buying and housekeeping services.

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

	For the year ended 31 December			
	2021		2020	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Public space leasing and parking space management	**103,286**	**18.9**	68,870	37.0
Resident services	**443,858**	**81.1**	117,283	63.0
Total	**547,144**	**100.0**	186,153	100.0

In 2021, the revenue from community value-added services increased by 193.8% to approximately RMB547.1 million as compared with RMB186.2 million for the corresponding period in 2020, which was mainly due to the expansion of our GFA under property management, the substantial increase in the number of users served and the diversification of resident services business types.

In 2021, we continued to vigorously promote "Neighborhood Services" APP and "Neighborhood Shopping", community online shopping platforms, to provide property owners with high-quality goods and considerate services, and to improve the activity level of users and customer stickiness by carrying out community operation activities, so as to increase the number of orders from the platforms and realize the mutual transformation of online and offline traffic. Our revenue from resident services increased by 278.5% to approximately RMB443.9 million, as compared with the same period of 2020.

Other Professional Services

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

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

	For the year ended 31 December			
	2021		2020	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Zhilian technology services	**102,084**	**51.3**	43,605	31.0
Elevator services	**46,153**	**23.2**	49,234	35.0
Urban public services	**50,779**	**25.5**	47,756	34.0
Total	**199,016**	**100.0**	140,595	100.0

In 2021, we were deeply engaged in Zhilian technology services, which are oriented towards four major sectors: family, community, business enterprise and city services, to provide building intelligence, smart park consulting design, upgrade, reconstruction, operation and maintenance services. The revenue from Zhilian technology services increased to approximately RMB102.1 million from approximately RMB43.6 million in the same period of 2020.

In 2021, we continued to develop urban public services projects, providing services such as municipal sanitation, security patrol, integrated management of construction site and comprehensive cleaning for these projects. As at 31 December 2021, we had a total of 33 urban public service contract projects, with a contract amount of approximately RMB214.4 million in total and an annualized contract amount of approximately RMB76.9 million.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from property management services, value-added services to non-property owners, community value-added services and other professional services. The Group's revenue increased by approximately RMB961.3 million or approximately 54.7% to approximately RMB2,719.7 million in 2021 from approximately RMB1,758.4 million in 2020, which was primarily attributable to the increase in our revenue from property management services and revenue from community value-added services.

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

	For the year ended 31 December			
	2021		2020	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Property management services	**1,576,671**	**58.0**	1,009,483	57.4
Value-added services to non-property owners	**396,916**	**14.6**	422,196	24.0
Community value-added services	**547,144**	**20.1**	186,153	10.6
Other professional services	**199,016**	**7.3**	140,595	8.0
Total	**2,719,747**	**100.0**	1,758,427	100.0

The property management services are still our largest source of revenue. In 2021, the Group's revenue from property management services was approximately RMB1,576.7 million, accounting for 58.0% of the Group's total revenue. The increase in revenue was primarily driven by the fast growth of our GFA under management, which resulted from both our continuous cooperation with Times China Group and our efforts to expand the third-party customer base. The decrease in revenue from value-added services to non-property owners was mainly due to the decline in the revenue from sales assistance services and pre-delivery cleaning services as a result of the cyclical impact of China's real estate market. The increase in revenue from community value-added services was mainly due to an increase in the management area, the diversification of service business types as well as the rapid growth of the number of users served. The increase in revenue from other professional services was mainly due to an increase in revenue from Zhilian technology services.

Cost of Sales

Our expenses mainly consist of (i) labor costs; (ii) cleaning and gardening expenses; and (iii) maintenance costs, etc. For the year ended 31 December 2021, the total expenses of the Group was approximately RMB1,977.7 million, which was increased by approximately RMB750.3 million or approximately 61.1% as compared to approximately RMB1,227.4 million for the year ended 31 December 2020. Such increase was mainly due to the increase in the scale of revenue, while the growth rate of cost of sales was higher than that of revenue, due to the adjustment of the Company's business structure.

Gross Profit and Gross Profit Margin

Based on the above reasons, the gross profit of the Group increased by RMB211.1 million or 39.8% to RMB742.1 million in 2021 from RMB531.0 million in 2020, which was primarily attributable to the increase in the scale of revenue. The gross profit margin of the Group decreased by 2.9 percentage points to 27.3% in 2021 from 30.2% in 2020.

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

	For the year ended 31 December	
	2021	2020
	%	%
Property management services	**26.7**	28.2
Value-added services to non-property owners	**26.0**	29.8
Community value-added services	**33.9**	51.0
Other professional services	**16.1**	18.2
Total gross profit margin	**27.3**	30.2

In 2021, the gross profit margin of the Group decreased by 2.9 percentage points year on year, primarily due to the growth in the scale of property management and the general decrease in gross profit margin as a result of the adjustment of business structure.

Our gross profit margin of property management services decreased by 1.5 percentage points. The decrease in gross profit margin of property management services was mainly due to the expansion of the scale of properties developed by third-party property developers which constituted lower gross profit margin as compared with the original project portfolio.

Our gross profit margin of value-added services to non-property owners decreased by 3.8 percentage points, primarily due to the decrease in revenue and gross profit margin of sales assistance business as a result of the cyclical impact of China's real estate market.

The gross profit margin of our community value-added services decreased by 17.1 percentage points, mainly due to the Company's strategic expansion of resident services, which helped achieve geometric growth. However, there was a decrease in the gross profit margin, due to the adjustment and change of service portfolio.

Our gross profit margin of other professional services decreased by 2.1 percentage points, primarily due to the adjustment of the business structure of our Zhilian technology services.

Other Income and Gains

The other income of the Group increased by approximately RMB14.6 million or 62.1% to approximately RMB38.1 million in 2021 from approximately RMB23.5 million in 2020, which was primarily attributable to the increase in gains from government grants received.

Administrative Expenses

Administrative expenses mainly consist of (i) office expenses; and (ii) depreciation and amortization, etc. For the year ended 31 December 2021, the total administrative expenses of the Group were approximately RMB279.2 million, which increased by approximately RMB98.9 million or approximately 54.9% as compared to approximately RMB180.3 million for the year ended 31 December 2020. Such increase was mainly due to the increase in the expenses arising from business expansion.

Other Expenses

The other expenses of the Group increased by RMB26.0 million or 1,130.4% to RMB28.3 million in 2021 from RMB2.3 million in 2020. The increase in the expenses was mainly due to the increase in non-operating expenditure.

Finance Costs

The finance costs of the Group decreased by approximately RMB5.0 million or 60.2% to approximately RMB3.3 million in 2021 from approximately RMB8.3 million in 2020. The decrease in the expenses was mainly because of the decrease in the interest expense generated from the contract revenue of property management, which arose from property management fees received in advance of the due date and will gradually decrease as the property management fees received in advance matures.

Income Tax Expense

For the year ended 31 December 2021, the income tax of the Group was approximately RMB109.7 million (2020: RMB79.9 million). The increase was primarily due to the increase in taxable income.

Core Net Profit Attributable to Owners of the Parent for the Year

After excluding non-recurring expenses from the net profit attributable to owners of the parent for the Year, the core net profit attributable to owners of the parent for the Year amounted to approximately RMB330.5 million in 2021 (2020: RMB232.6 million), representing an increase of 42.1%.

Property, Plant and Equipment

The Group's property, plant and equipment mainly include leasehold improvement, motor vehicles and office equipment. As at 31 December 2021, the Group's property, plant and equipment was approximately RMB95.2 million, representing an increase of approximately RMB43.3 million as compared to RMB51.9 million at the end of 2020, primarily due to the business expansion, the increase in certain fixed assets through the acquisition of companies by the Group and the increase in the purchase of office equipment and business equipment.

Trade Receivables

Trade receivables mainly arise from property management services, value-added services to non-property owners and other professional services provided to Times China Group and third parties. The Group's trade receivables as at 31 December 2021 amounted to approximately RMB1,140.0 million, representing an increase of approximately RMB565.9 million or 98.6% as compared to approximately RMB574.1 million as at 31 December 2020, primarily due to the increase in receivables arising from the expansion of the Company's business scale.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 3.9% from approximately RMB260.1 million as of 31 December 2020 to approximately RMB270.3 million as of 31 December 2021, primarily due to the expansion of the Company's business scale.

Trade Payables

The Group's trade payables as at 31 December 2021 amounted to approximately RMB569.4 million, representing an increase of approximately RMB293.9 million or 106.7% as compared to approximately RMB275.5 million as at 31 December 2020, primarily due to the expansion of the Company's business scale.

Other Payables and Accruals

Other payables and accruals increased by 0.4% from approximately RMB370.1 million as of 31 December 2020 to approximately RMB371.5 million as of 31 December 2021.

Financial Position and Capital Structure

For the year ended 31 December 2021, the Group maintained a sound financial position.

As at 31 December 2021, the Group's current ratio (current assets/current liabilities) was 1.94 times (31 December 2020: 2.24 times) and net gearing ratio indicated a net cash status (31 December 2020: net cash). Net gearing ratio is calculated by other interest-bearing borrowings minus cash and cash equivalent, and then divided by net assets. As at 31 December 2021 and 2020, the Group did not have any outstanding other interest-bearing borrowings.

Financial Guarantee

As at 31 December 2021, the Group did not have any financial guarantee.

Pledge of Assets

As at 31 December 2021, none of the assets of the Group were pledged.

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

Interest Rate Risk

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

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2021, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

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

Further Acquisition of Chengdu Holytech

In accordance with the equity transfer agreement dated 16 April 2021 entered into between, among others, Guangzhou Times Property Management Co., Ltd.（廣州市時代物業管理有限公司）(“**Guangzhou Times Property**”) and Chengdu Holytech, Guangzhou Times Property acquired 31% equity interest in Chengdu Holytech at a consideration of RMB194,492,100. Chengdu Holytech Property Co., Ltd.（成都合達聯行物業服務有限公司）(“**Holytech Property**”) is a wholly-owned subsidiary of Chengdu Holytech, which is a property management service provider established in the PRC. The business registration and arrangement of such equity transfer were completed in April 2021. Upon completion, Guangzhou Times Property held a total of 80% equity interest in Chengdu Holytech, while Chengdu Holytech and Holytech Property became subsidiaries of the Group. For more details, please refer to the announcements of the Company dated 11 December 2020 and 16 April 2021.

The Contractual Arrangements

As stated in the announcement of the Company dated 20 December 2021, Guangzhou Times Linlibang Network Technology Co., Ltd. (廣州市時代鄰里邦網絡科技有限公司) (a wholly-owned subsidiary of the Company), Hainan Qi Lin Technology Co., Ltd. (海南啟鄰科技有限公司) (“**Hainan Qi Lin**”), Mr. Cen Qixiong and Ms. Mei Huimin entered into the VIE Agreements so as to acquire 100% equity interest of Hainan Qi Lin at nil consideration. Upon signing of the VIE Agreements, the financial results of Hainan Qi Lin were consolidated into the financial statements of the Group and Hainan Qi Lin became a subsidiary of the Company.

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

EVENTS AFTER THE REPORTING PERIOD

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

USE OF NET PROCEEDS FROM THE LISTING

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

The proceeds from the listing are and will be 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:

	Proposed Use of Proceeds	Actual Use of Proceeds (Including the Reserved Amount) as at 31 December 2021	Intended Use of Remaining Unutilized Proceeds	Expected Timeline for Use of Remaining Unutilized Proceeds
a)	Approximately 65% of the total net proceeds or HKD511,383,716 will be used for seeking selective strategic investment and acquisition opportunities and further developing strategic alliances;	Approximately 65% of the total net proceeds or HKD511,383,716 was totally used for seeking selective strategic investment and acquisition opportunities and further developing strategic alliances, as follows: i. Approximately 5.0% of the net proceeds or RMB32,722,984.8 (equivalent to approximately HKD39,247,948.0) was used for acquiring the entire equity interest in Guangzhou Haoqing; ii. Approximately 2.3% of the net proceeds or RMB14,868,132.6 (equivalent to approximately HKD17,832,838.2) was used for acquiring the entire equity interest in Guangzhou Yaocheng; iii. Approximately 35.7% of the net proceeds or RMB234,050,000.0 (equivalent to approximately HKD280,719,570.0) was used for acquiring a 51% equity interest in Shanghai Kejian; iv. Approximately 20.8% of the net proceeds or RMB136,504,180.0 (equivalent to approximately HKD163,723,113.3) was used for acquiring a 49% equity interest in Chengdu Holytech; and v. Approximately 1.2% of the net proceeds or RMB8,220,982.6 (equivalent to approximately HKD9,860,246.5) was used for other strategic acquisitions. There was no material deviation for the actual usages from the original intended uses.	There are no remaining unutilized proceeds.	Nil
b)	Approximately 15% of the total net proceeds or HKD118,011,627 will be used for improving the customer service quality by using advanced technology and building a smart community;	Approximately 10.2% of the total net proceeds or HKD80,502,871 was used for improving the customer service quality by using advanced technology and building a smart community, as follows: i. Approximately 5.6% of the net proceeds or HKD44,293,906 was used for the smart community project; ii. Approximately 4.3% of the net proceeds or HKD34,133,126 was used for the nationwide integrated management and control platform; and iii. Approximately 0.3% of the net proceeds or HKD2,075,840 was used for the property engineering digital operation and maintenance project. There was no material deviation for the actual usages from the original intended uses.	Approximately 4.8% of the remaining unutilized net proceeds or HKD37,508,756 will continue to be used for the original purpose.	On or before 31 December 2022

	Proposed Use of Proceeds	Actual Use of Proceeds (Including the Reserved Amount) as at 31 December 2021	Intended Use of Remaining Unutilized Proceeds	Expected Timeline for Use of Remaining Unutilized Proceeds
c)	Approximately 10% of the total net proceeds or HKD78,674,417 will be used for further developing a one-stop service platform; and	Approximately 4.4% of the total net proceeds or HKD34,799,503 was used for further developing a one-stop service platform, as follows: i. Approximately 1.1% of the net proceeds or HKD8,546,055 was used for the development of the one-stop service platform "Neighborhood Services (鄰里邦)" and the application development of "artificial intelligence + property"; ii. Approximately 1.2% of the net proceeds or HKD9,671,319 was used for the business and finance integration system; iii. Approximately 0.1% of the net proceeds or HKD930,366 was used for the property owner service system; iv. Approximately 0.3% of the net proceeds or HKD2,733,644 was used for the billing center project; v. Approximately 0.2% of the net proceeds or HKD1,784,346 was used for the full-cycle operation monitoring platform project; and vi. Approximately 1.4% of the net proceeds or HKD11,133,773 was used for the e-commerce platform project. There was no material deviation for the actual usages from the original intended uses.	Approximately 5.6% of the remaining unutilized net proceeds or HKD43,874,914 will continue to be used for the original purpose.	On or before 31 December 2022
d)	Approximately 10% of the total net proceeds or HKD78,674,417 will be used for working capital and general corporate purposes.	Approximately 10% of the total net proceeds or HKD78,674,417 was totally used for working capital and general corporate purposes.	There are no remaining unutilized proceeds.	Nil

USE OF NET PROCEEDS FROM THE PLACING AND SUBSCRIPTION OF SHARES

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

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

	Proposed Use of Proceeds	Actual Use of Proceeds (Including the Reserved Amount) as at 31 December 2021	Intended Use of Remaining Unutilized Proceeds	Expected Timeline for Use of Remaining Unutilized Proceeds
a)	Approximately 90% of the total net proceeds or HKD701,637,251 will be used for seeking potential strategic investment and acquisition opportunities; and	Approximately 54.5% of the total net proceeds or HKD424,501,567 was used for seeking potential strategic investment and acquisition opportunities, as follows: i) Approximately 24.6% of the net proceeds or RMB160,083,020 (equivalent to approximately HKD192,003,575) was used for acquiring a 49% equity interest in Chengdu Holytech; and ii) Approximately 29.8% of the net proceeds or RMB194,492,100 (equivalent to approximately HKD232,497,992) was used for acquiring a 31% equity interest in Chengdu Holytech. There was no material deviation for the actual usages from the original intended uses.	Approximately 35.5% of the remaining unutilized net proceeds or HKD277,135,684 will continue to be used for the original purpose.	On or before 31 December 2022

	Proposed Use of Proceeds	Actual Use of Proceeds (Including the Reserved Amount) as at 31 December 2021	Intended Use of Remaining Unutilized Proceeds	Expected Timeline for Use of Remaining Unutilized Proceeds
b)	Approximately 10% of the total net proceeds or HKD77,959,695 will be used for general working capital of the Group.	Approximately 10% of the total net proceeds or HKD77,959,695 was totally used for general working capital of the Group.	There are no remaining unutilized proceeds.	Nil

As at the date of this announcement, (i) the Company actively explores any targets that are related to its core businesses and has not identified any new investment or acquisition targets; (ii) the Company has developed a general list of prospects, but no agreement has been entered by the Group in respect of any such investments or acquisitions; and (iii) the rest of the net proceeds from the subscription will be continuously used according to the original intended uses in 2022, subject to market conditions.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 10,268 full-time employees (31 December 2020: 8,129 full-time employees).

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2021 (the "**AGM**") is scheduled to be held on Monday, 30 May 2022. 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 RMB4.7 cents per ordinary share totalling approximately RMB46,327,000 for the year ended 31 December 2021 (2020: RMB7.1 cents). The final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid on or around 8 July 2022.

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 30 May 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2022 to 30 May 2022, 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 23 May 2022.

The record date for qualifying to receive the proposed final dividend is 9 June 2022. 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 7 June 2022 to 9 June 2022, 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 6 June 2022.

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2021. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

SHARE AWARD SCHEME

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

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

As at 31 December 2021, a total of 3,350,000 shares were held under the Scheme and shall be held upon trust for the benefits of the relevant grantees until they are vested (or cancelled) in accordance with the Scheme.

During the Reporting Period, there was no purchase of shares of the Company by the trustee under the Scheme, and no award shares were granted/vested under the Scheme by the Company.

A summary of the award shares granted is set forth below:

		Number of award shares				
Name of selected participants	**Date of grant**	**Outstanding as at 1 January 2021**	**Granted during the Reporting Period**	**Vested during the Reporting Period**	**Lapsed/ forfeited during the Reporting Period**	**Outstanding as at 31 December 2021**
Ms. Wang Meng[(1)]	13 November 2020	200,000	–	–	–	200,000
Mr. Yao Xusheng[(1)]	13 November 2020	200,000	–	–	–	200,000
Ms. Xie Rao[(1)]	13 November 2020	200,000	–	–	–	200,000
Ms. Zhou Rui[(1)]	13 November 2020	200,000	–	–	–	200,000
Other selected participants	13 November 2020	2,550,000	–	–	(250,000)[(2)]	2,300,000
Total		3,350,000	–	–	(250,000)	3,100,000

Notes:

(1) Under Chapter 14A of the Listing Rules, he/she is a connected person of the Company.

(2) During the Reporting Period, a total of 2 selected participants ceased to be eligible persons and no award shares were vested. According to the Scheme, any award shares that have not yet vested, that is, a total of 250,000 award shares, have been immediately forfeited. These forfeited award shares will be regarded as returned shares, which will continue to be held by the trustee and can be used to satisfy the awards to be granted in the future.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2021 and the financial statements for the year ended 31 December 2021 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 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year 2021 has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.shidaiwuye.com), and the annual report for the year 2021 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, 31 March 2022

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