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 2023

SUMMARY OF ANNUAL RESULTS

- Revenue for the Year amounted to approximately RMB2,471.3 million, representing a year-on-year decrease of approximately 5.2%.

- Gross profit for the Year amounted to approximately RMB515.7 million, representing a year-on-year decrease of approximately 7.2%.

- Net loss for the Year amounted to approximately RMB204.5 million. The core net profit attributable to owners of the parent (excluding non-recurring expenses) for the Year amounted to approximately RMB158.6 million, representing a year-on-year increase of approximately 10.7%.

- As of 31 December 2023, the total contracted GFA for property management service amounted to approximately 117.6 million sq.m., total GFA under management amounted to approximately 110.9 million sq.m.

- The Board recommended a final dividend of RMB2.4 cents per ordinary share for the year ended 31 December 2023.

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Times Neighborhood Holdings Limited (the "**Company**" or "**we**" or "**Times Neighborhood**") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**" or the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**2,471,305**	2,606,042
Cost of sales		**(1,955,600)**	(2,050,148)
Gross profit		**515,705**	555,894
Other income and gains	*5*	**95,685**	28,181
Selling and marketing costs		**(41,108)**	(30,746)
Administrative expenses		**(276,942)**	(341,740)
Net impairment losses on financial and contract assets		**(96,547)**	(372,226)
Other expenses		**(373,967)**	(82,748)
Finance costs	*7*	**(497)**	(1,076)
Share of profits and losses of associates		**1,629**	(3,885)
LOSS BEFORE TAX	*6*	**(176,042)**	(248,346)
Income tax (expense)/credit	*8*	**(28,428)**	48,751
LOSS FOR THE YEAR		**(204,470)**	(199,595)
Attributable to:			
Owners of the parent		**(201,763)**	(213,627)
Non-controlling interests		**(2,707)**	14,032
		(204,470)	(199,595)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted (expressed in RMB cents per share)		**(21)**	(22)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(204,470)**	(199,595)
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(17,686)**	(104,345)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**17,906**	106,043
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**220**	1,698
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(204,250)**	(197,897)
Attributable to:		
Owners of the parent	**(201,543)**	(211,929)
Non-controlling interests	**(2,707)**	14,032
	(204,250)	(197,897)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**79,605**	92,607
Right-of-use assets		**5,482**	10,499
Goodwill	*11*	**123,242**	485,185
Other intangible assets		**165,023**	221,321
Investments in associates		**68,796**	68,947
Deferred tax assets		**124,891**	113,609
Prepayments, deposits and other receivables		**2,642**	5,883
Total non-current assets		**569,681**	998,051
CURRENT ASSETS			
Inventories		**3,121**	3,371
Trade receivables	*12*	**823,543**	800,475
Prepayments, deposits and other receivables		**255,517**	303,591
Restricted bank deposits		**22,626**	13,036
Cash and cash equivalents		**918,740**	810,359
		2,023,547	1,930,832
Assets of disposal groups classified as held for sale		**11,555**	–
Total current assets		**2,035,102**	1,930,832
CURRENT LIABILITIES			
Trade payables	*13*	**550,397**	560,436
Other payables and accruals		**358,416**	376,747
Contract liabilities		**95,453**	79,040
Lease liabilities		**4,643**	6,602
Tax payable		**39,560**	51,059
Government grants		**786**	324
Financial liability for a put option written on non-controlling interests		**52,230**	–
		1,101,485	1,074,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Liabilities directly associated with the assets classified as held for sale		**10,155**	–
Total current liabilities		**1,111,640**	1,074,208
NET CURRENT ASSETS		**923,462**	856,624
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,493,143**	1,854,675
NON-CURRENT LIABILITIES			
Lease liabilities		**3,995**	7,607
Deferred tax liabilities		**25,949**	35,439
Financial liability for a put option written on non-controlling interests		–	121,641
Total non-current liabilities		**29,944**	164,687
Net assets		**1,463,199**	1,689,988
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**8,868**	8,868
Shares held for the share award scheme		**(22,198)**	(22,198)
Reserves		**1,364,325**	1,583,274
		1,350,995	1,569,944
Non-controlling interests		**112,204**	120,044
Total equity		**1,463,199**	1,689,988

NOTES TO 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 ("**BVI**"), and the ultimate holding company is Renowned Brand Investments Limited ("**Renowned Brand**"), which was incorporated in the BVI. Renowned Brand is wholly owned by Mr. Shum Chiu Hung, the founder of the Company and the Group.

2 ACCOUNTING POLICIES

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 2023.

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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendment to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendment to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group did not apply the initial recognition exception and recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases prior to the initial application of these amendments, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 Chinese Mainland. Except for the Group's certain property, plant and equipment amounting to HKD12,000 (approximately equivalent to RMB10,000) (31 December 2022: HKD16,000 (approximately equivalent to RMB14,000)) and certain right-of-use assets amounting to HKD2,086,000 (approximately equivalent to RMB1,738,000) (31 December 2022: HKD3,051,000 (approximately equivalent to RMB2,676,000)), the Group's non-current assets are located in Chinese Mainland.

Information about major customers

There was no revenue from sales to a single customer or a group of customers under common control amounting to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

4. REVENUE, CONTRACT LIABILITIES

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Services transferred over time:		
Property management services	**1,885,576**	1,860,337
Community value-added services	**248,789**	317,499
Value-added services to non-property owners	**67,628**	141,795
Professional services	**179,693**	140,701
Subtotal	**2,381,686**	2,460,332
Goods transferred at a point in time:		
Community value-added services	**60,878**	61,106
Value-added services to non-property owners	**1,930**	14,963
Professional services	**26,811**	69,641
Subtotal	**89,619**	145,710
Total revenue	**2,471,305**	2,606,042

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	31 December		1 January
	2023	2022	2022
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Third parties	**87,378**	72,707	126,448
– Related parties	**8,075**	6,333	1,577
Total contract liabilities	**95,453**	79,040	128,025

Contract liabilities of the Group mainly arise from the receipt in advance from customers when the underlying services are yet to be provided. The increase in contract liabilities in 2023 was mainly due to the increase in short-term advances received from customers in relation to the provision of property management services at the end of the Year.

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:

	2023	2022
	RMB'000	*RMB'000*
Property management services	**79,040**	106,702

(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.

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 for parking space and second-hand house 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.

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 for house agency services 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.

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:

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**9,803**	1,848
Gain on disposal of financial assets at fair value through profit or loss	**2,604**	3,069
Government grants	**3,917**	4,305
Tax incentives and exemption on value-added tax	**5,809**	12,194
Fair value gain on put option	**69,411**	3,801
Others	**4,141**	2,964
Total	**95,685**	28,181

The government grants obtained by the Group were primarily employment subsidies. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of services provided*	**1,907,569**	1,954,777
Cost of inventories sold	**48,031**	95,371
Depreciation of property, plant and equipment	**19,125**	18,557
Depreciation of right-of-use assets	**5,821**	5,111
Amortisation of other intangible assets	**56,628**	52,121
Research and development costs:		
Current year expenditure	**14,044**	27,595
Deferred expenditure amortised**	**16,128**	4,102
Total	**30,172**	31,697
Auditor's remuneration	**2,931**	2,931
Employee benefit expense (excluding Directors' and chief executive's remuneration)		
Wages and salaries	**662,293**	918,264
Pension scheme contributions***	**82,420**	109,744
Equity-settled share award scheme expense	**2,988**	1,793
Total	**747,701**	1,029,801
Impairment of goodwill****	**361,651**	80,770
Impairment of other intangible assets****	**2,960**	776
Net impairment losses recognised on financial and contract assets		
– Trade receivables	**34,304**	358,345
– Contract assets	**(567)**	7,858
– Prepayments, deposits and other receivables	**62,810**	6,023
Total	**96,547**	372,226
Lease payments not included in the measurement of lease liabilities	**16,649**	18,311

* Cost of services provided for the Year included an aggregate amount of RMB629,871,000 (2022: RMB859,533,000) 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 were no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** These items are included in "Other expense" in the consolidated statement of profit or loss.

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expense on lease liabilities	**497**	968
Interest expense arising from revenue contracts	**–**	108
Total	**497**	1,076

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 Chinese Mainland are subject to the PRC corporate income tax ("**CIT**") rate of 25% for the Reporting Period. Certain subsidiaries of the Group operating in Chinese Mainland enjoyed a preferential CIT rate of 15% or 20% during 2023 and 2022.

	2023	2022
	RMB'000	*RMB'000*
Current income tax	**49,162**	52,558
Deferred income tax	**(20,734)**	(101,309)
Total tax charge/(credit) for the year	**28,428**	(48,751)

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

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Loss before tax	**(176,042)**		(248,346)	
Tax at the statutory tax rate	**(44,011)**	**25.0**	(62,087)	25.0
Lower tax rates enacted by local authorities	**2,093**	**(1.2)**	(2,761)	1.1
Tax incentives on eligible expenses	**(1,897)**	**1.1**	(2,020)	0.8
Share of profits and losses of associates	**(395)**	**0.2**	971	(0.4)
Expenses not deductible for tax	**87,639**	**(49.7)**	19,609	(7.9)
Income not subject to tax	**(17,353)**	**9.8**	–	–
Tax losses utilised from previous periods	**(2,053)**	**1.2**	–	–
Tax losses not recognised	**25**	**–**	429	(0.2)
Temporary differences not recognised	**3,127**	**(1.8)**	–	–
Taxes on undistributed profits of the subsidiaries in the PRC	**1,253**	**(0.7)**	1,083	(0.4)
Effect on opening deferred tax of decrease in rate	**–**	**–**	(3,975)	1.6
Tax charge/(credit) at the Group's effective rate	**28,428**	**(16.1)**	(48,751)	19.6

9. DIVIDENDS

The Board recommended a final dividend of RMB2.4 cents per ordinary share (2022: RMB2.2 cents) totalling RMB23,656,000 for the year ended 31 December 2023 (2022: RMB21,685,000).

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

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 982,323,000 (2022: 982,323,000) in issue excluding treasury shares during the Year.

The calculation of basic and diluted loss per share is based on:

	2023	2022
Loss		
Loss attributable to ordinary equity holders of the parent *(RMB'000)*	**(201,763)**	(213,627)
Shares		
Weighted average number of ordinary shares in issue during the year *(in thousand)*	**982,323**	982,323
Loss per share		
Basic and diluted *(RMB cents per share)*	**(21)**	(22)

Because the diluted loss per share amount is decreased 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 loss per share for the year and were ignored in the calculation of diluted loss per share.

11. GOODWILL

	2023 *RMB'000*	2022 *RMB'000*
At 1 January		
Cost	**565,955**	562,909
Accumulated impairment	**(80,770)**	–
Net carrying amount	**485,185**	562,909
Cost at 1 January, net of accumulated impairment	**485,185**	562,909
Acquisition of a subsidiary	**–**	3,046
Disposal of a subsidiary	**(292)**	–
Impairment during the year	**(361,651)**	(80,770)
As at 31 December	**123,242**	485,185
At 31 December:		
Cost	**557,453**	565,955
Accumulated impairment	**(434,211)**	(80,770)
Net carrying amount	**123,242**	485,185

Impairment testing on goodwill

The Group's goodwill acquired through business combinations was allocated to ten cash-generating units ("**CGUs**") for impairment testing. The recoverable amounts of these CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period prepared by management.

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Related parties *(note (a))*	**571,734**	669,064
Third parties *(note (b))*	**647,016**	505,424
Subtotal	**1,218,750**	1,174,488
Impairment	**(395,207)**	(374,013)
Net carrying amount	**823,543**	800,475

Notes:

(a) Trade receivables from related parties are due in twelve 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's concentration of credit risk of trade receivables will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2023 in the Company's upcoming annual report. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**541,999**	699,595
1 to 2 years	**240,519**	67,272
2 to 3 years	**26,055**	31,241
3 to 4 years	**14,824**	2,167
4 to 5 years	**146**	200
Total	**823,543**	800,475

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

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**374,013**	19,654
Impairment losses recognised	**34,304**	358,345
Amount written off as uncollectible	**(13,110)**	(3,986)
At the end of the year	**395,207**	374,013

13. TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**407,696**	393,294
Over 1 year	**142,701**	167,142
	550,397	560,436

Included in the trade payables are payables of RMB4,176,000 (2022: RMB4,498,000) due to related parties which are repayable within 60 days. Further details of trade payables due to related parties will be included in the consolidated financial statements of the Group for the year ended 31 December 2023 in the Company's upcoming annual report.

14. SHARE CAPITAL

	2023	2022
Authorised:		
2,000,000,000 (2022: 2,000,000,000) ordinary shares of HKD0.01 each	**HKD20,000,000**	HKD20,000,000
Issued and fully paid:		
985,672,747 (2022: 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 2023.

The year 2023 is a year of ups and downs in the economic environment and industry situation. The complexity and uncertainty of the international environment became more pronounced during the year, while the resistance to the domestic demand boost and the expected turnaround remained strong. In the face of both internal and external challenges, China's economy demonstrated excellent resilience and achieved steady growth.

Under the guidance of the national high-quality development goal, the real estate and related industries focused on risk mitigation in 2023. According to the data from the National Bureau of Statistics, indicators such as the area of commercial properties sold, the total investment in real estate developments and the area of new housing construction for the year declined on a year-on-year basis, which brought about considerable impacts on the closely related property management industry. In response to the current economic cycle, numerous property management enterprises have expedited the pace of their transformation in marketing, independence, standardization and professionalization. On one side, it has introduced fierce market competition in the existing market and non-residential market, while on the flip side, it has restored business operation fundamentals to focus on its core business by reinforcing the quality foundation in pursuit of long-term development.

In 2023, the Group worked together to overcome difficulties with a proactive response to the industry challenges, and to promptly adjust its business strategies to constantly improve the internal development momentum and quality, and achieved a year-on-year increase of approximately 10.7% in core net profit attributable to owners of the parent, and a year-on-year increase of approximately 13.4% in cash at the end of the Reporting Period. This has earned us the award of 11th in the Top 100 Property Management Companies in China, demonstrating our determination to promote the high-quality development of the Group.

BUSINESS REVIEW

1. Extensive development of core urban agglomerations to upgrade project quality

In 2023, the Group's contract project management area was approximately 120 million sq.m., and the Group's project area under management was approximately 110 million sq.m., of which the project contract area distributed in the four core urban agglomerations of Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze Delta, Chongqing-Chengdu region and Central China was approximately 95.73 million sq.m., representing an increase of approximately 2.5 percentage points over the total contract area of last year. The project contract area distributed in the first and second tier cities was approximately 88.53 million sq.m., representing an increase of approximately 2.4 percentage points over the total contract area of last year.

The Group adhered to qualitative scale expansion, maintained active exploration of quality projects, and proactively eliminated some projects with poor comprehensive quality, thereby establishing a solid foundation of scale for long-term healthy business growth. In 2023, the Group achieved a breakthrough in the expansion of the existing market. For industrial logistics parks, the Group secured key projects such as Xi'an Cainiao Industrial Park (西安菜鳥產業園) and Hangzhou Ali Industrial Park (杭州阿里產業園), maintaining its continuous leading position in the field of industrial logistics park services. For urban public services, the Group secured benchmark projects such as Hainan Lingshui Environmental Sanitation Integration (海南陵水環衛一體化) and by provision of quality services, has aided Lingshui County in Hainan in ranking at the top of the list in Environmental Sanitation at the county level for a long period of time by maintaining a high-quality urban environment. The implementation of key urban public services projects has provided the Group an excellent reputation foundation to build the second curve of scale growth.

2. Iterative upgrading of service products and building a solid foundation for service quality

In order to further respond to the development trend of diversified and refined customer demands, the Group continued to improve its service products and completed the iterative upgrading of its service products in 2023, so as to profoundly create value for its customers.

In terms of residential services, we introduced differentiated residential solutions represented by the "Blooming Program", and devoted our efforts to building four major service product ranges, namely "Bauhinia", "Tulip", "Golden Lily" and "Sunflower", to respond to the needs of customers in different types of residential communities in high degree. In 2023, the Group constantly upgraded the "Initial Project" action, improving customer satisfaction with in-depth services and optimizing customer experience with technology tools. By constructing a "Triple Friendly Community" with high customer stickiness that is elderly-, child-, and pet-friendly through humanistic activities, we achieved an overall growth of 3% in customer satisfaction for the Year, demonstrating the high recognition by property owners.

As for public construction and urban services, we have launched the "SHOW Urban Program", a refined urban public service solution, to create sophisticatedly refined services for the city. With advanced management and technological methods, the Group has created benchmarks in environmental sanitation integration, urban spatial operation and order maintenance, and constructed an urban environment with a greater sense of quality and comfort, thus contributing to create a better city for living, working, and exploring.

3. Prioritization of efficiency leading to reformation and the digital and intellectual transformation beginning to show results

In 2023, the Group continued to enhance management leanness. We have focused on optimizing the entire cycle of project operation and the whole process of management and control, and carried out cost management reforms in various dimensions, such as reforms on headquarters management costs, outsourcing costs, water and electricity costs and garbage removal cost, which further improved our management effectiveness.

We focused on constantly optimizing the convenience and intelligence of our customer service platform. In 2023, the online bill payment rate of property owners increased by 28% year-on-year, with 25% of the consultation orders throughout the Year resolved automatically by artificial intelligence (AI) customer service or other intelligent technologies. At the same time, the data assets stored in the multi-business system began to show management benefits, data anomaly alert and analysis helped the Company detect and manage "non-compliant, impulse, irresponsible, unregulated" issues in the front line promptly, and further automate data and processes effectively to reduce the offline workload of the staff at entry-level, showing an initial results in the digital and intellectual transformation.

PROSPECTS

With the accelerated recovery of China's economy and the periodic bottom out of the upstream real estate industry, the property management industry is expected to see further improvement in the external environment and resume its growth. At the policy level, the "2024 Government Work Report of the State Council" proposes to "vigorously promote the construction of a modern industrial system and accelerate the development of new quality productivity.", which clearly requires "accelerating the development of modern producer services". Under the guidance of the policy, the property management industry is expected to continue to expand the development boundaries and the development space. The National Development and Reform Commission recently issued the Catalogue for Guiding Industry Restructuring (2024 Version), which adjusted the property service industry from "Encouraged Category – Other Services" to "Encouraged Category – Business Services", and elaborated the contents of the industry in greater detail. This adjustment has further clarified the positioning of the property industry. The property enterprises will adapt to the trend, gradually shift the focus of their development to the direction of consumption services, and accelerate the pace of transformation with the support of the policy.

In 2024, the Group will continue to adhere to its long-term development strategies, insist on profit growth with cash flow, qualitative scale growth, devoted service quality and cost-competitive organizational structure in pursuit of high-quality development goals, and will continue to create value unwaveringly.

1. Determination of implementing the "Spark Program" to promote high-quality growth in scale

On its scale deployment, the Group will continue to focus on the four urban agglomerations of Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze Delta, Chongqing-Chengdu region and Central China, and will promote the "Spark Program" with determination to accelerate the enhancement of project density, so as to achieve a high degree of synergy amongst the projects in the regions, optimize the allocation of resources and maximize the marginal value of the projects in the vicinity. The increase in density and synergy of residential projects will create a broader platform and better environment for the Group to develop its consumption services business. For non-residential projects, the Group will continue to promote the "SHOW Urban Program" to develop more benchmark projects, in order to further strengthen the capacity of integrated urban services.

2. Solid enhancement of service quality and acceleration of the organic integration of value-added business

Quality of service is the basic foundation of a property enterprise. The Group will confront the market competition, adapt to the changes in the industry proactively, adapt to the policy development trend proactively, strengthen the quality of service, earn customers' recognition by providing services with quality that matches the price, and implement the concept of "Surprise Customers with Quality and Satisfy Customers with Service" with determination.

Meanwhile, we will continuously focus on implementing our four service product ranges, namely "Bauhinia", "Tulip", "Golden Lily" and "Sunflower", to accelerate the property services with core value-added businesses. We will strengthen product synergy and innovation in our value-added business to create one-stop asset management services and enhance the integration of product design to build a more systematic value-added service delivery capability. We will customize integrated asset solutions for major clients, establishing closer service relationships and creating greater service value for customers through efficient asset operations.

3. **Digital intelligence to lead business development, and professional organization to draw businesses together**

The Group will continue to focus on its development path of digital and intelligence transformation, creating an organizational platform for the growth of all, and jointly draw a blueprint for career development. We will continuously utilize the online service process and the construction of intelligent equipment for service experience, lead a digital lifestyle and provide customers with comprehensive solutions for enjoying future life. At the same time, we will utilize smart cities, smart communities, smart parks, smart elevators and so on as starting points to promote our development in digital intelligence. Leading by operational efficiency, we will improve the data structure, govern problematic data, consolidate the foundation of data assets, and fully utilize the productivity of data.

The Group will simultaneously enhance the professionalism of the organization by implementing the “Cornerstone Program”, precisely training employees to turn them into multi-talent staff. Internally, we will implement an employee partnership and co-creation mechanism to leverage our employees’ internal motivation. Externally, we will introduce high quality partners with special strengths to activate a new engine and accelerate access to a wider range of markets and customer groups.

In the future, Times Neighborhood will continue to fulfill its corporate mission of “Bring a Better Life for More People”, establish full-lifecycle “Technology+Service” platform, and pursuit on high-quality development goals in terms of scale and operation, in order to keep striving for the realization of the strategic vision of “becoming a global platform for excellence in lifestyle services”.

SHUM Chiu Hung
Chairman and Non-executive Director

26 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a leading and fast-growing urban comprehensive service operator in China, providing high-quality community services, urban services and innovative services for diversified industrial types such as residences, industrial parks, public buildings and other urban spaces. In 2023, the Group was recognized as the 11th in the 2023 Top 100 Property Management Companies in China by Beijing China Index Information Technology Academy in terms of its comprehensive strength.

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

Property Management Services

As of 31 December 2023, our contracted property management services covered 82 cities, with a total of 864 property management projects under management (excluding 23 projects of urban public services), and a gross floor area ("**GFA**") under property management of approximately 110.9 million sq.m. In addition, we had a total of 62 contracted property management projects which had not been handed over to us for management, with undelivered GFA of approximately 6.6 million sq.m.

In 2023, we strategically adjusted our portfolio of properties under management to pursue better profitability and return performance. During the Year, our main focus was on internal expansion to diversify our business scope.

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			
	2023		2022	
	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	**134,142**	**118,708**	132,015	105,513
New engagements[(1)]	**12,814**	**20,232**	20,551	28,920
Terminations[(2)]	**(29,379)**	**(28,007)**	(18,424)	(15,725)
At the end of the period	**117,577**	**110,933**	134,142	118,708

Notes:

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

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

(2) 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			
	2023		2022	
	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	**16,508**	**16,458**	21,070	19,057
Foshan	**12,659**	**12,524**	13,216	12,159
Zhuhai	**4,795**	**4,179**	5,006	4,390
Zhongshan	**2,127**	**2,060**	2,141	2,075
Dongguan	**3,898**	**3,736**	3,641	2,950
Zhaoqing	**2,206**	**1,979**	2,925	2,284
Huizhou	**2,994**	**2,643**	3,450	2,355
Jiangmen	**4,110**	**3,887**	4,065	3,216
Shenzhen	**55**	**55**	139	139
Subtotal	**49,352**	**47,521**	55,653	48,625
Other Region				
Northeast China(1)	**86**	**86**	336	336
North China(2)	**2,765**	**2,765**	2,111	2,111
East China(3)	**18,027**	**17,558**	20,828	20,255
South China(4)	**9,113**	**7,292**	11,844	9,383
Central China(5)	**10,194**	**9,183**	11,315	9,394
Northwest China(6)	**1,812**	**1,812**	4,101	3,120
Southwest China(7)	**26,228**	**24,716**	27,954	25,484
Subtotal	**68,225**	**63,412**	78,489	70,083
Total	**117,577**	**110,933**	134,142	118,708

Notes:

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

(1) Northeast China includes: Liaoning Province, Jilin Province;

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

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

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

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

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

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

The Group has been deeply rooted in the Greater Bay Area for more than 20 years and has continuously expanded the scope of property management in the Greater Bay Area, further consolidating its competitive advantage in the area. As at 31 December 2023, among the Group's projects under property management, the projects with the GFA under property management of approximately 47.5 million sq.m. were located in the Greater Bay Area, accounting for approximately 42.8% of the GFA under property management. With our successful management experience in the Greater Bay Area and word of mouth in the market, we achieved layout in other cities.

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							
	2023				2022			
	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %	GFA under management (sq.m.'000)	Percentage %	Revenue (RMB'000)	Percentage %
Residential properties	**69,314**	**62.5**	**983,316**	**52.1**	68,890	58.0	939,297	50.5
Non-residential properties	**41,619**	**37.5**	**902,260**	**47.9**	49,818	42.0	921,040	49.5
Total	**110,933**	**100.0**	**1,885,576**	**100.0**	118,708	100.0	1,860,337	100.0

Benefitting from our continuous efforts to expand the customer base and to optimize the portfolio of properties under management, the effective strategies for independent expansion were implemented to gain a balanced and diversified business layout. As of 31 December 2023, the management area for the residential business was approximately 69.3 million sq.m., accounting for approximately 62.5% of the scale under management. The revenue derived from the management of residential properties for the year was approximately RMB983.3 million, accounting for approximately 52.1% of the revenue from property management services, representing an increase of approximately 4.7% as compared with the same period of 2022. 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 generate a stable and recurring income in the future.

Nature of developers served

We stepped up our expansion into independent third-party markets. Leveraging on our high quality services, our professional service team and our renowned reputation, the GFA achieved from the expansion of third-party markets account for approximately 69.4% of the management area for property management services.

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							
	2023				2022			
	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]	**33,910**	**30.6**	**767,001**	**40.7**	30,186	25.4	639,749	34.3
Third-party property developers[2]	**77,023**	**69.4**	**1,118,575**	**59.3**	88,522	74.6	1,220,588	65.7
Total	**110,933**	**100.0**	**1,885,576**	**100.0**	118,708	100.0	1,860,337	100.0

Notes:

(1) Includes properties solely developed by Times China Holdings Limited and its subsidiaries (the "**Times China Group**") and properties that Times China Group jointly developed with other property developers to which 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 declined from approximately 74.6% in 2022 to approximately 69.4% in 2023. The revenue generated from managing properties developed by third-party property developers decreased from approximately RMB1,220.6 million in 2022 to approximately RMB1,118.6 million in 2023. Such decline is mainly due to the decrease of the management area of third-party properties as our strategic adjustment of the property management portfolio.

Community Value-added Services

As an extension of property management services, in order to satisfy the property owners' and residents' pursuit of convenience, to enhance customers' experience and to increase their loyalty, we provide a wide range of services in two categories, namely, public space leasing and parking space management and resident services. Our resident services mainly include bag checking, home renovation, asset management, community group buying and housekeeping services.

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

	For the year ended 31 December			
	2023		2022	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Public space leasing and parking space management	**129,334**	**41.8**	111,182	29.4
Resident services	**180,333**	**58.2**	267,423	70.6
Total	**309,667**	**100.0**	378,605	100.0

In 2023, the revenue from community value-added services decreased by approximately 18.2% to approximately RMB309.7 million as compared with approximately RMB378.6 million for the corresponding period in 2022, which was mainly due to the transition in the renovation business from a self-operated model to a joint-venture model after the restructuring of our resident service business. After the transition to the joint-venture model, the corresponding adjustment of the basis for revenue recognition of the renovation business led to a decrease in recognized revenue, while our comprehensive system sales practically increased, resulting in higher gross profit.

Value-added Services to Non-property Owners

We offer a broad range of property related business solutions to non-property owners, primarily property developers, which cover their entire property development process. Such solutions consist of (i) sales assistance services to assist property developers in showcasing and marketing their properties, services of which include pre-sale consultation, display unit management, organizing sales campaigns and visitor reception for property development projects; (ii) construction site services, such as consultancy and security services; (iii) housing agency services for residences, shops and parking spaces; (iv) pre-delivery cleaning services; and (v) urban redevelopment project services. In 2023, the revenue derived from value-added services to non-property owners decreased by approximately 55.6% to approximately RMB69.6 million from approximately RMB156.8 million in the same period of 2022. In light of the periodic downturn of the real estate industry in China, the Group adjusted the business scale of value-added services to non-property owners based on prudent consideration and to balance the pace of repayment collection, causing the decrease in the overall revenue of value-added services to non-property owners for the Year.

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			
	2023		2022	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Sales assistance services	**64,075**	**92.1**	117,221	74.8
Construction site services	**3,025**	**4.3**	14,863	9.5
Pre-delivery cleaning services	**–**	**–**	507	0.3
Urban redevelopment project services	**528**	**0.8**	9,204	5.9
Housing agency services	**1,930**	**2.8**	14,963	9.5
Total	**69,558**	**100.0**	156,758	100.0

Other Professional Services

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

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

	For the year ended 31 December			
	2023		2022	
	Revenue	**Percentage**	Revenue	Percentage
	(RMB'000)	***%***	*(RMB'000)*	*%*
Zhilian technology services	**28,663**	**13.9**	53,435	25.4
Elevator services	**49,568**	**24.0**	75,529	35.9
Urban public services	**128,273**	**62.1**	81,378	38.7
Total	**206,504**	**100.0**	210,342	100.0

In 2023, 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. In 2023, the revenue from urban public services increased to approximately RMB128.3 million from approximately RMB81.4 million in the same period of 2022. As at 31 December 2023, we had a total of 23 urban public service projects, with an aggregate signed contract amount of approximately RMB299.5 million and an annualized contract amount of approximately RMB212.0 million.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from property management services, community value-added services, value-added services to non-property owners and other professional services. The Group's revenue decreased by approximately RMB134.7 million or approximately 5.2% to approximately RMB2,471.3 million in 2023 from approximately RMB2,606.0 million in 2022, which was primarily attributable to the decrease in our revenue from community value-added services and value-added services to non-property owners.

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

	For the year ended 31 December			
	2023		2022	
	Revenue *(RMB'000)*	**Percentage** *%*	Revenue *(RMB'000)*	Percentage *%*
Property management services	**1,885,576**	**76.3**	1,860,337	71.4
Community value-added services	**309,667**	**12.5**	378,605	14.5
Value-added services to non-property owners	**69,558**	**2.8**	156,758	6.0
Other professional services	**206,504**	**8.4**	210,342	8.1
Total	**2,471,305**	**100.0**	2,606,042	100.00

The property management services segment remained to be our largest source of revenue. In 2023, the Group's revenue from property management services was approximately RMB1,885.6 million, accounting for approximately 76.3% of the Group's total revenue. This increase in revenue was driven by our continuous cooperation with Times China Group and our strategic adjustment of our portfolio of properties under management. The decrease in revenue from community value-added services was mainly due to the decline in revenue from resident services. The decrease in revenue from value-added services to non-property owners was mainly due to the decline in revenue from the overall services. The decrease in revenue from other professional services was mainly due to the decrease in revenue from Zhilian technology services and elevator 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 2023, the total expenses of the Group was approximately RMB1,955.6 million, which decreased by approximately RMB94.5 million or approximately 4.6% as compared to approximately RMB2,050.1 million for the year ended 31 December 2022. Such decrease was mainly due to the downsizing of the community value-added services and value-added services to non-property owners.

GROSS PROFIT AND GROSS PROFIT MARGIN

Based on the above reasons, the gross profit of the Group decreased by approximately RMB40.2 million or approximately 7.2% to RMB515.7 million in 2023 from RMB555.9 million in 2022, which was primarily attributable to the decrease of gross profit margin in property management services. The gross profit margin of the Group decreased by 0.4 percentage point to 20.9% in 2023 from 21.3% in 2022, primarily due to the changes in the service revenue portfolio.

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

	For the year ended 31 December	
	2023	2022
	%	*%*
Property management services	**19.4**	21.9
Community value-added services	**42.5**	32.9
Value-added services to non-property owners	**5.5**	6.4
Other professional services	**6.9**	6.9
Total gross profit margin	**20.9**	21.3

The gross profit margin of our property management services decreased by 2.5 percentage points, mainly due to increasing investment in the environment, fire safety, and equipment of long-term service projects to support long-term expansion strategies and deliver high-quality services.

The gross profit margin of our community value-added services increased by 9.6 percentage points, mainly due to the increase in the proportion of high profit margin businesses after the adjustment of service portfolio.

The gross profit margin of our value-added services to non-property owners decreased by 0.9 percentage point, primarily due to the cyclical impact of China's real estate market.

The gross profit margin of our other professional services remained unchanged, primarily due to the stability of business structure of services.

Other Income and Gains

The other income of the Group increased by approximately RMB67.5 million or approximately 239.5% to approximately RMB95.7 million in 2023 from approximately RMB28.2 million in 2022, which was primarily attributable to the increase in fair value gain on financial liabilities in respect of put options issued to non-controlling interests.

Administrative Expenses

Administrative expenses mainly consist of (i) staff remuneration; (ii) office expenses; and (iii) depreciation and amortization, etc. For the year ended 31 December 2023, the total administrative expenses of the Group were approximately RMB276.9 million, which decreased by approximately RMB64.8 million or approximately 19.0% as compared to approximately RMB341.7 million for the year ended 31 December 2022. Such decrease was mainly due to a reduction in staff costs resulting from the Group's continuing effort in adopting refined management and applying smart devices with advanced technology.

Net Impairment Losses on Financial and Contract Assets

The net impairment losses on financial and contract assets of the Group decreased by approximately RMB275.7 million or approximately 74.1% from approximately RMB372.2 million in 2022 to approximately RMB96.5 million in 2023. Such decrease was mainly due to change in credit risk of several customers and trade receivables, resulting in the decrease in impairment provision of trade receivables.

Other Expenses

The other expenses of the Group increased by approximately RMB291.2 million or approximately 351.9% to approximately RMB374.0 million in 2023 from approximately RMB82.7 million in 2022. The increase in the expenses was mainly due to the increase of the impairment loss of goodwill in accordance with industry performance and individual performance of subsidiary of the Company.

Finance Costs

The finance costs of the Group decreased by approximately RMB0.6 million or approximately 53.8% to approximately RMB0.5 million in 2023 from approximately RMB1.1 million in 2022. The decrease was mainly due to the decrease of interest expense arising from lease liabilities.

Income Tax Expense

For the year ended 31 December 2023, the income tax expense on the Group's statement of profit or loss was approximately RMB28.4 million (2022: income tax credit of RMB48.8 million) which 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 (including loss allowance for impairment of financial and contract assets, goodwill and equity related gains and losses since 2023) 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 RMB158.6 million in 2023 (2022: RMB143.3 million), representing an increase of approximately 10.7%.

Property, Plant and Equipment

The Group's property, plant and equipment mainly included leasehold improvement, motor vehicles and office equipment. As at 31 December 2023, the Group's property, plant and equipment was approximately RMB79.6 million, representing a decrease of approximately RMB13.0 million from approximately RMB92.6 million as at the end of 2022, mainly due to an increase in the depreciation of property, plant and equipment.

Trade Receivables

Trade receivables mainly arise from property management services, value-added services to non-property owners and other professional services provided to Times China Group and third parties. The Group's trade receivables as at 31 December 2023 amounted to approximately RMB823.5 million, representing an increase of approximately RMB23.0 million or approximately 2.9% as compared to approximately RMB800.5 million as at 31 December 2022, primarily due to the slight increase in the scale of revenue from property management services.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables decreased by approximately 16.6% from approximately RMB309.5 million as of 31 December 2022 to approximately RMB258.2 million as of 31 December 2023, primarily due to the recognition of provision for impairment losses on other receivables.

Trade Payables

The Group's trade payables as at 31 December 2023 amounted to approximately RMB550.4 million, representing a decrease of approximately RMB10.0 million or approximately 1.8% as compared to approximately RMB560.4 million as at 31 December 2022, mainly due to our strategic enhancement in the settlement efficiency of selected high-quality suppliers for the maintenance of long-term cooperative supplier relationships.

Other Payables and Accruals

Other payables and accruals decreased by approximately 4.9% from approximately RMB376.7 million as of 31 December 2022 to approximately RMB358.4 million as of 31 December 2023, with no significant changes.

Financial Position and Capital Structure

For the year ended 31 December 2023, the Group maintained a sound financial position.

As at 31 December 2023, the Group's current ratio (current assets/current liabilities) was 1.83 times (31 December 2022: 1.80 times) and net gearing ratio indicated a net cash status (31 December 2022: 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 2023 and 2022, the Group did not have any outstanding other interest-bearing borrowings.

Financial Guarantee

As at 31 December 2023, the Group did not have any financial guarantee.

Pledge of Assets

As at 31 December 2023, none of the assets of the Group were pledged.

Contingent Liabilities

As at 31 December 2023, the Group did not have any 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 2023, the Group did not engage in hedging activities for managing foreign exchange rate risk.

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

There were no significant investments held, no material acquisitions or disposals of subsidiaries, affiliates and joint venture enterprises during the 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

There were no 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) (the "**Listing Date**") by way of global offering (the "**Listing**"), raising a total net proceeds (after deducting professional fees, underwriting commissions and other related listing expenses) of approximately HKD786,744,178.

As at 31 December 2023, the proceeds from the Listing have been and will be continuously used according to the plans disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the prospectus dated 9 December 2019 of the Company, namely:

			As at 31 December 2023		
Proposed Use of Proceeds	**Percentage of Total Net Proceeds**	**Net Proceeds**	**Amount Used (Including the Reserved Amount)**	**Remaining Unutilized Proceeds**	**Expected Timeline for Use of Remaining Unutilized Proceeds**
	%	*HKD*	*HKD (%)*	*HKD (%)*	
a) Seeking selective strategic investment and acquisition opportunities and further developing strategic alliances;	65	511,383,716	511,383,716 (65)	–	N/A
b) Improving the customer service quality by using advanced technology and building a smart community;	15	118,011,627	101,841,187 (12.9)	16,170,440 (2.1)	On or before 31 December 2025*
c) Further developing a one-stop service platform; and	10	78,674,417	67,458,364 (8.6)	11,216,053 (1.4)	On or before 31 December 2025*
d) Working capital and general corporate purposes.	10	78,674,417	78,674,417 (10)	–	N/A

* In order to ensure the effective use of the funds for higher service quality, the Company has decided to further defer the relevant plans. As at the date of this announcement, the Company expects the unutilized net proceeds to be fully utilized on or before 31 December 2025.

USE OF NET PROCEEDS FROM THE PLACING OF SHARES

On 7 July 2020, the Company entered into an agreement (the "**Agreement**") with Credit Suisse (Hong Kong) Limited (the "**Manager**") (the manager) and Asiaciti Enterprises Ltd. ("**Asiaciti Enterprises**") (the seller), pursuant to which the Manager conditionally agreed to place 77,000,000 existing ordinary shares of the Company at the placing price of HKD10.22 per share to not less than six (6) 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 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 were approximately HKD779,596,946.

As at 31 December 2023, the proceeds from the placing of shares have been and will be continuously used according to the plans disclosed in the announcements dated 7 July 2020 and 20 July 2020 of the Company, which are set forth as follow:

			As at 31 December 2023		
Proposed Use of Proceeds	**Percentage of Total Net Proceeds**	**Net Proceeds**	**Amount Used (Including the Reserved Amount)**	**Remaining Unutilized Proceeds**	**Expected Timeline for Use of Remaining Unutilized Proceeds**
	%	*HKD*	*HKD (%)*	*HKD (%)*	
a) Potential strategic investment and acquisition opportunities; and	90	701,637,251	428,770,106 (55.0)	272,867,145 (35.0)	On or before 31 December 2025*
b) General working capital of the Group.	10	77,959,695	77,959,695 (10)	–	N/A

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 6,584 employees (31 December 2022: 9,128 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. Relevant employees of the Group are eligible participants of the share award scheme, details of which are set out in the section headed "Share Award Scheme" below. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustments that accommodate the remuneration levels in the industry. In addition to basic salaries, the employees may be offered with discretionary bonuses and cash awards based on individual performances. The Group also provides training programs for the employees with a view to constantly upgrading their skills and knowledge.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2023 (the "**AGM**") is scheduled to be held on Thursday, 30 May 2024. A notice convening the AGM will be issued and disseminated to the shareholders of the Company (the "**Shareholders**") upon request in due course.

FINAL DIVIDEND

The Board recommended a final dividend of RMB2.4 cents per ordinary share (2022: RMB2.2 cents) totalling approximately RMB23,656,000 (2022: RMB21,685,000) for the year ended 31 December 2023. The final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid on or around 10 July 2024. 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 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2024 to 30 May 2024, 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 transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Hong Kong share registrar of the Company, 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 22 May 2024.

The record date for qualifying to receive the proposed final dividend is 11 June 2024. 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 6 June 2024 to 11 June 2024, both days inclusive. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Hong Kong share registrar of the Company, 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 5 June 2024.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Part 2 of the CG Code for the year ended 31 December 2023. 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 C3 to the Listing Rules as its own code of conduct for securities transactions conducted by relevant Directors. After making specific enquiries to all the Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the Reporting Period.

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 2023.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2023 and the financial statements for the year ended 31 December 2023 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 2023 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 this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year 2023 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 2023 containing all the information required by the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company in due course and dispatched to the Shareholders upon request.

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

Hong Kong, 26 March 2024

As at the date of this announcement, the Board comprises Ms. Wang Meng, Ms. Xie Rao and Ms. Zhou Rui as executive Directors; Mr. Shum Chiu Hung, Mr. Bai Xihong and Mr. Li Qiang as non-executive Directors; and Mr. Lui Shing Ming, Brian, Dr. Wong Kong Tin and Dr. Chu Xiaoping as independent non-executive Directors.