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EXEMPTED CONTINUING CONNECTED TRANSACTIONS

THE 2020 TIMES CHINA AGREEMENT

On 4 December 2020, the Company entered into the 2020 Times China Agreement with Times Neighborhood to revise the proposed annual cap for the year ending 31 December 2020 under the 2019 Times China Agreement.

THE 2021 AGREEMENT

On 4 December 2020, the Company entered into the 2021 Agreement with Times Neighborhood in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Times Neighborhood is owned as to approximately 46.85% by Asiaciti Enterprises. Asiaciti Enterprises is a controlling shareholder of the Company and hence a connected person of the Company. Times Neighborhood is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Thus, Times Neighborhood is a connected person of the Company.

The 2020 Times China Agreement

As certain of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the annual cap for transactions contemplated under the 2020 Times China Agreement exceed 0.1% but all of them are below 5%, the transactions contemplated under the 2020 Times China Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The 2021 Agreement

As all of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the annual cap for transactions contemplated under the 2021 Agreement exceed 0.1% but all of them are below 5%, the transactions contemplated under the 2021 Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE 2020 TIMES CHINA AGREEMENT

On 4 December 2020, the Company entered into the 2020 Times China Agreement with Times Neighborhood to revise the proposed annual cap for the year ending 31 December 2020 under the 2019 Times China Agreement in relation to the Times Neighborhood Group's (a) sale of elevators to the Group and provide accessorial installation, maintenance and repair services of such elevators, (b) instalment of internet services, and (c) provision of intelligent engineering services, including but not limited to installation and maintenance of access control system, intercom system, surveillance system and broadband network facilities and consultation services in relation to such installation and maintenance for properties developed by the Group before the delivery of such properties to property owners (the "**Equipment Sales, Installation and Maintenance Services**").

Principal terms

The principal terms of the 2020 Times China Agreement are set out below.

Term

The 2020 Times China Agreement shall become effective on the Effective Date conditional upon the independent shareholders of Times Neighborhood having approved the relevant ordinary resolution at the Times Neighborhood EGM. The term shall commence from 1 January 2020 until 31 December 2020. The 2019 Times China Agreement will be terminated and replaced with the 2020 Times China Agreement on the Effective Date.

Pricing

The fees will be determined after arm's length negotiations with reference to (i) the prevailing market price (taking into account the location and the conditions of the properties, the scope of the services and the anticipated operational costs including but not limited to labor costs, administration costs and materials costs) for receiving similar services offered by the Independent Third Parties; and (ii) the guidance price of the relevant services for similar type of development projects issued by the local government (if applicable). The fees shall not be higher than the fees paid by the Group to the Independent Third Parties in any event.

Payment

The credit term for the fee payable by the Group in relation to the relevant services is 30 days in general.

Historical transaction amounts

The historical transaction amounts for the provision of the relevant services by the Times Neighborhood Group for the three years ended 31 December 2019 and the ten months ended 31 October 2020 amounted to RMB4,738,000, RMB16,164,000, RMB26,771,000 and RMB19,590,000, respectively. Set out below is the breakdown of such historical amounts:

| | For the year ended 31 December | | | For the ten months ended 31 October |
|--|--------------------------------|---------------|---------------|--|
| | 2017 | 2018 | 2019 | 2020 |
| | | (RMB'000) | | |
| Sale, installation and maintenance of elevators | 233 | 9,681 | 25,333 | 2,355 |
| Instalment of internet services | – | 789 | 591 | 8,000 |
| Intelligent engineering services | 4,505 | 5,694 | 847 | 9,235 |
| Total | 4,738 | 16,164 | 26,771 | 19,590 |

Existing annual caps for the 2019 Times China Agreement

Pursuant to the 2019 Times China Agreement, the annual caps for the fees to be paid by the Group for the year ended 31 December 2019 was RMB30.7 million and for each of the two years ending 31 December 2021 will not exceed RMB66.2 million and RMB95.7 million, respectively.

The Company will ensure that the actual transaction amounts for the relevant services up to the date of the Times Neighborhood EGM will not exceed the existing annual cap under the 2019 Times China Agreement for the year ending 31 December 2020.

Revised annual cap for the 2020 Times China Agreement

Pursuant to the 2020 Times China Agreement, the revised annual cap for the fees to be paid by the Group for the year ending 31 December 2020 will not exceed RMB85,000,000.

The revised proposed annual cap was determined after having taken into account of the following factors:

- (a) the historical transaction amounts for the year ended 31 December 2019 and the ten months ended 31 October 2020;
- (b) the estimated transaction amounts of the Equipment Sales, Installation and Maintenance Services for the year ending 31 December 2020, details are set out below:

| | For the year ending 31 December 2020 (RMB'000) |
|---|---|
| Sale, installation and maintenance of elevators | 40,000 |
| Instalment of internet services | 11,000 |
| Intelligent engineering services | <u>34,000</u> |
| Total | <u>85,000</u> |

- (c) in respect of the estimated amount of sale, installation and maintenance of elevators for the year ending 31 December 2020, (i) the transaction amount of such services for the ten months ended 31 October 2020, which was around RMB2.4 million; and (ii) the value of contracts signed/estimated to be signed during November 2020 and December 2020, which expects around RMB37.6 million;
- (d) the estimated demand of the instalment of internet services for the year ending 31 December 2020, which was determined with reference to (i) the historical transactions amount for the ten months ended 31 October 2020, which was around RMB8 million, and (ii) currently on-hand contract values and estimated contract values for November 2020 and December 2020 are in total around RMB2.7 million; and
- (e) the estimated amount of intelligent engineering services for the year ending 31 December 2020, which was determined with reference to (i) estimated software development under intelligent engineering services for the year ending 31 December 2020, which expects to be around RMB10 million; (ii) the transactions amounts of the intelligent engineering services (excluding the software development services) for the ten months ended 31 October 2020, which was around RMB6 million; and (iii) the estimated transactions amounts of the intelligent engineering services (excluding the software development services) for November 2020, which is based on value of contracts signed/estimated to be signed during November 2020 and December 2020, which is around RMB18 million.

Based on the above factors, the Company considered the proposed annual cap for the year ending 31 December 2020 for the relevant services to be fair and reasonable.

THE 2021 AGREEMENT

On 4 December 2020, the Company entered into the 2021 Agreement with Times Neighborhood in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies.

Principal terms

The principal terms of the 2021 Agreement are set out below.

Subject matters

The Times Neighborhood Group agreed to provide the Services to the Group and its associated companies.

Term

The 2021 Agreement shall become effective conditional upon the independent shareholders of Times Neighborhood having approved the relevant ordinary resolution at the Times Neighborhood EGM. The term shall commence from 1 January 2021 until 31 December 2021.

Pricing

The fees will be determined after arm's length negotiations with reference to (i) the prevailing market price (taking into account the location and the conditions of the properties, the scope of the services and the anticipated operational costs including but not limited to labor costs, administration costs and materials costs) for receiving similar services offered by the Independent Third Parties; and (ii) the guidance price of the relevant services for similar type of development projects issued by the local government (if applicable). The fees shall not be higher than the fees paid by the Group and its associated companies to the Independent Third Parties in any event.

Payment

The credit term for the fee payable by the Group and its associated companies in relation to the Services is 30 days in general.

Proposed annual cap

The annual cap for the fee to be paid by the Group and its associated companies for the year ending 31 December 2021 will not exceed RMB830,000,000.

The above proposed annual cap was determined after having taken into account of the following factors:

- (a) the historical transaction amounts for the Services for the year ended 31 December 2019 and the ten months ended 31 October 2020;
- (b) the estimated breakdown of the Services is set out below:

| | For the year ending 31 December 2021 (RMB'000) |
|---|---|
| Value-added services to non-property owners (including construction site management services, sales assistance services, pre-delivery cleaning services and preliminary planning and design consultancy services at pre-delivery stage) | 622,000 |
| Property management services | 94,000 |
| Car parking lots leasing management services | 11,000 |
| Sale, installation and maintenance of elevators | 44,000 |
| Instalment of internet services | 14,000 |
| Intelligent engineering services | 45,000 |
| Total | 830,000 |

- (c) the estimated demand of the Services for the year ending 31 December 2021 is based on the projected demand of the Services for the year ending 31 December 2020 and the estimated growth of the Services (which is based on historical financial performance of the Group and the Times Neighborhood Group).

Based on the above factors, the Company considered the proposed annual cap for the year ending 31 December 2021 for the Services to be fair and reasonable.

PRICING POLICY

During the term of each of the 2020 Times China Agreement and the 2021 Agreement, members of the Group and its associated companies may from time to time enter into individual agreements with members of the Times Neighborhood Group for the provision of the Services in accordance with the principal terms of each of the 2020 Times China Agreement and the 2021 Agreement. The Group adopts the following pricing policy for each of the 2020 Times China Agreement and the 2021 Agreement:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the transaction price shall be determined based on the prevailing market prices after the arm's length negotiation is reached between both parties in respect of the terms and conditions of each individual agreement to ensure that the prices offered by the Times Neighborhood Group are no less favorable to the Group than those offered by other Independent Third Parties;

- (c) the Group shall refer to other quotations of similar products and services provided by Independent Third Parties by way of tender and review regularly as to whether the prices offered by the Times Neighborhood Group deviate materially from those offered by Independent Third Parties to ensure that the prices offered by the Times Neighborhood Group are fair and reasonable and are no less favorable than those offered by other Independent Third Parties;
- (d) the transaction price shall be negotiated with the Times Neighborhood Group with reference to the location and the conditions of the properties, the scope of the services and the anticipated operational costs including labour costs, administration costs and material costs; and
- (e) should there be any material discrepancies between the prices charged by the Times Neighborhood Group and that offered by Independent Third Parties, the prices chargeable by the Times Neighborhood Group shall be adjusted accordingly.

INTERNAL CONTROL

The Group will adopt the following internal control measures in connection with the continuing connected transactions:

- (a) the purchasing department will regularly examine the relevant pricing terms by collecting the relevant market information, reviewing and comparing the quotations obtained from other Independent Third Parties providing similar products and services to ensure that the prices offered by the Times Neighborhood Group will be on terms no less favourable than those offered by Independent Third Parties;
- (b) the finance department will take proper records of the actual transaction amounts between the Group and the Times Neighborhood Group and will review the aggregate transaction amounts on a monthly basis. To ensure that the annual caps will not be exceeded, the finance department will alert the management and purchasing team the aggregate transaction amounts on a continuing basis;
- (c) the Group will implement internal checks to ensure that the procedures of the connected transactions will conform with the internal control system of the Group, the annual caps will be complied with and that pricing is consistent with the principal terms and conditions of each of the 2020 Times China Agreement and the 2021 Agreement by random inspection of the pricing terms, payment arrangements and actual transaction amounts;
- (d) the external auditors of the Company will conduct an annual review of the pricing and the transaction volume against the annual caps under each of the 2020 Times China Agreement and the 2021 Agreement;
- (e) the audit committee of the Company will review the transactions under each of the 2020 Times China Agreement and the 2021 Agreement and recommend any proposals to improve the internal control measures; and

- (f) the independent non-executive Directors will annually review the implementation and enforcement of the requirements and the internal control measures imposed on each of the 2020 Times China Agreement and the 2021 Agreement.

REASONS FOR AND BENEFITS OF THE 2020 TIMES CHINA AGREEMENT AND THE 2021 AGREEMENT

Based on transaction amounts recorded for the ten months ended 31 October 2020 and the estimated revenue to be recognized based on the existing signed contracts for the year ending 31 December 2020, the Group and its associated companies have an increase in demand for value-added services to non-property owners and instalment of internet services from the Times Neighborhood Group, which cannot be foreseen at the time of the initial public offering of Times Neighborhood, will result in more transactions for the two years ending 31 December 2021.

On the above basis, the original annual caps applied for the two years ending 31 December 2021 will need adjustments to accommodate such a surge in demand. Therefore, the annual cap for the 2019 Times China Agreement (covering the Equipment Sales, Installation and Maintenance Services by the Times Neighborhood Group to the Group) needs to be renewed by entry into of the 2020 Times China Agreement and 2021 Agreement. The 2021 Agreement will cover all the Services provided by the Times Neighborhood Group to the Group and its associated companies.

The Times Neighborhood Group is one of the leading and fast-growing comprehensive property management service providers in the PRC. The Directors are of the view that the Times Neighborhood Group has long-standing relationship with the Group and possesses extensive professional knowledge and experience in the provision of the Services, so it will be able to offer quality services to the Group. Further, given its large market share and promising business model, it will be able to offer competitive prices to the Group at terms more favourable to the Group than those offered by the Independent Third Parties. Hence, the Directors believe that the Group will be able to benefit from the entering into of each of the 2020 Times China Agreement and the 2021 Agreement with Times Neighborhood.

As at the date of this announcement, each of Mr. Shum (through Asiaciti Enterprises), Mr. Guan, Mr. Bai, Mr. Li and Mr. Shum Siu Hung holds approximately 46.85%, 2.09%, 2.08%, 0.12% and 0.06% of the total issued shares of Times Neighborhood, respectively. The Interested Directors have abstained from voting on the relevant Board resolutions for approving each of the 2020 Times China Agreement, the 2021 Agreement and the transactions contemplated thereunder.

The Directors (excluding the Interested Directors and including the independent non-executive Directors) are of the view that each of the 2020 Times China Agreement and the 2021 Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Times Neighborhood is owned as to approximately 46.85% by Asiaciti Enterprises. Asiaciti Enterprises is a controlling shareholder of the Company and hence a connected person of the Company. Times Neighborhood is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Thus, Times Neighborhood is a connected person of the Company.

The 2020 Times China Agreement

As certain of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the annual cap for transactions contemplated under the 2020 Times China Agreement exceed 0.1% but all of them are below 5%, the transactions contemplated under the 2020 Times China Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The 2021 Agreement

As all of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the annual cap for transactions contemplated under the 2021 Agreement exceed 0.1% but all of them are below 5%, the transactions contemplated under the 2021 Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

(1) The Company

The Company is one of the leading property developers in the PRC, focusing on the development of mid-market to high-end residential properties. The Company's business comprises three areas: (i) property development, i.e., the development of residential and commercial properties for sale and the provision of construction services, (ii) urban redevelopment, i.e., the redevelopment of old towns, old factories and old villages, and (iii) property leasing, i.e., the development, leasing and subleasing of commercial properties owned by it or third parties.

(2) Times Neighborhood

Times Neighborhood is an investment holding company. The Times Neighborhood Group is principally engaged in the business of provision of property management services, value-added services to non-property owners, community value-added services and other professional services in the PRC. As at the date of this announcement, Times Neighborhood is directly owned as to (i) 46.85% by Asiaciti Enterprises, which is owned as to (a) 60% by Renowned Brand Investments Limited and in turn wholly owned by Mr. Shum and (b) 40% by East Profit Management Limited and in turn wholly owned by Mr. Shum's spouse, Ms. Li Yiping; (ii) 2.08% by Mr. Bai; (iii) 0.12% by Mr. Li; and (iv) 50.95% by the public shareholders.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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|------------------------------|---|
| “2019 Times China Agreement” | the agreement dated 3 December 2019 entered into between the Company and Times Neighborhood in relation to the provision of certain services by the Times Neighborhood Group to the Group |
| “2020 Times China Agreement” | the agreement dated 4 December 2020 entered into between the Company and Times Neighborhood in relation to the revision of annual cap for the year ending 31 December 2020 under the 2019 Times China Agreement |
| “2021 Agreement” | the agreement dated 4 December 2020 entered into between the Company and Times Neighborhood in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies for the year ending 31 December 2021 |
| “Asiaciti Enterprises” | Asiaciti Enterprises Ltd. (豐亞企業有限公司), a company incorporated in the British Virgin Islands with limited liability and is a controlling shareholder of the Company which holds approximately 61.54% of the total issued shares of the Company |
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Times China Holdings Limited (時代中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1233) |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Effective Date” | the date of approval by the independent shareholders of Times Neighborhood in respect of each of the 2020 Times China Agreement and the 2021 Agreement at a general meeting to be convened by Times Neighborhood |

| | |
|-----------------------------|--|
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Parties” | person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or any of its connected persons |
| “Interested Directors” | Mr. Shum, Mr. Guan, Mr. Bai, Mr. Li and Mr. Shum Siu Hung |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Bai” | Mr. Bai Xihong, an executive Director |
| “Mr. Guan” | Mr. Guan Jianhui, an executive Director |
| “Mr. Li” | Mr. Li Qiang, an executive Director |
| “Mr. Shum” | Mr. Shum Chiu Hung, an executive Director, and the ultimate controlling shareholder of the Company and Times Neighborhood |
| “Mr. Shum Siu Hung” | Mr. Shum Siu Hung, an executive Director |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Services” | (i) value-added services to non-property owners (including construction site management services, sales assistance services, pre-delivery cleaning services and preliminary planning and design consultancy services at pre-delivery stage); (ii) property management services; (iii) car parking lots leasing management services; (iv) sale, installation and maintenance of elevators; (v) instalment of internet services; and (vi) intelligent engineering services |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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|----------------------------|--|
| “Times Neighborhood” | Times Neighborhood Holdings Limited (時代鄰里控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 9928) |
| “Times Neighborhood EGM” | the extraordinary general meeting of Times Neighborhood proposed to be convened for the approval of the 2020 Times China Agreement, the 2021 Agreement and the transactions contemplated thereunder |
| “Times Neighborhood Group” | Times Neighborhood and its subsidiaries |
| “%” | per cent. |

By Order of the Board
Times China Holdings Limited
Niu Jimin
Executive Director

Hong Kong, 4 December 2020

As at the date of this announcement, the executive Directors are Mr. Shum Chiu Hung, Mr. Guan Jianhui, Mr. Bai Xihong, Mr. Li Qiang, Mr. Shum Siu Hung and Mr. Niu Jimin; and the independent non-executive Directors are Mr. Jin Qingjun, Ms. Sun Hui and Mr. Wong Wai Man.