
CONNECTED TRANSACTIONS

Our Group has entered into a number of agreements with parties who will, upon completion of the [REDACTED], become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under the Listing Rules upon the [REDACTED].

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

Trademark License Agreement

On [●], 2019, a trademark license agreement was entered into between our Company and Guangzhou Times Development Enterprise Group Co., Ltd. (廣州市時代發展企業集團有限公司) (“**Times Development Group**”) (the “**Trademark License Agreement**”), pursuant to which Times Development Group agreed to irrevocably and unconditionally grant us a non-transferable license to use certain trademarks owned by it in the PRC for a perpetual term commencing from the date of the Trademark License Agreement in the PRC on a royalty-free basis. For details of the licensed trademarks, please refer to “Appendix IV—Statutory and General Information—B. Information about our business—2. Intellectual property rights of our Group” to this document.

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and the Shareholders as a whole. The Sole Sponsor is of the view that it is normal business practice for agreement of this type to be of such duration.

As of the Latest Practicable Date, Times Development Group was wholly owned by Mr. Shum’s relatives. Mr. Shum is one of our Controlling Shareholders and Times Development Group is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the Trademark License Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As the right to use the licensed trademarks is granted to us on a royalty-free basis, the transaction under the Trademark License Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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(B) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

1. Master Property Management and Related Services Agreement

On [●], 2019, our Company entered into a master property management and related services agreement (the “**Master Property Management and Related Services Agreement**”) with Times China, pursuant to which our Group agreed to provide to Times China and its associates property management and related services, including but not limited to (i) property management services for the properties owned or used by Asiaciti Enterprises and its associates, (ii) pre-delivery services including (a) construction sites management services; and (b) display units and property sales venues management services, (iii) car parking lots management and leasing services, and (iv) preliminary planning and design consultancy services at pre-sales stage (the “**Property Management and Related Services**”). The Master Property Management and Related Services Agreement has a term commencing from the [REDACTED] until December 31, 2021.

For each of the years ended December 31, 2016, 2017, 2018 and the six months ended June 30, 2019, the transaction amounts under the Property Management and Related Services amounted to RMB122.2 million, RMB124.2 million, RMB223.2 million and RMB138.6 million, respectively.

The fees to be charged for the Property Management and Related Services are determined after arm’s length negotiations with reference to the market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for providing similar services to Independent Third Parties.

It was estimated that the maximum amounts of service fee payable by Asiaciti Enterprises and its associates in relation to the Property Management and Related Services for the three year ending December 31, 2021 will not exceed RMB316.1 million, RMB435.1 million and RMB650.0 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts during the Track Record Period;
- the transaction amount of the second half was greater than it of the first half for each year during the Track Record Period;
- the estimated revenue to be recognized based on the existing signed contracts; and

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- the expected volume of sale, number of sales offices, size and number of the properties of Times China Group to be managed by our Group based on the total GFA of properties developed by Times China Group under our management during the Track Record Period, the properties under development held by Times China Group as of June 30, 2019 and the estimated time of pre-sales and delivery based on public available information.

As of the Latest Practicable Date, Times China was owned as to 61.54% by Asiaciti Enterprises. Asiaciti Enterprises is one of our Controlling Shareholders and Times China is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management and Related Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Property Management and Related Services Agreement are expected to be more than 5% on an annual basis, the transactions under the Master Property Management and Related Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

2. Master Equipment Sales, Installation and Maintenance Services Agreement

On [●], 2019, our Company entered into a master equipment sales, installation and maintenance services agreement (the “**Master Equipment Sales, Installation and Maintenance Services Agreement**”) with Times China. Our Group is an elevator distributor for a third party elevator manufacturer. Pursuant to the Master Equipment Sales, Installation and Maintenance Services Agreement, our Group agreed to (a) sell elevators to Times China Group and provide accessorial installation, maintenance and repair services of such elevators, and (b) provide 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 Times China Group before the delivery of such properties to property owners (the “**Equipment Sales, Installation and Maintenance Services**”). The Master Equipment Sales, Installation and Maintenance Services Agreement has a term commencing from the [REDACTED] until December 31, 2021.

Our Group commenced the sale of elevators set out in (a) above to Times China Group in September 2019. For each of the years ended December 31, 2016, 2017, 2018 and the six months ended June 30, 2019, the transaction amounts under the Equipment Sales, Installation and Maintenance Services amounted to RMB1.4 million, RMB4.7 million, RMB16.2 million and RMB2.6 million, respectively.

The fees to be charged for the Equipment Sales, Installation and Maintenance Services are determined after arm’s length negotiations with reference to the market price (taking into account the location and the conditions of the property, purchasing cost of the elevators and the anticipated operational costs including labor costs and material costs) and the prices charged by our Group for providing similar services to Independent Third Parties.

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It was estimated that the maximum amounts of service fee payable by Times China Group in relation to the Equipment Sales, Installation and Maintenance Services for the three year ending December 31, 2021 will not exceed RMB30.7 million, RMB66.1 million and RMB95.6 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts during the Track Record Period;
- the estimated revenue to be recognized based on the existing signed contracts; and
- the estimated increase on demand of Equipment Sales, Installation and Maintenance Service from properties to be developed by Times China Group based on public available information.

As of the Latest Practicable Date, Times China is owned as to 61.54% by Asiatic Enterprises. Asiatic Enterprises is one of our Controlling Shareholders and Times China is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Equipment Sales, Installation and Maintenance Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Equipment Sales, Installation and Maintenance Services Agreement are expected to be more than 5% on an annual basis, the transactions under the Master Equipment Sales, Installation and Maintenance Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(C) APPLICATION FOR WAIVER

The transactions described in “—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this

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section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

(D) DIRECTORS’ VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transaction described in “—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transaction in “—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

(E) SOLE SPONSOR’S VIEW

The Sole Sponsor is of the view (i) that the continuing connected transaction described in “—(B) Continuing Connected Transaction subject to the Reporting, Annual review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.