时代邻里
TIMES NEIGHBORHOOD

Times Neighborhood Holdings Limited
時代鄰里控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9928)

(1) THE CONTRACTUAL ARRANGEMENTS; AND (2) GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULES 14A.52 AND 14A.53 OF THE LISTING RULES

THE CONTRACTUAL ARRANGEMENTS

To enable the Group to tap into the Qualified Business in the PRC which is currently subject to foreign investment restrictions, on 20 December 2021, Guangzhou Times Linlibang, the Target Company and the Registered Shareholders entered into the VIE Agreements. Despite the restrictions under the Provisions and Guidelines, the Contractual Arrangements under the VIE Agreements would enable the Company to gain effective control over the finance, operations and enjoy the entire economic interests and benefits of the Target Company. Upon signing of the VIE Agreements, the financial results of the Target Company will be consolidated into the financial statements of the Group and the Target Company will become a subsidiary of the Company.

LISTING RULES IMPLICATION

Upon signing of the VIE Agreements, the Company will acquire 100% equity interest of the Target Company at a nil consideration. Given all the applicable percentage ratios in respect of the entry into of the Contractual Arrangements are less than 0.1%, the entry into of the Contractual Arrangements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is fully exempt from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

The Target Company is collectively held as to 50% by Mr. Cen and 50% by Ms. Mei. As at the date of this announcement, Mr. Cen is a brother of Mr. Shum Chiu Hung, who is a controlling shareholder of the Company, and is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Contractual Arrangements between the Registered Shareholders of the Target Company and the Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

GRANT OF WAIVER

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the requirement of limiting the term of the Contractual Arrangements to three years or less, and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange.

INTRODUCTION

To enable the Group to tap into the Qualified Business in the PRC which is currently subject to foreign investment restrictions, on 20 December 2021, Guangzhou Times Linlibang, the Target Company and the Registered Shareholders entered into the VIE Agreements. Despite the restrictions under the Provisions and Guidelines, the Contractual Arrangements under the VIE Agreements would enable the Company to gain effective control over the finance, operations and enjoy the entire economic interests and benefits of the Target Company.

THE VIE AGREEMENTS

(1) Exclusive Technology Consulting and Service Provision Agreement

On 20 December 2021, Guangzhou Times Linlibang and the Target Company entered into the Exclusive Technology Consulting and Service Provision Agreement, pursuant to which Guangzhou Times Linlibang shall, within the service period stipulated in the agreement, agree to provide exclusive business, technical, and consulting support services to the Target Company. Such services include assisting in research & development, formulating technology system designs for the Target Company's operations, monitoring and maintenance of networks, purchasing of software and hardware equipment, providing training and support to employees, providing technology consultation services, providing labour support and conducting risk analysis of the Target Company's shareholders (the "**Technological Services**").

Pursuant to the Exclusive Technology Consulting and Service Provision Agreement, Guangzhou Times Linlibang agrees to provide the Technological Services to the Target Company and the Target Company agrees to appoint Guangzhou Times Linlibang as its exclusive service provider for the Technological Services. During the term of the Exclusive Technology Consulting and Service Provision Agreement, the Target Company undertook not to accept the same or any similar services provided by any third party, unless prior consent is obtained from Guangzhou Times Linlibang.

The Exclusive Technology Consulting and Service Provision Agreement also provides that Guangzhou Times Linlibang has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Guangzhou Times Linlibang or the Target Company. The Target Company shall sign all documents required to make Guangzhou Times Linlibang the owner of such exclusive proprietary rights to and interests in any and all intellectual property rights.

Further, Guangzhou Times Linlibang has the right to appoint any of its affiliates to provide the Technological Services without obtaining consent or confirmation from the Target Company.

Service fees

Pursuant to the Exclusive Technology Consulting and Service Provision Agreement, the Target Company shall pay services fees to Guangzhou Times Linlibang for the Technological Services provided. Guangzhou Times Linlibang has the absolute right to determine the amount and payment method of the service fees.

The service fees payable for the Technological Services is calculated based on the Target Company's income and corresponding operating costs, sales, management and other costs and can be charged based on the following methods:

1. certain proportion of the Target Company's income;

2. the fixed fees of the projects completed by the Target Company;

3. fixed license fees (if applicable) for specific trademarks, software and patents; and/or

4. such other method as determined by Guangzhou Times Linlibang from time to time according to the nature of the services provided.

Guangzhou Times Linlibang shall issue a notice specifying the service fees payable, such amount stated on the notice shall be indicative of the service fees payable by the Target Company. The service fees payable has been determined by factors including the technical difficulty and complexity of the Technological Services provided; the working hours spent by employees of Guangzhou Times Linlibang; and the content and commercial value of the services, soft-wares and/or consultation provided.

Guangzhou Times Linlibang has the absolute right to adjust the services fees charged during the term of the Exclusive Technology Consulting and Service Provision Agreement, without obtaining the Target Company's consent.

Pursuant to the Exclusive Technology Consulting and Service Provision Agreement, Guangzhou Times Linlibang may provide financial support to the Target Company to ensure cash flow requirements of the Target Company's business operations are satisfied or to offset the accumulated losses in any business operations. Such financial support shall not be limited to bank entrustments by Guangzhou Times Linlibang or through other designated parties permitted under relevant laws and regulations.

The Exclusive Technology Consulting and Service Provision Agreement shall become effective upon signing by both parties, and shall remain effective for a term of ten (10) years. The agreement will be automatically renewed unless Guangzhou Times Linlibang objects to such renewal. Pursuant to the agreement, Guangzhou Times Linlibang has the right to terminate the agreement at any time by sending written notice to the Target Company thirty (30) days in advance.

The rights and obligations of the Target Company shall not be transferrable to any third parties pursuant to the Exclusive Technology Consulting and Service Provision Agreement unless prior written consent of Guangzhou Times Linlibang is obtained. If Guangzhou Times Linlibang chooses to transfer its rights and obligations to third parties, consent from the Target Company is not required; and the Target Company, under the request of Guangzhou Times Linlibang, shall be obliged to sign any supplementary agreements or agreements which is substantially in the same form as the Exclusive Technology Consulting and Service Provision Agreement.

(2) Exclusive Option Agreement

On 20 December 2021, Guangzhou Times Linlibang, the Target Company and the Registered Shareholders entered into the Exclusive Option Agreement, pursuant to which the Registered Shareholders and the Target Company shall agree to irrevocably and unconditionally grant an Exclusive Option to Guangzhou Times Linlibang which entitles Guangzhou Times Linlibang to unconditionally elect, at its discretion, and to purchase at any time, all or any part of the (i) equity interest and (ii) assets of the Target Company by itself or through its designated person(s), for one or more times, when permitted by the then applicable PRC laws, within a specific period as stipulated under the Exclusive Option Agreement.

The Registered Shareholders shall execute the relevant equity transfer agreements or asset transfer agreements, stipulating the agreed consideration, in a form specified under the Exclusive Option Agreement. The Exclusive Option Agreement is effective for a period of ten (10) years, and is automatically renewed in ten (10)-year intervals, unless Guangzhou Times Linlibang objects to such renewal.

Exclusive Option right

Subject to the compliance with PRC laws, Guangzhou Times Linlibang may issue a written notice specifying the share of equity interests, or list of assets in the Target Company it intends to purchase from the Registered Shareholders. Within seven (7) working days from receiving the written notice, the Registered Shareholders shall execute the equity or asset transfer agreements in the form specified under the Exclusive Option Agreement or any other forms as agreed between parties. The Registered Shareholders shall undertake to complete promptly any necessary actions for the respective ownership transfer procedures.

Purchase Price

Unless the PRC laws applicable to Guangzhou Times Linlibang's exercise of the Exclusive Option requires an evaluation, audit or other restrictive provisions on the transfer price of the purchased equity interest or assets, the parties agree that the equity purchase price shall be the lowest price as permitted under the applicable PRC laws.

Under the Exclusive Option Agreement, the Registered Shareholders and the Target Company have jointly and severally undertaken, among others that:

(i) without prior written consent of Guangzhou Times Linlibang, the Target Company shall not supplement, change or amend its constitutional documents in any forms, increase or decrease its registered share capital, or otherwise change its capital structure;

(ii) the Target Company's form of business is to be maintained and its business affairs is to be conducted prudently and efficiently in accordance with good financial and commercial standards and practices;

(iii) without prior written consent of Guangzhou Times Linlibang, the Target Company shall not engage in any acts or omission that may adversely affect the assets, business and liabilities of the Target Company, and shall not sell, transfer, mortgage or dispose of any assets, business or income of the Target Company at any time from the date of the execution of the Exclusive Option Agreement or to permit any creation of encumbrance over any security interests;

(iv) no debt is incurred, inherited, warranted or allowed without the prior written consent of Guangzhou Times Linlibang except when (i) debt is incurred in the normal or ordinary course of business other than by borrowing; and (ii) such liabilities have been disclosed and approved by Guangzhou Times Linlibang;

(v) businesses are conducted in the ordinary course of business at all times to preserve the value of assets of the Target Company and refrain from any acts and/or omissions detrimental to its business condition and the value of its assets;

(vi) without the consent of Guangzhou Times Linlibang, no major contracts (for the purposes of this paragraph, a contract whose value exceeds RMB50,000 shall be deemed a major contract) shall be entered into, except for contracts entered into in the ordinary course of business;

(vii) no loans or guarantees be provided to anyone without Guangzhou Times Linlibang's prior written consent;

(viii) all information in relation to the Target Company's operations and financial position be provided upon request of Guangzhou Times Linlibang;

(ix) the Target Company purchases and holds insurance from an insurance company accepted by Guangzhou Times Linlibang, and the amount, type and level of insurance maintained shall be the same or similar to those normally insured by companies that operates similar business or owns similar properties or assets in the same area as Guangzhou Times Linlibang;

(x) without prior written consent of Guangzhou Times Linlibang, it shall not merge or be associated with any person, be acquired by any person, acquire any person or invest in any person;

(xi) Guangzhou Times Linlibang be immediately notified of the occurrence or possibility of litigation, arbitration or administrative proceedings related to the Target Company's assets, business and income;

(xii) all necessary or appropriate documents be executed, all necessary or appropriate actions be taken, all necessary or appropriate claims be filed, and all necessary claims be defended to maintain the Target Company's ownership of all of its assets;

(xiii) no dividend shall be paid to the Target Company's shareholders in any form without the prior written consent of Guangzhou Times Linlibang, and that all distributable profits shall be distributed to the shareholders of the Target Company immediately upon request of Guangzhou Times Linlibang; and

(xiv) the Target Company shall not be dissolved or liquidated without Guangzhou Times Linlibang's written consent, unless compelled by PRC laws.

The Registered Shareholders have also undertaken, among others, that:

(i) without prior written consent of Guangzhou Times Linlibang, the Registered Shareholders shall not sell, transfer, mortgage or otherwise dispose of any legal or beneficial rights in the equity interest of the Target Company, or permit creation of encumbrance over any security interest, except for pledges created over such equity interests by the Registered Shareholders under the Exclusive Option Agreement;

(ii) they shall prompt the Target Company's board of directors not to approve any sale, transfer, pledge or otherwise dispose of any legal or beneficial rights in any equity interest, or to allow the creation of any encumbrance over security interests without the prior written consent of Guangzhou Times Linlibang, except to those made to Guangzhou Times Linlibang or its designated persons; and to cause the Target Company's shareholders to vote in favour of the transfer of the purchased equity pursuant to the Exclusive Option Agreement;

(iii) without the prior written consent of Guangzhou Times Linlibang, the Registered Shareholders shall not vote for, endorse or sign any resolutions in the Target Company's shareholders' meeting to approve any merger or union with any person; acquisition by any person, acquisition of any person or investment in any person;

(iv) Guangzhou Times Linlibang be promptly notified of any litigation, arbitration or administrative proceedings that have occurred or may occur in connection with its equity interest in the Target Company;

(v) all necessary or appropriate documents be executed, all actions be taken, all claims be filed and defended in order to maintain its ownership of equity interest in the Target Company;

(vi) without the prior written consent of Guangzhou Times Linlibang, it shall not perform any acts and/or omission that may have any material impact on the assets, business and liabilities of the Target Company;

(vii) at the request of Guangzhou Times Linlibang, they shall appoint persons designated by Guangzhou Times Linlibang as the directors and general managers of the Target Company as senior management personnel, and shall actively assist in handling all matters concerning the appointment of such personnel, including but not limited to signing necessary documents and assisting in registering the appointment of such personnel with the relevant market regulatory departments;

(viii) under the permittable premises of PRC laws, at any time as requested by Guangzhou Times Linlibang, the Registered Shareholders shall unconditionally and immediately transfer all or part of the equity interest owned by them in the Target Company to Guangzhou Times Linlibang or its designated persons; they shall give up any pre-emption right of the other Shareholders of the Company made in favour of Guangzhou Times Linlibang or its designated persons, and shall actively assist in handling all matters related to the transfer, including but not limited to, signing necessary documents and assisting in registering the equity transfer with the relevant market supervision and regulation departments;

(ix) they shall strictly abide by the provisions of the Exclusive Option Agreement and other contracts entered into jointly or separately with the Target Company or Guangzhou Times Linlibang, to perform all obligations under the Exclusive Option Agreement in good faith, and refrain from any acts and/or omission that would affect the validity and enforceability of the Exclusive Option Agreement; and

(x) they shall agree and warrant the execution of an irrevocable power of attorney authorizing Guangzhou Times Linlibang or its designated persons to exercise all of its rights as a shareholder of the Target Company.

The Exclusive Option Agreement shall remain effective for a period of 10 (ten) years and shall be renewed automatically, unless Guangzhou Times Linlibang notifies the Target Company and the Registered Shareholders of its intention not to renew it. The Target Company and the Registered Shareholders have no right to terminate the Exclusive Option Agreement.

(3) Power of Attorney

On 20 December 2021, the Registered Shareholders executed a power of attorney, pursuant to which each of the Registered Shareholders shall agree to irrevocably appoint Guangzhou Times Linlibang or its designated person(s) as its attorney-in-fact to act for all matters pertaining to the Target Company and to exercise all of their rights as shareholders of the Target Company under applicable laws and regulations and the articles of association of the Target Company, under the premise of compliance with PRC law.

The Registered Shareholders has granted Guangzhou Times Linlibang or its designated person the power to exercise all rights of Target Company's shareholders, including but not limited to:

(i) convene and attend shareholders' meetings of the Target Company;

(ii) exercise all shareholders' rights and shareholder's voting rights in accordance with law and the constitutional documents of the Target Company, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in the Target Company;

(iii) execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;

(iv) file documents with the relevant companies registry; and

(v) nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of the Target Company.

The Registered Shareholders have further agreed and authorised Guangzhou Times Linlibang and its designated persons, including but not limited to, exercising shareholders' rights in full discretion without obtaining any oral or written instructions from the Registered Shareholders, and to appoint one or more replacement candidates to exercise any or all of the rights entrusted under the Power of Attorney. The Registered Shareholders have also undertaken that any increase in shareholding of the Target Company by way of equity transfer or increase in share capital, or any acquisition of the Target Company's equity interest by any persons, will be subjected to the Power of Attorney.

Guangzhou Times Linlibang and its designated persons may at any time require the Registered Shareholders to re-sign another power of attorney in substantially the same form, and shall be entitled to exercise all of their rights as shareholders of the Target Company.

The Power of Attorney shall remain effective from the date of signing, and will continue to be effective so long as the Target Company is in existence. The Registered Shareholders shall not terminate or modify the Power of Attorney without prior written consent from Guangzhou Times Linlibang. The Power of Attorney is binding upon the successors and assignees of the authorised person.

(4) Equity Pledge Agreement

On 20 December 2021, Guangzhou Times Linlibang, the Target Company and the Registered Shareholders entered into the Equity Pledge Agreement, pursuant to which each of the Registered Shareholders agreed to pledge all of his/her respective equity interests in the Target Company to Guangzhou Times Linlibang to secure the due performance of obligations of the Target Company and the Registered Shareholders under the VIE Agreements.

Unless with prior consent from Guangzhou Times Linlibang, the Registered Shareholder has no right to gift or transfer its rights and obligations under the Equity Pledge Agreement. Guangzhou Times Linlibang may assign all or any of its rights and obligations pursuant to the Equity Pledge Agreement, its designated assignee shall assume all rights and obligations enjoyed by Guangzhou Times Linlibang under the agreement.

The rights under the Equity Pledge Agreement shall be effective from the date of registration with the relevant market supervision and management department. The Equity Pledge Agreement is valid is two (2) years from the date of signing until all obligations pursuant to Equity Pledge Agreement have been fulfilled.

SPOUSE'S UNDERTAKING

On 20 December 2021, the Registered Shareholders, each in their own capacity, executed a Spouse's Undertaking pursuant to which each of them irrevocably undertakes, among other things, that:

(i) he/she is fully aware and is familiar with the Contractual Arrangements;

(ii) he/she unconditionally and irrevocably agrees that the equity interest subjected to under the VIE Agreements, shall and can be pledged, sold or dealt with in accordance with the transactions under the VIE Agreements and shall not require consent from the other Registered Shareholder;

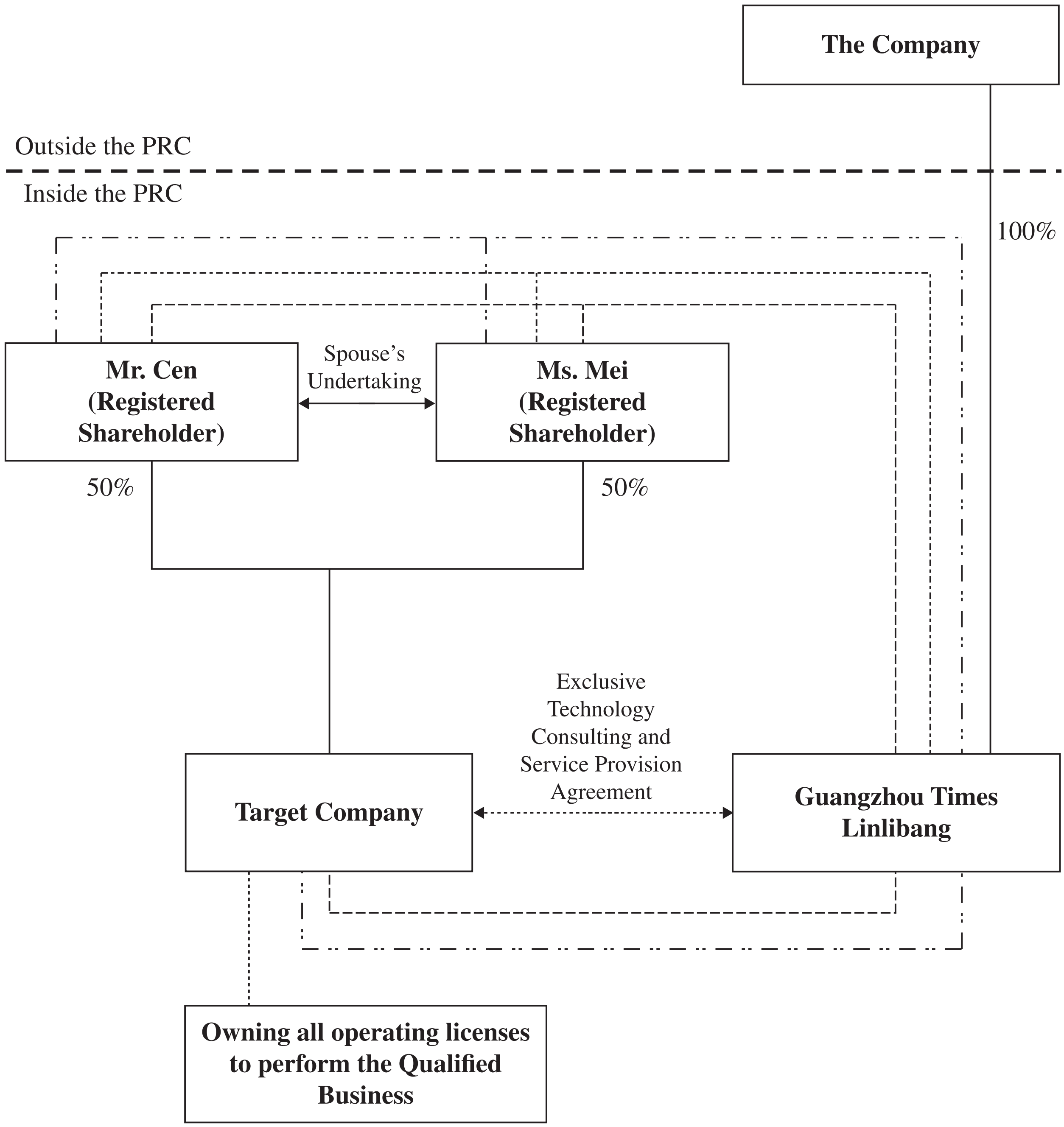
(iii) regardless of any termination of marriage, he/she shall recognize, agree and abide by the transactions under the VIE Agreements, and shall assume the responsibility of performing the obligations required of the other Registered Shareholder under the VIE Agreements;

(iv) he/she can sign any documents to modify or change the VIE Agreements without the signature, confirmation, consent or affirmation of the other Registered Shareholder; and

(v) unconditionally and irrevocably agree that if the other Registered Shareholder obtains all or part of the underlying equity interest held by him/her, the other Registered Shareholder shall be bound by the obligations under the VIE Agreements, and to sign other contracts in the form substantially similar to the VIE Agreements.

ILLUSTRATIVE DIAGRAM OF THE VIE AGREEMENTS

The following diagram illustrates the VIE Agreements:



The VIE Agreements

-------- Exclusive Option Agreement

------------ Power of Attorney in favour of Guangzhou Times Linlibang

— ·· — ·· – Equity Pledge Agreement in favour of Guangzhou Times Linlibang

◄------------► Exclusive Technology Consulting and Service Provision Agreement

LEGAL COMPLIANCE OF THE CONTRACTUAL ARRANGEMENTS

Based on the review of the form and the substance of the Contractual Arrangements, the PRC Legal Advisor has confirmed that each of the form of the VIE Agreements is, and taken as a whole are, (i) valid and legally binding on each party thereto, and (ii) enforceable in accordance with the terms thereof, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally, the discretion of relevant governmental agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC Laws and policies thereto, and to general equity principles. The form of the VIE Agreements entered into for the Company to own and control the business of the Target Company governed by PRC laws will not be deemed as "concealment of illegal intentions with a lawful form" and will not be void under the Civil Code of the PRC. Based on the advice from the PRC Legal Advisor, the Directors are of the view that the VIE Agreements is valid under the relevant laws, rules and regulations in the PRC.

BOARD'S VIEW ON THE CONTRACTUAL ARRANGEMENTS

On the basis of the above, the Directors believe that the Contractual Arrangements, after becoming effective and upon completion of the registration of the equity pledge, would be enforceable under applicable PRC laws and would provide a mechanism that enables the Group to exercise effective and significant control over and enjoy the economic interests and benefits from the Target Company.

DISPUTE RESOLUTIONS UNDER THE CONTRACTUAL ARRANGEMENTS

Each of the VIE Agreements, except the Power of Attorney, contains a dispute resolution provision, which stipulates that in the event of any dispute relating to the interpretation and performance of the VIE Agreements, the parties shall negotiate in good faith to resolve such disputes. If the parties fail to reach an agreement on the resolution of such a dispute within thirty (30) days, (i) pursuant to the Exclusive Technology Consulting and Service Provision Agreement, the relevant dispute may be submitted to the China Guangzhou Arbitration Commission, whereas under the (ii) Equity Pledge Agreement and the Exclusive Option Agreement, the disputes may be submitted to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the then effective arbitration rules.

Each of the VIE Agreements, other than the Power of Attorney, contains a dispute resolution provision, which stipulates that the tribunal may award remedies over the shares or assets of the Target Company or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of the Target Company; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC and the places where the principle assets of the Guangzhou Times Linlibang or its subsidiaries are located for interim remedies or injunctive relief.

CONFLICT OF INTEREST AND SUCCESSION UNDER THE VIE AGREEMENTS

Conflict of interest

Pursuant to the VIE Agreements, the Registered Shareholders and the Target Company shall not take or omit to take any action which may lead to conflict of interest with Guangzhou Times Linlibang or its shareholders. If there is any conflict of interest, Guangzhou Times Linlibang shall have the right to decide in its sole discretion on how to deal with such conflict of interest in accordance with the applicable PRC Laws. The Registered Shareholders have also confirmed under the VIE Agreements that without the prior written consent of Guangzhou Times Linlibang, they shall not directly or indirectly participate in, engage in, involve or own any business that is or may compete with the main business of the Target Company, and shall not perform any acts and/or omission that may have any material impact on the assets, business and liabilities of the Target Company.

Succession

The provisions set out in the VIE Agreements are also binding on the successors of the Registered Shareholders, as if the successors were a signing party to the VIE Agreements. Although the VIE Agreements do not specify the identity of successors to the Registered Shareholders, under the Civil Code of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed a breach of the VIE Agreements.

Mechanism to deal with death or divorce of the Registered Shareholders

In the event of death of the Registered Shareholders, the Registered Shareholders have agreed to transfer his/her rights and obligations under the VIE Agreements to any person appointed by Guangzhou Times Linlibang, and have undertaken that the person appointed shall have full discretion to manage all equity interests owned by the Registered Shareholders.

In the event of a termination of marriage, each of the Registered Shareholder has undertaken to recognize, accept and abide by the transactions under the VIE Agreements, and has further undertaken to assume the responsibility of performing the obligations required of the other Registered Shareholder under the VIE Agreements. On the above basis, appropriate arrangements have been made to protect the Group's interests in the event of death, bankruptcy or divorce of the Registered Shareholders to avoid any practical difficulties in enforcing the VIE Agreements.

Termination of the VIE Agreements

The Company has undertaken that it shall terminate the VIE Agreements as soon as the PRC laws allow the Qualified Business to be operated without the VIE Agreements, and the Company or its nominee may acquire the equity interests in the Target Company held by the Registered Shareholders and/or the assets of the Target Company to the extent as permitted by then applicable PRC Laws. In the event Guangzhou Times Linlibang exercises the right to terminate the VIE Agreements, the Registered Shareholders and the Target Company have undertaken to return to Guangzhou Times Linlibang any consideration received.

INTERNAL CONTROL

As part of the Group, both Guangzhou Times Linlibang and the Target Company are subject to the Group's internal control policies and procedures. As the operation of the Target Company is controlled by the Group solely through the Contractual Arrangements, the Company has the following controls to safeguard its interest in the Target Company:

(i) the seals, chops, incorporation documents of the Target Company are kept by the Group, any employee of the Target Company who wishes to use such items will have to obtain internal approval (as the case may be) from the Group;

(ii) the Target Company will report regularly, which will be no less frequently than on a quarterly basis, to the senior management of the Company in relation to compliance and performance conditions under the Contractual Arrangements and other related matters; any major issues arising from implementation of the Contractual Arrangements will be regularly reviewed, at least on a quarterly basis, by the Board;

(iii) the Board will consult the PRC Legal Advisor from time to time to check if there are any legal developments in the PRC affecting the Contractual Arrangements, and should immediately report to the Board so as to allow the Board to determine if any modification or amendment are required to be made; and

(iv) the Company's independent non-executive Directors will review the compliance of the Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual report.

RISK FACTORS RELATING TO THE CONTRACTUAL ARRANGEMENTS

Guangzhou Times Linlibang will not have any direct equity ownership in the Target Company and will rely on the Contractual Arrangements to control, operate and be entitled to the economic benefits from the Qualified Business to be conducted through the Target Company. As such, there are risks associated with the use of the VIE Agreements, including:

The Group may bear economic risk which may arise from difficulties in the operation of the Target Company

The Group will bear economic risks which may arise from difficulties in the operations of the Target Company's businesses. Guangzhou Times Linlibang will have to provide financial support in the event of financial difficulty of the Target Company. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the Target Company and the need to provide financial support to the Target Company.

Interference or encumbrance in the PRC

To the best of the knowledge, information and belief of the Group, having made all reasonable enquiries, as at the date of the announcement, the Target Company has not encountered any interference or encumbrance from any governing bodies in operating its business.

Guangzhou Times Linlibang's exercise of the option to acquire the entire equity interests in the Target Company may be subject to various limitations and substantial costs

In case Guangzhou Times Linlibang exercises its options to acquire all or part of the equity interests of the Target Company under the Exclusive Option Agreement, the acquisition of the entire equity interest in the Target Company may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interest in the Target Company) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of the Target Company, which may have a material adverse impact on Guangzhou Times Linlibang's businesses, prospects and results of operation.

There is no assurance that the Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Contractual Arrangements do not comply with applicable regulations

Despite there is currently no indication that the Contractual Arrangements will be interfered or objected by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Contractual Arrangements comply with the current PRC laws, regulations or rules or those that may be adopted in the future, and the authorities may deny the validity, effectiveness and enforceability of the Contractual Arrangements.

The VIE Agreements may not be as effective in providing control over and entitlement to the economic benefits in the Target Company as compared to direct ownership

The VIE Agreements may not be as effective as direct ownership in providing Guangzhou Times Linlibang with control over and entitlement to the economic benefits in the Target Company. Under the VIE Agreements, the Group will have to rely on Guangzhou Times Linlibang's contractual rights under the Contractual Arrangements to effect controls in the management of the Target Company and make an impact on its business decision making, as opposed to exercising its rights directly as a shareholder. If the Target Company refuses to cooperate, Guangzhou Times Linlibang may encounter difficulties in effecting control over the Target Company through the Contractual Arrangements and may be required to take legal actions which is time consuming and costly, which would, in turn, result in an adverse effect on the Group's business, financial condition and results of operations.

The Registered Shareholders may have potential conflict of interest with the Group

The Group's control over the Target Company is based on the contractual arrangements under the VIE Agreements. Therefore, conflict of interests of the Registered Shareholders will adversely affect the interests of the Group. Conflict of interests may occur when the interest of the Registered Shareholders no longer aligns with that of the Group. The Registered Shareholders may breach or cause the Target Company to breach the VIE Agreements. If the Group fails to resolve this internally, it may have to resort to dispute resolution, other legal means, or ultimately removing and replacing the Registered Shareholder, which might affect the investors' confidence in the Contractual Arrangements.

Nevertheless, pursuant to the Power of Attorney, the Registered Shareholders will irrevocably appoint any persons as designated by Guangzhou Times Linlibang as their representative to exercise the rights of shareholders of the Target Company. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the Registered Shareholders.

As at the date of the announcement, the Registered Shareholders have ensured that the Power of Attorney does not give rise to any potential conflict of interest.

The VIE Agreements may be subject to the scrutiny of the tax authorities and additional tax maybe imposed

The Group could face adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Agreements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the VIE Agreements were not entered into on an arm's length basis, they may adjust income and expenses of Guangzhou Times Linlibang and/or the Target Company for the PRC tax purposes, which could result in higher tax liabilities on Guangzhou Times Linlibang and/or the Target Company.

The operating and financial results of Guangzhou Times Linlibang may be adversely affected if the tax liabilities of the Target Company or those of Guangzhou Times Linlibang increased significantly or if they are required to pay interest on late payments and other penalties.

The Group does not have any insurance which covers the risks relating to the VIE Agreements

The Group does not have insurance to cover the risks relating to the VIE Agreements and the Group cannot identify appropriate insurance product to cover such risk. If there is any loss arising from the VIE Agreements in the future, such as the legal costs for enforcing the Contractual Arrangements, the Group may be required to bear such cost and the results of operations of the Group may be adversely affected.

REASONS FOR AND BENEFITS OF THE CONTRACTUAL ARRANGEMENTS

The Qualified Business is currently subject to foreign investment restrictions under the Provisions and Guidelines, which do not allow a foreign investor to own, whether directly or indirectly, any company that engages in the Qualified Business in the PRC. In compliance with the Provisions and Guidelines, a foreign-funded telecom enterprise which engages in the Qualified Business would need to satisfy that: (i) the ultimate proportion of contribution of its foreign investors shall not be more than 50%; and (ii) its major foreign investor shall have good performances and operation experiences in managing the value-added telecom businesses.

In light of the Provisions and Guidelines currently in force and taking into account of the shareholding structure of the Company, the Group could not engage in the Qualified Business through a sino-foreign equity joint venture or direct acquisition of the equity interest of the Target Company. In order for the Group to tap into the Qualified Business which has a great growth potential and thereby deepening the Group's reach to those business segments, diversifying the revenue stream and further enhancing customers' satisfaction of the Group's property management services and value-added services, as well as to comply with the Provisions and Guidelines and obtain the entire economic benefits attributable to the Target Company, the Group proposes to, through the VIE Agreements, enter into the Contractual Arrangements to qualify for engaging in the Qualified Business in the PRC. The Group does not require to pay any consideration for indirect acquisition of the Target Company through the adoption of the VIE Agreements.

The Company has discussed with its auditor and confirms that the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group under the prevailing accounting principles upon entering into the VIE Agreements.

The Directors are of the view that that the terms of the Contractual Arrangements are fair and reasonable, on normal commercial terms or better to the Group and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Upon signing of the VIE Agreements, the Company will acquire 100% equity interest of the Target Company at a nil consideration. Given all the applicable percentage ratios in respect of the entry into of the Contractual Arrangements are less than 0.1%, the entry into of the Contractual Arrangements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is fully exempt from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

The Target Company is collectively held as to 50% by Mr. Cen and 50% by Ms. Mei. As at the date of this announcement, Mr. Cen is a brother of Mr. Shum Chiu Hung, who is a controlling shareholder of the Company, and is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Contractual Arrangements between the Registered Shareholders of the Target Company and the Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

GRANT OF WAIVER

The Company has applied for, and the Stock Exchange has granted, a waiver (the "**Waiver**") from strict compliance with (i) the requirement of limiting the term of the Contractual Arrangements to three years or less, and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange.

Relevant requirements under Rule 14A.52 of the Listing Rules requires that the period for a connected transaction agreement must be fixed and must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the listed issuer must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

Rule 14A.53 of the Listing Rules requires the listed issuer to set an annual cap for the continuing connected transactions. The annual cap must be: (1) expressed in monetary terms; (2) determined by reference to previous transactions and figures in the published information of the listed issuer's group. If there were no previous transactions, the annual cap must be set based on reasonable assumptions; and (3) approved by shareholders if the transaction requires shareholders' approval.

Application for the Waiver

The Company has applied for the Waiver under the following grounds:

(a) Importance and necessity of the Contractual Arrangements

The transactions contemplated under the Contractual Arrangements enable the Group to control and manage the Qualified Business of the Target Company in the PRC and to receive and enjoy the economic benefits derived from the Target Company. As such, it is in the interest of the Company to ensure that the Company will continue to do so without setting any annual cap which may limit the economic benefits received by the Company and/or expiration of the terms of the Contractual Arrangements which may otherwise lead to the Group's losing control over the Target Company.

(b) No undue risk to the shareholders as a whole

Given that the financial results of the Target Company will be consolidated into the Group's financial results under the Contractual Arrangements, the Target Company will be treated as the Company's wholly-owned subsidiary. Notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, such transactions do not fall into the "suspect" category that warrants the protection afforded by the Listing Rules governing connected transactions. Thus, it is impractical and unduly burdensome and adds to the additional cost and administrative burden on the Company for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

(c) Sufficient disclosure

Upon signing of the Contractual Arrangements, the Company will acquire 100% equity interest of the Target Company at a nil consideration. It is currently estimated that all of the applicable percentage ratios as defined under Rule 14.07 in respect of the Acquisition are below 0.1%, therefore, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is fully exempt from Shareholder's approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

(d) Management and control

Upon the signing of the Contractual Arrangements, the Company will acquire 100% equity interest of the Target Company, and shall have entire management and control over the Target Company. The associates of the connected persons shall not have management and control over the Target Company.

(e) The Waiver will be subject to the following conditions:

a. **No change without independent non-executive Directors' approval.** No changes to the terms of any of the Contractual Arrangements will be made without approval of the independent non-executive Directors.

b. **No change will be made without the approval of the Company's independent Shareholders.** Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed.

c. **Economic benefits flexibility.** The Contractual Arrangements shall enable the Group to receive the economic benefits derived by the Target Company through (i) the Group's discretion (if and when so allowed under the applicable PRC laws) to acquire part or all of the equity interest in the registered capital or part or all of the assets of the Target Company; (ii) the business structure under which the net profits generated by the Target Company are substantially retained by the Group; and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Target Company held by the Registered Shareholders.

d. **Ongoing reporting and approvals.** The Group will disclose relating to the Contractual Arrangements on an ongoing basis as follows:

   (i) The Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

(ii) The independent non-executive Directors will review the transaction carried out pursuant to the Contractual Arrangements annually and confirm in the Company's annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the Target Company has been substantially retained by the Group; (ii) no dividends or other distributions have been made by the Target Company to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and (iii) any new contracts entered into, renewed or reproduced between the Group and the Target Company during the term of the Contractual Arrangements are fair, reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Shareholders as a whole.

(iii) As the Contractual Arrangements are part of the continuing connected transactions of the Company, the Company's auditors will carry out relevant procedures and review for continuing connected transactions on an annual basis for the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Directors with a copy to the Stock Exchange that the transactions carried out pursuant to the Contractual Arrangements have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by the Target Company to the holders of its equity interests which are not otherwise subsequently assigned/transferred to the Group.

(iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Target Company and its subsidiaries will be treated as the Company's wholly owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Target Company and its subsidiaries and their respective associates will be treated as the Company's connected persons. As such, transactions between these connected persons and the Group, other than those under the Contractual Arrangements, shall comply with Chapter 14A of the Listing Rules.

(v) Each of the Target Company and its subsidiaries will undertake that, for so long as the shares of the Company are listed on the Stock Exchange, it will provide the Group's management and the Company's auditors full access to its relevant records for the purpose of the Company's auditors' review on the continuing connected transactions.

e. **Renewal and reproduction**

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the Target Company, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly-foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly-foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

VIEW FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Company's application for the Waiver from strict compliance with Rule 14A.52 of the Listing Rules, in assessing the reasons for the duration of the VIE Agreements to be longer than three years and of an indefinite term, Gram Capital has considered the following factors:

(i) in order for the Group to engage in the Qualified Business in compliance with the relevant PRC law and regulations, it will have to satisfy that the ultimate proportion of contribution of the foreign investors of a foreign-funded telecom enterprise that is engaged in the Qualified Business shall not be more than 50%. The major foreign investor of a foreign-funded telecom enterprise that is engaged in the Qualified Business shall have good performances and operation experiences in managing the value-added telecom businesses.

By entering into the Contractual Arrangements, the Group shall (a) have entire management and control over the Target Company; (b) consolidate the financial results of the Target Company into the financial results of the Company; and (c) control and manage the Qualified Business of the Target Company in the PRC and to receive and enjoy the economic benefits derived from the Target Company;

(ii) it is not uncommon for foreign company to enter into similar arrangements, such as the Contractual Arrangements, in order to comply with the relevant laws and regulations in the PRC to conduct businesses which is subject to foreign investment restrictions;

(iii) the Contractual Arrangements with a longer duration will provide long-term binding contractual relationship between the Group and the Target Company, allowing the Group to continuously receive and enjoy the economic benefits derived from the Target Company despite the lack of registered equity ownership while complying with the relevant PRC laws and regulations; and

(iv) it would be unduly burdensome and impracticable, and would add unnecessary administration costs for a renewal of the VIE Agreements every three years or less as the contractual structure thereunder is a long-term arrangement.

In considering whether it is normal business practice for agreements of similar nature with the VIE Agreements (i.e. contractual arrangements) to have a term of such duration (i.e. indefinite), Gram Capital identified and reviewed over ten (10) transactions involving contractual arrangements, entered into by companies listed on the Stock Exchange, with duration being indefinite.

Taking into account of the above, Gram Capital has confirmed that the duration of the VIE Agreements, which is longer than three years, is required, and it is normal business practice for the agreements of this type to be of such duration (i.e. indefinite).

INFORMATION OF THE GROUP, GUANGZHOU TIMES LINLIBANG AND THE TARGET COMPANY

The Group

The Group is principally engaged in the businesses of provision of property management services, value-added services to non-property owners, community value-added services and other professional services in the PRC.

Guangzhou Times Linlibang

Guangzhou Times Linlibang is a company established in the PRC on 2 September 2014 and an indirect wholly-owned subsidiary of the Company. Guangzhou Times Linlibang has been engaged in the provision of software and mobile application and information technology services.

The Target Company

The Target Company is a company established in the PRC, which owns the Business License and is principally engaged in conducting value-added telecommunications business, advertisement production, housing rental, housekeeping services, etc. in the PRC. As at the date of this announcement, the Target Company has not generated any revenue from the businesses under the Contractual Arrangements.

"Acquisition"	the acquisition of the 100% equity interest of the Target Company by the Group from the Registered Shareholders under the Acquisition Agreement;
"Board"	board of Directors;
"Business License"	the "License for Value-added Telecommunications Business" (License No.: Qiong B2-20210832) ((《增值電信業務經營許可證》) (許可證號碼:瓊B2-20210832)) dated 13 September 2021 granted to the Target Company by the Hainan Province Communications Administration (海南省通信管理局);
"Company"	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);
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Contractual Arrangements"	the arrangements under the VIE Agreements;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Directors"	director(s) of the Company;
"Equity Pledge Agreement"	the equity pledge agreement dated 20 December 2021 entered into among Guangzhou Times Linlibang, the Target Company and the Registered Shareholders;
"Exclusive Option"	the exclusive option pursuant to the Exclusive Option Agreement;
"Exclusive Option Agreement"	the exclusive option agreement dated 20 December 2021 entered into among Guangzhou Times Linlibang, the Target Company and the Registered Shareholders;
"Exclusive Technology Consulting and Service Provision Agreement"	the exclusive technology consulting and service provision agreement dated 20 December 2021 entered into between Guangzhou Times Linlibang and the Target Company;
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Group"	the Company and its subsidiaries;

"Guangzhou Times Linlibang"	Guangzhou Times Linlibang Network Technology Co., Ltd. (廣州市時代鄰里邦網絡科技有限公司) is a company established in the People's Republic of China and an indirect wholly-owned subsidiary of the Company;
"HK" or "Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Cen"	Mr. Cen Qixiong (岑齊雄), the registered owner of 50% equity interest in the Target Company as at the date of this announcement, who is the brother of Mr. Shum Chiu Hung, the controlling shareholder of the Company;
"Ms. Mei"	Ms. Mei Huimin (梅惠民), the registered owner of 50% equity interest in the Target Company as at the date of this announcement, is the spouse of Mr. Cen; and
"Power of Attorney"	the power of attorney dated 20 December 2021 granted by the Registered Shareholders in favour of Guangzhou Times Linlibang;
"PRC"	the People's Republic of China;
"PRC Legal Advisor"	Commerce & Finance Law Offices, the PRC legal advisor to Guangzhou Times Linlibang;
"Provisions and Guidelines"	Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》), implemented on 6 February 2016, and Special Administrative Measures (Negative List) for Foreign Investment Access to Hainan Free Trade Port (2020) (《海南自由貿易港外商投資准入特別管理措施(負面清單)(2020年版)》), implemented on 1 February 2021, and Notice on Lifting the Restriction to Foreign Shareholding Percentage in Online Data Processing and Transaction Processing Business (Operational E-commerce) (《關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》), promulgated on 19 June 2015, and Guidelines on the Notification-Commitment Approval of Engaging in the Category II Value-added Telecommunications Business (《第二類增值電信業務經營許可告知承諾審批服務指南》), promulgated and implemented on 18 February 2021;
"Qualified Business"	the types of value-added telecommunication businesses which the Target Company is permitted to carry out under the Business License;

"Registered Shareholders"	the registered shareholders of the Target Company, being Mr. Cen and Ms. Mei;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	shareholder(s) of the Company
"Spouse's Undertaking"	the undertaking dated 20 December 2021 executed by the Registered Shareholders;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	Hainan Qi Lin Technology Co., Ltd. (海南啟鄰科技有限公司), a company established in the PRC with limited liability which is owned by the Registered Shareholders;
"VIE Agreements"	the Exclusive Technology Consulting and Service Provision Agreement, the Exclusive Option Agreement, the Power of Attorney, and the Equity Pledge Agreement;
"%"	per cent.

By Order of the Board
Times Neighborhood Holdings Limited
Bai Xihong
Chairman

Hong Kong, 20 December 2021

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