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## **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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **THE AGREEMENTS**

The Group has entered into certain transactions with Times China. The transactions involved the provision by the Group of the Services on an exclusive basis, and the payment of the Deposits, to Times China.

#### **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios in respect of the payment of each of the Deposits exceeded 5% but all of them were lower than 25%, the payment of each of the Deposits constituted a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules.

#### **THE AGREEMENTS**

The Company has a long history of business relationship with Times China. The Company provides property management services, sales assistance services and various related services to Times China from time to time. In line with such relationship, the Group and the Times China Group have entered into the Agreements. Under each of the Agreements, the Group agreed to provide the Services to the Times China Group on an exclusive basis, and paid the First Deposit, the Second Deposit or the Third Deposit to the Times China Group under the relevant agreement. The First Deposit and the Second Deposit were refunded at the end of the First Agreement and the end of the Second Agreement respectively. In consideration of the change in the real estate policy and property market in the PRC in early 2023, Times China has adjusted its property sale strategy. The Group and the Times China Group mutually agreed to terminate the Third Agreement on 20 February 2023. The Third Deposit was fully refunded to the Group.

## **Basis of determination**

It is a common market practice in the PRC for a property management services company to pay an interest-free refundable deposit to a property developer to secure the exclusive right to act as an agent for the sale of the specified properties.

Each of the Agreements covered the Target Properties. The amount of each of the Deposits was determined with reference to the market value of the Target Properties as a result of the arm's length negotiation between the Group and the Times China Group having considered the factors such as the number of units of the Target Properties, the market price of the Target Properties, the prevailing rate of deposits paid by other property management services providers to the property developers in the PRC for providing similar services and the estimated period required for the Target Properties to be sold.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company. The 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.

### **Times China**

Times China is one of the leading property developers in the PRC, focusing on the development of mid-market to high-end residential properties. The Times China Group is principally engaged in property development, urban redevelopment business and property leasing in the PRC.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS**

Through its cooperation with the Times China Group under the Agreements, the Group was able to strengthen its footprint in regions where the Target Properties were located and provided post-sales services such as diversified property management and sales assistance services to the property owners and occupants.

Further, it has been a common market practice in the PRC for a property management services company to pay an interest-free refundable deposit to a property developer to secure the exclusive right to act as an agent for the sale of specified properties. The Board considered that the risk of failure to refund each of the Deposits by the Times China Group at the end of the relevant agreement to be extremely low in light of the long-standing business relationship between the Times China Group and the Group. The Group has also benefitted from generating further business opportunities after the successful sale of the Target Properties.

In light of the above, the Directors (including the independent non-executive Directors) were of the view that the transactions contemplated under each of the Agreements (including the payment of each of the Deposits under the relevant agreement) were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms were fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios in respect of the payment of each of the Deposits under the relevant agreement exceeded 5% but all of them were lower than 25%, the payment of each of the Deposits constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is owned as to approximately 48.03% by Best Source, which is wholly owned by Super Reach. Super Reach is a controlling shareholder of the Company. Times China is owned as to approximately 59.23% by Asiaciti Enterprises, which is wholly owned by Super Reach. Times China is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Thus, Times China is a connected person of the Company. The payment of each of the Deposits under the relevant agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that certain of the applicable percentage ratios in respect of the payment of each of the Deposits under the relevant agreement exceeded 5%, the payment of each of the Deposits constituted a connected transaction of the Company which was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **REASON FOR FAILURE TO IDENTIFY THE TRANSACTIONS AND REMEDIAL MEASURES**

The Company has a long history of business relationship with Times China. The Group provides property management services, sales assistance services and various related services to the Times China Group from time to time, as part of the Group's ordinary and usual course of business. The details of such services have been disclosed in the Company's announcement dated 16 November 2021. As the Group has been involved in a number of transactions with the Times China Group, due to an inadvertent error, it mistakenly thought that the payment of each of the Deposits was covered under the annual caps of the continuous connected transactions between the Group and the Times China Group as approved. The Company would like to stress that it has no intention to withhold any information relating to the payment of the Deposits from disclosure to the public.

As at the date of this announcement, as the Deposits have been fully refunded by the Times China Group, the Company will not convene a general meeting to approve the payment of the Deposits and the transactions contemplated under the Agreements to save time and cost.

To prevent the recurrence of similar incidents and ensure timely compliance with the relevant requirements of the Listing Rules, the Company will implement the following remedial measures:

- (a) the Company will review its internal control system, financial reporting system and existing policies and procedures in monitoring notifiable and connected transactions of the Group under the Listing Rules and report results of the same to the Board periodically;
- (b) the Company will improve such internal control system, financial reporting system and existing policies and procedures in accordance with the recommendations as provided by the Board and its other professional advisers from time to time;

- (c) the Company will circulate a detailed guideline relating to notifiable and connected transactions under the Listing Rules and offer more regular trainings to the responsible staff, senior management and Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage;
- (d) the Company will strengthen the coordination and reporting arrangements for notifiable and connected transactions among its subsidiaries and emphasize the importance of compliance with the Listing Rules; and
- (e) the Company will work more closely with its legal adviser on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential notifiable and connected transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transactions.

## DEFINITIONS

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

“Agreements”	collectively, the First Agreement, the Second Agreement and the Third Agreement
“Asiaciti Enterprises”	Asiaciti Enterprises Ltd. (豐亞企業有限公司), a company incorporated in the British Virgin Islands with limited liability
“associate”	has the meaning ascribed to it under the Listing Rules
“Best Source”	Best Source Ventures Limited (卓源創投有限公司), a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of the Company
“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
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposits”	collectively, the First Deposit, the Second Deposit and the Third Deposit
“Director(s)”	the director(s) of the Company
“East Profit”	East Profit Management Limited, a company incorporated in the British Virgin Islands and is wholly owned by Ms. Li

“First Agreement”	the agreement dated 1 January 2022 entered into between the Group and the Times China Group in relation to the Services, with a term commencing on 1 January 2022 and ending on 30 June 2022 (both dates inclusive)
“First Deposit”	the interest-free refundable deposit of RMB350 million paid by the Group to the Times China Group pursuant to the First Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shum”	Mr. Shum Chiu Hung, the ultimate controlling shareholder of the Company
“Ms. Li”	Ms. Li Yiping, the spouse of Mr. Shum
“PRC”	the People’s Republic of China
“Renowned Brand”	Renowned Brand Investments Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Shum
“RMB”	Renminbi, the lawful currency of the PRC
“Second Agreement”	the agreement dated 1 July 2022 entered into between the Group and the Times China Group in relation to the Services, with a term commencing on 1 July 2022 and ending on 31 December 2022 (both dates inclusive)
“Second Deposit”	the interest-free refundable deposit of RMB350 million paid by the Group to the Times China Group pursuant to the Second Agreement
“Services”	the sales agency services (including the exclusive agency services, joint sales services and underwriting agency services) with respect of the Target Properties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Reach”	Super Reach Ventures Limited, a company incorporated in the British Virgin Islands with limited liability which is owned (a) as to 60% by Renowned Brand which is in turn wholly owned by Mr. Shum and (b) 40% by East Profit which is in turn wholly owned by Ms. Li
“Target Properties”	more than 50 property projects (including but not limited to residential units, shops, car parks and clubhouses) developed by the Times China Group as set out in the Agreements

“Third Agreement”	the agreement dated 1 January 2023 entered into between the Group and the Times China Group in relation to the Services, with a term commencing on 1 January 2023 and ending on 30 June 2023 (both dates inclusive)
“Third Deposit”	the interest-free refundable deposit of RMB350 million paid by the Group to the Times China Group pursuant to the Third Agreement
“Times China”	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)
“Times China Group”	Times China and its subsidiaries
“%”	per cent.

By order of the Board  
**Times Neighborhood Holdings Limited**  
**Mr. Bai Xihong**  
*Chairman*

Hong Kong, 21 March 2023

*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; and Mr. Lui Shing Ming, Brian, Dr. Wong Kong Tin and Dr. Chu Xiaoping as independent non-executive Directors.*