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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Times China Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EGM**

**Independent Financial Adviser  
to the Independent Board Committee and Independent Shareholders**



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A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Red Solar containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 43 of this circular.

A notice convening the EGM to be held at Suites 501-2, 5/F., ICBC Tower, Three Garden Road, Central, Hong Kong on 27 December 2024 (Friday) at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular at which an ordinary resolution will be proposed to approve the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps).

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.timesgroup.cn](http://www.timesgroup.cn). Whether or not you are able to attend the EGM, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude any Shareholder from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event the form of proxy shall be deemed to be revoked.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“2021 CCT Agreement”	the agreement dated 16 November 2021 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 three years ending 31 December 2024
“Announcement”	the announcement dated 29 November 2024 made by the Company in relation to the New CCT Agreement and the transactions contemplated thereunder
“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 a controlling shareholder of the Company which is wholly owned by Super Reach
“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 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
“East Profit”	East Profit Management Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Li Yiping
“Effective Date”	the date of approval by the Independent Shareholders and the independent shareholders of Times Neighborhood at the EGM and the Times Neighborhood EGM respectively

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened for the approval of the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFA” or “Red Solar”	Red Solar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than Mr. Shum, Mr. Guan, Mr. Bai, Mr. Shum Siu Hung, Asiaciti Enterprises and their respective associates and who are not required to abstain from voting for approving the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“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 and Mr. Shum Siu Hung
“Latest Practicable Date”	9 December 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Bai”	Mr. Bai Xihong, an executive Director

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## DEFINITIONS

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“Mr. Guan”	Mr. Guan Jianhui, 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
“Ms. Li Yiping”	Ms. Li Yiping, the spouse of Mr. Shum
“New CCT Agreement”	the agreement dated 29 November 2024 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 three years ending 31 December 2027
“PRC”	the People’s Republic of China
“Renowned Brand”	Renowned Brand Investments Limited (佳名投資有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Shum
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Super Reach”	Super Reach Ventures Limited (超達創投有限公司), a company incorporated in the British Virgin Islands with limited liability which is owned as to (a) 60% by Renowned Brand and (b) 40% by East Profit
“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 to be convened for the approval of the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Times Neighborhood Group”	Times Neighborhood and its subsidiaries
“%”	per cent

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LETTER FROM THE BOARD

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**TIMES CHINA HOLDINGS LIMITED**

**時代中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1233)**

*Executive Directors:*

Mr. Shum Chiu Hung

*(Chairman and Chief Executive Officer)*

Mr. Guan Jianhui

Mr. Bai Xihong

Mr. Li Qiang

Mr. Shum Siu Hung

Mr. Niu Jimin

*Independent non-executive Directors:*

Mr. Jin Qingjun

Ms. Sun Hui

Mr. Wong Wai Man

*Registered office:*

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Headquarters in the PRC:*

36-38/F, Times Property Center

410-412 Dongfeng Zhong Road

Guangzhou

Guangdong Province

PRC

*Principal place of business in Hong Kong:*

Suites 501-2, 5/F

ICBC Tower

Three Garden Road

Central, Hong Kong

11 December 2024

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EGM**

**INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 16 November 2021 and the circular of the Company dated 22 November 2021 in respect of the 2021 CCT Agreement in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive); and (ii) the Announcement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter of recommendation from the Independent Board Committee in relation to the New CCT Agreement and transactions contemplated thereunder (including the proposed annual caps); (iii) a letter of advice from Red Solar to the Independent Board Committee and the Independent Shareholders regarding the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps); and (iv) a notice convening the EGM.

### **THE NEW CCT AGREEMENT**

As the 2021 CCT Agreement is due to expire on 31 December 2024, on 29 November 2024, the Company and Times Neighborhood entered into the New CCT Agreement in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies for a term of three years from 1 January 2025 to 31 December 2027 (both days inclusive). The principal terms of the New CCT Agreement are set out below:

#### **Subject matter**

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

The sales agency services under the sales assistance services provided by the Times Neighborhood Group do not involve any payment of deposit by the Times Neighborhood Group to the Group.

#### **Term**

The New CCT Agreement shall become effective on the Effective Date conditional upon the Independent Shareholders and the independent shareholders of Times Neighborhood having approved the relevant ordinary resolution at the EGM and the Times Neighborhood EGM respectively. Subject to the New CCT Agreement becoming effective on the Effective Date, the term shall commence from 1 January 2025 until 31 December 2027.

#### **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 2 to 3 Independent Third Parties (to the extent practicable); and (ii) the guidance price of the relevant services for similar type of development projects issued by the local government, including without limitation, the People's Government of Guangdong Province, the People's Government of Hubei Province and the People's Government of Jiangsu Province. 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.

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## LETTER FROM THE BOARD

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The pricing policies under each of the different type of Services to be offered by the Times Neighborhood Group are as follows:

- (a) For value-added services to non-property owners, the Group generally prices by taking into account a number of factors, including the demand of such services, period of agreement, the local market conditions and the nature and requirements of individual properties:

(i) *Construction site management services*

The Group will obtain several quotations in the market, make requests to the Times Neighborhood Group, and the Times Neighborhood Group will make bids/quotations to the Group. After receiving such bids/quotations from the Times Neighborhood Group, the Group will compare against the other market quotations and consider several factors such as the technical skills and know-how that the Times Neighborhood Group may be able to contribute to the Group against other bidders (including the manpower that could be offered by the Times Neighborhood Group for construction and the installation procedures requirement based on the construction blueprints of the relevant projects);

(ii) *Sales assistance services*

The service fee shall be determined with reference to various factors including (i) the market prices, and (ii) the Times Neighborhood Group's expected operational costs for the services (including but not limited to labour costs and sales material costs). In determining the market price in a particular region, the Group will take into account (a) the fees charged by 2 to 3 services providers offering similar services in the region (to the extent practicable), and (b) the costs of finding other services providers in providing the same services; and

(iii) *Pre-delivery cleaning services and preliminary planning and design consultancy services at pre-delivery stage*

The service fee shall be determined with reference to various factors including the market prices. In determining the market price in a particular region, the Group will take into account (a) the fees charged by 2 to 3 services providers offering similar services in the region (to the extent practicable), and (b) the costs of finding other services providers in providing the same services.

- (b) For property management services, the Group generally prices by taking into account a number of factors, including (i) the type and location of properties, (ii) the Group's budgeted costs, (iii) the contracted scope of services and standard, (iv) the brand recognition and services standards offered by the Times Neighborhood Group and other services providers in the cities, (v) local government policies and pricing guidance (if applicable), and (vi) the property management fee charged by preceding property management service providers if applicable. In particular, the fees charged by property management companies nationwide are regulated by the price administration department and construction administration department of the State

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## LETTER FROM THE BOARD

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Council. The price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into by the Group at the preliminary stage.

- (c) For car parking lots leasing management services, the parties shall negotiate the approaches for settlement of the parking lots leasing management services based on the then market conditions of local parking lots leasing management services. The adoption of agency commission approach or exclusive distribution approach depends on arm's length negotiation between the parties.
- (d) For the sale, installation and maintenance of elevators, service fee shall be determined by arm's length negotiation between the parties taking into account various factors including (i) the location and conditions of the elevators and the properties, (ii) the fee quotes provided by 2 to 3 services providers for providing similar services in the region (to the extent practicable), and (iii) Times Neighborhood Group's costs of services, including the purchasing cost of the elevators and the anticipated operational costs including labour costs and material costs.
- (e) For instalment of internet services, service fee shall be determined by arm's length negotiation between the parties taking into account various factors including (i) the location and conditions of the relevant properties, (ii) the fee quotes provided by 2 to 3 services providers for providing similar services in the region (to the extent practicable), and (iii) Times Neighborhood Group's costs of services, including the purchasing cost of the internet connection materials and the anticipated operational costs including labour costs and material costs.
- (f) For intelligent engineering services, the Group will receive bids/quotations from several services providers including the Times Neighborhood Group after taking into account factors including, prevailing market prices, the technical skills and know-how that the Times Neighborhood Group may be able to contribute to the Group against other bidders (including the manpower that could be offered by the Times Neighborhood Group for the intelligent engineering work of the relevant projects).

### **Payment**

The credit term for the fees payable by the Group and its associated companies in relation to the Services is 30 days to 90 days in general.

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## LETTER FROM THE BOARD

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### Historical annual caps and historical transaction amounts

For each of the three financial years ending 31 December 2024, the historical annual caps of the fees for the provision of the relevant services by the Times Neighborhood Group to the Group and its associated companies were RMB1,220,000,000, RMB1,680,000,000 and RMB2,150,000,000, respectively.

The historical transaction amounts for the provision of the relevant services by the Times Neighborhood Group to the Group and its associated companies for the three years ended 31 December 2023 and the eight months ended 31 August 2024 amounted to RMB720,264,000, RMB306,855,000, RMB154,964,000 and RMB65,213,000, respectively, which did not exceed the respective annual caps for the relevant years.

Set out below is a breakdown of such historical transaction amounts:

	<b>For the year ended 31 December</b>			<b>For the eight months ended 31 August</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</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)	533,957	146,971	68,549	28,858
Property management services	75,651	73,455	45,872	18,035
Car parking lots leasing management services	6,189	7,918	4,852	2,416
Sale, installation and maintenance of elevators	35,387	35,988	9,614	7,409
Instalment of internet services	6,234	6,054	1,403	1,024
Intelligent engineering services	62,846	36,469	24,674	7,471
<b>Total</b>	<b>720,264</b>	<b>306,855</b>	<b>154,964</b>	<b>65,213</b>

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## LETTER FROM THE BOARD

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### Proposed annual caps

It is proposed that the annual caps for the fees to be paid by the Group and its associated companies for each of the three years ending 31 December 2027 will not exceed RMB730,000,000, RMB780,000,000 and RMB830,000,000, respectively.

The above proposed annual caps were determined after having taken into account of the following factors:

- (a) the estimated breakdown of fees for the Services as set out below:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(RMB'000)</i>		
Value-added services to non-property owners	552,290	573,590	610,440
Property management services	78,120	94,890	99,640
Car parking lots leasing management services	3,620	3,620	3,620
Sale, installation and maintenance of elevators	43,890	56,430	62,700
Instalment of internet services	5,970	5,900	6,150
Intelligent engineering services	46,110	45,570	47,450
	<u>730,000</u>	<u>780,000</u>	<u>830,000</u>
<b>Total</b>	<b><u>730,000</u></b>	<b><u>780,000</u></b>	<b><u>830,000</u></b>

- (b) the estimated breakdown of the fees for value-added services to non-property owners as set out below:

	<b>As at 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(RMB'000)</i>		
Value-added services to non-property owners	552,290	573,590	610,440
– Construction site management services	28,550	29,650	23,440
– Sales assistance services	215,630	239,434	269,916
– Pre-delivery cleaning services	20,490	20,250	21,090
– Preliminary planning and design consultancy services at pre-delivery stage	287,620	284,256	295,994

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## LETTER FROM THE BOARD

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- (c) the estimated demand for the property management and related services (excluding the sales agency services under the sales assistance services) determined with reference to (1) the area of projects expected to be delivered by the Group; (2) the number of entrusted management projects; and (3) the unit price level of projects. As at 30 June 2024, the Times Neighborhood Group operated the projects developed by the Group with an aggregate area of approximately 34.0 million sq.m.. It is also noted that for the six months ended 30 June 2024, the Group had a total of 136 major projects at various stages in total, including 84 projects available for sale. When the projects are completed and delivered to the Times Neighborhood Group, it is expected that the service fees for the provision of property management services by the Times Neighborhood Group to the Group will enlarge as a result of the increase in the GFA of unsold properties due to a lower sell-through ratio of projects of the Group in the COVID-19 pandemic and the property market downturn. The unsold properties under the Times Neighborhood Group's management had GFA of approximately 3.6 million sq.m. as at 30 June 2024. Notwithstanding the anticipated recovery of sell-through ratio of projects of the Group, the GFA of unsold properties under the Times Neighborhood Group's management is expected to increase by approximately 14% per annum in year 2025 to 2027, which will result in additional services required from the Times Neighborhood Group for such unsold properties. On the other hand, the prevailing rate of property management fee and accordingly the fee charged by the Times Neighborhood Group to the Group had been significantly reduced by approximately 50% during the COVID-19 pandemic and the property market downturn. Given the continuing optimization of real estate policies, both the prevailing market fee rates and the estimated fee rates chargeable to the Group are expected to recover to the initial levels in year 2020, as compared to the relatively low rates charged in year 2023/2024;
- (d) the estimated demand for the sales agency services under the sales assistance services as determined with reference to (1) the estimated value of properties/car parking lots for sale; (2) the number of properties/car parking lots expected to be sold; and (3) the estimated commission rate. As at 30 June 2024, commission fees for sales agency services amounted to RMB0.25 million, representing a year-on-year decrease of approximately 63.7%. In light of the continuing optimization of real estate policies, it is expected that the commission income derived from the provision of sales agency services to the Group will increase as a result of the expected significant recovery of the sell-through ratio of projects of the Group. It is noted that the sell-through ratio of the Group was above 60% in 2020 and 2021 when the property market is prosperous and continuously reduced to 12% for the six months ended 30 June 2024. It is expected to be recovered to approximately 30% to 35% in 2025 to 2027 based on the continuing optimization of real estate policies;
- (e) the estimated demand for the preliminary planning and design consultancy services at pre-delivery stage as determined with reference to (1) the estimated number of properties delivered by the Group; (2) the value of fixtures and furnishings and design services expected to be sold; and (3) the estimated absorption rates (which represents the percentage of GFA that the Times Neighborhood Group provides fixtures and furnishings and design services out of the total GFA delivered by the Group). The

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## LETTER FROM THE BOARD

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Times Neighborhood Group commenced its business in the provision of fixtures and furnishing and design services in 2021, where the absorption rates started at 3% in 2021 due to the limited capacity. Having considered the expected recovery of property market, as well as the Times Neighborhood Group's enhanced service capacity over these years, the absorption rates are expected to reach approximately 10% in 2025 to 2027. With the expected increase in delivery of new projects and absorption rates in the future, it is expected that the preliminary planning and design consultancy services at pre-delivery stage to the Group will increase;

- (f) for the sale, installation and maintenance of elevators, the expectation that (1) there will be about 15 to 22 projects with a contract value ranging from RMB43.9 million to RMB62.7 million, on the assumption that such number of projects will be delivered as scheduled (in the case of sale and installation of elevators) and the forecast about the projects currently managed by Times Neighborhood (in the case of the relevant projects of maintenance services); (2) the price is in line with the prevailing market prices for contracts of projects with similar scale; and (3) there will be no significant changes in the costs involved in the provision of such services, including the location and condition of the property, elevator purchase costs and expected operating costs (including labor costs and material costs); and

in respect of the estimated amount for the year ending 31 December 2024, (i) the transaction amount of around RMB7.4 million for the eight months ended 31 August 2024; and (ii) the expected value of contracts signed/estimated to be signed from September to December 2024 of around RMB2.9 million;

- (g) for the instalment of internet services and intelligent engineering services, the estimated transaction amounts of the Times Neighborhood Group calculated with reference to the following: (1) the estimated GFA to be delivered in the next three years; (2) the estimated proportion of the intelligent engineering services provided by the Times Neighborhood Group to the Group; and (3) the unit cost per sq.m. of the intelligent engineering services;
- (h) the Group's total land reserves and GFA available for sale of approximately 12.8 million sq.m. and approximately 6.7 million sq.m. respectively as at 30 June 2024 as set out in the public information disclosed by the Group, which will be sufficient to support its development needs for the next three years;
- (i) the expected gradual recovery of national residential land market, having considered the continuing optimization of real estate policies, the recent relaxation of tax policies to support the steady and healthy development of the real estate market, the positive changes displayed in the PRC property market since October 2024 and the expected growth of the transaction area of residential land in first-tier cities, second-tier cities and third- and fourth-tier cities, which are collectively expected to result in a restoration of demand for the Times Neighborhood Group's property management services and other services in the next three years; and
- (j) the existing annual caps and the historical transaction amounts in respect of the Services provided by the Times Neighborhood Group during the term of the 2021 CCT Agreement, including the transaction amount for the year ended 31 December 2021.

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## LETTER FROM THE BOARD

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Based on the above factors, the Company considered the proposed annual caps for the three years ending 31 December 2027 for the Services to be fair and reasonable.

### PRICING POLICY

During the term of the New CCT 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 the New CCT Agreement. The Group adopts the following pricing policy for the New CCT 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) on a semi-annually basis, the purchasing department will 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

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## LETTER FROM THE BOARD

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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 monthly basis. If the actual aggregate transaction amount reaches 60% threshold of the proposed annual caps, or if the business operation department and finance department expect that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the senior management of the Company. The senior management of the Company will preliminary assess if there is a need to revise the existing annual caps, coordinate and conclude the decision, and, if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules;

- (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 the New CCT 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 the New CCT Agreement;
- (e) the audit committee of the Company will review the transactions under the New CCT 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 the New CCT Agreement.

### REASONS FOR AND BENEFITS OF THE NEW CCT AGREEMENT

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 continuous 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 the New CCT Agreement.

As at the Latest Practicable Date, each of Mr. Shum (through Best Source), Mr. Guan, Mr. Bai, and Mr. Shum Siu Hung was interested in approximately 48.03%, 2.11%, 2.24%, 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 the New CCT Agreement and the transactions contemplated thereunder.

The Directors (excluding the Interested Directors but including the independent non-executive Directors who have expressed their views after taking into account the advice from

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## LETTER FROM THE BOARD

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the IFA) are of the view that the New CCT 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 Latest Practicable Date, Times Neighborhood was owned as to approximately 48.03% by Best Source, which was wholly owned by Super Reach. Super Reach 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. Accordingly, Times Neighborhood is a connected person of the Company and the transactions contemplated under the New CCT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the highest annual cap for transactions contemplated under the New CCT Agreement exceeds 5%, the transactions contemplated under the New CCT Agreement are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements 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, (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 Latest Practicable Date, Times Neighborhood was directly owned as to approximately 48.03% by Best Source, which is wholly owned by Super Reach, which is in turn owned as to (a) 60% by Renowned Brand and in turn wholly owned by Mr. Shum and (b) 40% by East Profit and in turn wholly owned by Ms. Li Yiping.

### **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established and, having taken into account the advice of Red Solar, considers that (i) the terms of the New CCT Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the New CCT Agreement (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group and in the interests of the

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## LETTER FROM THE BOARD

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Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the New CCT Agreement (including the proposed annual caps) proposed at the EGM. The text of the letter from the Independent Board Committee is set out on page 18 of this circular.

### NOTICE OF THE EGM

The EGM will be held at Suites 501-2, 5/F., ICBC Tower, Three Garden Road, Central, Hong Kong on 27 December 2024 (Friday) at 10:00 a.m., for the purpose of considering and, if thought fit, passing an ordinary resolution to approve the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps). A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

For determining eligibility to attend and vote at the EGM, the register of members of the Company will be closed from 24 December 2024 (Tuesday) to 27 December 2024 (Friday), both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 23 December 2024 (Monday).

### FORM OF PROXY

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.timesgroup.cn](http://www.timesgroup.cn). Whether or not you are able to attend the EGM, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude any Shareholder from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event the form of proxy shall be deemed to be revoked.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In accordance with the requirements of the Listing Rules, the resolution to be put forward at the EGM will be voted on by the Independent Shareholders by way of poll.

Save for Mr. Shum, Mr. Guan, Mr. Bai, Mr. Shum Siu Hung, Asiatic Enterprises and their respective associates, none of the other Shareholders has a material interest in the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps) and is required to abstain from voting on the relevant resolution in the EGM.

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## LETTER FROM THE BOARD

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On a poll, every Independent Shareholder present in person or by proxy or, in the case of an Independent Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. An Independent Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

### RECOMMENDATION

The Independent Board Committee considers that the above resolution is in the best interests of the Company and its Shareholders. The Independent Board Committee therefore recommends the Independent Shareholders to vote in favor of the resolution as set out in the notice of EGM and to be proposed at the EGM.

Having considered the reasons set out herein, the Directors (excluding the Interested Directors but including the independent non-executive Directors who have expressed their views after taking into account the advice from the IFA) are of the view that the New CCT Agreement and the transactions contemplated thereunder and the proposed annual caps are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM.

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



**TIMES CHINA HOLDINGS LIMITED**

**時代中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1233)**

11 December 2024

*To the Independent Shareholders*

Dear Sir or Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular issued by the Company to the Shareholders dated 11 December 2024 (the “**Circular**”) which this letter forms a part of. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the New CCT Agreement and to advise the Independent Shareholders in respect of the New CCT Agreement and transactions contemplated thereunder and the proposed annual caps, details of which are set out in the “Letter from the Board” on pages 5 to 17 of this circular. Red Solar has been appointed as the IFA in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Red Solar” as set out in this circular. Having considered the principal factors and reasons considered by, and the advice of, Red Solar set out in their letter of advice, we consider that (i) the terms of the New CCT Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the New CCT Agreement (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution approving the New CCT Agreement and the transactions contemplated thereunder, and the proposed annual caps for the three years ending 31 December 2027 at the EGM.

Yours faithfully

For and on behalf of the Independent Board Committee of  
**Times China Holdings Limited**

**Jin Qingjun**  
*Independent non-executive  
Director*

**Sun Hui**  
*Independent non-executive  
Director*

**Wong Wai Man**  
*Independent non-executive  
Director*

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## LETTER FROM RED SOLAR

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*The following is the full text of the letter of advice from Red Solar Capital Limited, the IFA to the Independent Board Committee and the Independent Shareholders, in respect of the New CCT Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) for the purpose of inclusion in this circular.*



Unit 402B, 4/F  
China Insurance Group Building  
No.141 Des Voeux Road Central  
Central, Hong Kong

11 December 2024

*To: The Independent Board Committee and Independent Shareholders of  
Times China Holdings Limited*

Dear Sirs,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the IFA to advise the Independent Board Committee and Independent Shareholders in respect of the New CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps thereunder (the “**Proposed Annual Caps**”)) (collectively, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 December 2024 (the “**Circular**”), of which this letter of advice forms a part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as those defined in the Circular.

References are made to the circular of the Company dated 22 November 2021 in relation to, among other things, the 2021 CCT Agreement, the announcement of the Company dated 29 November 2024 in relation to, among other things, the New CCT Agreement (the “**Announcement**”), and the Circular.

As the 2021 CCT Agreement is due to expire on 31 December 2024, on 29 November 2024, the Company and Times Neighborhood entered into the New CCT Agreement in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies for a term of three years from 1 January 2025 to 31 December 2027 (both days inclusive).

The sales agency services under the sales assistance services provided by the Times Neighborhood Group do not involve any payment of deposit by the Times Neighborhood Group to the Group.

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## LETTER FROM RED SOLAR

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### **Listing Rules implications**

As at the Latest Practicable Date, Times Neighborhood was owned as to approximately 48.03% by Best Source, which was wholly owned by Super Reach. Super Reach 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 and the transactions contemplated under the New CCT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the highest annual cap for transactions contemplated under the New CCT Agreement exceed 5%, the transactions contemplated under the New CCT Agreement are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **EGM**

The EGM will be held for the purpose of considering and, if thought fit, passing an ordinary resolution to approve the New CCT Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Save for Mr. Shum, Mr. Guan, Mr. Bai, Mr. Shum Siu Hung, Asiatic Enterprises and their respective associates, none of the other Shareholders has a material interest in the New CCT Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and is required to abstain from voting on the relevant resolution in the EGM.

### **THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 13.39(6) of the Listing Rules, the Company has established the Independent Board Committee comprising all its independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Sun Hui and Mr. Wong Wai Man to advise the Independent Shareholders as to (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) the voting of the Independent Shareholders on the resolution(s) in relation to the Transactions at the EGM. None of the members of the Independent Board Committee has any interest or involvement in the Transactions. We, Red Solar Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the same matters above. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

### **OUR INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the

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## LETTER FROM RED SOLAR

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Transactions, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Transactions, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and the Circular). We have reviewed the documents including but not limited to (i) the New CCT Agreement; (ii) the Announcement, the Circular and the Letter from the Board contained therein; (iii) the annual reports of the Company for the years ended 31 December 2022 and 2023, respectively (the “**2022 Annual Report**” and “**2023 Annual Report**”, respectively); (iv) the interim reports of the Company for the six months ended 30 June 2023 and 2024, respectively, (the “**2023 Interim Report**” and “**2024 Interim Report**”, respectively); and (v) the relevant supporting documents provided by the Company including but not limited to sample documents and historical records to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and considered that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM RED SOLAR

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We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transactions, we have considered the following principal factors and reasons:

#### 1. Background of and reasons for the Transactions

##### (a) Background information of the Group

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 1233). The Company's business comprises three areas: (i) property development, i.e., the development of residential and commercial properties for sale, (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.

The following tables set out key financial information of the Group for each of the two years ended 31 December 2023 (the "FY2022" and "FY2023", respectively) and the six months ended 30 June 2023 and 30 June 2024, respectively (the "6M2023" and "6M2024", respectively), as extracted from the 2022 Annual Report, 2023 Annual Report, 2023 Interim Report and 2024 Interim Report:

	<b>For the 6M2024</b>	<b>For the 6M2023</b>	<b>For the FY2023</b>	<b>For the FY2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i> <i>(restated)</i>
Revenue	6,091,008	9,932,209	21,010,813	24,423,705
Gross profit	537,287	759,942	2,587,714	3,362,652
Loss before tax	(2,659,298)	(1,129,572)	(3,877,666)	(8,634,583)
Loss for the period/year	(2,831,362)	(1,409,675)	(4,344,581)	(9,545,999)

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## LETTER FROM RED SOLAR

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	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i> <i>(restated)</i>
Total assets	115,066,605	121,107,180	149,906,947
Total liabilities	107,354,921	110,449,472	130,037,359
Net assets	7,711,684	10,657,708	19,869,588

### *Comparison between the performance for the FY2022 and FY2023*

The Group's revenue decreased by approximately RMB3,412.89 million, or approximately 13.97%, from approximately RMB24,423.71 million for the FY2022 to approximately RMB21,010.81 million for the FY2023. As disclosed in the 2022 Annual Report and 2023 Annual Report, from FY2022 to FY2023, the Group's revenue from (i) property development decreased from approximately RMB23,536.67 million to approximately RMB19,654.93 million; (ii) urban redevelopment business increased from approximately RMB210.20 million to approximately RMB668.24 million; and (iii) property leasing increased from approximately RMB676.83 million to approximately RMB687.65 million. As reflected in the 2022 Annual Report and 2023 Annual Report, the decrease in the Group's revenue from property development between FY2022 and FY2023 could be attributed to the decrease in contracted sales achieved by the Group between the same years. In particular, the Group achieved contracted sales area of 2,471,010 square meters and contracted sales amount of approximately RMB39,791 million for the FY2022, while it only achieved contracted sales area of 904,418 square meters and contracted sales amount of approximately RMB14,346 million for the FY2023. The decrease in the Group's revenue from property development between FY2022 and FY2023 overwhelmed the increases in the Group's revenues from urban redevelopment business and property leasing between the same years, and therefore the Group's overall revenue declined between the same years.

Nevertheless, the Group managed to cut some of its expenses between FY2022 and FY2023. In particular, the Group's (i) selling and marketing costs decreased from approximately RMB717.29 million to approximately RMB268.49 million; (ii) administrative expenses decreased from approximately RMB990.14 million to approximately RMB808.06 million; (iii) other expenses decreased from approximately RMB9,537.91 million to approximately RMB5,198.61 million, respectively, for the FY2022 and FY2023. The Group also managed to receive share of profits of joint ventures and associates of approximately RMB414.87 million for the FY2023 as compared to a share of losses of joint ventures and associates of approximately RMB616.64 million for the FY2022.

As a combined result of the above, the Group's net loss reduced by approximately 54.49% from approximately RMB9,546.00 million for the FY2022 to approximately RMB4,344.58 million for the FY2023.

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## LETTER FROM RED SOLAR

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### *Comparison between the performance for the 6M2023 and 6M2024*

The Group's revenue decreased by approximately RMB3,841.20 million, or approximately 38.67%, from approximately RMB9,932.21 million for the 6M2023 to approximately RMB6,091.01 million for the 6M2024. As disclosed in the 2023 Interim Report and 2024 Interim Report, from 6M2023 to 6M2024, the Group's revenue from (i) property development decreased from approximately RMB9,014.74 million to approximately RMB5,752.90 million; (ii) urban redevelopment business decreased from approximately RMB619.51 million to nil; and (iii) property leasing increased from approximately RMB297.96 million to approximately RMB338.11 million. As reflected in the 2023 Interim Report and 2024 Interim Report, the decrease in the Group's revenue from property development between 6M2023 and 6M2024 could be attributed to the decrease in contracted sales achieved by the Group between the same periods. In particular, the Group achieved contracted sales area of 572,000 square meters and contracted sales amount of approximately RMB9,443 million for the 6M2023, while it only achieved contracted sales area of 337,000 square meters and contracted sales amount of approximately RMB4,291 million for the 6M2024. The decrease in the Group's revenue from property development and urban redevelopment business between 6M2023 and 6M2024 overwhelmed the increase in the Group's revenues from property leasing between the same periods, and therefore the Group's overall revenue declined between the same periods.

On the other hand, while the Group managed to reduce its selling and marketing costs, administrative expenses and share of losses of associates and joint ventures between 6M2023 and 6M2024, the Group recorded increases in (i) other expenses from approximately RMB899.97 million to approximately RMB2,322.33 million; and (ii) finance costs increased from approximately RMB552.51 million to approximately RMB581.16 million, respectively, between the same periods. The increases in the Group's other expenses and finance costs overwhelmed the decreases in its other costs and expenses between the 6M2023 and 6M2024.

As a combined result of the above, the Group's net loss increased from approximately RMB1,409.68 million to approximately RMB2,831.36 million for the 6M2023 and 6M2024, respectively.

### *Financial positions throughout the years/periods*

The Group's net assets were approximately RMB19,869.59 million, RMB10,657.71 million and RMB7,711.68 million as at 31 December 2022, 2023 and 30 June 2024, respectively. The Group also remained at net current assets positions of approximately RMB5,473.59 million, RMB7,427.79 million and RMB1,961.58 million as at the aforesaid dates, respectively. We considered that the Group's financial positions remained stable between 31 December 2022 and 2023 and 30 June 2024.

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## LETTER FROM RED SOLAR

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*(b) Prospects and industry overview*

We have reviewed the National Property Market Basic Situation for the Year 2023<sup>1</sup> (2023年全國房地產市場基本情況) published by the National Bureau of Statistics of the PRC. We noted that the national property development investment aggregate amount in the PRC for the year 2023 reduced by approximately 9.6% when compared with that for the preceding year. The national property aggregate sale area and amount in the PRC also reduced by approximately 8.5% and 6.5%, respectively, from year 2022 to year 2023.

We have further reviewed the National Property Market Basic Situation from January to July 2024<sup>1</sup> (2024年1-7月份全國房地產市場基本情況) published by the National Bureau of Statistics of the PRC and noted similar declining trend. In particular, the national property development investment aggregate amount in the PRC from January to July 2024 reduced by approximately 10.2% when compared with that from January to July 2023. The national property aggregate sale area and amount in the PRC also reduced by approximately 18.6% and 24.3%, respectively, when comparing January to July 2024 with January to July 2023.

Despite the declining trend of the PRC property development market for the year 2023 and from January to July 2024, we noted that the State Council Information Office of the PRC recently hosted a press conference in October 2024, during which the Ministry of Housing and Urban-Rural Development of the PRC announced that it will release policies with relevant authorities under the principle of “Four cancellations, four reductions and two increments” to stimulate the PRC property market. The four cancellations represent (i) cancellation of purchase limitation; (ii) cancellation of sale limitation; (iii) cancellation of price restriction; and (iv) cancellation of ordinary and extraordinary residential property standard. The four reductions represent (i) reduction of housing provident fund loan interests; (ii) reduction of minimum down payment percentage for property purchase; (iii) reduction of existing loan interests; and (iv) reduction of tax for “sale of old for the purchase of new” residential property transactions. The two increments represent (i) increment in the carrying out of urban villages and dilapidated housing renovation; and (ii) increment in the total credit scale for “whitelisted” property projects. Although such policies were recently announced only and yet to be released, and therefore their effects on the PRC property market remained uncertain, we considered that the announcement of such policies and their implementations in the future could be favourable to the PRC property market as they are expected to lower the costs and barriers of the PRC property market and encourage property transactions in the PRC.

<sup>1</sup> *English translation for reference only.*

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## LETTER FROM RED SOLAR

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(c) *Reasons for and benefits of the Transactions*

As set out in the Letter from the Board, 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 continuous 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 the New CCT Agreement.

We noted that 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 the development of residential and commercial properties for sale, urban redevelopment, and the development, leasing and subleasing of commercial properties owned by it or third parties. We further understood from the Company that while the Services, being construction site management services, sales assistance services, pre-delivery cleaning services, preliminary planning and design consultancy services at pre-delivery stage, property management services, car parking lots leasing management services, sale, installation and maintenance of elevators, instalment of internet services and intelligent engineering services are essential parts for completion of property development projects and/or carrying out of property leasing, being the Group's primarily focuses of business, the Group did not engage in providing the Services in the construction sites and properties held by it. Therefore, the Group is in need of third-party service providers in respect of the Services, which could include the Times Neighborhood Group.

In addition, we noted that the provision of the Services by the Times Neighborhood Group to the Group and its associated companies could be traced back to year 2018, as disclosed in the announcement of the Company dated 16 November 2021. We agreed with the Directors that the Times Neighborhood Group has long-standing relationship with the Group. In addition, we have reviewed the annual report of Times Neighborhood Holdings Limited for the year ended 31 December 2023 and noted that the Times Neighborhood Group was principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and professional services with total revenue of over RMB2,600 million and RMB2,400 million, respectively, for each of the two years ended 31 December 2023. We considered that the Times Neighborhood Group has a significant scale of operation and casted no doubt on its knowledge and experience in the provision of the Services.

We have also reviewed the pricing policies of the Group for the provision of the Services by the Times Neighborhood Group in assessing whether the prices offered by the Times Neighborhood Group are competitive, at terms more favourable to the Group than those offered by the Independent Third Parties and in the interests of the Group and the Shareholders as a whole, details of which are set out below.

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## LETTER FROM RED SOLAR

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Considering (i) the Group's principal businesses are property development, urban redevelopment and property leasing; (ii) the Services are essential parts for completion of property development projects and/or carrying out of property leasing, being the Group's primary focuses of business; (iii) the Group did not engage in providing the Services itself, so it is in need of third-party service providers in respect of the Services, which could include the Times Neighborhood Group; (iv) the Times Neighborhood Group has long-standing relationship with the Group in the provision of the Services; and (v) it is the Group's pricing policy that the prices offered by the Times Neighborhood Group in respect of the Services are competitive and at terms more favourable to the Group than those offered by the Independent Third Parties, we considered that the Transactions are conducted in the ordinary and usual course of business of the Group, and it is fair and reasonable for the Company to enter into the New CCT Agreement with Times Neighborhood in relation to the provision of the Services by the Times Neighborhood Group to the Group and its associated companies.

### 2. Principal terms of the New CCT Agreement

The principal terms of the New CCT Agreement are set out below:

Date: 29 November 2024

Parties: (i) the Company; and  
(ii) Times Neighborhood

Term: The New CCT Agreement shall become effective on the Effective Date conditional upon the Independent Shareholders and the independent shareholders of Times Neighborhood having approved the relevant ordinary resolution at the EGM and the Times Neighborhood EGM respectively. Subject to the New CCT Agreement becoming effective on the Effective date, the term shall commence from 1 January 2025 until 31 December 2027.

Pricing policy: 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 two to three Independent Third Parties (to the extent practicable); and (ii) the guidance price of the relevant services for similar type of development projects issued by the local government, including without limitation, the People's Government of Guangdong Province, the People's Government of Hubei Province and the People's Government of Jiangsu Province. 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.

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## LETTER FROM RED SOLAR

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The pricing policies under each of the different type of Services to be offered by the Times Neighborhood Group are as follows:

- (a) For valued-added services to non-property owners, the Group generally prices by taking into account a number of factors, including the demand of such services, period of agreement, the local market conditions and the nature and requirements of individual properties:

- (i) Construction site management services

The Group will obtain several quotations in the market, make requests to the Times Neighborhood Group, and the Times Neighborhood Group will make bids/quotations to the Group. After receiving such bids/quotations from the Times Neighborhood Group, the Group will compare against the other market quotations and consider several factors such as the technical skills and know-how that the Times Neighborhood Group may be able to contribute to the Group against other bidders (including the manpower that could be offered by the Times Neighborhood Group for construction and the installation procedures requirement based on the construction blueprints of the relevant projects);

- (ii) Sales assistance services

The service fee shall be determined with reference to various factors including (i) the market prices; and (ii) the Times Neighborhood Group's expected operational costs for the services (including but not limited to labour costs and sales material costs). In determining the market price in a particular region, the Group will take into account (a) the fees charged by two to three services providers offering similar services in the region (to the extent practicable); and (b) the costs of finding other services providers in providing the same services; and

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## LETTER FROM RED SOLAR

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- (iii) Pre-delivery cleaning services and preliminary planning and design consultancy services at pre-delivery stage

The service fee shall be determined with reference to various factors including the market prices. In determining the market price in a particular region, the Group will take into account (a) the fees charged by two to three services providers offering similar services in the region (to the extent practicable); and (b) the costs of finding other services providers in providing the same services.

- (b) For property management services, the Group generally prices by taking into account a number of factors, including (i) the type and location of properties, (ii) the Group's budgeted costs, (iii) the contracted scope of services and standard, (iv) the brand recognition and services standards offered by the Times Neighborhood Group and other services providers in the cities, (v) local government policies and pricing guidance (if applicable), and (vi) the property management fee charged by preceding property management service providers if applicable. In particular, the fees charged by property management companies nationwide are regulated by the price administration department and construction administration department of the State Council. The price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into by the Group at the preliminary stage.
- (c) For car parking lots leasing management services, the parties shall negotiate the approaches for settlement of the parking lots leasing management services based on the then market conditions of local parking lots leasing management services. The adoption of agency commission approach or exclusive distribution approach depends on arm's length negotiation between the parties.

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## LETTER FROM RED SOLAR

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- (d) For the sale, installation and maintenance of elevators services, service fee shall be determined by arm's length negotiation between the parties taking into account various factors including (i) the location and conditions of the elevators and the properties, (ii) the fee quotes provided by two to three services providers for providing similar services in the region (to the extent practicable), and (iii) Times Neighborhood Group's costs of services, including the purchasing cost of the elevators and the anticipated operational costs including labour costs and material costs.
- (e) For instalment of internet services, service fee shall be determined by arm's length negotiation between the parties taking into account various factors including (i) the location and conditions of the relevant properties, (ii) the fee quotes provided by two to three services providers for providing similar services in the region (to the extent practicable), and (iii) Times Neighborhood Group's costs of services, including the purchasing cost of the internet connection materials and the anticipated operational costs including labour costs and material costs.
- (f) For intelligent engineering services, the Group will receive bids/quotations from several services providers including the Times Neighborhood Group after taking into account factors including, prevailing market prices, the technical skills and know-how that the Times Neighborhood Group may be able to contribute to the Group against other bidders (including the manpower that could be offered by the Times Neighborhood Group for the intelligent engineering work of the relevant projects).

The Proposed Annual Caps:

Details of the Proposed Annual Caps under the New CCT Agreement are as follows:

<b>Period</b>	<b>Proposed Annual Caps</b>
For the year ending 31 December 2025	RMB730,000,000
For the year ending 31 December 2026	RMB780,000,000
For the year ending 31 December 2027	RMB830,000,000

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## LETTER FROM RED SOLAR

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*(a) Discussion on the pricing policy under the New CCT Agreement*

We noted that for the following types of Services under the New CCT Agreement, being (i) the 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) car parking lots leasing management services; (iii) the sale, installation and maintenance of elevators services; (iv) the instalment of internet services; and (v) intelligent engineering services, the Group's pricing policies generally included obtaining quotations in the market from different services providers, which may include third party services providers and the Times Neighborhood Group, and then taking into account various factors material to that particular service type. We considered that such pricing policies of obtaining quotations in the market from different services providers grant the Group awareness of the prevailing market prices of various services under the New CCT Agreement, and that the comparison and competition between the quotations of third party services providers and the Times Neighborhood Group and their service qualities and other criteria allow the Group to choose and engage the best overall services provider in terms of price offered and/or combined package of price, quality, terms and conditions, which may be third party services providers or the Times Neighborhood Group. We also noted that it is the Group's pricing policies under the New CCT Agreement that the fees charged by the Times Neighborhood Group shall not be higher than the fees paid by the Group and its associated companies to the Independent Third Parties in any event. Considering that the Group could (i) stay aware of the prevailing market prices of various services under the New CCT Agreement through obtaining quotations in the market from different services providers, which may include third party services providers; and (ii) compare and choose the best services provider in terms of price offered and/or combined package of price, quality, terms and conditions, which may be the Times Neighborhood Group, under the pricing policies of obtaining quotations in the market from different services providers as discussed above; and (iii) it is the Group's pricing policies under the New CCT Agreement that the fees charged by the Times Neighborhood Group shall not be higher than the fees paid by the Group and its associated companies to the Independent Third Parties in any event, we considered such pricing policies to be on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

We then noted that for property management services, it is the Group's policy to consider local government policies and pricing guidance (if applicable), and the property management fee charged by preceding property management service providers if applicable, among other factors material to property management services. In particular, the fees charged by property management companies nationwide are regulated by the price administration department and construction administration department of the State Council. The price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. We further noted that local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into by the Group at the preliminary stage. In this relation, we have conducted our research and noted that the PRC Government has published the Measures for the

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## LETTER FROM RED SOLAR

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Administration of Property Service Charges<sup>1</sup> (物業服務收費管理辦法) which indeed sets out the aforementioned regulations of property management fees and charges in different levels. We placed no doubt for the Group to comply with and follow local government policies and pricing guidance (if applicable) in considering the pricing of property management services for its business needs. In addition, we noted that the Group will also consider the property management fee charged by preceding property management service providers if applicable. We have enquired with the Company and understood that the Group also engages third party services providers for property management services from time to time. We considered that other than following local government policies and pricing guidance (if applicable), the Group also (i) stay aware of the prevailing market prices of property management services under the New CCT Agreement through obtaining quotations in the market from different services providers, which may include third party services providers; (ii) can compare the offers by the Times Neighborhood Group with those by third party services providers for property management services and choose the best services provider in terms of price offered and/or combined package of price, quality, terms and conditions, which may be the Times Neighborhood Group. In addition, it is also the Group's pricing policies under the New CCT Agreement that the fees charged by the Times Neighborhood Group in respect of property management services shall not be higher than the fees paid by the Group and its associated companies to the Independent Third Parties in any event. Based on the above, we considered such pricing policies in respect of the property management services to be on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

We have reviewed the New CCT Agreement and considered that the pricing policies set out therein were substantially the same and in line with the aforesaid pricing policies. We have further enquired with the Company and understood that the Company considered such pricing policies to be in line with industry practices. We also noted that the pricing policies set out in the New CCT Agreement were substantially the same with those set out in the 2021 CCT Agreement.

We have then obtained and reviewed (i) the walkthrough documents for the largest transaction of each type of the Services between the Group and the Times Neighborhood Group for the FY2022, FY2023 and from 1 January 2024 up to the Latest Practicable Date (the "**Connected Samples**"); and (ii) the walkthrough documents for the largest transaction of each type of the Services between the Group and independent third party service providers for the FY2022, FY2023 and from 1 January 2024 up to the Latest Practicable Date, of similar natures to those of the Connected Samples (the "**Independent Samples**"). Considering that (i) the Connected Samples and Independent Samples covered transactions for all the FY2022, FY2023 and from 1 January 2024 up to the Latest Practicable Date, being the entire term of the 2021 CCT Agreement up to the Latest Practicable Date; (ii) the Connected Samples and the Independent Samples covered the largest transactions in amounts for all types of Services and transactions of similar nature, and thus could reflect the terms and conditions of transactions between the Group and the Times Neighborhood Group and independent third party service providers, we were of the view that the Connected Samples and Independent Samples were representative and adequate and sufficient for our assessment herein.

<sup>1</sup> *English translation for reference only.*

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## LETTER FROM RED SOLAR

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Based on our review and comparison of the Connected Samples and Independent Samples, we noted that the service fees paid by the Group to the Times Neighborhood Group were no less favorable to the Group than the service fees paid by the Group to independent third party service providers for services of similar nature, and were all in line with the pricing policies under the 2021 CCT Agreement. As such, we considered that the pricing policies under the 2021 CCT Agreement have been in place.

As we were of the view that (i) the pricing policies for all types of Services under the New CCT Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole; (ii) the terms and conditions of the New CCT Agreement were substantially the same as disclosed above and as those of the 2021 CCT Agreement; (iii) we have checked the Connected Samples and Independent Samples and considered that they were in line with the pricing policies under the 2021 CCT Agreement and that the service fees paid by the Group to the Times Neighborhood Group were no less favorable to the Group than the service fees paid by the Group to independent third party service providers for services of similar nature; (iv) we therefore considered that the pricing policies under the 2021 CCT Agreement have been in place; and (v) having also considered the Group's internal control procedures to be implemented in respect of the New CCT Agreement, which were expected to ensure a proper execution of the New CCT Agreement and which will be further discussed in the section headed "3. Internal control procedures" below, such that we casted no doubt on whether the pricing policies under the New CCT Agreement will be in place, we were of the view that the pricing policies of the New CCT Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

***(b) Basis of the Proposed Annual Caps and our discussions***

As set out in the Letter from the Board, the Proposed Annual Caps under the New CCT Agreement are determined after taking into account the following:

- (i) the estimated breakdown of fees for the Services;
- (ii) the estimated breakdown of the fees for value-added services to non-property owners;
- (iii) the estimated demand for the property management and related services (excluding the sales agency services under the sales assistance services) determined with reference to (1) the area of projects expected to be delivered by the Group; (2) the number of entrusted management projects; and (3) the unit price level of projects. As at 30 June 2024, the Times Neighborhood Group operated the projects developed by the Group with an aggregate area of approximately 34.0 million sq.m.. It is also noted that for the six months ended 30 June 2024, the Group had a total of 136 major projects at various stages in total, including 84 projects available for sale. When the projects are completed and delivered to the Times Neighborhood Group, it is expected that the service fees for the provision of property management services by the Times Neighborhood Group to the Group will enlarge as a result of the increase in the GFA of unsold properties due to a lower sell-through ratio of projects of the

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## LETTER FROM RED SOLAR

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Group in the COVID-19 pandemic and the property market downturn. The unsold properties under the Times Neighborhood Group's management had GFA of approximately 3.6 million sq.m. as at 30 June 2024. Notwithstanding the anticipated recovery of sell-through ratio of projects of the Group, the GFA of unsold properties under the Times Neighborhood Group's management is expected to increase by approximately 14% per annum in year 2025 to 2027, which will result in additional services required from the Times Neighborhood Group for such unsold properties. On the other hand, the prevailing rate of property management fee and accordingly the fee charged by the Times Neighborhood Group to the Group had been significantly reduced by approximately 50% during the COVID-19 pandemic and the property market downturn. Given the continuing optimization of real estate policies, both the prevailing market fee rates and the estimated fee rates chargeable to the Group are expected to recover to the initial levels in year 2020, as compared to the relatively low rates charged in year 2023/2024;

- (iv) the estimated demand for the sales agency services under the sales assistance services as determined with reference to (1) the estimated value of properties/car parking lots for sale; (2) the number of properties/car parking lots expected to be sold; and (3) the estimated commission rate. As at 30 June 2024, commission fees for sales agency services amounted to RMB0.25 million, representing a year-on-year decrease of approximately 63.7%. In light of the continuing optimization of real estate policies, it is expected that the commission income derived from the provision of sales agency services to the Group will increase as a result of the expected significant recovery of the sell-through ratio of projects of the Group. It is noted that the sell-through ratio of the Group was above 60% in 2020 and 2021 when the property market is prosperous and continuously reduced to 12% for the six months ended 30 June 2024. It is expected to be recovered to approximately 30% to 35% in 2025 to 2027 based on the continuing optimization of real estate policies;
- (v) the estimated demand for the preliminary planning and design consultancy services at pre-delivery stage as determined with reference to (1) the estimated number of properties delivered by the Group; (2) the value of fixtures and furnishings and design services expected to be sold; and (3) the estimated absorption rates (which represents the percentage of GFA that the Times Neighborhood Group provides fixtures and furnishings and design services out of the total GFA delivered by the Group). The Times Neighborhood Group commenced its business in the provision of fixtures and furnishing and design services in 2021, where the absorption rates started at 3% in 2021 due to the limited capacity. Having considered the expected recovery of property market, as well as the Times Neighborhood Group's enhanced service capacity over these years, the absorption rates are expected to reach approximately 10% in 2025 to 2027. With the expected increase in delivery of new projects and absorption rates in the future, it is expected that the preliminary planning and design consultancy services at pre-delivery stage to the Group will increase;

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## LETTER FROM RED SOLAR

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- (vi) for the sale, installation and maintenance of elevators, the expectation that (1) there will be about 15 to 22 projects with a contract value ranging from RMB43.9 million to RMB62.7 million, on the assumption that such number of projects will be delivered as scheduled (in the case of sale and installation of elevators) and the forecast about the projects currently managed by Times Neighborhood (in the case of the relevant projects of maintenance services); (2) the price is in line with the prevailing market prices for contracts of projects with similar scale; and (3) there will be no significant changes in the costs involved in the provision of such services, including the location and condition of the property, elevator purchase costs and expected operating costs (including labor costs and material costs); and

in respect of the estimated amount for the year ending 31 December 2024, (i) the transaction amount of around RMB7.4 million for the eight months ended 31 August 2024; and (ii) the expected value of contracts signed/estimated to be signed from September to December 2024 of around RMB2.9 million;

- (vii) for the instalment of internet services and intelligent engineering services, the estimated transaction amounts of the Times Neighborhood Group calculated with reference to the following: (1) the estimated GFA to be delivered in the next three years; (2) the estimated proportion of the intelligent engineering services provided by the Times Neighborhood Group to the Group; and (3) the unit cost per sq.m. of the intelligent engineering services;
- (viii) the Group's total land reserves and GFA available for sale of approximately 12.8 million sq.m. and approximately 6.7 million sq.m. respectively as at 30 June 2024 as set out in the public information disclosed by the Group, which will be sufficient to support its development needs for the next three years;
- (ix) the expected gradual recovery of national residential land market having considered the continuing optimization of real estate policies, the recent relaxation of tax policies to support the steady and healthy development of the real estate market, the positive changes displayed in the PRC property market since October 2024 and the expected growth of the transaction area of residential land in first-tier cities, second-tier cities and third- and fourth-tier cities, which are collectively expected to result in a restoration of demand for the Times Neighborhood Group's property management services and other services in the next three years; and
- (x) the existing annual caps and the historical transaction amounts in respect of the Services provided by the Times Neighborhood Group during the term of the 2021 CCT Agreement, including the transaction amount for the year ended 31 December 2021.

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## LETTER FROM RED SOLAR

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In order to assess the fairness and reasonableness of the Proposed Annual Caps, we have first looked into the historical annual caps of and actual transaction amounts between the Group and the Times Neighborhood Group under the 2021 CCT Agreement, which were set out in the following table:

*Under the 2021 CCT Agreement:*

<b>Period</b>	<b>Annual caps (RMB'000)</b>	<b>The historical transaction amounts for the provision of the Services by the Times Neighborhood Group to the Group and its associated companies (RMB'000)</b>
For the year ended 31 December 2022	1,220,000	306,855
For the year ended 31 December 2023	1,680,000	154,964
For the year ending 31 December 2024	2,150,000	65,213
		(up to 31 August 2024 only)

We noted that the historical amounts for the provision of the Services by the Times Neighborhood Group to the Group and its associated companies under the 2021 CCT Agreement (the “**Historical Amount(s)**”) for the FY2022 and FY2023 was approximately RMB306.86 million and RMB154.96 million, respectively, which decreased and represented an utilisation rate of approximately 25.25% and 9.22%, respectively, of the annual caps under the 2021 CCT Agreement for the respective year. For illustrative purposes only, we have also considered the Historical Amounts from January to August of each of FY2022 and FY2023, being approximately RMB204.57 million and RMB103.31 million, respectively, derived from dividing the Historical Amounts for each of FY2022 and FY2023 by 12 then multiplying by eight, respectively. We noted that the Historical Amounts from January to August of each of FY2022, FY2023 and the year ending 31 December 2024 exhibited a declining trend. We have enquired with the Company and understood that the low utilisation rates of the annual caps under the 2021 CCT Agreement for the FY2022 and FY2023 and the declining trend of the Historical Amounts from January to August of each of FY2022, FY2023 and the year ending 31 December 2024 could be attributed to a decrease in the Group’s demand for the Services during the term of the 2021 CCT Agreement as the Group’s property development businesses and contracted sales of properties also generally declined, which were considered to be affected by the declining trend of the PRC property development market in recent years, as discussed in details in the paragraphs headed “1. (b) Prospects and industry overview” above.

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## LETTER FROM RED SOLAR

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We have then further enquired with the Company on the basis of determining the estimated breakdown of fees for the Services (including the estimated breakdown of the fees for value-added services to non-property owners), thus the Proposed Annual Caps, for the three years ending 31 December 2027. We have obtained and reviewed the Group's calculations and basis, and have the following understanding.

In respect of construction site management services, we noted that the estimated fees for the three years ending 31 December 2027 were calculated based on (i) a list of 30 construction sites which are under development and managed or to be managed by the Times Neighborhood Group; (ii) the respective estimated development term and thus the estimated term of management service to be provided by the Times Neighborhood Group of the 30 sites; (iii) the respective area of the 30 sites and thus the number of labour needed for the management service to be provided by the Times Neighborhood Group for each site; and (iv) the unit costs of such labour of the 30 sites. We further noted that for the year ending 31 December 2025 and 2026, respectively, all 30 construction sites are expected to require full year of management services, while for the year ending 31 December 2027, 14 of the construction sites are expected to require full year of management services and the remaining 16 are expected to require six months of management services only. Therefore, the estimated fees for construction site management services for the year ending 31 December 2027 decreased when compared with those for the year ending 31 December 2025 and 2026, respectively.

In respect of sales assistance services, we noted that the estimated fees for the three years ending 31 December 2027 were calculated generally based on the estimated demand for the sales agency services for the same years determined with reference to (i) a list of completed or expected to be completed property projects held for sale or to be sold by the Group during the aforesaid years, which included properties/car parking lots; (ii) the numbers and areas of such properties; (iii) the estimated values of such properties; (iv) the expected sale rates of such properties which ranged from 35% to 100% and were determined by the management of the Company based on the development or sale progress of the respective properties; and (v) the commission rates expected to be charged by the Times Neighborhood Group for such sales assistance services which ranged from 3% to 8%. We noted and understood from the Company that the estimated fees of sales assistance services for the three years ending 31 December 2027 exhibited an increasing trend primarily because of the expected increase in sales of the Group's properties during the three years ending 31 December 2027, which in turn was mainly attributable to (i) a significant number and amount of area of properties expected to be completed, delivered and to gradually commence sales during the three years ending 31 December 2027. In particular, we have obtained the expected project completion and delivery schedule from the Company and noted that (a) the expected aggregate areas of properties to be delivered amounted to approximately 1.8 million, 1.8 million and 1.9 million sq.m.; (b) the number of residential buildings expected to be delivered amounted to 70, 90 and 100; and (c) the number of car parking lots expected to be delivered amounted to approximately 39.89, 41.95 and 31.54 thousands for each of the three years ending 31 December 2027, respectively. We also understood from the Company that properties completed and delivered in a particular year may be sold partly in the subsequent year, and such accumulative effect also contributed to the expected increase in sales of the Group's properties during the three years ending 31 December 2027; and (ii) the expected gradual recovery of the residential land market in the

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## LETTER FROM RED SOLAR

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PRC by the management of the Company, which was in line with our discussion in the paragraphs headed “1. (b) Prospects and industry overview” above relating to the announcement of the Ministry of Housing and Urban-Rural Development of the PRC that it will release policies with relevant authorities to stimulate the PRC property market.

We then noted that for all (i) pre-delivery cleaning services; (ii) preliminary planning and design consultancy services at pre-delivery stage; (iii) sale, installation and maintenance of elevators; (iv) instalment of internet services; and (v) intelligent engineering services, the estimated fees for the three years ending 31 December 2027 were generally calculated based on (i) the estimated numbers and/or areas of properties expected to be completed and delivered by the Group during each of the three years ending 31 December 2027, respectively, details of which have been disclosed in the previous paragraph; (ii) the resulting areas or number of properties requiring such services during each of the three years ending 31 December 2027, respectively; and (iii) the respective unit prices of the aforesaid services. With the expected general increase in the areas and number of properties to be delivered by the Group during the three years ending 31 December 2027, the estimated fees for the aforesaid services also generally increased during the same years.

In respect of the property management services and car parking lots leasing management services, we noted that the estimated fees for the three years ending 31 December 2027 were calculated based on (i) the number of management projects currently entrusted to the Times Neighborhood Group; (ii) the numbers and areas of projects expected to be delivered by the Group, details of which have been disclosed in this section above, and entrusted to the Times Neighborhood Group; and (iii) the unit price level of projects. It is further noted that for the six months ended 30 June 2024, the Group had a total of 136 major projects at various stages in total, including 84 projects available for sale. We noted that the estimated fees for the provision of property management services and car parking lots leasing management services are expected to increase taking into account the currently expected numbers and areas of projects to be completed and delivered by the Group and entrusted to the Times Neighborhood Group.

We then understood from the Company that the Proposed Annual Caps were determined to be higher than the Historical Amounts primarily because the Company expected a gradual recovery of the PRC residential land market during the term of the New CCT Agreement in contrast to the deterioration of the PRC property market during the term of the 2021 CCT Agreement. As discussed in the paragraphs headed “1. (b) Prospects and industry overview” above, we indeed observed a declining trend of the PRC property development market for the year 2023 and from January to July 2024. We also noted from the 2023 Annual Report that the Group’s contracted sales dropped from approximately RMB39,791 million to RMB14,346 million, and contracted GFA dropped from approximately 2.5 million sq.m. to 0.9 million sq.m., for the FY2022 and FY2023, respectively. The Group’s number of major projects at various stages on hand also decreased from 138 as at 31 December 2022 to 136 as at 31 December 2023. We further noted that the numbers and areas of properties delivered by the Group exhibited a decreasing trend during the three years ending 31 December 2024 (i.e. the term of the 2021 CCT Agreement). In particular, for the year ending 31 December 2024, the Group expected to deliver properties in the aggregate areas of approximately 1.3 million sq.m. only, and the number of residential buildings and car parking lots expected to be delivered amounted to 48 and approximately

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## LETTER FROM RED SOLAR

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31.20 thousands, respectively. Such levels of delivery are significantly lower than the expected deliveries during the three years ending 31 December 2027 (i.e. the term of the New CCT Agreement) as disclosed above. Nonetheless, the Company have considered the continuing optimization of real estate policies, the recent relaxation of tax policies to support the steady and healthy development of the real estate market, the positive changes displayed in the PRC property market since October 2024 and the expected growth of the transaction area of residential land in first-tier cities, second-tier cities and third- and fourth-tier cities, and therefore expected a restoration in project deliveries by the Group and number of major projects at various stages on hand during the three years ending 31 December 2027 and thus the demand for the Times Neighborhood Group's sales assistance services, property management services and other services in the same years. In particular, (i) the sell-through ratio of projects of the Group is expected to increase from approximately 12% for the six months ended 30 June 2024 to approximately 30% to 35% for the three years ending 31 December 2027; (ii) Notwithstanding the anticipated recovery of sell-through ratio of projects of the Group, the GFA of unsold properties under the Times Neighborhood Group's management is expected to increase by approximately 14% per annum in year 2025 to 2027; and (iii) the absorption rate of the Times Neighborhood Group's fixtures and furnishings and design services out of the total GFA delivered by the Group is also expected to increase from approximately 3% in 2021 to approximately 10% for the three years ending 31 December 2027. Considering the announcement of the Ministry of Housing and Urban-Rural Development of the PRC in October 2024 that it will release policies with relevant authorities to stimulate the PRC property market, we casted no doubt on the Company's expectation of a gradual recovery of the PRC residential land market during the term of the New CCT Agreement and that the Proposed Annual Caps were determined to be higher than the Historical Amounts.

We have also enquired with the Company and understood that the future market service fees in relation to the Services are generally expected to increase. As the service fees to be offered by the Times Neighborhood Group will inevitably be subject to the market price movements, the expected increase in the future market service fees in relation to the Services also leads to an expected increase in the service fees involved between the Group and the Times Neighborhood Group.

In addition to the aforesaid calculations, we have also considered the Group's scale of operations. Although the Group's revenue decreased both between FY2022 and FY2023 and between 6M2023 and 6M2024, the Group's scale of operations remained large. In particular, the Group's revenue amounted to approximately RMB21,011.81 million and RMB6,091.01 million for the FY2023 and 6M2024, respectively. The Group's cost of sales also amounted to approximately RMB18,423.10 million and RMB5,553.72 million for the FY2023 and 6M2024, respectively. The Group's cost of sales for the FY2023 represented approximately 1,535.26%, 1,151.44% and 877.29% of the proposed annual caps under the New CCT Agreement for each of the three years ending 31 December 2027, respectively. As the pricing policies under the New CCT Agreement generally sets out that the Group will choose the service provider for the Services based on quotations from different service providers, including the Times Neighborhood Group, it is possible that the Times Neighborhood Group will be considered the most suitable service provider in a large number of transactions such that the transaction amounts between the Group and the Times Neighborhood Group will be higher in the future.

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## LETTER FROM RED SOLAR

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Considering (i) that the estimated fees of all the Services for the three years ending 31 December 2027 were generally determined based on currently expected data and schedules including (a) the number of construction sites which are under development and managed/to be managed by the Times Neighborhood Group (for construction site management services) or number or areas of completed or to be completed property projects held for sale or to be sold or operation by the Group (for Services other than construction site management services) during each of the three years ending 31 December 2027; (b) the expected terms, areas or numbers of properties subject to the respective Services; (c) the estimated unit prices of the respective Services; and (d) the expected sales rate and commission rates for the sales assistance services; (ii) the expected gradual recovery of the national property market by the Group and as discussed in the paragraphs headed “1. (b) Prospects and industry overview” in this letter above; (iii) the expected increase in the market service fees in relation to the Services in the future; (iv) the Group’s scale of operations remained large for the FY2022, FY2023, 6M2023 and 6M2024; (v) the Group’s cost of sales for the FY2023 represented substantial premiums over the Proposed Annual Caps, and it is possible in the future that the transaction amounts between the Group and the Times Neighborhood Group will increase if the Times Neighborhood Group is considered the most suitable service provider in a large number of transactions under the quotation mechanism adopted by the Group for the Services; and (vi) that the Company has already taken into account the relatively low Historical Amounts and the generally low utilisation rate of the proposed annual caps under the 2021 CCT Agreement, and significantly lowered the Proposed Annual Caps in comparison with the former to reflect such prevailing business conditions, we were of the view that the Proposed Annual Caps are fair and reasonable.

### **3. Internal control measures in respect of the New CCT Agreement**

We have also reviewed the internal control measures of the Group as follows, and we considered that such internal control measures are sufficient to ensure that the Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders in accordance with the pricing policies and the principles set out in the New CCT Agreement and in compliance with the Listing Rules.

- (i) on a semi-annually basis, the purchasing department will 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;

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## LETTER FROM RED SOLAR

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- (ii) 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 monthly basis. If the actual aggregate transaction amount reaches 60% threshold of the proposed annual caps, or if the business operation department and finance department expect that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the senior management of the Company. The senior management of the Company will preliminary assess if there is a need to revise the existing annual caps, coordinate and conclude the decision, and, if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules;
- (iii) 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 the New CCT Agreement by random inspection of the pricing terms, payment arrangements and actual transaction amounts;
- (iv) the external auditors of the Company will conduct an annual review of the pricing and the transaction volume against the annual caps under the New CCT Agreement;
- (v) the audit committee of the Company will review the transactions under the New CCT Agreement and recommend any proposals to improve the internal control measures; and
- (vi) the independent non-executive Directors will annually review the implementation and enforcement of the requirements and the internal control measures imposed on the New CCT Agreement.

As discussed in the paragraphs headed “2. (a) Discussion on the pricing policy under the New CCT Agreement” in this letter above, we have checked the Connected Samples and Independent Samples and considered that they were in line with the terms and conditions of both the 2021 CCT Agreement and New CCT Agreement, we placed no doubt on the effectiveness of the Groups internal control measures in respect of the New CCT Agreement.

Based on the aforesaid internal control procedures, as well as the fair and reasonable terms and conditions of the New CCT Agreement, including the pricing policy therein, as discussed in the section headed “2. (a) Discussion on the pricing policy under the New CCT Agreement” above, we were satisfied that the Company’s internal control procedures in respect of the New CCT Agreement are sufficient to ensure fair and reasonable pricing of the transactions under the New CCT Agreement, that the execution of the New CCT Agreement would be fair and reasonable and in the interests of the Group, and that the Proposed Annual Caps under the New CCT Agreement will be closely monitored and will not be exceeded.

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## LETTER FROM RED SOLAR

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#### **4. Reporting requirements and conditions of the continuing connected transactions contemplated under the New CCT Agreement**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the continuing connected transactions contemplated under the New CCT Agreement are subject to the following annual review requirements:

- (a) The Company's independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) The Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
  - (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the cap;
- (c) The Company must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions; and
- (d) The Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

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## LETTER FROM RED SOLAR

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In light of the reporting requirements attached to the continuing connected transactions and the Group's internal control procedures as discussed in the paragraphs headed "3. Internal control measures in respect of the New CCT Agreement" above in this letter, we are of the view that appropriate measures will be in place to effectively monitor the conduct of the continuing connected transactions and assist to safeguard the interests of the Independent Shareholders.

### RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the New CCT Agreement and the transactions contemplated thereunder, being the provision of the Services by the Times Neighborhood Group to the Group and its associated companies, are conducted in the ordinary and usual course of business of the Group; (ii) the terms of the New CCT Agreement, including the Proposed Annual Caps, are on normal commercial terms and are fair and reasonable; and (iii) the entering into of the New CCT Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New CCT Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**RED SOLAR CAPITAL LIMITED**

**Leo Chan**  
*Managing Director*

*Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 16 years of experience in corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### *Interest in the Shares*

Name of Director	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of total issued Shares
Shum Chiu Hung <sup>(2)</sup>	Interest in a controlled corporation	1,244,877,716 (L)	59.23%
Guan Jianhui <sup>(3)</sup>	Interest of spouse	46,350,000 (L)	2.21%
Bai Xihong <sup>(4)</sup>	Interest of spouse	2,017,000 (L)	0.10%
	Beneficial owner	43,074,000 (L)	2.05%
Shum Siu Hung	Beneficial owner	1,318,000 (L)	0.06%

#### *Notes:*

- (1) The letter "L" denotes long positions in such securities.
- (2) As at the Latest Practicable Date, Mr. Shum Chiu Hung was deemed to be interested in 1,244,877,716 Shares, representing approximately 59.23% of the issued share capital of the Company. Such 1,244,877,716 Shares were held by Asiatic Enterprises, which is wholly owned by Super Reach, which is in turn 60% and 40% owned by Renowned Brand and East Profit respectively. Renowned Brand is wholly owned by Mr. Shum Chiu Hung.

- (3) As at the Latest Practicable Date, Ms. Chen Jie Yan, the spouse of Mr. Guan Jianhui was interested in 46,350,000 Shares. Mr. Guan Jianhui is deemed to be interested in those Shares.
- (4) As at the Latest Practicable Date, Ms. Wan Zhi Ning, the spouse of Mr. Bai Xihong was interested in 2,017,000 Shares. Mr. Bai Xihong is deemed to be interested in those Shares.

*Interest in associated corporations*

Name of Director	Associated corporation	Nature of interest	Number of shares	Approximate percentage in the registered capital of the associated corporation
Shum Chiu Hung <sup>(1)</sup>	Asiaciti Enterprises	Interest in a controlled corporation	120	60%
Shum Chiu Hung <sup>(1)</sup>	Super Reach	Interest in a controlled corporation	180	60%
Shum Chiu Hung <sup>(1)</sup>	Renowned Brand	Beneficial owner	1	100%
Shum Chiu Hung <sup>(2)</sup>	Times Neighborhood	Interest in a controlled corporation	473,431,769	48.03%
Guan Jianhui <sup>(3)</sup>	Times Neighborhood	Interest of spouse	20,833,173	2.11%
Bai Xihong <sup>(4)</sup>	Times Neighborhood	Interest of spouse	21,565,484	2.19%
		Beneficial owner	509,000	0.05%
Shum Siu Hung	Times Neighborhood	Beneficial owner	561,839	0.06%

*Notes:*

- (1) Asiaciti Enterprises is wholly owned by Super Reach which is 60% owned by Renowned Brand, which is in turn wholly owned by Mr. Shum Chiu Hung.
- (2) As at the Latest Practicable Date, Mr. Shum Chiu Hung was deemed to be interested in 473,431,769 shares of Times Neighborhood, representing approximately 48.03% of the issued share capital of Times Neighborhood. Such 473,431,769 shares of Times Neighborhood were held by Best Source which is wholly owned by Super Reach, which is in turn 60% and 40% owned by Renowned Brand and East Profit respectively. Renowned Brand is wholly owned by Mr. Shum Chiu Hung.
- (3) As at the Latest Practicable Date, Ms. Chen Jie Yan, the spouse of Mr. Guan Jianhui, was interested in 20,833,173 shares of Times Neighborhood. Mr. Guan Jianhui is deemed to be interested in those shares of Times Neighborhood.
- (4) As at the Latest Practicable Date, Ms. Wan Zhi Ning, the spouse of Mr. Bai Xihong, was interested in 21,565,484 shares of Times Neighborhood. Mr. Bai Xihong is deemed to be interested in those shares of Times Neighborhood.

*Interest in debentures of the Company*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Principal amount of debentures</b>	<b>Unit size of debentures</b>
Shum Chiu Hung <sup>(1)(2)(3)</sup>	Interest of spouse	USD5,500,000	1,000

*Notes:*

- (1) The USD3,500,000 debentures are held by Ms. Li Yiping. Mr. Shum Chiu Hung is deemed to be interested in those debentures. The debentures borne interest at a rate of 5.55% per annum payable semi-annually and matured on 4 June 2024.
- (2) The USD1,000,000 debentures are held by Ms. Li Yiping. Mr. Shum Chiu Hung is deemed to be interested in those debentures. The debentures borne interest at a rate of 6.75% per annum payable semi-annually and matured on 16 July 2023.
- (3) The USD1,000,000 debentures are held by Ms. Li Yiping. Mr. Shum Chiu Hung is deemed to be interested in those debentures. The debentures borne interest at a rate of 6.60% per annum payable semi-annually, and matured on 2 March 2023.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**Substantial Shareholders' interest**

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or the underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of the Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of total issued Shares
Ms. Li Yiping <sup>(2)</sup>	Interest in a controlled corporation	1,244,877,716 (L)	59.23%
Asiaciti Enterprises <sup>(2)</sup>	Beneficial owner	1,244,877,716 (L)	59.23%
Super Reach <sup>(2)</sup>	Interest in a controlled corporation	1,244,877,716 (L)	59.23%
Renowned Brand <sup>(3)</sup>	Interest in a controlled corporation	1,244,877,716 (L)	59.23%
East Profit <sup>(3)</sup>	Interest in a controlled corporation	1,244,877,716 (L)	59.23%

*Notes:*

- (1) The letter "L" denotes long positions in such securities.
- (2) As at the Latest Practicable Date, Ms. Li Yiping, the spouse of Mr. Shum Chiu Hung, was deemed to be interested in 1,244,877,716 Shares, representing approximately 59.23% of the issued share capital of the Company. Such 1,244,877,716 Shares were held by Asiaciti Enterprises, which is wholly owned by Super Reach, which is in turn 60% and 40% owned by Renowned Brand and East Profit respectively. East Profit is wholly owned by Ms. Li Yiping.
- (3) Renowned Brand and East Profit hold 60% and 40% equity interest in Asiaciti Enterprises respectively. As such, each of them is deemed to be interested in 1,244,877,716 Shares held by Asiaciti Enterprises.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

**3. COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any businesses that constitutes or may constitute a competing business of the Company.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group;
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (c) save for Mr. Shum who is the sole director of Asiaciti Enterprises, Super Reach and Renowned Brand, none of the other Directors is also an employee or director of any substantial shareholder of the Company.

**6. QUALIFICATION OF EXPERT AND CONSENT**

The qualification of the expert who has given an opinion or advice in this circular is as follow:

<b>Name</b>	<b>Qualification</b>
Red Solar	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

**7. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. DOCUMENT ON DISPLAY**

A copy of the New CCT Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.timesgroup.cn](http://www.timesgroup.cn)) for a period of not less than 14 days commencing from the date of this circular up to and including the date of the EGM.

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NOTICE OF EGM

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**TIMES CHINA HOLDINGS LIMITED**

**時代中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1233)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Times China Holdings Limited (the “Company”) will be held at Suites 501-2, 5/F., ICBC Tower, Three Garden Road, Central, Hong Kong on 27 December 2024 (Friday) at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 11 December 2024:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the New CCT Agreement, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps in the New CCT Agreement as set out in the circular of the Company dated 11 December 2024 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New CCT Agreement (including the proposed annual caps).”

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

Hong Kong, 11 December 2024

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## NOTICE OF EGM

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<i>Registered office:</i>	<i>Headquarters in the</i>	<i>Principal place of business</i>
Windward 3	<i>People's Republic of China:</i>	<i>in Hong Kong:</i>
Regatta Office Park	36-38/F, Times Property Center	Suites 501-2, 5/F
PO Box 1350	410-412 Dongfeng Zhong Road	ICBC Tower
Grand Cayman KY1-1108	Guangzhou	Three Garden Road
Cayman Islands	Guangdong Province	Central
	PRC	Hong Kong

*Notes:*

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/ her proxy to attend and vote instead of him/her. A proxy need not be a shareholder.
- (ii) In the case of joint registered holders of any Share(s), any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share(s) as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and return of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
- (iv) The transfer books and register of members of the Company will be closed from 24 December 2024 (Tuesday) to 27 December 2024 (Friday), both days inclusive, to determine the entitlement of shareholders to attend and vote at the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 December 2024 (Monday).