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ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

(I) ACQUISITION OF THE ENTIRE PARTNERSHIP INTEREST IN A LIMITED PARTNERSHIP AND THE SHAREHOLDER'S LOAN

(II) PROVISION OF FINANCIAL ASSISTANCE

AND

(III) FORMATION OF JOINT VENTURE

DISCLOSEABLE TRANSACTION

(I) ACQUISITION OF THE ENTIRE PARTNERSHIP INTEREST IN A LIMITED PARTNERSHIP AND THE SHAREHOLDER'S LOAN

AND

(II) PROVISION OF FINANCIAL ASSISTANCE

THE COOPERATION FRAMEWORK AGREEMENT

As advised and confirmed by TACI, on 16th December, 2021, TA Prosperity (an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL) entered into the Cooperation Framework Agreement with Shanghai Xiangyu, Xiangyu Real Estate and Xiamen Xiangli, pursuant to which (i) TA Prosperity (as purchaser) agreed to acquire, and Xiangyu Real Estate and Xiamen Xiangli (as vendors) agreed to sell, 99.9% and 0.1% of their respective partnership interest in Kunshan Xiangshenghe, and Shanghai Xiangyu agreed to assign the Shareholder's Loan to TA Prosperity, at the total Consideration of RMB190,010,000 (equivalent to approximately HK\$231,720,000); (ii) TA Prosperity agreed to provide the Reimbursement in the amount of RMB18,017,212 (equivalent to approximately HK\$21,972,000); (iii) TA Prosperity and/or any of TACI's subsidiaries (as the case may be) agreed to provide the Guarantees up to an aggregate amount of RMB687,250,990 (equivalent to approximately HK\$838,111,000); and (iv) TA Prosperity agreed to grant the Loan in the amount of RMB352,500,000 (equivalent to approximately HK\$429,878,000) to Shanghai Xiangyu under the Loan Agreement.

LISTING RULES IMPLICATIONS

TACI

As more than one of the Percentage Ratios in respect of the provision of the Loan, both on a stand-alone basis, and when aggregated with the Acquisition, including the Reimbursement, and the provision of the Guarantees exceed 5% but are less than 25%, the entering into of the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder constitutes a discloseable transaction for TACI and is subject to announcement requirement but exempt from TACI Shareholders' approval requirement under Chapter 14 of the Listing Rules.

AGL

As TA Prosperity is an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL, the entering into of the Cooperation Framework Agreement and the Loan Agreement by TA Prosperity shall be a transaction for AGL under the Listing Rules as the definition of "listed issuer" under Chapter 14 of the Listing Rules shall include the listed issuer's subsidiaries.

As one of the Percentage Ratios in respect of the Acquisition, including the Reimbursement, the provision of the Guarantees and the Loan, and the formation of Shaoxing Guangyi as a joint venture as a result of the Acquisition in aggregate exceeds 5% but is less than 25%, the entering into of the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder constitutes a discloseable transaction for AGL and is subject to announcement requirement but exempt from AGL Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

As advised and confirmed by TACI, on 16th December, 2021, TA Prosperity (an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL) entered into the Cooperation Framework Agreement with Shanghai Xiangyu, Xiangyu Real Estate and Xiamen Xiangli, pursuant to which (i) TA Prosperity (as purchaser) agreed to acquire, and Xiangyu Real Estate and Xiamen Xiangli (as vendors) agreed to sell, 99.9% and 0.1% of their respective partnership interest in Kunshan Xiangshenghe, and Shanghai Xiangyu agreed to assign the Shareholder's Loan to TA Prosperity, at the total Consideration of RMB190,010,000 (equivalent to approximately HK\$231,720,000); (ii) TA Prosperity agreed to provide the Reimbursement in the amount of RMB18,017,212 (equivalent to approximately HK\$21,972,000); (iii) TA Prosperity and/or any of TACI's subsidiaries (as the case may be) agreed to provide the Guarantees up to an aggregate amount of RMB687,250,990 (equivalent to approximately HK\$838,111,000); and (iv) TA Prosperity agreed to grant the Loan in the amount of RMB352,500,000 (equivalent to approximately HK\$429,878,000) to Shanghai Xiangyu under the Loan Agreement.

THE ACQUISITION

As advised and confirmed by TACI, the principal terms of the Acquisition as set out in the Cooperation Framework Agreement are as follows:

Date

16th December, 2021

Parties

- (1) TA Prosperity
- (2) Shanghai Xiangyu
- (3) Xiangyu Real Estate
- (4) Xiamen Xiangli

As advised and confirmed by TACI, which has made all reasonable enquiries and to the best knowledge, information and belief of the TACI Directors and the AGL Directors, having made all reasonable enquiries, Shanghai Xiangyu, Xiangyu Real Estate, Xiamen Xiangli and their respective ultimate beneficial owners are all third parties independent of each of TACI, AGL and their respective connected persons.

Subject matter

As advised and confirmed by TACI, pursuant to the Cooperation Framework Agreement and subject to the fulfilment of the Condition, TA Prosperity shall acquire, and Xiangyu Real Estate and Xiamen Xiangli shall sell 99.9% and 0.1% of their respective partnership interest in Kunshan Xiangshenghe, and Shanghai Xiangyu agreed to assign the Shareholder's Loan to TA Prosperity.

Upon completion of the Reorganisation, the primary asset of Kunshan Xiangshenghe is its 51% equity interest in Shaoxing Guangyi, which in turn owns the entire equity interest in the Project Company. The Project Company is the sole beneficiary and developer of the Land, the Land Cost of which is RMB1,965,000,000 (equivalent to approximately HK\$2,396,341,000).

Consideration

As advised and confirmed by TACI, the Consideration for the Acquisition shall be RMB190,010,000 (equivalent to approximately HK\$231,720,000), and shall be payable in the following manner:

- (i) RMB170,000,000 (equivalent to approximately HK\$207,317,000) shall be payable within three days from the date of the Cooperation Framework Agreement;
- (ii) RMB20,000,000 (equivalent to approximately HK\$24,391,000) shall be payable on the date that 51% of the equity interest in Shaoxing Guangyi is transferred from Guangcheng Enterprise to Shanghai Xiangyu under the Reorganisation and received a confirmation from the relevant local authorities of the PRC on their receipt of the documents on such transfer; and

- (iii) RMB10,000 (equivalent to approximately HK\$12,000) shall be payable on the date that the Kunshan Interest is transferred to TA Prosperity and received a confirmation from the relevant local authorities of the PRC on their receipt of the documents on such transfer.

As advised and confirmed by TACI, the Consideration was determined after arm’s length negotiations among TA Prosperity, Shanghai Xiangyu, Xiangyu Real Estate and Xiamen Xiangli taking into account (i) the Land Cost resulting from the successful bid of the Land through tender in the PRC; (ii) the proportion of equity interest in Shaoxing Guangyi to be held by each of TA Prosperity and/or any of TACI’s subsidiaries (via Kunshan Xiangshenghe) and Shanghai Xiangyu; (iii) the development cost of the Land; and (iv) other financial assistance and contributions to be provided by TA Prosperity including the provision of the Reimbursement, the Guarantees and the Loan.

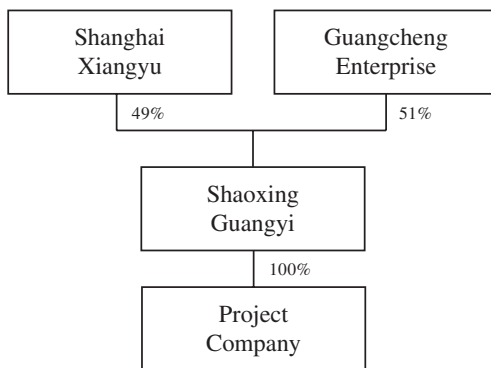
The Consideration shall be financed by the internal resources of the TACI Group.

Condition

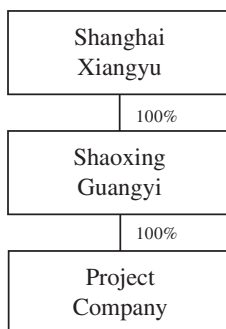
As advised and confirmed by TACI, Completion is conditional upon the completion of the Reorganisation.

The group structure of Shaoxing Guangyi (i) as at the date of this joint announcement before the Reorganisation; (ii) after the transfer of 51% of the equity interest in Shaoxing Guangyi from Guangcheng Enterprise to Shanghai Xiangyu; and (iii) after the transfer of 51% of the equity interest in Shaoxing Guangyi from Shanghai Xiangyu to Kunshan Xiangshenghe and immediately before Completion are as follows:

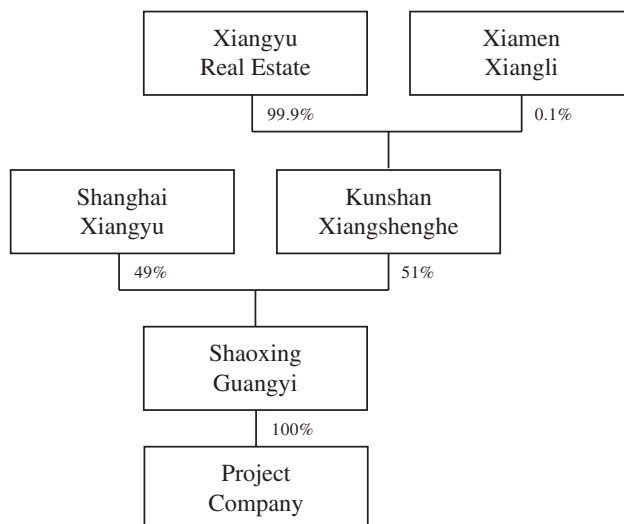
- (i) As at the date of this joint announcement before the Reorganisation



- (ii) After the transfer of 51% of the equity interest in Shaoxing Guangyi from Guangcheng Enterprise to Shanghai Xiangyu



(iii) After the transfer of 51% of the equity interest in Shaoxing Guangyi from Shanghai Xiangyu to Kunshan Xiangshenghe and immediately before Completion

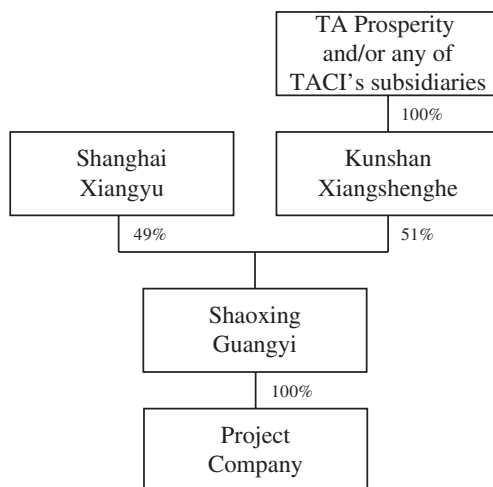


As at the date of this joint announcement, the Condition has not been fulfilled.

Completion

As advised and confirmed by TACI, Completion shall take place on the date when TA Prosperity settles the full payment of the Consideration, grants the Loan and provides the Reimbursement. Upon Completion, (i) TA Prosperity and/or any of TACI’s subsidiaries shall hold the entire partnership interest in Kunshan Xiangshenghe, and the financial results of Kunshan Xiangshenghe will be consolidated into the financial statements of each of the TACI Group and the AGL Group; and (ii) TA Prosperity and/or any of TACI’s subsidiaries (via Kunshan Xiangshenghe), and Shanghai Xiangyu shall own 51% and 49% equity interest in Shaoxing Guangyi, respectively, sharing the profit and loss of Shaoxing Guangyi in proportion to their respective equity interest.

The group structure of Shaoxing Guangyi upon Completion is as follows:



As advised and confirmed by TACI, as all decisions of the board of directors of Shaoxing Guangyi shall be approved by unanimous consent of all directors, Shaoxing Guangyi will be treated as a joint venture of TACI and of AGL and will be equity accounted for in the financial statements of the TACI Group and the AGL Group, respectively and its financial results will not be consolidated into the financial statements of both the TACI Group and the AGL Group.

Provision of a guarantee by Xiangyu Real Estate

As advised and confirmed by TACI, pursuant to the Cooperation Framework Agreement, Xiangyu Real Estate agreed to provide a guarantee in favour of TA Prosperity for the performance of Shanghai Xiangyu of its obligations under the Cooperation Framework Agreement and the Loan Agreement for a term commencing from the date of the Cooperation Framework Agreement until either the date of Completion or two years from the date of termination of the Cooperation Framework Agreement, whichever is earlier.

The Reimbursement

As advised and confirmed by TACI, prior to the entering into of the Cooperation Framework Agreement, Shanghai Xiangyu has provided a contribution to the Project Company in the total amount of approximately RMB35,327,867 (equivalent to approximately HK\$43,083,000) for funding the development costs of the Land, out of which RMB18,017,212 (equivalent to approximately HK\$21,972,000) is contributed in excess of its proportional equity interest in the Project Company. Pursuant to the Cooperation Framework Agreement, TA Prosperity agreed to reimburse Shanghai Xiangyu for the amount of RMB18,017,212 (equivalent to approximately HK\$21,972,000).

INFORMATION ON KUNSHAN XIANGSHENGHE

As advised and confirmed by TACI, Kunshan Xiangshenghe is a limited partnership established in the PRC owned as to 99.9% by Xiangyu Real Estate and 0.1% by Xiamen Xiangli, and principally engaged in investment holding. Upon the completion of the Reorganisation, it will hold 51% equity interest in Shaoxing Guangyi, which in turn holds the entire equity interest in the Project Company, being the sole beneficiary and developer of the Land.

The following is the unaudited financial information of Kunshan Xiangshenghe for the period from 19th July, 2021 (date of incorporation) to 25th November, 2021 which has been prepared in accordance with HKGAAP:

	For the period from 19th July, 2021 to 25th November, 2021 RMB'000 (unaudited)
Revenue	0
Net loss before taxation	1
Net loss after taxation	1

The unaudited net asset value of Kunshan Xiangshenghe as at 25th November, 2021 was approximately RMB9,000 (equivalent to approximately HK\$11,000).

PROVISION OF THE GUARANTEES

Guarantee I

As advised and confirmed by TACI, as at the date of this joint announcement, the Project Company has been granted the Project Loan I in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,585,366,000) by the Lender Bank, out of which RMB900,000,000 (equivalent to approximately HK\$1,097,561,000) has been drawn down.

As advised and confirmed by TACI, pursuant to the Cooperation Framework Agreement, upon fulfilment of the Condition and subject to the mutual agreement among the Lender Bank, Shanghai Xiangyu and TA Prosperity, TA Prosperity and/or any of TACI's subsidiaries (as the case may be) shall provide the Guarantee I in favour of either:

- (i) the Lender Bank for the performance by the Project Company of its payment obligations up to RMB663,000,000 (equivalent to approximately HK\$808,537,000) under the Project Loan I; or
- (ii) Shanghai Xiangyu or its related companies for the performance by the Project Company of its payment obligations of up to RMB663,000,000 (equivalent to approximately HK\$808,537,000) under the Project Loan I, provided that Shanghai Xiangyu or its related companies agrees to provide a guarantee in favour of the Lender Bank for the performance by the Project Company of all of its payment obligations under the Project Loan I in the amount of up to RMB1,300,000,000 (equivalent to approximately HK\$1,585,366,000).

Guarantee II

As advised and confirmed by TACI, as at the date of this joint announcement, the Project Company has been granted the Project Loan II in the amount of RMB47,550,960 (equivalent to approximately HK\$57,989,000) by Fangheng Financing which has been fully drawn down.

As advised and confirmed by TACI, pursuant to the Cooperation Framework Agreement, upon fulfilment of the Condition, TA Prosperity and/or any of TACI's subsidiaries (as the case may be) further agreed to provide a guarantee in favour of Shanghai Xiangyu or its related companies for the performance by the Project Company of its payment obligations up to RMB24,250,990 (equivalent to approximately HK\$29,574,000), provided that the ultimate holding company of Shanghai Xiangyu continues to provide a guarantee in favour of Fangheng Financing for the performance by the Project Company of all of its payment obligations under the Project Loan II in the amount of RMB47,550,960 (equivalent to approximately HK\$57,989,000).

The respective amount of the Guarantees to be provided by TA Prosperity and/or any of TACI's subsidiaries shall be proportional to the equity interest in Shaoxing Guangyi to be held by them.

PROVISION OF THE LOAN

As advised and confirmed by TACI, under the Cooperation Framework Agreement, TA Prosperity agreed to grant the Loan in the amount of RMB352,500,000 (equivalent to approximately HK\$429,878,000) to Shanghai Xiangyu under the Loan Agreement.

As advised and confirmed by TACI, the principal terms of the Loan Agreement are set out below:

- Date: 16th December, 2021
- Parties: (1) TA Prosperity (as lender)
(2) Shanghai Xiangyu (as borrower)
- Loan amount: RMB352,500,000 (equivalent to approximately HK\$429,878,000)
- Term: The term shall commence upon drawdown of the Loan and mature on the occurrence of the earlier of the following events:
- (i) the completion of the acquisition of the Kunshan Interest by TA Prosperity and the registration of such in the relevant local authorities of the PRC; and
 - (ii) the termination of the Cooperation Framework Agreement.
- Purpose: The purpose of the Loan shall be solely for Shanghai Xiangyu to provide a shareholder's loan to Shaoxing Guangyi for repayment of the outstanding indebtedness and accrued interest under an existing external loan, so as to uplift the restriction as set out in the relevant loan agreement on the transfer of the 51% equity interest in Shaoxing Guangyi held by Guangcheng Enterprise as at the date of this joint announcement.
- Interest rate: The Loan shall not carry any interest and shall be converted as a shareholder's loan due to TA Prosperity by Shaoxing Guangyi if Completion took place and the transfer of the Kunshan Interest to TA Prosperity and/or any of TACI's subsidiaries has been registered with the relevant local authorities of the PRC.
- In the event that the Cooperation Framework Agreement is terminated, an interest rate of 12.6% per annum would be charged on RMB339,000,000 (equivalent to approximately HK\$413,415,000) and an interest rate of 8% per annum would be charged on RMB13,500,000 (equivalent to approximately HK\$16,436,000). The principal and accrued interest shall be payable by Shanghai Xiangyu to TA Prosperity within two days of the termination of the Cooperation Framework Agreement.

The Loan shall be financed by the internal resources of the TACI Group.

FORMATION OF JOINT VENTURE UPON COMPLETION OF THE ACQUISITION

Capital Structure of Shaoxing Guangyi

As advised and confirmed by TACI, the formation of Shaoxing Guangyi as a joint venture arose from the Acquisition. Immediately prior to the entering into of the Cooperation Framework Agreement, Shaoxing Guangyi is held as to 49% by Shanghai Xiangyu and 51% by Guangcheng Enterprise, with a registered capital of RMB50,000,000 (equivalent to approximately HK\$60,976,000) which is not yet paid-up.

Upon the completion of the Reorganisation and the Acquisition, Shaoxing Guangyi will be held as to 49% by Shanghai Xiangyu and 51% by TA Prosperity and/or any of TACI's subsidiaries (via Kunshan Xiangshenghe).

In the event that Shanghai Xiangyu and TA Prosperity agree to further increase the registered capital of Shaoxing Guangyi to RMB982,500,000 (equivalent to approximately HK\$1,198,171,000), which shall be paid up by them in proportion to their respective equity interest, the proportional capital commitment of RMB501,075,000 (equivalent to approximately HK\$611,067,000) to be paid up by TA Prosperity (via Kunshan Xiangshenghe) shall be contributed by way of converting the following shareholder's loans provided by TA Prosperity to Shaoxing Guangyi to paid-up capital, namely (i) the Shareholder's Loan; (ii) the shareholder's loan to be converted from the Loan. Accordingly, no additional capital shall be injected by TA Prosperity and/or any of TACI's subsidiaries (via Kunshan Xiangshenghe) to meet its capital commitment after Completion.

Management of Shaoxing Guangyi

As advised and confirmed by TACI, all decisions by the shareholders of Shaoxing Guangyi shall be approved by unanimous consent of all shareholders of Shaoxing Guangyi.

As advised and confirmed by TACI, the board of directors of Shaoxing Guangyi shall consist of three directors, of whom two shall be nominated by Shanghai Xiangyu and one shall be nominated by TA Prosperity. The chairman of the board of directors of Shaoxing Guangyi shall be a director nominated by TA Prosperity. All decisions of the board of directors of Shaoxing Guangyi shall be approved by unanimous consent of all directors.

Profit distribution

As advised and confirmed by TACI, the profit shall be distributed to Shanghai Xiangyu and TA Prosperity (via Kunshan Xiangshenghe) in proportion to their respective equity interest in Shaoxing Guangyi.

Information on Shaoxing Guangyi

As advised and confirmed by TACI, Shaoxing Guangyi is a company established in the PRC which shall be owned as to 49% by Shanghai Xiangyu and 51% by TA Prosperity and/or any of TACI's subsidiaries (via Kunshan Xiangshenghe) upon Completion and principally engaged in investment holding.

The following is the unaudited consolidated financial information of Shaoxing Guangyi for the period from (i) 21st April, 2020 (date of incorporation) to 31st December, 2020; and (ii) 1st January, 2021 to 25th November, 2021 which has been prepared in accordance with HKGAAP:

	For the period from 21st April, 2020 to 31st December, 2020	For the period from 1st January, 2021 to 25th November, 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	0	0
Net profit (loss) before taxation	63	(1,392)
Net profit (loss) after taxation	47	(1,351)

The unaudited consolidated net liability value of Shaoxing Guangyi as at 25th November, 2021 was approximately RMB1,304,000 (equivalent to approximately HK\$1,590,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION, THE PROVISION OF THE REIMBURSEMENT, THE GUARANTEES AND THE LOAN, AND THE FORMATION OF JOINT VENTURE

As advised and confirmed by TACI, the TACI Group is engaged principally in, among other things, property development and investment on the mainland in the PRC. Having considered the location of the Land, the TACI Directors considered that the Acquisition, and as a result, the formation of Shaoxing Guangyi as a joint venture, is a good opportunity for the TACI Group to further strengthen its property development business in the PRC via its partnership interest in Kunshan Xiangshenghe, and contributes to the long-term business growth of the TACI Group.

As Shanghai Xiangyu has provided a contribution to fund the development costs of the Land which is in excess of its proportional equity interest in the Project Company, the TACI Directors consider it is fair and reasonable to provide the Reimbursement.

In relation to the provision of the Guarantees, the TACI Directors are of the view that the provision of the Guarantees are fair and reasonable as it is proportional to the indirect equity interest held by TA Prosperity in Shaoxing Guangyi via Kunshan Xiangshenghe, and are incidental to the grant of the Project Loan I and Project Loan II, which in turn forms an integral part of development of the Land by providing funding to ensure the completion of the development of the Land.

The provision of the Loan is incidental to the completion of the Acquisition as it is essential for the uplifting of the restriction on the transfer of the 51% equity interest in Shaoxing Guangyi held by Guangcheng Enterprise. As at the date of this joint announcement, the shareholder's loans provided by Shanghai Xiangyu are in excess of its proportional equity interest in Shaoxing Guangyi. Therefore, the conversion mechanism of the Loan to a shareholder's loan to Shaoxing Guangyi by TA Prosperity as agreed under the Loan Agreement, together with the Reimbursement and the assignment of the Shareholder's Loan to be taken place at Completion, would make the shareholder's loans provided or to be provided by TA Prosperity and Shanghai Xiangyu become proportional to their respective equity interests in Shaoxing Guangyi, which is in line with the parties' intention under the Cooperation Framework Agreement.

Having considered the above, the TACI Directors are of the view that the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder, including the Acquisition and as a result, the formation of Shaoxing Guangyi as a joint venture, the provision of the Reimbursement, the Guarantees and the Loan, are entered into on normal commercial terms, and are fair and reasonable and in the interests of TACI and the TACI Shareholders as a whole.

Based on the information and confirmation provided by TACI and to the best knowledge, information and belief of the AGL Directors, the AGL Directors consider that the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder, including the Acquisition, the provision of the Reimbursement, the Guarantees and the Loan, and the formation of Shaoxing Guangyi as a joint venture are fair and reasonable and in the interests of AGL and the AGL Shareholders as a whole.

INFORMATION ON TACI, TA PROSPERITY, SHANGHAI XIANGYU, XIANGYU REAL ESTATE, XIAMEN XIANGLI AND AGL

1. TACI

TACI is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of TACI is investment holding. TACI and its subsidiaries are engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

2. TA Prosperity

As advised and confirmed by TACI, TA Prosperity is a company established in the PRC with limited liability and is an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL.

The principal business activity of TA Prosperity is investment holding.

3. Shanghai Xiangyu

As advised and confirmed by TACI, Shanghai Xiangyu is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of Xiangyu Real Estate, which in turn is a state-owned enterprise.

The principal business activity of Shanghai Xiangyu is property development.

4. Xiangyu Real Estate

As advised and confirmed by TACI, Xiangyu Real Estate is a company established in the PRC with limited liability and is a state-owned enterprise.

The principal business activities of Xiangyu Real Estate are property development and investment holding.

5. Xiamen Xiangli

As advised and confirmed by TACI, Xiamen Xiangli is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Xiangyu Real Estate.

The principal business activity of Xiamen Xiangli is investment holding.

6. AGL

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, and the provision of finance and investments in listed and unlisted securities.

LISTING RULES IMPLICATIONS

TACI

As more than one of the Percentage Ratios in respect of the provision of the Loan, both on a stand-alone basis, and when aggregated with the Acquisition, including the Reimbursement, and the provision of the Guarantees exceed 5% but are less than 25%, the entering into of the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder constitutes a discloseable transaction for TACI and is subject to announcement requirement but exempt from TACI Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As (i) the sole purpose of Shaoxing Guangyi is to develop the Land (via its interest in the Project Company) which is of revenue nature in the ordinary and usual course of business of TACI; (ii) the transactions contemplated under the Cooperation Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) Shaoxing Guangyi, may not, without the unanimous consent of its shareholders, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the formation of Shaoxing Guangyi as a joint venture as a result of the Acquisition do not constitute a notifiable transaction for TACI pursuant to Rule 14.04(1)(f) of the Listing Rules.

AGL

As TA Prosperity is an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL, the entering into of the Cooperation Framework Agreement and the Loan Agreement by TA Prosperity shall be a transaction for AGL under the Listing Rules as the definition of "listed issuer" under Chapter 14 of the Listing Rules shall include the listed issuer's subsidiaries.

As one of the Percentage Ratios in respect of the Acquisition, including the Reimbursement, the provision of the Guarantees and the Loan, and the formation of Shaoxing Guangyi as a joint venture as a result of the Acquisition in aggregate exceeds 5% but is less than 25%, the entering into of the Cooperation Framework Agreement and the Loan Agreement, and the transactions contemplated thereunder constitutes a discloseable transaction for AGL and is subject to announcement requirement but exempt from AGL Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Kunshan Interest and the assignment of the Shareholder's Loan pursuant to the Cooperation Framework Agreement
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
“AGL Board”	the board of AGL Directors
“AGL Directors”	the director(s) of AGL

“AGL Group”	AGL and its subsidiaries
“AGL Shareholder(s)”	the shareholder(s) of AGL
“Completion”	the completion of the Acquisition pursuant to the terms of the Cooperation Framework Agreement
“Condition”	the condition precedent to Completion as set out in the Cooperation Framework Agreement
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by TA Prosperity for the Acquisition, being RMB190,010,000 (equivalent to approximately HK\$231,720,000)
“Cooperation Framework Agreement”	the cooperation framework agreement dated 16th December, 2021 entered into among TA Prosperity, Shanghai Xiangyu, Xiangyu Real Estate and Xiamen Xiangli in relation to the Acquisition, the provision of the Reimbursement, the Guarantees and the Loan, and the formation of Shaoxing Guangyi as a joint venture
“Fangheng Financing”	深圳市前海一方恒融商業保理有限公司 (Fangheng Financing Commercial Factoring Co., Ltd.*), a company established in the PRC with limited liability
“Guangcheng Enterprise”	上海光澄企業管理有限公司 (Shanghai Guangcheng Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability, or its holding company
“Guarantees”	Guarantee I and Guarantee II
“Guarantee I”	<p>the guarantee to be provided by TA Prosperity and/or any of TACI’s subsidiaries in favour of either:</p> <p>(i) the Lender Bank for the performance by the Project Company of its payment obligations up to RMB663,000,000 (equivalent to approximately HK\$808,537,000) under the Project Loan I; or</p> <p>(ii) Shanghai Xiangyu or its related companies for the performance by the Project Company of its payment obligations of up to RMB663,000,000 (equivalent to approximately HK\$808,537,000) under the Project Loan I, provided that Shanghai Xiangyu or its related companies agrees to provide a guarantee in favour of the Lender Bank for the performance by the Project Company of all of its payment obligations under the Project Loan I in the amount of up to RMB1,300,000,000 (equivalent to approximately HK\$1,585,366,000)</p>

“Guarantee II”	the guarantee to be provided by TA Prosperity and/or any of TACI’s subsidiaries in favour of Shanghai Xiangyu or its related companies for the performance by the Project Company of its payment obligations of up to RMB24,250,990 (equivalent to approximately HK\$29,574,000), provided that the ultimate holding company of Shanghai Xiangyu continues to provide a guarantee in favour of Fangheng Financing for the performance by the Project Company of all of its payment obligations under the Project Loan II in the amount of up to RMB47,550,960 (equivalent to approximately HK\$57,989,000)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKGAAP”	the Hong Kong generally accepted accounting practice
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kunshan Xiangshenghe”	昆山象盛合投資合夥企業(有限合夥) (Kunshan Xiangshenghe Investment Partnership Enterprise (Limited Partnership)*), a limited partnership established in the PRC, which shall own 51% equity interest in Shaoxing Guangyi after the Reorganisation
“Kunshan Interest”	the entire partnership interest of Kunshan Xiangshenghe, comprising 99.9% and 0.1% of the partnership interest held by Xiangyu Real Estate and Xiamen Xiangli, respectively
“Land”	a parcel of land situated in Baoshan District, Shanghai, the PRC with a site area of 47,141.1 m ²
“Land Cost”	RMB1,965,000,000 (equivalent to approximately HK\$2,396,341,000), being the acquisition cost of the Land
“Lender Bank”	a licensed bank in the PRC
“Loan”	the loan in the amount of RMB352,500,000 (equivalent to approximately HK\$429,878,000) made available by TA Prosperity to Shanghai Xiangyu on the terms and subject to the conditions set out in the Loan Agreement
“Loan Agreement”	the loan agreement entered into between TA Prosperity (as lender) and Shanghai Xiangyu (as borrower) dated 16th December, 2021 in respect of the Loan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this joint announcement only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Project Company”	上海光祥房地產開發有限公司 (Shanghai Guangxiang Property Development Co., Ltd.*), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of Shaoxing Guangyi
“Project Loan I”	the loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,585,366,000) made available by the Lender Bank to the Project Company
“Project Loan II”	the loan in the amount of RMB47,550,960 (equivalent to approximately HK\$57,989,000) made available by Fangheng Financing to the Project Company which has been fully drawn down
“Reimbursement”	the reimbursement to Shanghai Xiangyu by TA Prosperity for the capital contribution of RMB18,017,212 (equivalent to approximately HK\$21,972,000), previously made by Shanghai Xiangyu to the Project Company, which is in excess of its proportional equity interest in the Project Company
“Reorganisation”	<p>the reorganisation of the equity interest structure of Shaoxing Guangyi after the entering into of the Cooperation Framework Agreement but prior to Completion in the following order to be taken place:</p> <p>(i) the transfer of 51% of the equity interest in Shaoxing Guangyi by Guangcheng Enterprise (as vendor) to Shanghai Xiangyu (as purchaser) and, by way of execution of a shareholder’s loan assignment agreement by, among others, Shanghai Xiangyu, Guangcheng Enterprise and certain debtors and creditors of Shaoxing Guangyi, the assignment of a shareholder’s loan in the net amount of RMB259,861,414 (equivalent to approximately HK\$316,904,000) due to Guangcheng Enterprise by Shaoxing Guangyi to Shanghai Xiangyu as agreed under the shareholder’s loan assignment agreement, at the consideration of RMB190,000,000 (equivalent to approximately HK\$231,707,000); and</p>

- (ii) the transfer of 51% of the equity interest in Shaoxing Guangyi by Shanghai Xiangyu (as vendor) to Kunshan Xiangshenghe (as purchaser)

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Xiangyu”	上海象嶼置業有限公司(Shanghai Xiangyu Properties Co., Ltd.*), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of Xiangyu Real Estate
“Shaoxing Guangyi”	紹興光逸房地產開發有限公司 (Shaoxing Guangyi Property Development Co., Ltd.*), a company established in the PRC with limited liability, owned as to 49% by Shanghai Xiangyu and 51% by Guangcheng Enterprise as at the date of this joint announcement and shall be owned as to 49% by Shanghai Xiangyu and 51% by Kunshan Xiangshenghe upon completion of the Reorganisation and prior to Completion
“Shareholder’s Loan”	a shareholder’s loan in the amount of RMB259,861,414 (equivalent to approximately HK\$316,904,000) due to Shanghai Xiangyu by Shaoxing Guangyi
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TACI”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28), being an indirect non wholly-owned subsidiary of AGL
“TACI Board”	the board of TACI Directors
“TACI Directors”	the directors of TACI
“TACI Group”	TACI and its subsidiaries
“TACI Shareholder(s)”	the shareholder(s) of TACI
“TA Prosperity”	上海天安盛世房地產有限公司 (Shanghai Tianan Prosperity Real Estate Co., Ltd.*), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of TACI
“Xiangyu Real Estate”	象嶼地產集團有限公司 (Xiangyu Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability, and owns 99.9% of the partnership interest in Kunshan Xiangshenghe prior to Completion

“Xiamen Xiangli”	廈門象理投資有限公司 (Xiamen Xiangli Investment Co., Ltd.*), a company established in the PRC with limited liability, and owns 0.1% of the partnership interest in Kunshan Xiangshenghe prior to Completion
“m ² ”	square metres
“%”	per cent.

On behalf of the AGL Board
Allied Group Limited
Edwin Lo King Yau
Executive Director

On behalf of the TACI Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

Hong Kong, 16th December, 2021

For the purpose of this joint announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.82. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this joint announcement, the AGL Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors; Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing being the Independent Non-Executive Directors.

As at the date of this joint announcement, the TACI Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman) and Dr. Moses Cheng Mo Chi being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

* *The English translation of the Chinese name of the relevant entity included in this joint announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*