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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 PROVISION OF FINANCIAL ASSISTANCE**

#### **PROVISION OF GUARANTEE**

As advised and confirmed by TACI, on 15th August, 2022, TA Prosperity (an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL, and holding 60% equity interest in the JV Company), Shanghai Tongyun (a joint venture partner holding 40% equity interest in the JV Company), the JV Company and the Borrower (a direct wholly-owned subsidiary of the JV Company) entered into the Framework Memorandum, pursuant to which, TA Prosperity agreed to provide a joint and several liability guarantee in respect of the obligations of the Borrower of up to RMB294,000,000 (equivalent to approximately HK\$345,882,000) under the Proposed Facility, representing 60% of the Proposed Facility and in proportion to the equity interest in the Borrower held by TA Prosperity via the JV Company.

#### **PROVISION OF SHAREHOLDER'S LOAN**

As advised and confirmed by TACI, the TACI Group has from time to time granted shareholder's loans to the JV Company. As at the date of this joint announcement, Shanghai Tianrong (an indirect wholly-owned subsidiary of TACI) has made available to the JV Company the Shareholder's Loan in an aggregate amount of RMB28,898,000 (equivalent to approximately HK\$33,998,000) which is interest-free and shall be repayable on demand.

#### **CONTRIBUTION TO THE JV COMPANY**

As advised and confirmed by TACI, on 9th November, 2021, TA Prosperity agreed to provide the Contribution in the aggregate amount of RMB478,872,000 (equivalent to approximately HK\$563,379,000) to the JV Company pursuant to the Cooperation Development Agreement, the details of which have been disclosed in the AGL Announcement.

## **LISTING RULES IMPLICATIONS**

### **TACI**

As none of the relevant Percentage Ratios in respect of the provision of the Shareholder's Loan on a standalone basis exceeds 5%, the provision of the Shareholder's Loan on a standalone basis does not constitute a notifiable transaction for TACI under Chapter 14 of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the provision of the Guarantee, both on a standalone basis and when aggregated with the Shareholder's Loan in accordance with Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, the provision of the Guarantee and the Shareholder's Loan constitute 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.

The formation of the JV Company does not constitute a notifiable transaction for TACI pursuant to Rule 14.04(1)(f) of the Listing Rules as disclosed in the announcement of TACI dated 9th November, 2021, the provision of the Guarantee nor the Shareholder's Loan is therefore not required to be aggregated with the Contribution, being the commitment to the JV Company at the time of the formation of the JV Company as a joint venture, for the calculation of the classification of the transaction under Chapter 14 of the Listing Rules.

### **AGL**

As TACI is an indirect non wholly-owned subsidiary of AGL, the entering into of the Framework Memorandum by TA Prosperity and the provision of the Shareholder's Loan shall be transactions 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 none of the relevant Percentage Ratios in respect of the provision of the Guarantee and the Shareholder's Loan, each on a standalone basis, exceeds 5%, the provision of the Guarantee and the Shareholder's Loan each on a standalone basis does not constitute a notifiable transaction for AGL under Chapter 14 of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the provision of the Guarantee, when aggregated with the Shareholder's Loan and the Contribution in accordance with Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, the provision of the Guarantee, the Shareholder's Loan and the Contribution constitute 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.

## **PROVISION OF GUARANTEE**

As advised and confirmed by TACI, on 15th August, 2022, TA Prosperity (an indirect non wholly-owned subsidiary of TACI, which in turn is an indirect non wholly-owned subsidiary of AGL, and holding 60% equity interest in the JV Company), Shanghai Tongyun (a joint venture partner holding 40% equity interest in the JV Company), the JV Company and the Borrower (a direct wholly-owned subsidiary of the JV Company) entered into the Framework Memorandum, pursuant to which, TA Prosperity agreed to provide a joint and several liability guarantee in respect of the obligations of the Borrower of up to RMB294,000,000 (equivalent to approximately HK\$345,882,000) under the Proposed Facility, representing 60% of the Proposed Facility and in proportion to the equity interest in the Borrower held by TA Prosperity via the JV Company.

As advised and confirmed by TACI, pursuant to the Framework Memorandum, in proportion to the 40% equity interest in the Borrower held by Shanghai Tongyun, Shanghai Tongyun also agreed to provide a joint and several liability guarantee in respect of the obligations of the Borrower of up to RMB196,000,000 (equivalent to approximately HK\$230,588,000) under the Proposed Facility. In addition to the Guarantee and the guarantee provided by Shanghai Tongyun, the security for the Proposed Facility shall include a mortgage of a parcel of land situated in Ningbo City, Zhejiang Province, the PRC with a site area of 26,604 m<sup>2</sup>, owned by the Borrower.

As advised and confirmed by TACI, the terms of the Framework Memorandum have been determined after arm's length negotiation among TA Prosperity, Shanghai Tongyun, the JV Company and the Borrower having taken into account the prevailing loan facilities of similar terms with that of the Proposed Facility and the respective equity interest of the TACI Group and Shanghai Tongyun in the Borrower.

## **PROVISION OF SHAREHOLDER'S LOAN**

As advised and confirmed by TACI, the TACI Group has from time to time granted shareholder's loans to the JV Company. As at the date of this joint announcement, Shanghai Tianrong (an indirect wholly-owned subsidiary of TACI) has made available to the JV Company the Shareholder's Loan in an aggregate amount of RMB28,898,000 (equivalent to approximately HK\$33,998,000) which is interest-free and shall be repayable on demand. As at the date of this joint announcement, the Shareholder's Loan has been drawn down.

The purpose of the Shareholder's Loan is for the working capital of the JV Company and the Borrower. The Shareholder's Loan was determined after arm's length negotiation between Shanghai Tianrong and the JV Company having taken into account the working capital needs of the JV Company and the Borrower. The Shareholder's Loan was funded by the internal resources of the TACI Group.

## **CONTRIBUTION TO THE JV COMPANY**

As advised and confirmed by TACI, on 9th November, 2021, TA Prosperity agreed to provide the Contribution in the aggregate amount of RMB478,872,000 (equivalent to approximately HK\$563,379,000) to the JV Company pursuant to the Cooperation Development Agreement, the details of which have been disclosed in the AGL Announcement.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE, SHAREHOLDER'S LOAN AND THE CONTRIBUTION**

As advised and confirmed by TACI, the TACI Directors are of the view that the provision of the Guarantee, which is incidental to the provision of the Proposed Facility, will facilitate the business development of the Borrower in which the TACI Group has an indirect 60% equity interest, as a whole by meeting the financial needs relating to the Project.

Furthermore, the Guarantee is in proportion to the TACI Group's 60% equity interest in the Borrower, and Shanghai Tongyun (indirectly holding the remaining 40% equity interest in the Borrower) shall also provide a joint and several liability guarantee in proportion for the performance by the Borrower of its obligations under the Proposed Facility.

In relation to the Shareholder's Loan, the TACI Directors consider that provision of the Shareholder's Loan provides working capital to the JV Company and the Borrower to facilitate the development of the Project, which the TACI Group has a 60% share of profits.

Based on the above, the TACI Directors are of the view that the terms of the Framework Memorandum and the provision of the Shareholder's 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, the reasons as disclosed in the AGL Announcement and to the best knowledge, information and belief of the AGL Directors, the AGL Directors consider that the provision of the Guarantee, the Shareholder's Loan and the Contribution are fair and reasonable and in the interests of AGL and the AGL Shareholders as a whole.

## **INFORMATION RELATING TO TACI, TA PROSPERITY, SHANGHAI TIANRONG, SHANGHAI TONGYUN, THE JV COMPANY, THE BORROWER, SPD BANK AND AGL**

### **(1) TACI**

TACI is 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. The TACI Group is 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.

The principal business activity of TA Prosperity is investment holding.

**(3) Shanghai Tianrong**

As advised and confirmed by TACI, Shanghai Tianrong is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of TACI.

The principal business activity of Shanghai Tianrong is investment holding.

**(4) Shanghai Tongyun**

As advised and confirmed by TACI, Shanghai Tongyun is a company established in the PRC with limited liability and is owned by the Partners.

The principal business activity of Shanghai Tongyun is investment holding.

**(5) The JV Company**

As advised and confirmed by TACI, the JV Company is a company established in the PRC with limited liability, and is a joint venture of TACI owned as to 60% and 40% by TA Prosperity and Shanghai Tongyun, respectively.

The principal business activity of the JV Company is investment holding.

**(6) The Borrower**

As advised and confirmed by TACI, the Borrower is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the JV Company.

The principal business activity of the Borrower is property development.

**(7) SPD Bank**

As advised and confirmed by TACI, SPD Bank is a company established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600000).

The principal business activity of SPD Bank is commercial banking.

**(8) 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, logistics services, and the provision of finance and investments in listed and unlisted securities.

As advised and confirmed by TACI, and to the best knowledge, information and belief of the TACI Directors and the AGL Directors having made all reasonable enquiries, save for the 40% equity interest Shanghai Tongyun holds in the JV Company, Shanghai Tongyun, the Lender Bank and their respective ultimate beneficial owner(s) are third parties independent of each of TACI, AGL and their respective connected persons.

## **LISTING RULES IMPLICATIONS**

### **TACI**

As none of the relevant Percentage Ratios in respect of the provision of the Shareholder's Loan on a standalone basis exceeds 5%, the provision of the Shareholder's Loan on a standalone basis does not constitute a notifiable transaction for TACI under Chapter 14 of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the provision of the Guarantee, both on a standalone basis and when aggregated with the Shareholder's Loan in accordance with Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, the provision of the Guarantee and the Shareholder's Loan constitute 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.

The formation of the JV Company does not constitute a notifiable transaction for TACI pursuant to Rule 14.04(1)(f) of the Listing Rules as disclosed in the announcement of TACI dated 9th November, 2021, the provision of the Guarantee nor the Shareholder's Loan is therefore not required to be aggregated with the Contribution, being the commitment to the JV Company at the time of the formation of the JV Company as a joint venture, for the calculation of the classification of the transaction under Chapter 14 of the Listing Rules.

### **AGL**

As TACI is an indirect non wholly-owned subsidiary of AGL, the entering into of the Framework Memorandum by TA Prosperity and the provision of the Shareholder's Loan shall be transactions 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 none of the relevant Percentage Ratios in respect of the provision of the Guarantee and the Shareholder's Loan, each on a standalone basis, exceeds 5%, the provision of the Guarantee and the Shareholder's Loan each on a standalone basis does not constitute a notifiable transaction for AGL under Chapter 14 of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the provision of the Guarantee, when aggregated with the Shareholder's Loan and the Contribution in accordance with Rule 14.22 of the Listing Rules, exceeds 5% but is less than 25%, the provision of the Guarantee, the Shareholder's Loan and the Contribution constitute 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

“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 Announcement”	the announcement of AGL dated 11th November, 2021 in relation to the provision of the Contribution and formation of joint venture
“AGL Board”	the board of AGL Directors
“AGL Directors”	the directors of AGL
“AGL Shareholders”	the shareholders of AGL
“Borrower”	寧波盛合置業有限公司(Ningbo Shenghe Property Development Co., Ltd.*), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of the JV Company
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Contribution”	the contribution in an aggregate amount of RMB478,872,000 (equivalent to approximately HK\$563,379,000) provided by TA Prosperity to the JV Company pursuant to the Cooperation Development Agreement, details of which have been disclosed in the AGL Announcement
“Cooperation Development Agreement”	the cooperation development agreement dated 9th November, 2021 entered into among TA Prosperity, Shanghai Tongyun, the JV Company and the Borrower in relation to the formation of joint venture
“Framework Memorandum”	the framework memorandum dated 15th August, 2022 entered into among TA Prosperity, Shanghai Tongyun, the JV Company and the Borrower in relation to the provision of the Guarantee and the guarantee provided by Shanghai Tongyun
“Guarantee”	the joint and several liability guarantee provided by TA Prosperity for the obligations of the Borrower of up to RMB294,000,000 (equivalent to approximately HK\$345,882,000) under the Proposed Facility
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JV Company”	上海鷺島置業有限公司(Shanghai Ludao Property Development Co., Ltd.*), a company established in the PRC with limited liability, and a joint venture of TACI owned as to 60% and 40% by TA Prosperity and Shanghai Tongyun, respectively

“Lender Bank”	寧波分行(Ningbo branch*) of SPD Bank
“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 GEM of the Stock Exchange
“Partners”	Mr. Liu Zhe, Mr. Sun Yigong and Ms. Huang Min, who own 43.5%, 43.5% and 13% of the equity interest in Shanghai Tongyun, respectively
“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 Macau Special Administrative Region of the People’s Republic of China
“Project”	a property development project undertaken by the Borrower in Ningbo City, Zhejiang Province, the PRC
“Proposed Facility”	the proposed facility of up to RMB490,000,000 (equivalent to approximately HK\$576,471,000) to be made available by the Lender Bank to the Borrower for a term of three years
“RMB”	Renminbi, the lawful currency of the PRC
“SPD Bank”	上海浦東發展銀行股份有限公司 (Shanghai Pudong Development Bank Co., Ltd.*), a company established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600000)
“Shanghai Tianrong”	上海天榮置業有限公司(Shanghai Tianrong Properties Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of TACI
“Shanghai Tongyun”	上海同運投資有限公司(Shanghai Tongyun Investment Co., Ltd.*), a company established in the PRC with limited liability and owned by the Partners
“Shareholder’s Loan”	the shareholder’s loan in the aggregate amount of RMB28,898,000 (equivalent to approximately HK\$33,998,000) provided by Shanghai Tianrong to the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“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
“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 Shareholders”	the shareholders of TACI
“m <sup>2</sup> ”	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, 15th August, 2022

*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 RMB0.85. 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. Jiang Guofang, 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.*