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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)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE 2017 TACI AGREEMENT AND THE 2017 ASL AGREEMENT

THE 2020 TACI AGREEMENT

As the 2017 TACI Agreement had expired on 31st December, 2019, on 2nd January, 2020, the Company and AGL entered into the 2020 TACI Agreement to renew the 2017 TACI Agreement for a term of three years from 1st January, 2020 to 31st December, 2022.

THE 2020 ASL AGREEMENT

As the 2017 ASL Agreement had expired on 31st December, 2019, on 2nd January, 2020, ASL (a non wholly-owned subsidiary of the Company) and AGL entered into the 2020 ASL Agreement to renew the 2017 ASL Agreement for a term of three years from 1st January, 2020 to 31st December, 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is held as to approximately 48.86% by APL, which in turn is held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of the 2020 TACI Agreement regarding the sharing of the Management Services constitutes a continuing connected transaction for the Company under the Listing Rules.

As at the date of this announcement, ASL is a non wholly-owned subsidiary of the Company. As a result, the entering into of the 2020 ASL Agreement by ASL and AGL (being a connected person of the Company) constitutes a continuing connected transaction for the Company under the Listing Rules.

Pursuant to Rules 14A.73(8) and 14A.98 of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the 2020 TACI Agreement is fully exempt under Chapter 14A of the Listing Rules.

As more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but are less than 5%, the entering into of the 2020 Agreements (save for the sharing of the Administrative Services which is fully exempt) are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

THE 2020 TACI AGREEMENT

As the 2017 TACI Agreement had expired on 31st December, 2019, on 2nd January, 2020, the Company and AGL entered into the 2020 TACI Agreement to renew the 2017 TACI Agreement for a term of three years from 1st January, 2020 to 31st December, 2022.

The major terms of the 2020 TACI Agreement are as follows:

- Date : 2nd January, 2020
- Parties : The Company and AGL
- Term : Three years commencing from 1st January, 2020 and expiring on 31st December, 2022
- Nature of transaction : The Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group.
- Payment terms in respect of the sharing of the Management Services : The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the Management Staff providing the Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by each member of the Management Staff to the affairs of the Group against the amount of time he/she would otherwise devote to the affairs of AGL as a full time employee of AGL.
- Historical figures : The amount of fees paid and payable by the Group to AGL for the Management Services for the financial years ended on 31st December, 2017 and 2018 and the nine months ended 30th September, 2019 were approximately HK\$57,231,000, HK\$57,340,000 and HK\$46,001,000, respectively.

The historical service fees paid by the Group reflected the actual level of the Management Services that were provided by the Management Staff.

- TACI Annual Caps and the basis of determining the same : In determining the TACI Annual Caps, besides taking into account the historical figures of the service fees paid and payable by the Group, the Directors have also taken into consideration the existing scale of the Group's operations, the anticipated growth of the Group and the anticipated increase in the remuneration of those Management Staff who provide the Management Services to the Group, and having done so, the TACI Annual Caps for the financial years ending 31st December, 2020, 2021 and 2022 shall be HK\$63,000,000, HK\$69,300,000 and HK\$76,300,000, respectively.
- Reasons for and benefits of the transaction : The Directors consider that the sharing of Administrative Services and Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and the Management Services which will maximise cost efficiency and management effectiveness. In addition, since the Management Staff will devote part of their time to the affairs of the Group in the course of providing the Management Services to the Group, the Directors consider that it is reasonable for the Group to be charged for the Management Services to reimburse the costs incurred by AGL.

THE 2020 ASL AGREEMENT

As the 2017 ASL Agreement had expired on 31st December, 2019, on 2nd January, 2020, ASL (a non wholly-owned subsidiary of the Company) and AGL entered into the 2020 ASL Agreement to renew the 2017 ASL Agreement for a term of three years from 1st January, 2020 to 31st December, 2022.

The major terms of the 2020 ASL Agreement are as follows:

- Date : 2nd January, 2020
- Parties : ASL and AGL
- Term : Three years commencing from 1st January, 2020 and expiring on 31st December, 2022
- Nature of transaction : ASL agreed to reimburse AGL the costs incurred in respect of the IA and MIS Services provided by AGL to the ASL Group.

- Payment terms : The ASL Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the IA and MIS Staff providing the IA and MIS Services to the ASL Group, which will be payable by the ASL Group on a quarterly basis. Such percentage varies among each member of the IA and MIS Staff providing the IA and MIS Services and would be determined by reference to the percentage of the time currently estimated to be devoted by each member of the IA and MIS Staff to the affairs of the ASL Group against the amount of time he/she would otherwise devote to the affairs of AGL as a full time employee of AGL.
- Historical figures : The amount of fees paid and payable by the ASL Group to AGL for the IA and MIS Services for the financial years ended on 31st December, 2018 and 2019 were approximately HK\$336,000 and HK\$360,000, respectively.
- ASL Annual Caps and the basis of determining the same : In determining the ASL Annual Caps, besides taking into account the historical figures of the service fees paid and payable by the ASL Group, the ASL Directors have also taken into consideration the existing scale of the ASL Group's operations, the anticipated growth of the ASL Group and the anticipated increase in the remuneration of those IA and MIS Staff who provide the IA and MIS Services to the ASL Group, and having done so, the ASL Annual Caps for the financial years ending 31st December, 2020, 2021 and 2022 shall be HK\$360,000, HK\$396,000 and HK\$436,000, respectively.
- Reasons for and benefits of the transaction : Based on the information and confirmation from ASL, the Directors consider that the sharing of the IA and MIS Services arrangement will benefit the ASL Group in that both AGL and the ASL Group can enjoy economies of scale brought by the sharing of the IA and MIS Services which will maximise cost efficiency and management effectiveness.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is held as to approximately 48.86% by APL, which in turn is held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of the 2020 TACI Agreement regarding the sharing of the Management Services constitutes a continuing connected transaction for the Company under the Listing Rules.

As at the date of this announcement, ASL is a non wholly-owned subsidiary of the Company. As a result, the entering into of the 2020 ASL Agreement by ASL and AGL (being a connected person of the Company) constitutes a continuing connected transaction for the Company under the Listing Rules.

Pursuant to Rules 14A.73(8) and 14A.98 of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the 2020 TACI Agreement is fully exempt under Chapter 14A of the Listing Rules.

As more than one of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps exceed 0.1% but are less than 5%, the entering into of the 2020 Agreements (save for the sharing of the Administrative Services which is fully exempt) are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that although the transactions contemplated under the 2020 Agreements are not conducted in the ordinary and usual course of business of the Group, the 2020 Agreements were entered into after arm's length negotiations on normal commercial terms and that the terms of the 2020 Agreements (including the Annual Caps) are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Mr. Lee Seng Hui (being the chairman and a non-executive Director of the Company is also the chief executive and an executive director of AGL, a member of the Management Staff providing the Management Services to the Group and also one of the trustees of Lee and Lee Trust, being a discretionary trust which together with his personal interest, controls approximately 74.95% of the total number of issued shares of AGL which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of issued shares of APL, which in turn indirectly owns approximately 48.86% of the total number of issued shares of the Company which owns approximately 74.96% of the total number of issued shares of ASL) is deemed to be interested in the 2020 Agreements and has abstained from voting on the board resolutions of the Company.

Mr. Edwin Lo King Yau (being an executive Director of the Company is also an executive director of AGL, a member of the Management Staff providing the Management Services to the Group and an executive director of ASL) is deemed to be interested in the 2020 Agreements and has abstained from voting on the board resolutions of the Company.

Ms. Lisa Yang Lai Sum (being an independent non-executive Director of the Company is also an independent non-executive director of each of AGL and ASL). She has voluntarily abstained from voting on the board resolutions of the Company although she was not considered by the Board to be materially interested in the transactions contemplated under the 2020 Agreements.

Apart from the above, none of the Directors has any material interest in the 2020 Agreements and is required to abstain from voting on the board resolutions approving the 2020 Agreements and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY, ASL AND AGL

The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board and is owned as to approximately 48.86% by APL.

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

ASL

ASL is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board and is a non wholly-owned subsidiary of the Company.

The principal business activity of ASL is investment holding, while that of its subsidiaries are property investment, property leasing and estate management in Hong Kong.

AGL

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

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

As at the date of this announcement, AGL is beneficially owned as to approximately 74.95% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust.

DEFINITIONS

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| “2017 ASL Agreement” | the agreement dated 28th December, 2017 entered into between ASL and AGL in respect of the provision of the IA and MIS Services by AGL to the ASL Group |
| “2017 TACI Agreement” | the agreement dated 7th February, 2017 (as amended and supplemented by the supplemental letters dated 18th May, 2017, 11th July, 2017, 13th October, 2017, 16th January, 2018, 4th July, 2018, 8th August, 2018, 4th February, 2019, 2nd May, 2019, 26th June, 2019, 3rd October, 2019 and 16th December, 2019) entered into between the Company and AGL in respect of the sharing of the Administrative Services and the Management Services |

“2020 Agreements”	the 2020 ASL Agreement and the 2020 TACI Agreement
“2020 ASL Agreement”	the agreement dated 2nd January, 2020 entered into between ASL and AGL in respect of the renewal of the 2017 ASL Agreement
“2020 TACI Agreement”	the agreement dated 2nd January, 2020 entered into between the Company and AGL in respect of the renewal of the 2017 TACI Agreement
“Administrative Services”	the corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and operation of the Group as stipulated in the 2017 TACI Agreement and the 2020 TACI Agreement
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 373) and being a Substantial Shareholder of the Company through its interests in APL
“Annual Cap(s)”	the ASL Annual Caps and the TACI Annual Caps
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 56) and being a Substantial Shareholder of the Company and a non wholly-owned subsidiary of AGL
“ASL”	Asiasec Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 271) and being a non wholly-owned subsidiary of the Company
“ASL Annual Cap(s)”	the maximum annual transaction amount payable by the ASL Group to AGL in respect of the IA and MIS Services for the three financial years ending 31st December, 2022
“ASL Directors”	the directors of ASL
“ASL Group”	ASL and its subsidiaries
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Company”	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 (Stock Code: 28)
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IA and MIS Services”	the internal audit services and the management information system services as stipulated in the 2017 ASL Agreement and the 2020 ASL Agreement
“IA and MIS Staff”	the senior management and the selected staff of AGL providing the IA and MIS Services
“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
“Management Services”	the management, consultancy, strategic, internal audit, management information system consultancy and business advice services provided by the Management Staff to the Group as stipulated in the 2017 TACI Agreement and the 2020 TACI Agreement
“Management Staff”	the senior management and the selected staff of AGL providing the Management Services
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	having the meaning ascribed to it under the Listing Rules

“TACI Annual Cap(s)” the maximum annual transaction amount payable by the Group to AGL in respect of the Management Services for the three financial years ending 31st December, 2022

“%” per cent.

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

Hong Kong, 2nd January, 2020

As at the date of this announcement, the Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ma Sun (Deputy 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.