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DISCLOSEABLE TRANSACTION DISPOSAL OF DISTRESSED ASSETS

THE DISPOSAL

The Board is pleased to announce that on 27 September 2018, the Vendors, being wholly-owned subsidiaries of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Distressed Assets for the consideration of RMB266,450,000 (equivalent to approximately HK\$303,753,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Details of the Disposal Agreement are set out below.

THE DISPOSAL AGREEMENT

Date

27 September 2018

Parties

- Purchaser: 杭州福特資產管理有限公司 (Hangzhou Fu Te Asset Management Limited*)
- Vendors:
- (i) 西藏宏融資產管理有限公司 (Xizang Hongrong Asset Management Co. Ltd.*), an indirect wholly-owned subsidiary of the Company;
 - (ii) 浙江太融資產管理有限公司 (Zhejiang Tai Rong Asset Management Co., Ltd.*), an indirect wholly-owned subsidiary of the Company; and
 - (iii) 杭州宏農投資管理合伙企業(有限合伙) (Hangzhou Hong Nong Investment Management Limited Partnership*), an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons under the Listing Rules.

Assets to be disposed

The subject matter of the Disposal is the Distressed Assets, being all rights in respect of 31 non-performing debts and the rights to enforce the collaterals in connection with certain non-performing debts due from the companies located mainly in Cixi, Ningbo and Shaoxing, Zhejiang Province, the PRC.

The carrying amount of the Distressed Assets as at 30 June 2018 and 31 December 2017 were approximately RMB313,998,000 and RMB287,430,000 (equivalent to approximately HK\$357,958,000 and HK\$327,670,000 respectively).

Consideration

The consideration of the Disposal of RMB266,450,000 (equivalent to approximately HK\$303,753,000) is to be settled in cash in the following manner:

- (i) as to RMB20,000,000 (equivalent to approximately HK\$22,800,000) payable by the Purchaser to Zhejiang Tai Rong on or before 15 October 2018; and
- (ii) as to RMB246,450,000 (equivalent to approximately HK\$280,953,000) payable by the Purchaser to Zhejiang Tai Rong on or before 31 December 2018.

Should the Vendors recover any claims from the Distressed Assets from 1 August 2018 to the date of Completion, the amounts recovered shall be used to settle the consideration and the remaining consideration to be paid on or before 31 December 2018 shall be adjusted accordingly.

The consideration was determined based on arm's length negotiations between the Vendors and the Purchaser, with the reference to (i) the carrying amount of the Distressed Assets; (ii) the overall recovered amounts from the sale of distressed assets investment for the past two years; and (iii) the time and administrative costs to be incurred to enforce or recover all the Distressed Assets.

Completion

Completion shall take place on the date on which the consideration is fully settled, which shall be no later than 31 December 2018.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) property investment; (ii) distressed debt assets management; (iii) commodity trading; (iv) securities investment; (v) financial services; and (vi) mining and exploitation of natural resources.

Throughout this financial year, the Group has reshuffled the investment portfolios of and realised certain capital gain from its property investments, distressed assets, securities investments, etc, with a view to maximizing the returns to the Shareholders and carrying out better risk management. Since the Group commenced the distressed debt assets management in April 2016, the Group has recovered from the sale of distressed assets investment of approximately HK\$388,998,000 and HK\$442,077,000 for the nine months ended 31 December 2016 and for the year ended 31 December 2017. Notwithstanding that the performance of this segment is satisfactory, the macro-economic environment in midst of the trade war is uncertain. Accordingly, the Board considers that the Disposal offers a prime opportunity for the Company to realise the Distressed Assets and restore the financial position of the Group in a timely and appropriate manner. As the business of the Distressed Assets has been one of the major income streams of the Group, after the Disposal, the Group will continue to solicit quality distressed assets should opportunities arise.

Having considered the above, the Board is of the view that the terms of the Disposal Agreement are normal commercial terms fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability. The Purchaser is principally engaged in distressed debt assets management.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after Completion, the Company will cease to have any interest in the Distressed Assets. Based on the difference between the consideration for the Distressed Assets and the carrying amount of the Distressed Assets as at 31 December 2017 of the Company, the Group expected to record a unaudited net realised loss of approximately RMB17,439,000 (equivalent to approximately HK\$19,880,000) as a result of Disposal for the year ending 31 December 2018. The actual loss as a result of the Disposal to be recorded by the Company is subject to final audit to be performed by the Company's auditors.

INTENDED USE OF PROCEEDS

The Company intends that the aggregate amount of the Disposal of approximately RMB266,450,000 (equivalent to approximately HK\$303,753,000) will be applied as the Group's general working capital. The Company may also apply the aggregated amount of the Disposal should any opportunities to invest in distressed assets arise. The Group will continuously look for any distressed assets investment business or other investment in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Distressed Assets by the Vendors to the Purchase pursuant to the Disposal Agreement

“Disposal Agreement”	the sale and purchase agreement in relation to the Disposal
“Distressed Assets”	all rights in relation to the 31 non-performing debts and the rights to enforce the collaterals in connection with certain non-performing debts, including the right to the proceeds from the disposal of the collaterals
“Group”	the Company and its subsidiaries
“Hangzhou Hong Nong”	Hangzhou Hong Nong Investment Management Limited Partnership, an indirect wholly-owned subsidiary of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Hangzhou Fu Te Asset Management Limited
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Hangzhou Hong Nong, Tibet Hong Rong and Zhejiang Tai Rong
“Xizang Hongrong”	Xizang Hongrong Asset Management Co. Ltd., an indirect wholly-owned subsidiary of the Company
“Zhejiang Tai Rong”	Zhejiang Tai Rong Asset Management Co., Ltd., an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB1.00 to HK\$1.14 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

** The English translation of the Chinese names denoted in this announcement is for illustration purpose only. Should there be any inconsistencies, the Chinese names prevail.*

By Order of the Board
Tai United Holdings Limited
Chen Weisong
Chief Executive Officer

Hong Kong, 27 September 2018

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Chen Weisong (*Chief Executive Officer*)
Mr. Xu Ke
Mr. Wang Qiang
Dr. Kwong Kai Sing Benny

Independent non-executive Directors:

Dr. Gao Bin
Ms. Liu Yan
Mr. Tang King Shing