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DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN A WHOLLY-OWNED SUBSIDIARY

THE DISPOSAL

On 18 September 2017 (after trading hours of the Stock Exchange at Hong Kong time), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing the entire issued share capital of the Disposal Target, at the Consideration of approximately GBP21,663,288 (equivalent to approximately HK\$216,632,880) (subject to adjustments). The Consideration has been settled by the Purchaser to the Vendor in cash upon the signing of the Agreement. Pursuant to the Agreement, the Purchaser has also repaid the Shareholder's Loan owed by the Disposal Target to the Vendor of approximately GBP31,055,918 (equivalent to approximately HK\$310,559,180) in cash upon the signing of the Agreement.

Pursuant to the Agreement, the Purchaser also paid (i) approximately GBP58,501,291 (equivalent to approximately HK\$585,012,910) on behalf of the Disposal Target to settle the outstanding mortgage loan of the Disposal Target to the relevant mortgagee bank at Completion; and (ii) other liabilities and expenses of the Disposal Target of approximately GBP779,503 (equivalent to approximately HK\$7,795,030). The aggregate amount borne by the Purchaser under the Agreement amounted to GBP112,000,000 (equivalent to approximately HK\$1,120,000,000) (subject to adjustments), which is equivalent to the valuation of the Property as at 8 September 2017 as prepared by an independent professional valuer.

LISTING RULES IMPLICATION

As one or more of the relevant applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are below 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.

INTRODUCTION

On 18 September 2017 (after trading hours of the Stock Exchange at Hong Kong time), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing the entire issued share capital of the Disposal Target, at the Consideration of approximately GBP21,663,288 (equivalent to approximately HK\$216,632,880) (subject to adjustments). The Consideration has been settled by the Purchaser to the Vendor in cash upon the signing of the Agreement. Pursuant to the Agreement, the Purchaser has also repaid the Shareholder's Loan owed by the Disposal Target to the Vendor of approximately GBP31,055,918 (equivalent to approximately HK\$310,559,180) in cash upon the signing of the Agreement.

The principal terms of the Agreement are summarized below.

THE AGREEMENT

Date

18 September 2017

Parties

Vendor : Wide Flourish Investments Limited, a wholly-owned subsidiary of the Company

Purchaser : Blue Horizon Investors Limited

The Purchaser is a company incorporated in Guernsey and is principally engaged in real estate investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

Assets to be disposed of

The Sale Share represents the entire issued share capital of the Disposal Target. The principal asset of the Disposal Target is the Property. Further details in respect of the Disposal Target and the Property are set out in the paragraph headed "Information on the Disposal Target" below.

Consideration

The aggregate amount borne by the Purchaser under the Agreement amounted to GBP112,000,000 (equivalent to approximately HK\$1,120,000,000) (subject to adjustments), which is equivalent to the valuation of the Property as at 8 September 2017 as prepared by an independent professional valuer.

The Consideration of the Sale Share of approximately GBP21,663,288 (equivalent to approximately HK\$216,632,880) will be subject to the following adjustments:

- (i) if the Completion NAV is less than the Estimated NAV, the Vendor shall pay to the Purchaser an amount equal to such deficit; or
- (ii) if the Completion NAV is greater than the Estimated NAV, the Purchaser shall pay to the Vendor an amount equal to such surplus.

Pursuant to the Agreement, the Purchaser has also repaid the Shareholder's Loan owed by the Disposal Target to the Vendor of approximately GBP31,055,918 (equivalent to approximately HK\$310,559,180) in cash upon the signing of the Agreement. As such, the aggregate amount paid by the Purchaser in respect of the Sale Shares and the Shareholder's Loan amounted to approximately GBP52,719,206 (equivalent to approximately HK\$527,192,060).

Pursuant to the Agreement, the Purchaser also paid (i) approximately GBP58,501,291 (equivalent to approximately HK\$585,012,910) on behalf of the Disposal Target to settle the outstanding mortgage loan of the Disposal Target to the relevant mortgagee bank at Completion; and (ii) other liabilities and expenses of the Disposal Target of approximately GBP779,503 (equivalent to approximately HK\$7,795,030). The aggregate amount borne by the Purchaser under the Agreement amounted to GBP112,000,000 (equivalent to approximately HK\$1,120,000,000) (subject to adjustments), which is equivalent to the valuation of the Property as at 8 September 2017 as prepared by an independent professional valuer.

The Consideration was determined after arm's length negotiation between the parties to the Agreement by reference to (i) the independent valuation of the Property of GBP112,000,000 (equivalent to approximately HK\$1,120,000,000) as at 8 September 2017; (ii) the outstanding mortgage loan of the Disposal Target settled by the Purchaser on behalf of the Disposal Target of approximately GBP58,501,291 (equivalent to approximately HK\$585,012,910); (iii) other liabilities and expenses of the Disposal Target in the aggregate amount of approximately GBP779,502 (equivalent to approximately HK\$7,795,020) borne by the Purchaser pursuant to the Agreement; and (iv) the amount of Shareholder's Loan settled by the Purchaser on behalf of the Disposal Target of approximately GBP31,055,918 (equivalent to approximately HK\$310,559,180).

Completion

Completion took place immediately upon signing of the Agreement.

Upon Completion, the Disposal Target ceased to be a subsidiary of the Company, and its assets and liabilities and financial results will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE DISPOSAL TARGET

The Disposal Target was incorporated in Guernsey on 2 March 2016 and its principal asset is the Property. The Group acquired the entire issued share capital of the Disposal Target on 22 December 2016, details of which were set out in the announcement and the circular of the Company dated 25 November 2016 and 25 January 2017, respectively.

The Property, namely 10 Hammersmith Grove, is a commercial building situated in Hammersmith, in the west of London. The Property comprises an internal area of approximately 122,744 square feet and has accommodated seven tenants including but not limited to offices and restaurants, such as Philip Morris, Fox, UKTV and Accor. The term of the tenancy with these tenants ranges from 10 years to 20 years, with the longest one expiring in October 2033. Based on the existing tenancy agreements, the annual gross rental income that can be generated from the Property amounts to approximately GBP5,600,000 (equivalent to approximately HK\$56,000,000). Based on an independent valuation, as at 8 September 2017, the fair value of the Property was GBP112,000,000 (equivalent to approximately HK\$1,120,000,000).

Set out below is the summary of the unaudited financial information of the Disposal Target for the period from 2 March 2016 (being the date of incorporation of the Disposal Target) to 31 December 2016 and the unaudited net asset value of the Disposal Target as at ended 30 June 2017, as extracted from the unaudited management account of the Disposal Target, which have been prepared based on the International Financial Reporting Standards:

	For the period from 2 March 2016 (being the date of incorporation of the Disposal Target) to 31 December 2016	
	(approximate GBP' million)	(approximate HK\$' million)
	(unaudited)	(unaudited)
Profit before taxation	16.4	164.0
Profit after taxation	16.1	161.0
	As at 30 June 2017	
	(approximate GBP' million)	(approximate HK\$' million)
	(unaudited)	(unaudited)
Net asset value	15.5	155.0

The profit before and after taxation of the Disposal Target for the period from 2 March 2016 (being the date of incorporation of the Disposal Target) to 31 December 2016 mainly consisted of the rental income and a fair value gain from the Property of approximately GBP15.0 million (equivalent to approximately HK\$150.0 million).

INTENDED USE OF PROCEEDS

Subject to adjustments to the Consideration (if any), the gross proceeds (being the aggregate amount receivable by the Vendor under the Agreement) and net proceeds (after deducting related transaction costs and expenses) from the Disposal are estimated to be approximately GBP52,719,206 (equivalent to approximately HK\$527,192,060) and GBP50,719,206 (equivalent to approximately HK\$507,192,060) respectively.

The Group intends to apply the net proceeds to be received from the Disposal for future reinvestment into other potential real estate projects and/or as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

Taking into consideration the estimated proceeds (before transaction costs and expenses) from the Disposal and the estimated unaudited capital gain from the Disposal of approximately HK\$85.0 million (subject to adjustments to the Consideration, if any, and final audit), the Board considers that the Disposal provides an excellent opportunity for the Company to realize cash and unlock the value of its investment in the Property at fair market value.

Having considered the above, the Directors consider that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the above estimated figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Group on the date of Completion and the review by the Company's auditors upon finalisation of the consolidated financial statements of the Group.

LISTING RULES IMPLICATION

As one or more of the relevant applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are below 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, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the sale and purchase agreement dated 18 September 2017 entered into between the Purchaser and the Vendor in relation to the Disposal
“Board”	the board of the Directors
“Business Day(s)”	a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London
“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 (Stock code: 718)
“Completion”	completion of the Disposal
“Completion NAV”	the net asset value of the Disposal Target at Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Sale Share under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share pursuant to the terms and conditions of the Agreement
“Disposal Target”	Leon Property Limited, a company incorporated in Guernsey with limited liability
“Estimated NAV”	the Vendor’s good faith estimate of the Completion NAV, being approximately GBP21.8 million (equivalent to approximately HK\$218.0 million)
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	10 Hammersmith Grove, a commercial building situated in Hammersmith, in the west of London, which comprises an internal area of approximately 122,744 square feet
“Purchaser”	Blue Horizon Investors Limited, a company incorporated in Guernsey
“Sale Share”	the entire issued share capital of the Disposal Target
“Share(s)”	share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the shareholder’s loan owing by the Disposal Target to the Vendor at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Wide Flourish Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For ease of reference and unless otherwise specified in this announcement, sums in GBP are translated into HK\$ at the rate GBP1.0 = HK\$10.0. This does not mean that HK\$ could be converted into GBP, or vice versa, based on such exchange rate or any other rate.

By Order of the Board
Tai United Holdings Limited
Meng Zhaoyi
Acting Chairman and Chief Executive Officer

Hong Kong, 18 September 2017

As at the date of this announcement, the Board comprises Dr. Meng Zhaoyi, Mr. Xu Ke, Mr. Ye Fei, Dr. Liu Hua and Mr. Wang Qiang as executive Directors, and Mr. Mao Kangfu, Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing as independent non-executive Directors.