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## **DISCLOSEABLE AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET AND ISSUE OF CONSIDERATION SHARES PURSUANT TO SPECIFIC MANDATE**

After trading hours on 5 January 2017, the Company and the Vendor entered into the Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target; and (ii) the Sale Debts, representing the entire shareholder's loan owing by the Target to the Vendor, at the Consideration of HK\$536,091,054, which shall be satisfied by the allotment and issue, credited as fully paid, of the Consideration Shares to the Vendor (or its nominee) at Completion.

The 446,742,544 Consideration Shares represent (i) approximately 9.30% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion). The issue price of HK\$1.20 per Consideration Share represents (1) a discount of approximately 14.89% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 5 January 2017, being the date of the Agreement; and (2) a discount of approximately 2.60% over the closing price of HK\$1.232 per Share as quoted on the Stock Exchange for the 5 consecutive trading days of the Shares immediately prior to 5 January 2017, being the date of the Agreement. The Consideration Shares will be issued under the Specific Mandate.

The Target is an investment holding company and the principal asset of the Target Group is the Property, the entire top (79th) floor of The Center, a high rise office tower in Central and the fifth tallest skyscraper in Hong Kong.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

In view of the fact that the Vendor, Mr. Chua Hwa Por, is a controlling shareholder of the Company effectively controlling 66.89% of the issued share capital of the Company as at the date of this announcement, the Vendor is a connected person of the Company and accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25% and the Consideration is more than HK\$10,000,000, the Acquisition, including the grant of the Specific Mandate, is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise and provide recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote. In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Agreement and the Acquisition, including the grant of the Specific Mandate, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Acquisition and the grant of the Specific Mandate. A circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder and other information relating to the Group and the Target Group as required to be disclosed under the Listing Rules; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 10 February 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

The Board wishes to announce that after trading hours on 5 January 2017, the Company and the Vendor entered into the Agreement in respect of the Acquisition. The principal terms of the Agreement are set out below:

## **THE AGREEMENT**

### **Date**

5 January 2017

### **Parties**

Purchaser : The Company.

Vendor : Mr. Chua Hwa Por, an individual. The Vendor, together with companies controlled by him, effectively owns 66.89% of the issued share capital of the Company as at the date of this announcement. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

### **Assets to be acquired**

The Vendor conditionally agreed to sell and the Company conditionally agreed to purchase: (i) the Sale Share free from all encumbrances together with all rights now or thereafter attaching thereto, including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date; and (ii) the Sale Debts, at the Consideration of HK\$536,091,054.

The Sale Share represents 100% of the issued share capital of the Target and is owned by the Vendor. The Sale Debts represent the entire shareholder's loan owing by the Target to the Vendor and as at the date of the Agreement, such sum amounts to approximately HK\$493.3 million.

### **Consideration**

The Consideration for the Acquisition is HK\$536,091,054, which shall be settled by the allotment and issue, credited as fully paid, of 446,742,544 Consideration Shares to the Vendor (or its nominee) at Completion.

The 446,742,544 Consideration Shares represent (i) approximately 9.30% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion).

The issue price of HK\$1.20 per Consideration Share represents:

- (1) a discount of approximately 14.89% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 5 January 2017, being the date of the Agreement; and
- (2) a discount of approximately 2.60% over the closing price of HK\$1.232 per Share as quoted on the Stock Exchange for the 5 consecutive trading days of the Shares immediately prior to 5 January 2017, being the date of the Agreement.

The Consideration Shares will be issued under the Specific Mandate to be granted to the Directors by the Shareholders at the SGM.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares to be allotted and issued shall rank pari passu among themselves and with all Shares in issue on the date of Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company on normal commercial terms principally with reference to, among others, the valuation of the Property of approximately HK\$550 million as at 31 December 2016 conducted by an independent professional valuer, the net assets value of the Target Group as at 31 December 2016 and the amount of the Sale Debts.

### **Conditions precedent**

Completion shall be conditional upon the following conditions precedent:

- (1) the Shareholders (to the extent that they are not required from abstaining from voting) having approved the necessary resolution regarding the transactions contemplated under this Agreement at the SGM in accordance with the Listing Rules;
- (2) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (3) the compliance with the applicable requirements under the Listing Rules by the Company;
- (4) the Company being reasonably satisfied with the results of the due diligence exercise (on legal, accounting, financial and operational) on the Target Group and its assets, the Property, liabilities, activities and operations, which the Company, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (5) the Company having obtained a report from an independent property valuer confirming the value of the Property as at 31 December 2016 or a later date being not less than HK\$550 million;

- (6) the representations, warranties and undertakings given by the Vendor to the Company the remaining true and accurate in all material respects and not misleading in any material respect; and
- (7) (if applicable) all such waivers, consents or other documents as the Company may require in relation to the completion of the transactions contemplated under the Agreement.

The Company may waive the conditions precedent referred to in paragraphs (4), (5) and (6) above by written notice to the Vendor. Save as aforesaid, none of the conditions precedent is capable of being waived by the Company and the Vendor.

If the conditions precedent above cannot be fulfilled (or waived, where applicable) on or before 5:00 p.m. on the Long Stop Date, the Agreement shall terminate (save and except certain provisions, including confidentiality and announcements, notices and governing law) and the obligations of the parties to proceed with Completion shall cease and terminate and no party shall have any claim against or liability to the other party with respect to any matter referred to in the Agreement save for any antecedent breaches of the Agreement.

### **Completion**

Completion shall take place on a day within 10 Business Days after the last outstanding condition precedent is fulfilled or waived (other than the conditions precedent(s) which is/are only capable of being fulfilled at Completion) or such other date as the Company and the Vendor shall agree in writing.

### **INFORMATION ON THE TARGET**

The Target is a company incorporated in the Cayman Islands with limited liability and the principal business of the Target is investment holding. The Target is wholly-owned by the Vendor.

The Target owns the entire issued share capital of Excel Fine, a company incorporated in the British Virgin Islands with limited liability and registered as a non-Hong Kong company under the predecessor Companies Ordinance. The principal business of Excel Fine is investment holding and the principal asset of Excel Fine (and the Target Group) is the Property, the entire top (79th) floor of The Center, a high rise office tower in Central and the fifth tallest skyscraper in Hong Kong.

Currently, a portion of the Property is leased to and occupied as offices by third parties independent of the Company and the connected persons of the Company at an aggregate monthly rental of approximately HK\$490,000 (exclusive of management fee, government rates and other outgoings) and the remaining portion of the Property is unoccupied.

The unaudited consolidated total asset value and net asset value of the Target Group as at 31 December 2016 were approximately HK\$554.7 million and HK\$42.8 million respectively.

As the Target was incorporated on 4 February 2016, there is no financial information of the Target for the year ended 31 December 2015. For the year ended 31 March 2016, the net profit (before taxation and extraordinary items) and the net profit (after taxation and extraordinary items) of Excel Fine were approximately HK\$6.5 million and HK\$6.5 million respectively. For the period from 4 February 2016 (date of incorporation) to 31 December 2016, the unaudited consolidated net profit before taxation and unaudited consolidated net profit after taxation of the Target were approximately HK\$42.8 million and approximately HK\$42.8 million respectively.

As at the date of this announcement, Excel Fine has created a mortgage on the Property (“**Existing Security**”) in favour of Industrial and Commercial Bank of China (Asia) Limited for certain facilities granted to the Company, details of which are set out in the announcement of the Company dated 28 September 2016. The Existing Security will not be released pursuant to the Acquisition.

Upon Completion, the Target will become wholly owned by the Company and each member of the Target Group will become a wholly owned subsidiary of the Company.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in (i) trading of medical equipment, commodities and securities; (ii) distressed assets investment and management business; and (iii) property investment; (iv) provision of financial services; and (v) mining of tungsten in Mongolia.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The principal asset of the Target Group is the Property, which is located in the Center, a Grade A+ office high rise building in Central, the central business district in Hong Kong and is accessible by excellent transportation network including access to nearby Mass Transit Railway stations. The Group intends to hold the Property for self-use as the head office of the Group and investment purposes. The Directors are of the view that the acquisition of the Property under the Acquisition as an opportunity to obtain a more long term premise for the Group as its head offices and help protect the Group from being subject to future rental fluctuations in Hong Kong, and at the same time, could provide capital appreciation potential to the Group which is in line with the property investment business of the Group.

The terms of the Agreement were determined after arm’s length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following Completion (assuming that there is no other change in the issued share capital of the Company from the date of this announcement and up to Completion other than the issue of the Consideration Shares):

Shareholders	Immediately before Completion		Immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor and his associates				
The Vendor (or its nominee)	–	–	446,742,544	8.51
Associates of the Vendor ( <i>Note 1</i> )	<u>3,212,880,742</u>	<u>66.89</u>	<u>3,212,880,742</u>	<u>61.20</u>
Subtotal	3,212,880,742	66.89	3,659,623,286	69.71
Dr. Liu Hua ( <i>Note 2</i> )	50,000,000	1.04	50,000,000	0.95
Mr. Sang Kangqiao ( <i>Note 3</i> )	1,080,000	0.02	1,080,000	0.02
Public Shareholders	<u>1,539,316,566</u>	<u>32.05</u>	<u>1,539,316,566</u>	<u>29.32</u>
Total	<u><u>4,803,277,308</u></u>	<u><u>100.00</u></u>	<u><u>5,250,019,852</u></u>	<u><u>100.00</u></u>

### Notes:

1. Of these Shares, 2,614,929,222 Shares are held by Tai He Financial Group Limited and 597,951,520 Shares are held by TAI Capital LLC, each of which is a company wholly owned by the Vendor.
2. Dr. Liu Hua is an executive Director of the Company.
3. Mr. Sang Kangqiao is the legal representative and director of a PRC subsidiary of the Company.

## IMPLICATIONS UNDER THE LISTING RULES

The Acquisition contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

In view of the fact that the Vendor, Mr. Chua Hwa Por, is a controlling shareholder of the Company effectively controlling 66.89% of the issued share capital of the Company as at the date of this announcement, the Vendor is a connected person of the Company and accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25% and the Consideration is more than HK\$10,000,000, the Acquisition, including the grant of the Specific Mandate, is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had material interests in the transactions contemplated under the Acquisition and accordingly, no Director was required to abstain on the resolutions at the Board meeting held to approve the Agreement and the transactions contemplated thereunder.

## **GENERAL**

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise and provide recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote. In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Agreement and the Acquisition, including the grant of the Specific Mandate, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

To the best knowledge of the Directors, save for the Vendor and his respective associates which are required to abstain from voting on the resolution to be proposed at the SGM, no Shareholder had a material interest in the Acquisition and no other Shareholder would be required to abstain from voting at the SGM in respect of the resolution relating to the Acquisition.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Acquisition and the grant of the Specific Mandate. A circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder and other information relating to the Group and the Target Group as required to be disclosed under the Listing Rules; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 10 February 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Share and the Sale Debts
“Agreement”	the agreement dated 5 January 2017 entered into between the Company and the Vendor in relation to the Acquisition
“associate”	has the meaning as ascribed thereto in the Listing Rules



“Board”	the board of Directors
“Business Day(s)”	day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code: 718)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	a day within 10 Business Days after the last outstanding condition precedent under the Agreement (other than the conditions precedent(s) which is/are only capable of being fulfilled at Completion) shall have been fulfilled or waived (or such other date as the parties thereto may agree in writing) on which Completion is to take place
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Company for the Sale Share and the Sale Debts under the Agreement
“Consideration Shares”	means 446,742,544 Shares to be allotted and issued, credited as fully paid, by the Company to the Vendor pursuant to the Agreement upon Completion
“Director(s)”	the director(s) of the Company
“Excel Fine”	Excel Fine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Target
“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
“Independent Board Committee”	an independent committee of the Board (which comprises all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Agreement and the transactions contemplated thereunder

“Independent Financial Adviser”	an independent financial adviser to be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	those Shareholders who do not have any material interest in the Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2017 (or such later date as the Vendor and the Company may agree in writing)
“Property”	the property located at 79th Floor, The Center, 99 Queen’s Road Central, Hong Kong
“Sale Debts”	an amount as equals the face value of the entire sum owing by the Company to the Vendor as at the Completion, and as at the date of the Agreement, such sum amounts to approximately HK\$493.3 million
“Sale Share”	one issued share of par value of US\$1.00 in, representing 100% of the issued share capital of, the Target
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition including the grant of the Specific Mandate
“Share(s)”	shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Tai Infinite Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, which as at the date of this announcement, is wholly owned by the Vendor
“Target Group”	the Target and its subsidiary, Excel Fine

“US\$” United States dollars, the lawful currency of the United States of America

“Vendor” Mr. Chua Hwa Por

On behalf of the Board  
**Tai United Holdings Limited**  
**Meng Zhaoyi**  
*Chairman and chief executive officer*

Hong Kong, 5 January 2017

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