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MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE DISTRESSED ASSETS

THE ACQUISITION

On 19 November 2016, the Purchaser (an indirect wholly-owned subsidiary of the Company) won a bid for the Distressed Assets at a consideration of RMB1,120,000,000 (equivalent to HK\$1,265,600,000). A deposit of RMB100,000,000 (equivalent to HK\$113,000,000) was paid by the Purchaser. The Distressed Assets comprise a 10-storey hotel property of aggregate gross floor area of 44,391 sq.m, accommodating high-ended restaurants, swimming pools, entertainment venue and car park facilities and are now under the administration of a liquidator appointed by the Intermediate People's Court of Hangzhou City.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 25% while all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval requirement under the Listing Rules. As at the date of this announcement, Tai He and TAI Capital, companies wholly-owned by Mr. Chua Hwa Por, are the controlling shareholders and directly own 3,212,880,742 Shares in aggregate, representing approximately 71.35% of the issued share capital of the Company. As no Shareholder has any material interest in the Acquisition, no Shareholder (including Tai He and TAI Capital) would be required to abstain from voting if the Company were to convene a special general meeting to approve the Acquisition and the transaction contemplated thereunder. On 19 November 2016, the Company has obtained a written approval from Tai He and TAI Capital for the approval of the Acquisition under Rule 14.44 of the Listing Rules. As such, no special general meeting of the Company will be convened by the Company to approve the Auction Acknowledgement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Auction Acknowledgement; (ii) valuation of the Distressed Assets; and (iii) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 December 2016 for their information.

INTRODUCTION

The Board is pleased to announce that, on 19 November 2016, the Purchaser (an indirect wholly-owned subsidiary of the Company) won a bid for the Distressed Assets at a consideration of RMB1,120,000,000 (equivalent to HK\$1,265,600,000). A deposit of RMB100,000,000 (equivalent to HK\$113,000,000) was paid by the Purchaser.

THE ACQUISITION

Set out below are the principal terms of the Auction Acknowledgement.

Date : 19 November 2016

Purchaser : Hangzhou Tai Rong, an indirect wholly-owned subsidiary of the Company

Auctioneer : Zhejiang Tian Heng Auction Company Limited

The Distressed Assets were listed for auction by the liquidator appointed by the Intermediate People's Court of Hangzhou City. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Auctioneer is a third party independent of the Company and the connected persons of the Company.

Assets to be acquired

The assets to be acquired are the Distressed Assets, details of which are set out in the section "Information on the Distressed Assets" below.

Consideration

The consideration for the Distressed Assets of RMB1,120,000,000 (equivalent to HK\$1,265,600,000) is to be settled by way of cash in the following manner:

- (i) as to RMB100,000,000 (equivalent to approximately HK\$113,000,000) having been paid by the Purchaser as deposit for the Acquisition upon submission of the bid for the Distressed Assets, which will be used to settle the Consideration;
- (ii) as to RMB300,000,000 (equivalent to approximately HK\$339,000,000) payable by the Purchaser within five Business Days from the date on which the Purchaser won the bid;
- (iii) as to RMB400,000,000 (equivalent to approximately HK\$452,000,000) payable by the Purchaser on or before 20 December 2016; and
- (iv) as to RMB320,000,000 (equivalent to approximately HK\$361,600,000) payable by the Purchaser within three calendar months after the date of the Auction Acknowledgement.

The consideration represented the highest bidding price offered at the auction held by the Auctioneer for the Distressed Assets and the Purchaser put forward this bidding price having regard to the possible capital appreciation of the Distressed Assets in view of its prime location at the West Lake, Hangzhou, and the prospects of the Hangzhou property market in general.

Completion

The Completion shall take place upon the receipt of the ruling granted by the Intermediate People's Court of Hangzhou City for the transferal of the Distressed Assets's title to the Purchaser.

Purchaser's undertaking

Pursuant to the Auction Acknowledgement, the Purchaser undertakes that upon Completion, the operation of the Distressed Assets as hotel under the name of "Wyndham Grand Plaza Royale Hangzhou Hotel" shall continue, and no existing staff of the hotel shall be laid off due to the Acquisition. In addition, all the auction expenses and the tax expenses arising from the Acquisition shall be borne by the Purchaser.

INFORMATION OF THE DISTRESSED ASSETS

The Distressed Assets is a hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC and is commonly known as "Wyndham Grand Plaza Royale Hangzhou". It is accredited as a five-star hotel by the China National Tourism Administration. It is located in the heart of Hangzhou city, right at the north east shore of the West Lake and is surrounded by various attractions including famous scenery and shopping malls.

The Distressed Assets comprise a 10-storey hotel property with 257 guest rooms, 1 conference room, 88 shops and 14 service apartments with an aggregate gross floor area of 44,391 sq.m, accommodating high-ended restaurants, swimming pools, entertainment venues and car park facilities providing approximately 259 car parking spaces. The average acquisition cost of the Distressed Assets amounted to approximately RMB25,230 (equivalent to HK\$28,510) per sq.m..

The Distressed Assets was originally developed and owned by Hangzhou Jinxiutiandi Property Development Co. Ltd. (杭州錦繡天地地產開發有限公司) and its associated companies (collectively, "**Jinxiutiandi**"). After the bankruptcy of Jinxiutiandi in 2013, the Distressed Assets were taken over by the liquidator appointed by the Intermediate People's Court of Hangzhou City, and are currently operated as "Wyndham Grand Plaza Royale Hangzhou Hotel" by Shanghai Howard Johnson Hotel Management Limited and Great China Hospitality (H.K.) Limited, which are third parties independent of the Company and the connected persons of the Company, under the brand of "Wyndham Grand". The Company has no access to the financial information of the Distressed Assets given the Distressed Assets are now under administration of the liquidator appointed by the Intermediate People's Court of Hangzhou City.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Group commenced the business of distressed assets investment and management in April 2016 and had completed several acquisitions of distressed assets since then. In view of the prime location and satisfactory condition of the Distressed Assets and the auction price of the Distressed Assets had been adjusted downward to a more attractive level since the first time it was listed for auction, the Board considers that the Acquisition represents an opportunity for the Company to expand and diversify its portfolio into Distressed Assets investment in Hangzhou, the PRC and seize the potential capital appreciation of the Distressed Assets.

As shown in the “The Market Information of the Property Market of Major City in the China (中國主要城市房地產市場交易情報) issued by China Real Estate Index System published in October 2016, the average property price in Hangzhou in the PRC increased 25.47% compared to October 2015, which shows that the prospects of Hangzhou property market remains positive. The Directors believe that the Distressed Assets, after the alteration and redecoration, will be well equipped for realizing the potential upsides of the investment.

The Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company intends to finance the Acquisition by bank borrowings and/or equity financing such as placing, rights issue, etc.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 25% while all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval requirement under the Listing Rules.

As at the date of this announcement, Tai He and TAI Capital, companies wholly-owned by Mr. Chua Hwa Por, are the controlling shareholders and they directly own 3,212,880,742 Shares in aggregate, representing approximately 71.35% of the issued share capital of the Company. As no Shareholder has any material interest in the Acquisition, no Shareholder (including Tai He and TAI Capital) would be required to abstain from voting if the Company were to convene a special general meeting to approve the Acquisition and the transaction contemplated thereunder. The Company has obtained a written approval from Tai He and TAI Capital for approving the Acquisition under Rule 14.44 of the Listing Rules. As such, no special general meeting of the Company will be convened by the Company to approve the Auction Acknowledgement, the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Auction Acknowledgement; (ii) valuation of the Distressed Assets; and (iii) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 December 2016 for their information.

DEFINITIONS

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

“Acquisition”	the acquisition of the Distressed Assets by the Purchaser from the Vendors pursuant to the terms and condition of the Auction Acknowledgement
“Auction Acknowledgement”	the auction acknowledgement dated 19 November 2016 entered into among the Purchaser and the Auctioneer in relation to the Acquisition
“Auctioneer”	浙江天恒拍賣有限公司 (Zhejiang Tian Heng Auction Company Limited)*
“Board”	the board of the Directors
“Business Day”	any weekday (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“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 Auction Acknowledgement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Distressed Assets under the Auction Acknowledgement
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Distressed Assets”	a hotel facility which comprises 257 guest rooms, 1 conference room, 88 shops and 14 service apartments and is currently known as “Wyndham Grand Plaza Royale Hangzhou”, located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC
“Group”	the Company and its subsidiaries
“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
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TAI Capital”	TAI Capital LLC, a company incorporated in the Cayman Islands with limited liability which is wholly owned by Mr. Chua Hwa Por, and one of the controlling shareholders
“Tai He”	Tai He Financial Group Limited, a company incorporated in the Cayman Islands with limited liability which is wholly owned by Mr. Chua Hwa Por, and one of the controlling Shareholders
“Hangzhou Tai Rong” or “Purchaser”	杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

* for identification purpose only

“sq.m.” square meter

“%” per cent.

For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB herein is translated at the rate RMB1.0 = HK\$1.13. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

By order of the Board
Tai United Holdings Limited
Dr. Meng Zhaoyi
Chairman and chief executive officer

Hong Kong, 21 November 2016

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