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MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF A COMPANY HOLDING
SHOPPING MALL BUSINESS IN THE PRC

THE ACQUISITION

The Board is pleased to announce that on 27 October 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller, among others, entered into the Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell, the entire issued share capital in the Target Company (the investment holding company of the Anyang Shopping Mall), for a base consideration of RMB370,000,000 (equivalent to approximately HK\$446,859,903) (subject to completion adjustment, if any).

After Completion, the Anyang Shopping Mall will be held as investment property by the Enlarged Group and the results of the Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Stock Exchange has determined that the Acquisition does not constitute a reverse takeover of the Company.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.44 of the Listing Rules, written approval has been obtained from Songbird SG PTE Ltd. which holds 74.99% of the issued share capital of the Company in lieu of a general meeting of the Company for passing the resolution(s) to approve the Share Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Share Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other information, (i) further details on the Acquisition; (ii) financial information of the Target Group; (iii) pro-forma financial information of the Enlarged Group; and (iv) property valuation report on the Target Group will be prepared for despatch to the Shareholders and a waiver from Rule 14.41(a) of the Listing Rules has been applied to the Stock Exchange, who has granted an extension of time for despatch of the circular to 10 December 2021 in order to allow sufficient time for the Company to prepare the information required to be included in the circular.

THE ACQUISITION

The Board is pleased to announce that on 27 October 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller, among others, entered into the Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell, the entire issued share capital in the Target Company, which is the investment holding company of the Anyang Shopping Mall.

Share Purchase Agreement

The principal terms of the Share Purchase Agreement are set out below:

Date: 27 October 2021

Parties:

- (i) the Purchaser;
- (ii) the Seller and
- (iii) Mr. Dai (as guarantor for the Seller's obligations)

Subject matter: 100% issued share capital of the Target Company. The Target Company indirectly holds the entire equity interest in Anyang Jiangchuan, which in turn holds the operating rights of the Anyang Shopping Mall.

Consideration:

In respect of the Acquisition, the base consideration payable is RMB370,000,000 (equivalent to approximately HK\$446,859,903) (subject to completion adjustment, if any, with reference to the audited reassessed net asset value of the Target Group as at 31 July 2021 as confirmed by the reporting accountants of the Company), of which (i) a refundable Deposit of RMB70,000,000 (equivalent to approximately HK\$84,541,063) is payable on or around the date of the Share Purchase Agreement; and (ii) RMB300,000,000 (equivalent to approximately HK\$362,318,840) will be settled at Completion by the Purchaser via bank transfer. The consideration of the Acquisition will be fully settled in cash from the Group's internal resources.

In the event that the conditions precedent are not satisfied nor waived (if waivable by the relevant party) by the Long Stop Date, the Deposit paid will be fully refunded by the Seller within seven Business Days. If the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Acquisition does not complete due to the default on the part of the Purchaser and/or the Company, the Deposit paid will be forfeited by the Seller. On the other hand, if the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Acquisition does not complete due to the default on the part of the Seller, the Deposit paid will be fully refunded by the Seller within seven Business Days.

Completion adjustment:

In the event that the audited reassessed net asset value of the Target Group as at 31 July 2021 as confirmed by the reporting accountants of the Company is less than the unaudited reassessed net asset value of Anyang Jiangchuan as at 31 July 2021 of approximately RMB370,589,000 by 5% or more, the base consideration payable by the Purchaser at Completion will be adjusted by such shortfall, if any, on a dollar-to-dollar basis. There will not be any consideration adjustment if the difference in audited and unaudited reassessed net asset values is less than 5% or if the audited reassessed net asset value is higher than the unaudited reassessed net asset value.

Basis of the consideration of the Acquisition

The consideration of the Acquisition was arrived at after arm's length negotiations between the parties, taking into account among others, (i) the unaudited reassessed net asset value of Anyang Jiangchuan as at 31 July 2021 of approximately RMB370,589,000 (being the unaudited net asset value adjusted by valuation gain on investment properties with reference to the preliminary property valuation of Anyang Jiangchuan, as appraised by an independent professional valuer, the value of which is subject to final audit by the reporting accountants of the Company); (ii) the expected enhancement in the level of operations of the Group and the revenue and profits contribution by the Target Group for consolidation into the Group upon Completion; and (iii) the opportunity for the Group to expand its shopping mall businesses in the PRC and the potential synergies with the two shopping malls in Jinzhou and Guangzhou.

Conditions Precedent

Completion is conditional on the satisfaction (or waiver, if applicable) of the following conditions precedent on or before the Long Stop Date:

- (a) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from governmental or regulatory authorities having been obtained and remaining in effect;
- (b) the Company having carried out due diligence to its satisfaction and having obtained a legal opinion from its PRC legal adviser the contents of which being satisfactory to the Company;
- (c) the representations and warranties provided by the Seller under the Share Purchase Agreement remaining true, accurate and not misleading as at Completion and as if repeated at all times between the date of the Share Purchase Agreement and Completion;
- (d) the representations and warranties provided by the Purchaser under the Share Purchase Agreement remaining true, accurate and not misleading as at Completion and as if repeated at all times between the date of the Share Purchase Agreement and Completion; and
- (e) the reporting accountants of the Company having confirmed the value of the audited reassessed net asset value of the Target Group as at 31 July 2021.

If any of the conditions precedent is not fulfilled or waived by the Purchaser or the Company (in respect of conditions (a), (b) and (c)) or by the Seller (in respect of condition (d)) on or before the Long Stop Date (or such later date to be agreed between the parties to the Share Purchase Agreement in writing), the Share Purchase Agreement shall lapse and no party shall have any claim against the other, except for antecedent breaches. For conditions which are waivable, the Purchaser, the Company or the Seller (as the case may be) may waive such conditions where the impact of doing so is immaterial and will not affect the substance of the Acquisition. Condition (e) is not waivable by the parties. As at the date of this announcement, none of the conditions have been fulfilled and the parties are not aware of any circumstances which may render the conditions above not fulfilled on or before the Completion.

COMPLETION

Completion is expected to take place no later than the seventh Business Day after the date on which all conditions precedent under the Share Purchase Agreement are satisfied or waived as the case may be, unless otherwise agreed by the parties. Upon Completion, the Target Company (and other members of the Target Group) would become wholly-owned subsidiaries of the Company and the results of the Target Group would be consolidated into the accounts of the Group.

INFORMATION OF THE GROUP AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the businesses of property investment, medical equipment trading, mining and exploration of natural resources, financial services and asset management. The Purchaser is an investment holding company.

INFORMATION OF THE SELLER

The Seller is an investment holding company incorporated in the British Virgin Islands and an Independent Third Party. It is wholly-owned by its ultimate beneficial owner, Mr. Dai.

INFORMATION OF THE TARGET GROUP

The Target Group comprises the Target Company and its wholly-owned subsidiaries, including Anyang Jiangchuan, which holds the operating rights of the Anyang Shopping Mall. The Target Company is an investment holding company. Details of the Anyang Shopping Mall are set out below:

Description	Leaseable floor area and sold floor area (sq.m.)	Gross floor area (sq.m.)	Nature of shops
Anyang Diyi Shopping Street (安陽地一購物街)	24,815 and 495	25,310	Retailers and wholesalers of apparels, accessories, household goods and food and beverages

The Anyang Shopping Mall is a two-storey underground mall located in Jiefang Avenue in Anyang city, stretching across the core business district in Beiguan District and Wenfeng District in Anyang. The Anyang Shopping Mall first opened in 2011 and currently has over 110 tenants of leased shop and venue spaces. As at 30 September 2021, the occupancy rate (being the leased areas divided by the leaseable floor area) was approximately 68%.

Anyang Jiangchuan has entered into individual agreements for the leasing of shop and venue spaces to its tenants and the provision of property management services. Fixed rents are chargeable in general, which are subject to negotiations upon renewal and property management fees per sq.m. of leased or sold floor areas are chargeable under the agreements. Such agreements have a contract term of one to two years in general, upon the expiry of which the majority will be renewed. For the three financial years ended 31 December 2020, the average renewal rate was approximately 80%.

Based on unaudited management accounts provided by the Seller, the financial information of Anyang Jiangchuan for the two financial years ended 31 December 2020 are as follows:

	For the financial year ended	
	31 December 2020	31 December 2019
	(RMB'000 approx.)	(RMB'000 approx.)
Profit before taxation (<i>Note</i>)	1,510	1,562
Profit after taxation (<i>Note</i>)	1,510	1,562

Note: Not having reflected the valuation gain or loss on investment properties less deferred tax liability arising from such valuation gain or loss. Such figures are subject to change and may be adjusted upon the finalization of the accountants' report of the Target Group for the Reporting Period, which will be included in the circular.

The net asset value of Anyang Jiangchuan as at 31 July 2021 was approximately RMB370,589,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Widening the Group's shopping malls network and expanding its shopping mall businesses

The Group has been undertaking a diversified business strategy. Having completed the acquisitions of two shopping malls in Jinzhou and Guangzhou in April 2021, the Acquisition is in line with the strategic development of the Group and will provide an opportunity for the Group to widen its shopping malls network and expand the geographical coverage and scale of its shopping mall businesses. Taking advantage of the sound and valuable experience of the Target Group in shopping mall operation and management, its experienced personnel and well-established relationship with tenants and shop owners, the Acquisition will create synergy with the Group's existing shopping malls, which may in turn fuel the Group's business growth and strengthen the Group's profitability, thereby enhancing the returns to the Shareholders.

Enhancing cash flow and profitability of the Group

Anyang Jiangchuan has a proven track record. After Completion, the Anyang Shopping Mall will be held as investment property by the Enlarged Group and the results of the Target Group will be consolidated into the property investment segment of the Enlarged Group. It is expected that the Target Group will provide the Enlarged Group with readily available, secured and stable source of revenue, thereby enhancing the cash flow and profitability of the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Stock Exchange has determined that the Acquisition does not constitute a reverse takeover of the Company.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.44 of the Listing Rules, written approval has been obtained from Songbird SG PTE Ltd. which holds 74.99% of the issued share capital of the Company in lieu of a general meeting of the Company for passing the resolution(s) to approve the Share Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Share Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder.

None of the Directors are materially interested in the Acquisition and accordingly none of the Directors have abstained from voting on the relevant Board resolution(s) at the Board meeting.

A circular containing, among other information, (i) further details on the Acquisition; (ii) financial information of the Target Group; (iii) pro-forma financial information of the Enlarged Group; and (iv) property valuation report on the Target Group will be prepared for despatch to the Shareholders and a waiver from Rule 14.41(a) of the Listing Rules has been applied to the Stock Exchange, who has granted an extension of time for despatch of the circular to 10 December 2021 in order to allow sufficient time for the Company to prepare the information required to be included in the circular.

Warning

Shareholders and potential investors should note that the Share Purchase Agreement is subject to various conditions set out under the section headed The Acquisition – Share Purchase Agreement – Conditions Precedent in this announcement and therefore the Acquisition may or may not proceed to completion. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Target Group through acquiring the entire issued share capital in the Target Company
“Anyang Jiangchuan”	Anyang Jiangchuan Public Facilities Co., Ltd.** 安陽江川公共設施有限公司 (formerly known as Anyang Renhe New World Public Facilities Co., Ltd.** 安陽人和新天地公共設施有限公司), a company established in the PRC which holds the operating rights of the Anyang Shopping Mall
“Anyang Shopping Mall”	the Anyang Diyi Shopping Street in Anyang, the PRC
“associates”	shall have the meaning as defined under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day on which commercial banks in Hong Kong and the PRC are open for transaction of normal banking business
“Company”	Tai United Holdings Limited (stock code: 718), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Deposit”	a deposit of RMB70,000,000 (equivalent to approximately HK\$84,541,063) payable on the date of the Share Purchase Agreement, refundable in accordance with the terms of the Share Purchase Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition to include the Target Group
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	(to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry) a third party independent of the Company and its connected persons within the meanings of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021 or such other date as the parties may agree
“Mr. Dai”	Mr. Dai Yongge, who and whose associates are together the controlling shareholders (as defined under the Listing Rules) of China Dili Group, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1387
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Tai United Properties Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“Reporting Period”	the financial years ended 31 December 2018, 2019 and 2020 and the stub period of seven months ended 31 July 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Stone Wealth Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by its ultimate beneficial owner, Mr. Dai
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Share Purchase Agreement”	the share purchase agreement for the conditional sale and purchase of the entire issued share capital of the Target Company
“sq.m.”	square metres

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Willease Limited, a company incorporated in the British Virgin Islands, which is the indirect sole shareholder of Anyang Jiangchuan
“Target Group”	the Target Company and its wholly-owned subsidiaries, including Anyang Jiangchuan
“%”	per cent

By order of the Board
Tai United Holdings Limited
Wang Hongfang
Chairman

Hong Kong, 27 October 2021

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

Executive Directors:

Mr. Wang Hongfang (*Chairman*)

Mr. Kwong Kai Sing Benny (*Chief Executive Officer*)

Mr. Chen Weisong

Mr. Chow Chi Wah Vincent

Mr. Zheng Yuchun

Independent non-executive Directors:

Dr. Gao Bin

Ms. Liu Yan

Mr. Tang King Shing

Non-executive Director:

Mr. Xiao Yiqun

Note: For the purpose of this announcement, the currency exchange rate of HK\$1:RMB0.8280 was used. Figures are rounded to the nearest thousand.

** *English names are direct transliteration of the Chinese names and are therefore for reference only.*