

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**MAJOR AND CONNECTED TRANSACTION –
PROPOSED DISPOSAL OF SHARES IN
THE HONGKONG AND SHANGHAI HOTELS, LIMITED
AND
DATE OF BOARD MEETING TO CONSIDER POSSIBLE DIVIDEND**

On 26 June 2018, the Purchaser and the Company entered into the Sale and Purchase Agreement in relation to the proposed disposal by the Company to the Purchaser of the Sale Shares.

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as certain percentage ratios applicable to the Disposal exceed 25% but are less than 75% and it is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules as the Purchaser is an associate of Satinu Resources Group Ltd., a connected person of the Company. One or more of the percentage ratios applicable to the Disposal exceeds 25% and the Consideration exceeds HK\$10,000,000. It is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement. Only Independent Shareholders will be entitled to vote at the SGM.

The Board will meet on 9 July 2018 to consider the declaration or recommendation of a cash dividend of not less than HK\$1,300,000,000, subject to the Completion.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) financial information on the Group; (iii) a letter of recommendation from the IBC to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the IBC and the Independent Shareholders; and (v) a notice convening the SGM is expected to be despatched to the Shareholders on or before 18 July 2018.

The Disposal is subject to the satisfaction of the Condition and may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On 26 June 2018, the Purchaser and the Company entered into the Sale and Purchase Agreement in relation to the proposed disposal by the Company to the Purchaser of the Sale Shares which, represent approximately 11.47% of the issued share capital of HSH at the date of this announcement.

SALE AND PURCHASE AGREEMENT

Date : 26 June 2018

Parties : the Company as seller and Solis Capital Limited as the Purchaser

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, amongst other things, the Purchaser conditionally agreed to buy, and the Company conditionally agreed to sell or procure the sale of, the Sale Shares at the Consideration.

Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Company, taking into account recent trading prices of HSH Shares. The Consideration of HK\$12.80 per Sale Share represents a premium of approximately 12.48% to the closing price of HK\$11.38 per HSH Share as quoted on the Stock Exchange on the date of this announcement.

HK\$235,981,713.92 of the Consideration was paid by way of deposit by the Purchaser under the Sale and Purchase Agreement upon signing of the Sale and Purchase Agreement and the balance of the Consideration is to be paid by the Purchaser to the Company on Completion.

Condition precedent

Completion is conditional upon the Sale and Purchase Agreement and the transactions contemplated by it being approved by the Independent Shareholders at the SGM in accordance with the Listing Rules. If the Condition is not fulfilled on or before 31 October 2018 or such later date as may be agreed between the parties, all rights, obligations and liabilities of the parties under the Sale and Purchase Agreement shall cease and terminate and the deposit paid under the Sale and Purchase Agreement will be returned to the Purchaser within two Business Days and neither of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement save for claims (if any) in respect of any antecedent breaches of the Sale and Purchase Agreement.

BACKGROUND INFORMATION ON HSH

HSH is a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 45). HSH and its subsidiaries are engaged in the ownership, development and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services.

The following information about its financial results is extracted from the latest published annual report of HSH for the year ended 31 December 2017:

	For the year ended 31 December 2017	For the year ended 31 December 2016
Profit before tax	HK\$1,320 million (of which 11.47% or approximately HK\$151.4 million is attributable to the Sale Shares)	HK\$752 million (of which 11.47% or approximately HK\$86.3 million is attributable to the Sale Shares)
Profit after tax	HK\$1,152 million (of which 11.47% or approximately HK\$132.1 million is attributable to the Sale Shares)	HK\$667 million (of which 11.47% or approximately HK\$76.5 million is attributable to the Sale Shares)

EFFECT OF THE DISPOSAL

The carrying value of the Sale Shares as at 31 December 2017 in the books of the Company was approximately HK\$2,110,380,000.

The Company expects to accrue a gain on Completion of approximately HK\$220 million in its income statement for 2018. The Sale Shares are subject to margin financing arrangements with independent third parties which will be terminated at Completion when the Company will pay approximately HK\$985 million to those independent third parties to repay the margin financing.

The average acquisition cost of the Sale Shares to the Group was HK\$11.73 per Sale Share.

An aggregate of 108,493,000 HSH Shares were acquired in the last 12 months and the average acquisition cost (excluding scrip dividend received by the Group) to the Group of the Sale Shares acquired in the last 12 months was HK\$12.87 per Sale Share.

BACKGROUND INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding. Its ultimate owner is Satinu Resources Group Ltd., an investment holding company incorporated in the British Virgin Islands with limited liability, which indirectly controls approximately 74.99% of the issued shares in the Company, and the Purchaser is thus a connected person of the Company.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as certain percentage ratios applicable to the Disposal exceed 25% but are less than 75% and it is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules as the Purchaser is an associate of Satinu Resources Group Ltd., a connected person of the Company. One or more of the percentage ratios applicable to the Disposal exceeds 25% and the Consideration exceeds HK\$10,000,000. It is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The IBC has been appointed as a committee of the Board comprising all the Company's independent non-executive Directors, established for the purposes of advising the Independent Shareholder as to whether the terms under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and an independent financial adviser will be appointed in compliance with the Listing Rules to advise the IBC and the Independent Shareholders on the Sale and Purchase Agreement.

The SGM will be convened for Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement. Only Independent Shareholders will be entitled to vote at the SGM on the resolution to approve the Sale and Purchase Agreement. Satinu Resources Group Ltd. and its associates, which together own and control approximately 74.99% of the issued shares in the Company, will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The major businesses of the Company include (i) investment and asset management; (ii) financial services; and (iii) other business.

The purpose of the Disposal is to realise an investment that would be difficult to liquidate readily in the market, and to free up capital for other investment opportunities. The total gross sales proceeds of the Disposal will be HK\$2,359,817,139.20 and the Company is expected to recognise a gain of approximately HK\$220 million in its income statement for 2018 on

Completion, which is calculated on the basis of the difference between the average acquisition price of the Sale Shares and the Consideration (exclusive of transaction costs). After repayment of margin financing facilities in connection with the Sale Shares, the Company will receive net proceeds (before transaction costs) of approximately HK\$1,374,000,000.

The Group is considering the best use of the net proceeds of the Disposal and as stated below the Board will meet on 9 July 2018 to consider the declaration or recommendation of a cash dividend of not less than HK\$1,300,000,000 subject to the Completion and receipt of the Consideration. If the Board decides to declare or recommend a dividend it will comply in full with the Listing Rules. If no such dividend is declared, the net proceeds will be used for general working capital and for acquisitions of assets that are perceived to be attractive investment opportunities, but no such assets have been identified at the date of this announcement.

The Disposal is at a price in excess of recent market prices and the Directors (excluding the members of the IBC who will form their view after receiving advice from the Independent Financial Adviser) are of the view that the Disposal will enhance the liquidity of the Company, is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

BOARD MEETING

The Company announces in compliance with Rule 13.43 of the Listing Rules that the Board will meet on 9 July 2018 to consider the declaration or recommendation of a cash dividend of not less than HK\$1,300,000,000 subject to the Completion and receipt of the Consideration.

GENERAL

The Disposal is subject to the satisfaction of the Condition and may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) financial information on the Group; (iii) a letter of recommendation from the IBC to the Independent Shareholders; (iv) a letter of advice to the IBC and the Independent Shareholders from the Independent Financial Adviser; and (v) a notice convening the SGM, is expected to be despatched to Shareholders on or before 18 July 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set opposite then:

“associate”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Hong Kong
“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 Date”	the day that is three Business Days after the fulfilment of the Condition or such other date as the Purchaser and the Company may agree in writing
“Condition”	the Sale and Purchase Agreement and the transactions contemplated by it being approved by the Independent Shareholders at the SGM in accordance with the Listing Rules
“connected person”	the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$12.80 per Sale Share and HK\$2,359,817,139.20 in aggregate
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
“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
“HSH”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 45)
“HSH Shares”	shares of no par value in the share capital of HSH
“IBC”	a committee of the Board comprising all its independent non-executive Directors, established for the purposes of advising the Independent Shareholders on the Sale and Purchase Agreement and the Disposal
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the IBC and the Independent Shareholders in relation to the Sale and Purchase Agreement
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“independent third parties”	persons that are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Solis Capital Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 June 2018 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	184,360,714 HSH Shares, representing approximately 11.47% of the issued share capital of HSH at the date of this announcement
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder

“Shareholders” the shareholders of the Company
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent.

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

Hong Kong, 26 June 2018

At the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Chen Weisong (*Chief Executive Officer*)

Mr. Xu Ke

Mr. Ye Fei

Mr. Wang Qiang

Dr. Kwong Kai Sing Benny

Independent non-executive Directors:

Dr. Gao Bin

Ms. Liu Yan

Mr. Tang King Shing