

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in Tai United Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

---



**MAJOR TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF THE DISTRESSED ASSETS**

---

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

The Company has obtained written Shareholders’ approval for the Acquisition pursuant to Rule 14.44 of the Listing Rules from Tai He and TAI Capital who form a closely allied group of Shareholders and together hold more than 50% of the issued Shares giving the right to attend and vote at a general meeting. Accordingly, no Shareholders’ meeting will be held to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

25 January 2017

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II – UNAUDITED FINANCIAL INFORMATION OF THE DISTRESSED ASSETS</b> .....	II-1
<b>APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b> .....	III-1
<b>APPENDIX IV – VALUATION REPORT OF THE DISTRESSED ASSETS</b> ...	IV-1
<b>APPENDIX V – GENERAL INFORMATION</b> .....	V-1

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following terms have the following meanings:*

“Acquisition”	the acquisition of the Distressed Assets by the Purchaser from the Vendors pursuant to the terms and conditions of the Auction Acknowledgement
“Announcement”	the announcement of the Company dated 21 November 2016 in relation to, among other things, the Acquisition
“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

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries
“Hangzhou Hongxi”	杭州宏璽酒店管理有限公司 (Hangzhou Hongxi Hotel Management Co., Ltd.*)
“Hangzhou Taixi”	杭州太璽企業管理有限公司 (Hangzhou Taixi Corporate Management Co., Ltd.*)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	APAC Asset Valuation and Consulting Limited, the independent valuer of the Distressed Assets
“Latest Practicable Date”	24 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Agreements”	two lease agreements dated 28 December 2016 and as supplemented on 24 January 2017 entered into between the Company and each of Hangzhou Hongxi and Hangzhou Taixi respectively in relation to the leasing of the Distressed Assets
“Liquidator”	the liquidator appointed by the Intermediate People’s Court of Hangzhou City to administer the assets and liabilities of the Distressed Assets
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 5% redeemable fixed coupon guaranteed, secured and unsubordinated notes issued by the Company on 30 September 2016
“PRC”	the People’s Republic of China
“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
“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 of the Company

---

## DEFINITIONS

---

“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 of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.m.”	square meter
“%”	per cent.

*For ease of reference and unless otherwise specified in this circular, 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.*

*\* for identification purpose only*

---

## LETTER FROM THE BOARD

---



*Executive Directors*

Dr. Meng Zhaoyi (*Chairman and Chief Executive Officer*)

Dr. Liu Hua

Mr. Chen Weisong

Mr. Xu Ke

Mr. Ye Fei

Mr. Wang Qiang

*Independent Non-executive Directors*

Mr. Mao Kangfu

Dr. Gao Bin

Ms. Liu Yan

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal Place of business  
in Hong Kong:*

Suite 1206-1209

12th Floor,

Three Pacific Place,

1 Queen's Road East,

Hong Kong

25 January 2017

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE DISTRESSED ASSETS**

#### **INTRODUCTION**

Reference is made to the Announcement. The Company announced 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). The Consideration was fully paid by the Purchaser on 28 December 2016.

The purpose of this circular is to provide you with (i) further details of the Acquisition; (ii) valuation of the Distressed Assets; and (iii) other information required under the Listing Rules.

#### **THE ACQUISITION**

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

**Date** : 19 November 2016

**Purchaser** : the Purchaser, an indirect wholly-owned subsidiary of the Company

**Auctioneer** : Zhejiang Tian Heng Auction Company Limited

---

## LETTER FROM THE BOARD

---

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) has been 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) having been paid 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) having been paid by the Purchaser on or before 20 December 2016; and
- (iv) as to RMB320,000,000 (equivalent to approximately HK\$361,600,000) having been paid 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, by reference to the prevailing average price per square metre of similar properties adjacent to the Distressed Assets, and the book value and the appraised value of the Distressed Assets as at 31 March 2015 of approximately RMB922.8 million and RMB1,941.1 million as provided by the Auctioneer during the bidding process 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 transferral 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. It is estimated that the auction expenses and tax expenses would be not more than RMB122.5 million.

---

## LETTER FROM THE BOARD

---

### INFORMATION OF THE DISTRESSED ASSETS

The Distressed Assets is a hotel facility located at No. 555 Fengqi Road, Hang-zhou 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. 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 (i.e., the “**Original Owners**”). After the bankruptcy of the Original Owners in 2013, the Distressed Assets were taken over and administered by the Liquidator, 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 and no such information had been provided in the auction document for bidders’ information. The Company has obtained a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, details of which are set out in appendix II to this Circular.

### The Lease Agreements

On 28 December 2016, the Company entered into the Lease Agreements with two tenants namely Hangzhou Hongxi and Hangzhou Taixi (the ultimate beneficial owners of both of which are independent of the Company and the connected persons of the Company) for leasing of the Distressed Assets. Principal terms of the Lease Agreements are summarized below:

#### *Hongxi Lease Agreement*

Date:	28 December 2016 (as supplemented on 24 January 2017)
Lessor:	the Purchaser
Lessee:	Hangzhou Hongxi
Term:	10 years expiring on 27 December 2026
Gross floor area:	approximately 27,156 sq.m.
Rental:	monthly rental of RMB3,600,000 (equivalent to approximately HK\$4,068,000)
Rental review:	the lessor is entitled to review the rent every two years



---

## LETTER FROM THE BOARD

---

### *Taixi Lease Agreement*

Date:	28 December 2016 (as supplemented on 24 January 2017)
Lessor:	the Purchaser
Lessee:	Hangzhou Taixi
Term:	10 years expiring on 27 December 2026
Gross floor area:	17,235 sq.m.
Rental:	monthly rental of RMB3,000,000 (equivalent to approximately HK\$3,390,000)
Rental review:	the lessor is entitled to review the rent every two years

The Company considers the rental income under the Lease Agreements are at market rate after studying the prevailing market rental level of commercial-type properties in Hangzhou.

The valuation of the Distressed Assets as at 31 October 2016 amounted to RMB1,400 million as appraised by the Independent Valuer. The valuation report of the Distressed Assets is set out in Appendix IV to this circular.

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

The Group was principally engaged in (i) real estate investment; (ii) distressed assets investment and management; (iii) provision of financial services; and (iv) trading of commodities, securities and medical equipment.

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.

---

## LETTER FROM THE BOARD

---

### 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 the Announcement, Tai He and TAI Capital, both being wholly owned by Mr. Chua Hwa Por, in aggregate owned 3,212,880,742 Shares, representing approximately 71.35% of the issued share capital of the Company. As no Shareholder has any material interest in the Acquisition which would be required to abstain from voting if the Company were to convene a special general meeting to approve the Acquisition, the Company has obtained the 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 Acquisition.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of  
**Tai United Holdings Limited**  
**Dr. Meng Zhaoyi**  
*Chairman and chief executive officer*

**1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP**

The audited financial information of the Group for each of the three years ended 31 March 2016 together with the relevant notes thereto are disclosed in the following documents, which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.irasia.com/listco/hk/taiunited/index.htm>):

- (i) The annual report of the Company for the year ended 31 March 2014 published on 27 June 2014 (pages 45-116);
- (ii) The annual report of the Company for the year ended 31 March 2015 published on 26 June 2015 (pages 44-104); and
- (iii) The annual report of the Company for the year ended 31 March 2016 published on 3 June 2016 (pages 46-124).

**2. STATEMENT OF INDEBTEDNESS**

As of the close of business on 30 November 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had indebtedness of approximately HK\$2,432 million.

**Bank borrowings**

The total carrying amounts of the Group's outstanding bank borrowings as at 30 November 2016 were approximately HK\$1,031 million. Except for the bank borrowing with carrying amount of HK\$498 million which was guaranteed by the ultimate holding company of the Company, the remaining bank borrowings with carrying amount of HK\$533 million were unguaranteed. The bank borrowings were secured by i) office premises owned by the ultimate holding company and ii) investment properties, bank deposits, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group.

**Loan notes**

The total carrying amounts of the Group's outstanding loan notes as at 30 November 2016 were approximately HK\$1,383 million. The loan notes were guaranteed by the ultimate holding company, Mr. Chua Hwa Por and his wholly-owned company and secured by all the equity shares of two wholly-owned subsidiaries of the Company.

**Amount due to ultimate holding company**

The total carrying amounts of the Group's outstanding amount due to its ultimate holding company as at 30 November 2016 were approximately HK\$17 million and it was unguaranteed and unsecured.

At the close of business on 30 November 2016, except as disclosed in this section and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, finance lease obligations, mortgages or charges, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the Group's internal generated funds, the Acquisition, the presently available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital to meet its present requirement for the next twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

Save for the disclosures made in the profit warning announcement of the Company dated 22 November 2016, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited financial statements of the Company were made up.

**5. BUSINESS REVIEW OF THE GROUP**

The Group was principally engaged in (i) real estate investment; (ii) distressed assets investment and management; (iii) provision of financial services; and (iv) trading of commodities, securities and medical equipment.

Having experienced loss-making in the past few years, the Group has endeavoured to turn around its business performance by engaging in trading of commodities and securities characterised by shorter trading cycle and larger transaction volume, and distressed asset investments which offer medium term up side gain in investment through unlocking the value of the collaterals. Set out below are latest development of the Company's businesses:

**Real estate investment**

On 4 November 2016, the Group completed the acquisition of a residential luxury property project at No. 6 to 9 of Buckingham Gate, in London (the "**First London Property Acquisition**") for a consideration of approximately GBP112,202,150 (equivalent to approximately HK\$1,155,682,145) subject to adjustments upon completion. Details of this acquisition are set out in the Company's circular dated 18 October 2016.

On 22 December 2016, the Group completed the acquisition of the entire equity interest in a target company whose principal asset is a commercial property in Hammersmith, the west of London for a consideration of GBP44.7 million (equivalent to approximately HK\$447 million), details of which were set out in the Company's announcement dated 25 November 2016.

The Company intends to develop the property investment business by establishing a portfolio of quality commercial (including hospitality) and residential properties located in the major cities of the United Kingdom and other countries with a target portfolio size ranging from GBP1.0 billion to GBP2.0 billion. The Board expects that the property investment business will generate rental income for the Group, which may benefit from capital appreciation as well.

In addition to the aforesaid, as at the Latest Practicable Date, the Company is exploring various possible real estate investments in the United Kingdom amounting to approximately HK\$2 billion to HK\$3 billion, which is expected to be funded by the Notes, the Facilities and other possible debt or equity financing from banks or other investors.

Should any of the acquisitions materialise, further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

#### **Distressed assets investment and management**

The Group has been actively enhancing its distressed assets portfolio by bidding quality distressed loans with property collaterals including land use rights, and titles of the residential, industrial or commercial buildings with a view to capturing the potential upside of the investments by realization of the underlying collaterals.

As at 30 September 2016, the fair value of the distressed loan investment portfolio of the Group amounted to approximately HK\$433 million, which included:

- (i) non-performing debts pledged with a list of 16 properties located in Shaoxing pledged as acquired by the Company in April 2016, with a fair value of HK\$121.3 million as at 30 September 2016 (“**April Acquisition**”);
- (ii) another non-performing debts pledged with a list of land use rights and 43 properties located in Shaoxing pledged as acquired by the Company in August 2016, with a fair value of HK\$249.6 million as at 30 September 2016 (the “**August Acquisition**”); and
- (iii) other non-performing debts pledged with certain land use rights, commercial, residential and industrial properties as acquired by the Company in April 2016, with a fair value of approximately HK\$62.4 million). Details of the April Acquisition and the August Acquisition were set out in the announcement of the Company dated 12 April 2016 and 12 August 2016, respectively.

On 19 November 2016, the Group entered into the Acquisition, details of which are set out in this circular.

In addition to the above, the Group is also exploring other investment opportunities in respect of other distressed assets including but not limited to residential or commercial properties and listed securities on the Shenzhen Stock Exchange or Shanghai Stock Exchange.

#### **Financial services business**

On 24 October 2016, the Group acquired Hui Kai Holdings Limited, which through its wholly-owned subsidiaries, carry out money lending business and licensed activities including trading and brokerage of securities and futures contracts with type 1 and 2 licences respectively under the SFO and asset management with type 9 licence under the SFO, for an aggregate consideration of up to HK\$176 million.

In addition to the aforesaid acquisition, as at the Latest Practicable Date, the Company was also negotiating with several potential parties and studying the merits of certain potential acquisitions and business proposals as follows:

- a possible acquisition of a licensed financial services company in Hong Kong which is expected to be funded by the Notes, the Group's internal resources and other possible funding raising including debt or equity financing from banks or other investors;
- a possible investment in an insurance company in Hong Kong which is expected to be funded by the Notes, the Group's internal resources and other possible funding raising including debt or equity financing from banks or other investors; and
- a possible setup of financial services companies in the PRC with an initial capital requirement of approximately HK\$500 million to HK\$1 billion, which is expected to be funded by the Group's internal resources and other possible funding raising including debt or equity financing from banks or other investors.

Should any of the aforesaid acquisitions or proposals materialise, further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

#### **Trading business**

##### ***Commodities trading***

The Company commenced the commodities trading business in late 2015, with a trading portfolio including but not limited to petroleum, crude oil and precious metals such as copper, nickel and aluminum. For the six months ended 30 September 2016, the total transaction amount of the commodities trading completed by the Group was approximately HK\$2,590 million and the average transaction amount of each trade was approximately HK\$81 million.

##### ***Securities***

In view of the leading position and prosperity of the Hong Kong and PRC stock markets, the Company commenced the securities trading business in early 2016. It targets to carry out investments in quality or blue-chip stocks with large market capitalization and stable dividend income on the Stock Exchange (aka HKSE), Shanghai Stock Exchange ("SSE") or Shenzhen Stock Exchange with an investment objective to seize capital gain and dividend income. For the year ended 31 March 2016, revenue generated from trading of securities amounted to approximately HK\$72 million, with a profit of approximately HK\$60 million. As at 30 September 2016, the financial assets classified as held-for-trading investments of the Group amounted to approximately HK\$1,084 million.

***Medical equipment***

The medical equipment trading sector picks up steadily since commencement of business in November 2014. For the six months ended 30 September 2016, revenue generated from this segment amounted to approximately HK\$12.1 million, representing an increase of approximately 23.5% as compared to corresponding period in 2015.

**Mining of tungsten in Mongolia**

The Directors are exploring the optimal way to commence the production of the mines. The Directors currently expect that the exploitation of the mines will take place no later than the end of 2018.

**Hua Lien Acquisition**

As disclosed in the Company's announcement dated 21 July 2016, the Group entered into an agreement with Hua Lien International (Holding) Company Limited ("**Hua Lien**") to subscribe for a total of 3,700,000,000 shares in Hua Lien (representing approximately 55.3% of the enlarged issued share capital of Hua Lien upon issue of the subscription shares and the placing shares to be issued therewith simultaneously) at the subscription price of HK\$0.16 per share in Hua Lien.

As set out in the Company's announcement dated 30 November 2016, having regard to the business and operational position of Hua Lien as shown in the interim report of Hua Lien for the six months ended 30 June 2016, the Company was in negotiation with the other parties involved in the share subscription (including Mr. Hu Yebi, an ex-director of the Company and a party considered to be acting in concert with the Company for the purpose of the subscription agreement) to amend certain terms of the subscription agreement, although it was proposed that the issue price of the subscription shares would remain unchanged.

As at the Latest Practicable Date, the negotiation was still on-going and further announcement(s) would be made as and when appropriate. Compliance with the relevant disclosure and approval requirements under the Listing Rules and the Code on Takeovers and Mergers will be made by the Company on the outcome of the negotiation and details of any amendments to the transaction terms.

**PROFIT AND LOSS STATEMENT OF THE DISTRESSED ASSETS**

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules, a profit and loss statement for the three preceding financial years on the identifiable income stream (“**Profit and Loss Statement**”) in relation to the Distressed Assets from the Liquidator or the Auctioneer, which must be reviewed by the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records, is required to be included in this circular.

The Company is unable to gain access to the underlying books and records or other information of the Distressed Assets from the Liquidator or the Auctioneer for the preparation of a Profit and Loss Statement in order to comply with the requirement under Rule 14.67(6)(b)(i) of the Listing Rules. The Distressed Assets were held by the Original Owners which went bankrupt in 2013 and are currently under administration of the Liquidator.

The Company therefore applied for, and was granted by the Stock Exchange, a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules.

On 28 December 2016, the Company entered into the Lease Agreements with the Tenants for leasing the Distressed Assets at an annual rental of RMB79.2 million for a 10-year term expiring on 27 December 2026. Details of the Distressed Assets are set out in the section headed “Information of the Distressed Assets” in the letter from the Board in this circular.

As an alternative disclosure, the Company estimated that the operating costs of the Distressed Assets (comprising the tax expenses of approximately RMB9.5 million calculated based on 12% property tax on the rental income of the Distressed Assets and other minimal staff costs) would be approximately RMB10.0 million. Based on the rental income of approximately RMB79.2 million and the estimated operating costs of approximately RMB10.0 million, it is estimated that the profit to be generated from the Distressed Assets would be around RMB69.2 million per annum.



**1. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for inclusion in this circular, received from Deloitte Touche Tohmatsu, the independent reporting accountants.*

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Tai United Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tai United Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated assets and liabilities as at 30 September 2016 and related notes as set out on pages 4 to 6 of Appendix III to the circular issued by the Company dated 25 January 2017 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 4 to 6 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of a hotel facility distressed asset located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”) (the “**Distressed Assets**”) (the “**Acquisition**”) on the Group’s assets and liabilities as at 30 September 2016 as if the transaction had taken place at 30 September 2016. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s financial statements for the six months ended 30 September 2016, on which no auditor’s report or review conclusion has been published.

**Directors’ Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
25 January 2017

**2. THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP****Basis of Preparation of the Unaudited Pro Forma Financial Information of the Group**

The following unaudited pro forma financial information of the Group (“**Unaudited Pro Forma Financial Information**”), being the Company and its subsidiaries (collectively referred to as the “**Group**”), is prepared by the directors of the Company (the “**Directors**”) to illustrate the effect of the Acquisition on the Group, as if the Acquisition had been completed on 30 September 2016. Details of the Acquisition are set out in the section headed “Letter from the Board” contained in this Circular.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the effect of the Acquisition.

The unaudited pro forma condensed consolidated statement of assets and liabilities is prepared based on the information on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016, which has been extracted from the published interim report of the Group for the six months ended 30 September 2016 and after making pro forma adjustments that are relating to the Acquisition that are (i) directly attributable to the Acquisition and (ii) factually supportable as if the Acquisition had been completed on 30 September 2016. The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates and uncertainties. Accordingly, because of its hypothetical nature, it may not give a true picture of the condensed consolidated assets and liabilities of the Group upon completion of the Acquisition as at 30 September 2016 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction of the historical financial information of the Group, as set out in the published interim report of the Group for the six months ended 30 September 2016 and the unaudited financial information of the Distressed Assets as set out in Appendix II to this Circular, respectively and other financial information included elsewhere in the Circular.

## Unaudited Pro Forma Condensed Consolidated Statement of Assets and Liabilities

	The Group as at 30/9/2016 HK\$'000 (Note 1)	Pro forma adjustment HK\$'000 (Note 2)	Pro forma adjustment HK\$'000 (Note 4)	The Group after the Acquisition as at 30/9/2016 HK\$'000
<b>Non-current assets:</b>				
Property, plant and equipment	30,363			30,363
Investment properties	–	1,582,000		1,582,000
		(Note 2)		
Mining rights	454,541			454,541
Interest in an associate	8,144			8,144
Available-for-sale investment	39,301			39,301
Deposits for potential investments	129,216			129,216
	<u>661,565</u>	<u>1,582,000</u>	<u>–</u>	<u>2,243,565</u>
<b>Current assets:</b>				
Inventories	1,881			1,881
Financial assets designated as at fair value through profit or loss	433,285			433,285
Trade receivables	441,266			441,266
Held-for-trading investments	1,083,848			1,083,848
Deposits, prepayments and other receivables	19,079			19,079
Restricted bank deposits	474,743			474,743
Bank balances and cash	2,277,473	(1,265,600)	(130,301)	881,572
		(Note 3)		
	<u>4,731,575</u>	<u>(1,265,600)</u>	<u>(130,301)</u>	<u>3,335,674</u>
<b>Current liabilities:</b>				
Trade payables	(877,227)			(877,227)
Accrued liabilities and other payables	(29,031)			(29,031)
Borrowings	(1,006,242)			(1,006,242)
Amount due to ultimate holding company	(4,798)			(4,798)
Loan notes	(1,381,050)			(1,381,050)
Loans from ultimate holding company	(1,236,310)			(1,236,310)
Tax liabilities	(10,826)			(10,826)
	<u>(4,545,484)</u>	<u>–</u>	<u>–</u>	<u>(4,545,484)</u>
Net current assets/(liabilities)	<u>186,091</u>	<u>(1,265,600)</u>	<u>(130,301)</u>	<u>(1,209,810)</u>
Total assets less current liabilities	847,656	316,400	(130,301)	1,033,755
		(Note 2)		
<b>Non-current liabilities:</b>				
Deferred tax liabilities	(96,340)	(150,053)		(246,393)
		(Note 2)		
	<u>(96,340)</u>	<u>(150,053)</u>	<u>–</u>	<u>(246,393)</u>
<b>Net assets</b>	<u><u>751,316</u></u>	<u><u>166,347</u></u>	<u><u>(130,301)</u></u>	<u><u>787,362</u></u>

**Notes to the Unaudited Pro Forma Financial Information of the Group**

1. The financial information of the Group as at 30 September 2016 are extracted from the published interim report of the Group for the six months ended 30 September 2016.
2. On 19 November 2016, the Group won a bid for hotel facility distressed assets which are currently known as “Wyndham Grand Plaza Royale Hangzhou Hotel”, located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC (the “**Distressed Assets**”) at a consideration of RMB 1,120,000,000 (equivalent to HK\$1,265,600,000) (the “**Acquisition**”). For the purpose of this Unaudited Pro Forma Financial Information, the Distressed Assets are translated into HK\$ at RMB1 to HK\$1.13. No representation is made that any amount in RMB could be or could have been converted to HK\$ at the relevant date at that rate or at all.

Since the Directors intends to hold the Distressed Assets for leasing the hotel facility to an independent hotel operator for rental and/or capital appreciation purposes upon completion of the Acquisition, the Distressed Assets are classified as investment properties for the purpose of the Unaudited Pro Forma Financial Information of the Group.

The measurement of these properties at initial recognition and subsequent reporting period will follow Hong Kong Accounting Standard (“**HKAS**”) 40 “Investment Property” issued by the Hong Kong Institute of Certified Public Accountants and the following accounting policy will be adopted by the Group: Investment properties are initially measured at cost, including any directly attributable expenditures. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in fair value of investment properties are included in the profit or loss for the period in which they arise.

The adjustment represents the sum of consideration paid of RMB1,120,000,000 (equivalent to HK\$1,265,600,000) as mentioned above and fair value adjustment of RMB280,000,000 (equivalent to HK\$316,400,000), which reflects market participant assumptions in an orderly transaction in accordance with Hong Kong Financial Reporting Standard (“**HKFRS**”) 13 “Fair Value Measurement”.

The fair value of the Distressed Assets as at 31 October 2016 was RMB1,400,000,000 (equivalent to HK\$1,582,000,000), which has been arrived at on the basis of valuation carried out by APAC Asset Valuation and Consulting Limited (“**APAC**”), an independent qualified professional valuer not connected to the Group. For the preparation of the unaudited pro forma condensed consolidated statement of assets and liabilities, the Directors and APAC considered that there are no material difference of the fair value of the Distressed Assets as of 30 September 2016 and 31 October 2016. Accordingly, the fair value adjustment amounting to RMB280,000,000 (equivalent to HK\$316,400,000), representing the difference between the cost of the Acquisition and the fair value of the Distressed Assets is recognised in profit or loss as if the Acquisition had taken place as at 30 September 2016.

Provision for deferred tax regarding the PRC land appreciation tax and PRC enterprise income tax of RMB132,790,000 (equivalent to HK\$150,053,000) on the fair value adjustment of RMB280,000,000 (equivalent to HK\$316,400,000) mentioned above was made as if the Acquisition had taken place as at 30 September 2016.

3. For the purpose of this Unaudited Pro Forma Financial Information, it is assumed that the Group utilised its bank balances and cash amounted to HK\$1,265,600,000 to settle the consideration of the Acquisition as if the Acquisition had taken place at 30 September 2016.
4. The adjustment represents the estimated acquisition-related costs (including auction expenses, various PRC tax expenses including but not limited to stamp duties and value-added tax, professional fees to legal advisers, financial advisers, reporting accountants, properties valuers and other expenses) of approximately HK\$130,301,000 which are directly attributable costs for the Acquisition.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.

*The following is the valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuation as of 31 October 2016 of the Property to be acquired by the Group.*



**APAC Asset Valuation and Consulting Limited**

Units 07-08, 17/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong

Tel: (852) 2357 0059

Fax: (852) 2951 0799

The Directors  
Tai United Holdings Limited  
Suites 1206 – 1209, 12th Floor  
Three Pacific Place,  
No. 1 Queen's Road East,  
Hong Kong

25 January 2017

Dear Sirs,

**RE: VARIOUS GUEST ROOMS AND ANCILLARY FACILITIES OF A HOTEL BUILDING KNOWN AS “WYNDHAM GRAND PLAZA ROYALE HANGZHOU HOTEL”, VARIOUS SERVICED APARTMENT AND RETAIL UNITS AND OTHER ANCILLARY FACILITIES LOCATED AT NO. 555 FENGQI ROAD, XIACHENG DISTRICT, HANGZHOU, ZHEJIANG PROVINCE, THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)**

In accordance with the instructions from Tai United Holdings Limited (the “**Company**”) for us to value the Property to be acquired by the Company and/or its subsidiaries (hereinafter together referred to as the “**Group**”) situated in The People’s Republic of China (the “**PRC**”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 October 2016 (the “**valuation date**”) for the purpose of incorporation into the circular issued by the Group.

**BASIS OF VALUATION**

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Group and our valuation is prepared in accordance with the “International Valuation Standards (2013)” published by the International Valuation Standards Council and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

#### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

#### **VALUATION METHODOLOGY**

We have valued the Property by the Income Approach by taking into account the gross rental income of the Property derived from its existing leases entered into on 28 December 2016 with due allowance for the reversionary income potential of the leases (i.e. the capitalization of the potential rental income after the existing tenancies expire), which have been then capitalized to determine the market value at an appropriate capitalisation rate. In valuing the Property, we have also considered its market value by the Direct Comparison Approach so as to crosschecking the reasonableness of the valuation result generated by the aforesaid Income Approach.

#### **TITLE AND ASSUMPTIONS**

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Group’s PRC legal adviser, 浙江信遠律師事務所 (Zhejiang Xinyuan Law Firm\*), regarding the title and other legal matters to the Property.

#### **SOURCES OF INFORMATION**

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, site and floor areas and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.



**SITE INSPECTIONS**

Site inspection of the Property was carried out by Mr. Sunny Wong (BSc) in December 2016. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

**LIMITATION OF LIABILITIES**

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

**MANAGEMENT CONFIRMATION OF FACTS**

A draft of this valuation report and our calculation has been sent to the Group. The Group has reviewed and orally confirmed to us that facts as stated in this valuation report and calculation are accurate in all material respects and that the Group is not aware of any material matters relevant to our engagement which have been excluded.

**CURRENCY**

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,

For and on behalf of  
**APAC Asset Valuation and Consulting Limited**  
**K.H. Cheung**  
*MRICS, RPS (GP)*  
*Associate Director*

*Note:* Mr. K.H. Cheung is a Registered Professional Surveyor in General Practice Division with over 12 years' valuation experience on properties in the PRC.

\* *for identification purpose only*

## VALUATION REPORT

## Property to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2016												
<p>Various guest rooms and ancillary facilities of a hotel building known as “Wyndham Grand Plaza Royale Hangzhou Hotel”, various serviced apartment and retail units and other ancillary facilities located at No. 555 Fengqi Road, Xiacheng District, Hangzhou, Zhejiang Province, PRC</p>	<p>The Property is located in the heart of Hangzhou and at the north-eastern shore of West Lake. The immediate locality is a traditional scenic spot. Developments in the vicinity comprise various attractions including famous scenery and shopping malls.</p> <p>According to the information provided by the Group, the Property comprises various guest rooms and ancillary facilities of a 10-storey hotel building, various serviced apartment and retail units and other ancillary facilities with a total gross floor area of 44,390.48 sq m. Details of the uses and approximate gross floor areas of the Property are listed as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate Gross Floor Area (sq m)</u></th> </tr> </thead> <tbody> <tr> <td>Hotel</td> <td style="text-align: right;">27,155.47</td> </tr> <tr> <td>Ancillary Facilities for Hotel on Basement Level 1</td> <td style="text-align: right;">3,912.10</td> </tr> <tr> <td>Serviced Apartment</td> <td style="text-align: right;">1,178.66</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>12,144.25</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>44,390.48</u></b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate Gross Floor Area (sq m)</u>	Hotel	27,155.47	Ancillary Facilities for Hotel on Basement Level 1	3,912.10	Serviced Apartment	1,178.66	Retail	<u>12,144.25</u>	<b>Total:</b>	<b><u>44,390.48</u></b>	<p>The Property is being occupied for accommodation and retail uses and is subject to two tenancies both for a term of 10 years expiring in December 2026 at an annual rent of RMB79,200,000.</p>	<p>RMB1,400,000,000</p>
<u>Use</u>	<u>Approximate Gross Floor Area (sq m)</u>														
Hotel	27,155.47														
Ancillary Facilities for Hotel on Basement Level 1	3,912.10														
Serviced Apartment	1,178.66														
Retail	<u>12,144.25</u>														
<b>Total:</b>	<b><u>44,390.48</u></b>														
	<p>The land use rights of the Property have been granted for two concurrent terms expiring on 25 June 2042 and 25 June 2052 for commercial and composite uses respectively.</p>														

## Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of various parcels of land with a total site area of 18,464.00 sq m have been granted to 杭州錦繡天地地產開發有限公司 (Hangzhou Jinxiutiandi Property Development Co., Ltd.\*) (“**Jinxiutiandi**”). Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Site Area (sq m)	Use	Expiry Date
1.	Hang Xia Guo Yong (2002) Zi No. 000132	June 2002	6,732.00	Composite	25 June 2052
2.	Hang Xia Guo Yong (2002) Zi No. 000133	June 2002	2,500.00	Commercial	25 June 2042
3.	Hang Xia Guo Yong (2003) Zi No. 000113	May 2003	6,726.00	Composite	25 June 2052
4.	Hang Xia Guo Yong (2003) Zi No. 000114	May 2003	<u>2,506.00</u>	Commercial	25 June 2042
<b>Total:</b>			<b><u>18,464.00</u></b>		

2. Pursuant to 360 Real Estate Title Certificates, various buildings with a total gross floor area of 44,390.48 sq m are vested in Jinxiutiandi. Details of the said certificates are as follows:

No.	Use	Gross Floor Area (sq m)	Use	Land Use Term Expiry Date
1.	Hotel	27,155.47	Composite	25 June 2052
2.	Serviced Apartment	1,178.66	Composite	25 June 2052
3.	Retail (Level 1)	3,231.65	Commercial	25 June 2042
4.	Retail (Level 2)	2,412.60	Commercial	25 June 2042
5.	Retail (Basement Level 1)	<u>10,412.10</u>	Commercial	25 June 2042
<b>Total:</b>			<b><u>44,390.48</u></b>	

3. Pursuant to the Auction Acknowledgement entered into between 浙江天恒拍賣有限公司 (Zhejiang Tian Heng Auction Company Limited\*) (the “**Auctioneer**”) and 杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co., Ltd.\*) (“**Hangzhou Tai Rong**”), an indirect wholly-owned subsidiary of the Company, on 19 November 2016, Hangzhou Tai Rong won a bid for the Distressed Assets at a consideration of RMB1,120,000,000. Some of the key terms of the said document are as follows:

- i. 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; and
- ii. all the auction expenses and the tax expenses arising from the acquisition shall be borne by Hangzhou Tai Rong.

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 Asset’s title to Hangzhou Tai Rong.

4. We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, *inter alia*, the following:-
- i. Hangzhou Tai Rong is the legal owner of the Property since the transaction date of the auction;
  - ii. up to 28 December 2016, Hangzhou Tai Rong had settled the transaction consideration of about RMB1,120,000,000, and therefore the settlement day is 28 December 2016. After the settlement day, the earning right of the Property is vested in Hangzhou Tai Rong;
  - iii. there are no legal impediments for Hangzhou Tai Rong to apply for the title transfer of the Property. After fully settling the transaction consideration, the Intermediate People's Court of Hangzhou City will issue a civil judgement letter to confirm that the Property is vested in Hangzhou Tai Rong and the title transfer formalities can be conducted;
  - iv. all the Land Use Rights Certificates and Real Estate Title Certificates have been obtained for the Property. After completing the procedure of title transfer, each of the property units under the aforesaid 360 Real Estate Title Certificates still has their independent Land Use Rights Certificates and Real Estate Title Certificates and they are under the protection of the PRC Property Laws; and
  - v. according to Clause 39 of the PRC Property Laws, the owner is entitled to occupy, use, earn from and dispose of their property. Therefore, after the completion of title transfer, the acquirer is entitled to occupy, use, earn from and dispose of the Property according to the PRC laws.

\* *for identification purpose only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interest of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Shares*

Name of Director	Capacity	Number of Shares	Percentage of the Company's issued share capital (approximately)
Dr. Liu Hua	Beneficial owner	50,000,000	1.04%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

**(ii) Interest of substantial shareholders**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following person (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of substantial shareholder	Capacity	Number of Shares		Percentage of the Company's issued share capital (approximately) (Note 3)
		Long position	Short position	
Tai He (Note 1)	Beneficial owner	2,655,429,222	–	55.28%
TAI Capital (Note 1)	Beneficial owner	663,951,520	–	13.82%
Mr. Chua (Note 2)	Beneficial owner interest of controlled corporations	3,766,123,286	–	78.41%
Haitong International New Energy VIII Limited	Security interest in shares	660,000,000	–	13.74%
Haitong International Securities Group Limited	Interest in controlled corporations	660,000,000	–	13.74%
Haitong International Holdings Limited	Security interest in shares	660,000,000	–	13.74%
Haitong Securities Co., Ltd.	Interest in controlled corporations	660,000,000	–	13.74%

- Notes:
- As at the Latest Practicable Date, Tai He and TAI Capital were wholly-owned by Mr. Chua. Mr. Chua was deemed to be interested in all the Shares in which Tai He and TAI Capital were interested by virtue of the SFO.
  - Pursuant to an agreement dated 5 January 2017 entered into between the Company as purchaser and Mr. Chua as vendor, a total of 446,742,544 Shares would be allotted and issued to Mr. Chua as consideration shares for the Company's acquisition of a target company from Mr. Chua, subject to approval by the independent Shareholders of the Company. Details of such transaction are disclosed in the Company's announcement dated 5 January 2017. As at the Latest Practicable Date, the allotment and issue of such Shares had not yet been completed pending approval by the independent Shareholders of the Company.
  - Calculated on the basis of 4,803,277,308 Shares in issue as at the Latest Practicable Date.

### 3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

#### (i) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective close associates was considered to have an interest in any business which competes or is likely to compete or have any other conflict of interest, either directly or indirectly, with the business of the Group.

#### (ii) Interests in contracts or arrangements

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

#### (iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other member of the Group which is not expiring or may not be terminable by the Group within one year without payment of compensation (other than statutory compensation).

### 5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by members of the Group in the two years immediately preceding the Latest Practicable Date which are or may be material.

- (i) the deed of termination dated 3 February 2015 and entered into between the Company and Vision Finance International Company Limited (“**Vision Finance**”) in respect of the placing agreement dated 14 September 2014 (as varied pursuant to a deed of variation dated 25 September 2014) entered into between the Company and Vision Finance in relation to the placing of a maximum of 150,000,000 new Shares (“**VF Placing Shares**”) together with unlisted warrants to be issued by the Company on the basis of one warrant for every three VF Placing Shares placed by or on behalf of the placing agent;
- (ii) the deed of termination dated 3 February 2015 and entered into between Mr. Song Weiping and the Company in respect of the subscription agreement dated 14 September 2014 (as varied pursuant to a deed of variation dated 25 September 2014) entered into between the Company and Mr. Song in relation to the subscription for 825,000,000 new Shares and 275,000,000 unlisted warrants to be issued by the Company on the basis of one warrant for every three new Shares;

- (iii) the conditional placing agreement dated 3 February 2015 entered into between the Company and Vision Finance in relation to the placing of a maximum of 420,000,000 new Shares at a placing price of HK\$0.56 per Share;
- (iv) the conditional subscription agreement dated 3 February 2015 entered into between the Company and Fortune Sea International Investment Company Limited in relation to the subscription for 880,000,000 new Shares at a subscription price of HK\$0.56 per Share;
- (v) the deed of termination dated 29 May 2015 entered into between the Company and Vision Finance in respect of termination of the placing agreement dated 3 February 2015;
- (vi) the conditional placing agreement dated 13 June 2015 entered into by the Company and Grand Cartel Securities Company Limited in relation to the placing of a maximum of 205,000,000 new Shares at a placing price of HK\$0.88 per Share;
- (vii) the conditional placing agreement dated 22 October 2015 entered into between the Company and Vision Finance in relation to the placing of a maximum of 200,000,000 new Shares at a placing price of HK\$0.54 per Share;
- (viii) the conditional subscription agreement dated 22 October 2015 entered into between the Company and Tai He in relation to the subscription of 1,425,000,000 new Shares at a subscription price of HK\$0.54 per Share;
- (ix) the conditional subscription agreement dated 22 October 2015 entered into between the Company and Zhu Yilong in relation to the subscription of 1,565,000,000 new Shares at a subscription price of HK\$0.54 per Share;
- (x) the termination agreement dated 11 November 2015 entered into between the Company and Vision Finance in relation to the placing agreement dated 22 October 2015;
- (xi) the termination agreement dated 11 November 2015 entered into between the Company and Tai He in relation to the termination of the subscription agreement dated 22 October 2015;
- (xii) the termination agreement dated 11 November 2015 entered into between the Company and Mr. Zhu Yilong in relation to the termination of the subscription agreement dated 22 October 2015;
- (xiii) the conditional subscription agreement dated 11 November 2015 entered into between the Company and Tai He in relation to the subscription for a total of 250,180,000 new Shares at a subscription price of HK\$0.66 per Share;
- (xiv) the agreement dated 29 December 2015 entered into between Best Future Investments Limited (a wholly-owned subsidiary of the Company) (“**Best Future**”), First Step Securities Limited and Mr. Lo Kwai Sang Dennis in relation to the proposed acquisition of Hui Kai Holdings (the “**December Acquisition**”) for a total consideration of up to HK\$170 million;
- (xv) the agreement dated 18 January 2016 entered into between Best Future, First Step Securities Limited and Mr. Lo Kwai Sang Dennis to terminate the December Acquisition;



- (xvi) the sale and purchase agreement dated 18 January 2016 entered into between Best Future, Hui Kai Holdings and Mr. Lo Kwai Sang Dennis in respect of the acquisition of Hui Kai Futures, Hui Kai Asset Management and Easy Winning at a total consideration of up to HK\$56 million;
- (xvii) the call option deed dated 18 January 2016 entered into between First Step Securities Limited, Mr. Lo Kwai Sang Dennis and Best Future in respect of the grant of the call option to Best Future at a premium of HK\$1 to purchase the entire equity interest in Hui Kai Holdings at a total consideration of not more than HK\$120 million;
- (xviii) the agreement dated 3 March 2016 entered into between the Company and Tai He in respect of an unsecured and revolving loan facility of up to HK\$1,000 million granted by Tai He to the Group;
- (xix) the agreement dated 28 April 2016 entered into between the Company and Tai He in respect of an unsecured and revolving loan facility of up to HK\$2,000 million granted by Tai He to the Group;
- (xx) the conditional subscription agreement dated 18 July 2016 entered into between the Company and Hua Lien International (Holding) Company Limited (“**Hua Lien**”) in relation to the subscription of 3,700,000,000 shares of Hua Lien at a total consideration of HK\$592 million;
- (xxi) the conditional placing agreement dated 18 July 2016 entered into between Hua Lien and AM Capital Limited in relation to the placing of 800,000,000 new shares of Hua Lien on a fully underwritten basis at a placing price of HK\$0.16 per Share;
- (xxii) the deed of amendment dated 18 July 2016 entered into between Hua Lien and COMPLANT International Sugar Industry Co., Ltd. (“**COMPLANT**”) in respect of the amendments to the two tranches of non-interest bearing convertible notes in the aggregate outstanding amount of HK\$533,700,000 issued by Hua Lien to COMPLANT;
- (xxiii) the exclusivity agreement dated 11 August 2016 entered into between Wide Flourish Investments Limited, a wholly owned subsidiary of the Company, the vendors and the vendors’ solicitors in relation to the acquisition of the London properties in Buckingham Gate, London, United Kingdom;
- (xxiv) the underwriting agreement dated 1 September 2016 and entered into among the Company, TAI Capital and Haitong International Securities Company Limited;
- (xxx) the sale and purchase agreement dated 24 September 2016 entered into among RCBG Residential (UK) Limited (an indirect wholly-owned subsidiary of the Company), Rothschild Foundation (Hanadiv) Europe, Rothschild Foundation, RCBG Residential (Jersey) Limited, MoREOF BG Residential Holdings Limited and Brockton Capital I (Tenenbaum) Limited in relation to the acquisition of the London properties in Buckingham Gate, London, United Kingdom at a total consideration of approximately GBP112,202,150 (subject to adjustments upon completion);

- (xxxix) the subscription agreement dated 28 September 2016 and entered into between the Company, Mr. Chua, Tai He, Tai Infinite Holdings Group Limited, Cheer Hope Holdings Limited, Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC – Fund ISP) and Songhua Investment Holding Limited in relation to the issue by the Company of the Notes in the total principal amount of up to US\$180,000,000, and the proposed grant of up to 279,000,000 unlisted warrants by the Company;
- (xxxix) the sale and purchase agreement dated 24 November 2016 entered into between Wide Flourish Investments Limited, a wholly-owned subsidiary of the Company, as purchaser and Leon Property Holdings Limited as vendor in relation to the sale and purchase of the entire issued share capital of Leon Property Limited and shareholder's loans owing from Leon Property Limited to Leon Property Holdings Limited at a total consideration of approximately GBP45.1 million subject to adjustments based on final completion accounts, details of which are set out in the Company's announcement dated 25 November 2016;
- (xxxix) the placing agreement dated 15 December 2016 entered into between the Company and Haitong International Securities Company Limited in relation to the placing of up to 300,000,000 new Shares at a placing price of HK\$1.2 per Share, details of which are set out in the Company's announcements dated 15 December 2016 and 2 January 2017;
- (xxxix) the subscription agreement dated 15 December 2016 entered into between Tai United Investments Limited, a wholly-owned subsidiary of the Company, as investor and Haitong Global Investment SPC III (the "**Fund Portfolio Company**"), in relation to certain investment in the non-voting redeemable shares in the segregated portfolio of the Fund Portfolio Company at a total consideration of US\$50,000,000, details of which are set out in the Company's announcement dated 15 December 2016;
- (xxxix) the agreement dated 5 January 2017 entered into between the Company and Mr. Chua Hwa Por in relation to the Company's acquisition of the entire issued share capital of Tai Infinite Holdings Group Limited and certain debts owing by Tai Infinite Holdings Group Limited to Mr. Chua Hwa Por at a total consideration of HK\$536,091,054, details of which are set out in the Company's announcement dated 5 January 2017; and
- (xxxix) the Auction Acknowledgement.

## 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**7. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion contained in this circular:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Certified Public Accountants
APAC Asset Valuation and Consulting Limited	Chartered Surveyors

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or opinion (as the case may be) and reference to its name in the form and context in which it appears.

As at the Latest Practicable date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been, since 31 March 2016, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Group.

**8. GENERAL**

- (i) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its head office and principal place of business in Hong Kong is Suite 1206-1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (ii) The branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) The company secretary of the Company is Mr. Cheng Sik Kong, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (iv) The English text of this circular shall prevail over the Chinese translation in the case of inconsistency.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Suite 1206-1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong; and (ii) on the website of the Company (<http://www.irasia.com/listco/hk/taiunited/index.htm>) during the period from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Group for the three years ended 31 March 2014, 31 March 2015 and 31 March 2016;
- (iii) the assurance report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu the text of which is set out in Appendix III to this circular;
- (iv) the valuation report on the Distressed Assets issued by the Independent Valuer, the text of which is set out in Appendix IV to this circular;
- (v) the material contracts referred to under the paragraph headed "5. Material Contracts" in this appendix;
- (vi) the written consent referred to in the paragraph headed "7. Qualification and Consent of Expert" in this appendix;
- (vii) the circular of the Company dated 18 October 2016; and
- (viii) this circular.