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If you have sold or transferred all your shares in Tai United Holdings Limited (“**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchasers or transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchasers or transferees.

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**DISCLOSEABLE AND CONNECTED TRANSACTION:
ACQUISITION OF THE TARGET AND ISSUE OF CONSIDERATION
SHARES PURSUANT TO SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



The letter from the Board is set out on pages 4 to 11 of this circular and the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 12 of this circular. The letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 26 of this circular.

A notice convening the special general meeting of the Company to be held at 11:00 a.m. on Monday, 27 February 2017 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

10 February 2017

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Sale Debts
“Agreement”	the agreement dated 5 January 2017 entered into between the Company and the Vendor in relation to the Acquisition
“Announcement”	the announcement of the Company dated 5 January 2017 in relation to the Agreement and the Acquisition
“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code: 718)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	a day within 10 Business Days after the last outstanding condition precedent under the Agreement (other than the conditions precedent(s) which is/are only capable of being fulfilled at Completion) shall have been fulfilled or waived (or such other date as the parties thereto may agree in writing) on which Completion is to take place
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Company for the Sale Share and the Sale Debts under the Agreement
“Consideration Shares”	means 446,742,544 Shares to be allotted and issued, credited as fully paid, by the Company to the Vendor pursuant to the Agreement upon Completion
“Director(s)”	the director(s) of the Company
“Excel Fine”	Excel Fine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Target
“Group”	the Company and its subsidiaries

DEFINITIONS

“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
“Latest Practicable Date”	7 February 2017, being the last practicable date prior to the printing of this circular for the purpose of ascertaining information for inclusion in this circular
“Independent Board Committee”	an independent committee of the Board (which comprises all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	those Shareholders who do not have any material interest in the Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2017 (or such later date as the Vendor and the Company may agree in writing)
“Property”	the property located at 79th Floor, The Center, 99 Queen’s Road Central, Hong Kong
“Sale Debts”	an amount as equals the face value of the entire sum owing by the Company to the Vendor as at the Completion, and as at the date of the Agreement, such sum amounts to approximately HK\$493.3 million
“Sale Share”	one issued share of par value of US\$1.00 in, representing 100% of the issued share capital of, the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	a special general meeting of the Company convened to be held at 11:00 a.m. on Monday, 27 February 2017 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong for the purpose of considering and, if thought fit, approving the Acquisition and the grant of the Specific Mandate to allot and issue the Consideration Shares
“Share(s)”	shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Tai Infinite Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target and its subsidiary, Excel Fine
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Mr. Chua Hwa Por, an executive Director and chairman of the Board with effect from 1 February 2017

LETTER FROM THE BOARD



Executive Directors:

Mr. Chua Hwa Por (*Chairman*)
Dr. Meng Zhaoyi (*Chief Executive Officer*)
Mr. Xu Ke
Mr. Ye Fei
Dr. Liu Hua
Mr. Chen Weisong
Mr. Wang Qiang

Independent non-executive Directors:

Mr. Mao Kangfu
Dr. Gao Bin
Ms. Liu Yan
Mr. Tang King Shing

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

10 February 2017

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement in which the Company announced that after trading hours on 5 January 2017, the Company and the Vendor entered into the Agreement in relation to the Acquisition, the Consideration of which shall be satisfied by the allotment and issue, credited as fully paid, of the Consideration Shares to the Vendor (or its nominee) at Completion.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

The purpose of this circular is to give you, among other matters, (i) further details of the Agreement and the transactions contemplated thereunder and other information relating to the Group and the Target Group as required to be disclosed under the Listing Rules; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date

5 January 2017

Parties

Purchaser : The Company.

Vendor : Mr. Chua Hwa Por, an individual, who will effect from 1 February 2017, has been appointed as an executive Director and the chairman of the Board. The Vendor, together with companies controlled by him, effectively owns 71.26% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Assets to be acquired

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

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

Consideration

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

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

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

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

LETTER FROM THE BOARD

- (3) a discount of approximately 28.14% over the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The issue price was arrived at on arm's length negotiations between the Company and the Vendor taking into account the then prevailing trading prices of the Shares, of average closing prices of HK\$1.207 and HK\$1.1625 per Share respectively as quoted on the Stock Exchange for the last 10 and 20 trading days respectively immediately prior to the date of the Agreement; the financial condition of the Group and then current market condition, with reference to (i) the net asset value per Share of approximately HK\$0.501 as at 30 September 2016 based on the unaudited net asset value of the Group as at 30 September 2016; (ii) the placing price of HK\$1.20 of the placing of the Company under general mandate as disclosed in the announcement of the Company dated 15 December 2016 which was completed on 2 January 2017; and (iii) the subscription price of HK\$1.00 of the rights issue of the Company on the basis of 2 rights share for every one then existing Share, further particulars of which were set out in the prospectus of the Company dated 24 October 2016 which was completed on 17 November 2016. In light of the above, the Directors consider that the issue price is fair and reasonable and in the interests of the Shareholders and the Company as a whole.

The Board considers that the issuance of the Consideration Shares as the consideration for the Acquisition instead of cash would not require cash outflow from the Company and hence strain the Company's working capital, which allows the Group to maintain a more steady working capital level and more well positioned to pursuing or financing the Company's other business, acquisition and funding projects.

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

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

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company on normal commercial terms principally with reference to, among others, (i) the valuation of the Property of approximately HK\$550 million as at 31 December 2016 conducted by an independent professional valuer; (ii) the net assets value of the Target Group as at 31 December 2016 of approximately HK\$42.8 million; and (iii) the amount of the Sale Debts of approximately HK\$493.3 million.

Conditions precedent

Completion shall be conditional upon the following conditions precedent:

- (1) the Shareholders (to the extent that they are not required from abstaining from voting) having approved the necessary resolution regarding the transactions contemplated under this Agreement at the SGM in accordance with the Listing Rules;
- (2) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (3) the compliance with the applicable requirements under the Listing Rules by the Company;

LETTER FROM THE BOARD

- (4) the Company being reasonably satisfied with the results of the due diligence exercise (on legal, accounting, financial and operational) on the Target Group and its assets, the Property, liabilities, activities and operations, which the Company, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (5) the Company having obtained a report from an independent property valuer confirming the value of the Property as at 31 December 2016 or a later date being not less than HK\$550 million;
- (6) the representations, warranties and undertakings given by the Vendor to the Company the remaining true and accurate in all material respects and not misleading in any material respect; and
- (7) (if applicable) all such waivers, consents or other documents as the Company may require in relation to the completion of the transactions contemplated under the Agreement.

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

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

As at the Latest Practicable Date, save for the condition precedent referred to in paragraph (5) above, none of the above conditions precedent has been fulfilled.

Completion

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

INFORMATION ON THE TARGET

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

LETTER FROM THE BOARD

The Target owns the entire issued share capital of Excel Fine, a company incorporated in the British Virgin Islands with limited liability and registered as a non-Hong Kong company under the predecessor Companies Ordinance. The principal business of Excel Fine is investment holding and the principal asset of Excel Fine (and the Target Group) is the Property, the entire top (79th) floor of The Center, a high rise office tower in Central and the fifth tallest skyscraper in Hong Kong. The original consideration for acquisition of Excel Fine (of which the principal asset was the Property) paid by the Target was approximately HK\$490,000,000.

As at the date of the Agreement, a portion of the Property was leased to and occupied as offices by third parties independent of the Company and the connected persons of the Company and the remaining portion of the Property was unoccupied. The aggregate monthly rental under the terms of the then subsisting tenancy agreements amounted to approximately HK\$490,000 (exclusive of management fee, government rates and other outgoings and not taking into account the rent-free period under one of such tenancy agreements). As at the Latest Practicable Date, Excel Fine has negotiated for an early termination of all the existing leases with the existing tenants.

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

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

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

Upon Completion, the Target will become wholly owned by the Company and each member of the Target Group will become a wholly owned subsidiary of the Company. The Group intends to use the entire Property as its head office and as at the Latest Practicable Date, Excel Fine has negotiated for an early termination of all the existing leases with the existing tenants.

INFORMATION ON THE GROUP

The Group is 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.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

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

CHANGES IN SHAREHOLDING STRUCTURE

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

Shareholders	Immediately before Completion		Immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor and his associates				
The Vendor (or its nominee)	–	–	446,742,544	8.51
Associates of the Vendor (Note 1)	<u>3,422,865,742</u>	<u>71.26</u>	<u>3,422,865,742</u>	<u>65.20</u>
Subtotal	3,422,865,742	71.26	3,869,608,286	73.71
Dr. Liu Hua (Note 2)	50,000,000	1.04	50,000,000	0.95
Mr. Sang Kangqiao (Note 3)	1,080,000	0.02	1,080,000	0.02
Public Shareholders	<u>1,329,331,566</u>	<u>27.68</u>	<u>1,329,331,566</u>	<u>25.32</u>
Total	<u><u>4,803,277,308</u></u>	<u><u>100.00</u></u>	<u><u>5,250,019,852</u></u>	<u><u>100.00</u></u>

Notes:

- Of these Shares, 2,655,429,222 Shares are held by Tai He Financial Group Limited and 767,436,520 Shares are held by TAI Capital LLC, each of which is a company wholly owned by the Vendor.
- Dr. Liu Hua is an executive Director.
- Mr. Sang Kangqiao is the legal representative and director of a PRC subsidiary of the Company.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

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

In view of the fact that the Vendor, Mr. Chua Hwa Por, is a controlling shareholder of the Company effectively controlling 71.26% of the issued share capital of the Company as at the Latest Practicable Date, the Vendor is a connected person of the Company and accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25% and the Consideration is more than HK\$10,000,000, the Acquisition, including the grant of the Specific Mandate, is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

SGM

The SGM will be held at 11:00 a.m. on Monday, 27 February 2017 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong for the Shareholders to consider and, if thought fit, approving the Acquisition and the grant of the Specific Mandate to allot and issue the Consideration Shares. In compliance with the Listing Rules, the resolution will be voted on by way of a poll at the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Vendor and his respective associates, which together holds 3,422,865,742 Shares as at the Latest Practicable Date, are required to abstain from voting on the resolution to be proposed at the SGM, no Shareholder had a material interest in the Acquisition and no other Shareholder would be required to abstain from voting at the SGM in respect of the resolution relating to the Acquisition.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

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

The Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) believe that the terms of the Agreement and the Acquisition, including the grant of the Specific Mandate, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution to approve the Agreement and the transactions contemplated thereunder at the SGM.

Shareholders are advised to read carefully the letter from the Independent Board Committee on page 12 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 13 to 26 of this circular, considers that the terms of the Agreement and the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate are fair and reasonable insofar as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Agreement and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

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

On behalf of the Board
Tai United Holdings Limited
Meng Zhaoyi
Chief executive officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Agreement and the Acquisition.



10 February 2017

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 10 February 2017 (“**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Agreement and the Acquisition, including the grant of the Specific Mandate, are fair and reasonable insofar as the Independent Shareholders are concerned. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 13 to 26 of the Circular, we are of the opinion that the Agreement and the Acquisition, including the grant of the Specific Mandate, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Mao Kangfu
*Independent
non-executive Director*

Dr. Gao Bin
*Independent
non-executive Director*

Ms. Liu Yan
*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in the Circular.



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

10 February 2017

To: *The independent board committee and the independent shareholders of
Tai United Holdings Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 10 February 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

The Board announced on 5 January 2017 that on even date after trading hours, the Company and the Vendor entered into the Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target; and (ii) the Sale Debts, representing the entire shareholder’s loan owing by the Target to the Vendor, at the Consideration of HK\$536,091,054. The Consideration shall be satisfied by the allotment and issue, credited as fully paid, of 446,742,544 Consideration Shares at the issue price of HK\$1.20 per Consideration Share (the “**Issue Price**”) to the Vendor (or its nominee) at Completion. The Consideration Shares will be issued under the Specific Mandate.

According to the Letter from the Board, the Acquisition contemplated under the Agreement constitutes a discloseable and connected transaction for the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders’ approval requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Acquisition at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Acquisition, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the SGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, the Vendor, the Target Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not conducted any independent evaluation or appraisal of the Target Group and/or the Property, and we have not been furnished with any such evaluation or appraisal save for the valuation report of the Property (the “**Valuation Report**”) prepared by APAC Asset Valuation and Consulting Limited, an independent professional valuer (the “**Valuer**”). Since we are not experts in the valuation of assets, land and properties, we have relied solely upon the Valuation Report for the market value of the Property as at 31 December 2016 (the “**Valuation**”).

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Information on the Group

The Group is 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.

Set out below is the consolidated financial information of the Group for the six months ended 30 September 2016 and the two years ended 31 March 2016 and 2015 as extracted from the interim report of the Company for the six months ended 30 September 2016 (the “**2016 Interim Report**”) and the annual report of the Company for the financial year ended 31 March 2016 (the “**2015/16 Annual Report**”), respectively:

	For the six months ended 30 September 2016 (unaudited) HK\$'000	For the financial year ended 31 March 2016 (audited) HK\$'000	For the financial year ended 31 March 2015 (audited) HK\$'000
Revenue	2,617,112	1,121,247	7,632
Loss for the period/year	(109,016)	(116,074)	(58,267)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 September 2016 (unaudited) <i>HK\$'000</i>	As at 31 March 2016 (audited) <i>HK\$'000</i>	As at 31 March 2015 (audited) <i>HK\$'000</i>
Bank balances and cash/ Cash and cash equivalents	2,277,473	522,631	97,361
Net asset value	751,316	857,910	625,813

As depicted by the table above, the Group recorded minimal revenue of approximately HK\$7.6 million for the financial year ended 31 March 2015. During the 2015/16 financial year, the Group introduced Tai He Financial Group Limited as its controlling shareholder (as defined under the Listing Rules). As advised by the Directors, the introduction of new Shareholder has brought new development ideas and opportunities to the Group. Besides the medical equipment trading business which were the then principal business of the Group, the Group took steps to diversify into different new business segments. In late 2015, the Group commenced the commodities trading business. Subsequently in early 2016, the Group further penetrated into the securities trading, distressed assets investment and management and provision of financial services businesses.

As disclosed in the Business Update announcement dated 26 October 2016 of the Company, in view of the promising prospects of the property market in the United Kingdom, the Group also intends to develop the real estate business by establishing a portfolio of quality commercial and residential properties located in the major cities of the United Kingdom and other countries. A few acquisitions for property projects in the United Kingdom have been carried out by the Group thereafter.

For the six months ended 30 September 2016, the Group recorded revenue of approximately HK\$2,617.1 million, which is more than double than that of the full 2015/16 financial year. As referred to in the 2016 Interim Report, such drastic expansion in revenue was mainly due to the fact that the Group has started a series of new businesses since late 2015. The Directors consider that the diversification into new businesses has further strengthened the business base and enriched the business model of the Group. Moreover, they believe that although the overall result is negative in the first half of 2016, the reorganised business structure will be advantageous to the Group's future business development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on the Target

As extracted from the Letter from the Board, the Target is a company incorporated in the Cayman Islands with limited liability on 4 February 2016, the principal business of which is investment holding. The Target owns the entire issued share capital of Excel Fine, a company incorporated in the British Virgin Islands with limited liability and registered as a non-Hong Kong company under the predecessor Companies Ordinance.

As extracted from the Letter from the Board, the original consideration for acquisition of Excel Fine paid by the Target was approximately HK\$490,000,000.

The principal business of Excel Fine is investment holding and the principal asset of Excel Fine (and the Target Group) is the Property, being the entire top (79th) floor of The Center, a high rise office tower in Central and the fifth tallest skyscraper in Hong Kong. As represented by the Directors, the gross floor area of the Property is approximately 13,213 square feet. As at the date of the Agreement, a portion of the Property was leased to and occupied as offices by third parties independent of the Company and the connected persons of the Company while the remaining portion of the Property was unoccupied. The Company has negotiated for an early termination of the existing lease(s) with the existing tenant(s).

The unaudited consolidated total assets and net assets of the Target Group as at 31 December 2016 were approximately HK\$554.7 million and HK\$42.8 million respectively. For the year ended 31 March 2016, the net profit before and after taxation and extraordinary items of Excel Fine were approximately HK\$6.5 million and HK\$6.5 million respectively. For the period from 4 February 2016 (date of incorporation of the Target) to 31 December 2016, the unaudited consolidated net profit before and after taxation of the Target Group were approximately HK\$42.8 million and HK\$42.8 million respectively, which mainly comprised an unrealised gain on revaluation assets of approximately HK\$60 million.

Information on The Center and overview of the commercial property market in Hong Kong

Based on our independent research, The Center is a 79-storey skyscraper, the fifth tallest office building in Hong Kong. The building completed construction in 1998 and has 26,000 square feet of office floor plates. It is a Grade A office building located in Central, the prime business district in Hong Kong, and is close proximity to a diverse range of amenities and transportation network such as Mass Transit Railway, taxi ranks and bus stops. There is also an elevated walkway system connecting The Center with major government departments, financial institutions and the Airport Express Hong Kong Station.

In accordance with the “Private Offices – Rental and Price Indices for Grade A Offices in Core Districts” published in January 2017 by the Rating and Valuation Department of the Hong Kong Government, as revealed by the jump of the quarterly rental indices from 127.0 in the first quarter of 2006 to a provisional record high of 298.3 in the third quarter of 2016, the rental value of Sheung Wan/Central district has experienced a gradual upward movement over the past decade.

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In addition, in accordance with the “Private Offices – Average Rents by Grade and District” published in January 2017 by the Rating and Valuation Department of the Hong Kong Government, the average rents per square meter per month of Grade A private offices in Central and Sheung Wan sub-districts remain the top two among core districts as compared with sub-districts such as Wan Chai/Causeway Bay, Hong Kong East and Central Kowloon. The quarterly average rents of Central sub-district stood steadily above HK\$1,100 per square meter per month during the first three quarters of 2016 (provisional figures for the second and third quarters of 2016). Commencing from the first quarter of 2014 at HK\$991, a solid over 10% increase has been recorded during the past three-year period. A similar upward tendency with even more promising indication was observed in Sheung Wan sub-district. The provisional quarterly average rents for the first time reached the HK\$1,000 level in the second quarter of 2016, which represented an approximate 40% increase over the past three-year period since the first quarter of 2014 at HK\$719.

Such sturdy level rental values in Central and Sheung Wan sub-districts are sustained by the persistent low vacancy rates of Grade A private offices. In accordance with the “Colliers Quarterly – Hong Kong Office Q3 2016” published by Colliers International, a renowned global real estate company, on 18 October 2016, the vacancy rate of Grade A offices in Central/Admiralty submarket remained low at approximately 2.4% in the third quarter of 2016, which is approximately 0.9 percentage point lower than the overall market average of approximately 3.3%. In consideration that the supply of Grade A private offices in Central/Admiralty submarket will remain tight in the coming years, combined with the impact of persistent demand from the mainland Chinese companies as the major driving force, the rental market in the district is expected to remain conservatively optimistic.

The Valuation

The Company has engaged the Valuer to assess the latest market value of the Property. With reference to the Valuation Report, the market value of the Property was approximately HK\$550 million as at 31 December 2016. We have reviewed the Valuation Report and discussed with the Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation. In the course of our discussion with the Valuer, we noted that the Valuer carried out a site visit to the Property in January 2017 and inspected the Property. The Valuer has adopted the market approach as the principal valuation methodology. As confirmed by the Valuer, this approach is universally considered as an accepted valuation approach for valuing most forms of real estate and is consistent with normal market practice. We have reviewed the comparable sales transactions adopted by the Valuer and discussed with the Valuer regarding the reasons for adoption of those comparables and the calculations to arrive at the Valuation. We concur with the Valuer that the comparables are similar to the Property in terms of location, usage and grading. Furthermore, we have reviewed the existing tenancy agreements regarding the Property. For our due diligence purpose, we have also enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer’s qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with it, we are satisfied with the terms of engagement of the Valuer as well as its qualification and experience for preparation of the Valuation Report. The Valuer has further confirmed that it is independent to the Group, the Vendor and the Target Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details of the basis and assumptions of the Valuation are included in the Valuation Report as contained in Appendix I to the Circular. During our discussion with the Valuer regarding the basis and assumptions of the Valuation, we have not found any material facts which may lead us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for or the information used in the Valuation. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation may or may not reflect the true market value of the Property as at 31 December 2016 accurately.

Reasons for the Acquisition

As aforementioned, the principal asset of the Target Group is the Property, which is located in The Center, a Grade A office high rise building in Central, the prime business district in Hong Kong and is accessible by excellent transportation network including access to nearby Mass Transit Railway stations. We understand from the Directors that the Group intends to hold the entire Property for self-use as the head office of the Group and investment purposes, and has negotiated for an early termination of the existing lease(s) with the existing tenant(s). The Directors are therefore of the view that the acquisition of the Property under the Acquisition could (i) allow the Group to obtain a more long-term premise for self-use as its head office and thereby helping to protect the Group from being subject to future rental fluctuations in Hong Kong; and (ii) at the same time provide capital appreciation potential to the Group which is in line with the property investment business of the Group.

Having considered the promising outlook of the commercial property market and the rising rentals of office premises in prime locations in Hong Kong as presented under the sub-section headed “Information on The Center and overview of the commercial property market in Hong Kong” in this letter of advice, we concur with the Directors that the acquisition of the Property, which will be used as the Group’s head office and for investment purposes, under the Acquisition could help to protect the Group from being subject to future rental fluctuations in Hong Kong and at the same time provide capital appreciation potential to the Group. We also concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Agreement

After trading hours on 5 January 2017, the Company and the Vendor entered into the Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target; and (ii) the Sale Debts, representing the entire shareholder’s loan owing by the Target to the Vendor, at the Consideration of HK\$536,091,054. The Consideration shall be satisfied by the allotment and issue, credited as fully paid, of 446,742,544 Consideration Shares at the Issue Price of HK\$1.20 to the Vendor (or its nominee) at Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Consideration

As confirmed by the Directors, the Consideration was arrived at after arm's length negotiations between the Vendor and the Company on normal commercial terms principally with reference to, amongst others, the Valuation, the net assets of the Target Group as at 31 December 2016 and the amount of the Sale Debts.

As regards to the Valuation, we have concluded under the sub-section headed "The Valuation" in this letter of advice that we consider the Valuation to be fairly and reasonably estimated by the Valuer.

On the other hand, as at the date of the Agreement, the Sale Debts amounted to approximately HK\$493.3 million. Given that the Sale Debts are settled on a dollar to dollar basis based on their face value, the Consideration for the Sale Share is approximately HK\$42.8 million, which is roughly equivalent to the unaudited consolidated net assets of the Target Group as at 31 December 2016.

With the aforesaid being the case, we are of the opinion that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

The Consideration Shares and the Issue Price

As advised by the Directors, the Board considers that the issue of the Consideration Shares to settle the Consideration instead of cash would not require cash outflow from the Company and thus would allow the Group to maintain a steadier working capital level and be better positioned to pursue or finance its other business, acquisition and funding projects. In light of the reasons just mentioned together with the fact that the issue of the Consideration Shares as being demonstrated under the section headed "Dilution of the shareholding interests of the public Shareholders" in this letter of advice would not create material dilution to the shareholding interests of the existing public Shareholders, we concur with the directors that the issue of the Consideration Shares is justifiable.

The 446,742,544 Consideration Shares represent (i) approximately 9.30% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion). The Consideration Shares will be issued under the Specific Mandate to be granted to the Directors by the Shareholders at the SGM.

The Issue Price of HK\$1.20 per Consideration Share represents:

- (i) a discount of approximately 28.14% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 14.89% to the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 5 January 2017, being the date of the Agreement (the "**Agreement Date**");

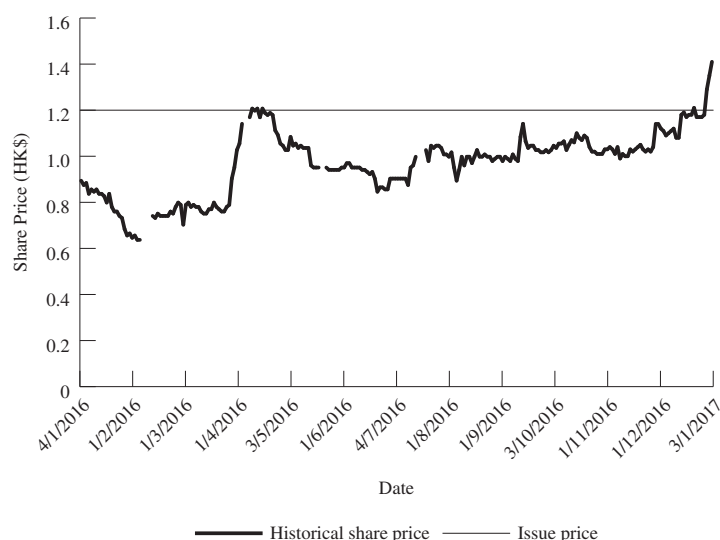
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) a discount of approximately 2.60% to the closing price of HK\$1.232 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the Agreement Date;
- (iv) a discount of approximately 0.58% to the closing price of HK\$1.207 per Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares immediately prior to the Agreement Date; and
- (v) a premium of approximately 139.75% over the unaudited consolidated net assets per Share of approximately HK\$0.501 as at 30 September 2016 (based on the unaudited consolidated net assets of the Group of approximately HK\$751.3 million as at 30 September 2016 and 1,501,093,000 Shares in issue as at 30 September 2016).

To evaluate the fairness and reasonableness of the Issue Price, we have studied the historical movement of the Share price and performed a comparable transactions analysis:

Historical movement of the Share price

Set out below is a chart showing the daily closing prices of the Shares on the Stock Exchange in the whole of 2016 and up to the Agreement Date (the “**Review Period**”):



Source: the Stock Exchange web-site (www.hkex.com.hk)

Note:

Trading in the Shares was suspended from (i) 5 February 2016 to 15 February 2016 (both dates inclusive); (ii) 11 April 2016 and 12 April 2016; (iii) 24 May 2016 and 25 May 2016; and (iv) 19 July 2016 to 21 July 2016 (both dates inclusive).

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As illustrated in the chart above, the Issue Price was above the closing prices of the Shares during the entire Review Period, except for seven trading days (14 April 2016, 18 April 2016 and 20 April 2016 – Share price: HK\$1.207; 22 December 2016 – Share price: HK\$1.21; 3 January 2016 to 5 January 2016 – Share price being in the range of HK\$1.29 per Share to HK\$1.41 per Share). The Share prices ranged from HK\$0.637 per Share to HK\$1.41 per Share, with an average of HK\$0.970 per Share. Thus, the Issue Price represents significant premiums of approximately 88.4% and 23.7% over the lowest and average closing prices of the Shares on the Stock Exchange during the Review Period, respectively.

Comparable transactions analysis

To perform the comparable transactions analysis, we have identified, to the best of our knowledge and as far as we are aware of, eight connected transactions by companies listed on the Stock Exchange which involved the issue of shares from 1 October 2016 to the Agreement Date (the “**Issue Price Comparables**”). The table below summarises our relevant findings:

Company name	Stock code	Date of announcement	Premium/ (Discount) of the issue price over/to the closing price of the shares as at the last trading day prior to/on the date of the relevant announcement (%)	Premium/ (Discount) of the issue price over/to the average of the closing price of the shares for last ten trading days prior to/including the date of the relevant announcement (%)
Midland IC&I Limited	459	10 January 2017	(4.20)	(2.10)
U-Home Group Holdings Limited	2327	20 December 2016	(10.30)	(10.50)
Symphony Holdings Limited	1223	13 December 2016	12.68	12.68
China Agri-products Exchange Limited	149	4 December 2016	5.47	4.65
China Tianrui Group Cement Company Limited	1252	25 November 2016	0	0
Purapharm Corporation Limited	1498	9 November 2016	11.66	13.35
Prosperity International Holdings (H.K.) Limited	803	26 October 2016	5.63	11.52
Sparkle Roll Group Limited	970	20 October 2016	(40.79)	(33.53)
The Company			(14.89)	(0.58)

Source: the Stock Exchange web-site (www.hkex.com.hk)

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We noted from the table above that the issue price of the consideration shares of the Issue Price Comparables ranged from a discount of approximately 40.79% to a premium of approximately 12.68% to/over the respective closing price of their shares as at the last trading day prior to/on the date of the relevant announcement. Out of the eight Issue Price Comparables, the issue price of three of them represented discounts to the closing price of their shares as at the last trading day prior to/on the date of the relevant announcement. The Issue Price, which represents a discount of approximately 14.89% to the closing price of the Shares as at the Agreement Date, hence falls within the said market range.

In addition, we noted that the issue price of the consideration shares of the Issue Price Comparables ranged from a discount of approximately 33.53% to a premium of approximately 13.35% to/over the respective average 10-day closing price of their shares prior to/including the date of the relevant announcement. Out of the eight Issue Price Comparables, the issue price of three of them represented discounts to the average 10-day closing price of their shares prior to/including the date of the relevant announcement. The Issue Price, which represents a discount of approximately 0.58% to the average closing price of the Shares for the last ten consecutive trading days prior to the Agreement Date, hence also falls within the said market range.

Taking into account (i) that the Issue Price is above the closing prices of the Shares on the Stock Exchange for the entire Review Period except for seven trading days only; and (ii) the results of the comparable transactions analysis above, we are of the view that the Issue Price is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

3. Dilution of the shareholding interests of the public Shareholders

As at the Latest Practicable Date, there were 4,803,277,308 Shares in issue. Upon Completion, a total of 446,742,544 Consideration Shares will be issued, representing (i) approximately 9.30% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below demonstrates the shareholding structure of the Company (i) as at Latest Practicable Date; and (ii) immediately after the issue of the Consideration Shares:

Shareholders	As at the Latest Practicable Date		Immediately after the issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor and his associates				
The Vendor (or his nominee)	–	–	446,742,544	8.51
Associates of the Vendor (Note 1)	<u>3,422,865,742</u>	<u>71.26</u>	<u>3,422,865,742</u>	<u>65.20</u>
Sub-total	3,422,865,742	71.26	3,869,608,286	73.71
Dr. Liu Hua (Note 2)	50,000,000	1.04	50,000,000	0.95
Mr. Sang Kangqiao (Note 3)	1,080,000	0.02	1,080,000	0.02
Public Shareholders	<u>1,329,331,566</u>	<u>27.68</u>	<u>1,329,331,566</u>	<u>25.32</u>
Total	<u>4,803,277,308</u>	<u>100</u>	<u>5,250,019,852</u>	<u>100</u>

Notes:

- (1) Of these Shares, 2,655,429,222 Shares are held by Tai He Financial Group Limited and 767,436,520 Shares are held by TAI Capital LLC, each of which is a company wholly owned by the Vendor.
- (2) Dr. Liu Hua is an executive Director.
- (3) Mr. Sang Kangqiao is the legal representative and director of a PRC subsidiary of the Company.

As shown by the table above, the shareholding interests of the public Shareholders will be reduced from approximately 27.68% to 25.32% immediately after the issue of the Consideration Shares, representing a minimal dilution of approximately 2.36 percentage point.

Notwithstanding that the shareholding interests of the public Shareholders will be diluted as a result of the issue of the Consideration Shares, as balanced by that (i) the Acquisition is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) the shareholding interests of the public Shareholders will be diluted in proportion to their respective shareholdings in the Company; and (iv) settling the Consideration by the issue of the Consideration Shares would avoid cash outlay from the Group, we consider the aforementioned minimal dilution to the shareholding interests of the public Shareholders to be acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Possible financial effects of the Acquisition

As stated in the Letter from the Board, upon Completion, the Target will be wholly owned by the Company and each member of the Target Group will become a wholly-owned subsidiary of the Company. Hence, the accounts of the Target Group will be fully consolidated into the financial statements of the Company upon Completion.

Effect on net asset value

Based on the 2016 Interim Report, the Group's unaudited consolidated net assets were approximately HK\$751.3 million as at 30 September 2016. The Directors advised us that attributable to the consolidation of the consolidated net assets of the Target Group as well as the issue of the Consideration Shares, it is expected that the net asset value of the Group would be enlarged upon Completion.

Effect on earnings

The Directors expected that the Acquisition, the completion of which will allow the Group to save future rental expenses, is likely to enhance the future earnings of the Group.

Effect on gearing and liquidity

Based on the 2016 Interim Report, the gearing level (calculated as net debt divided by total equity plus net debt) and bank balances and cash of the Group were approximately 0.64 times and HK\$2,277.5 million respectively as at 30 September 2016. As the entire Consideration will be settled by the issue of the Consideration Shares without involving any debt borrowings or cash outflow, the Directors are of the view that the Acquisition would relieve the gearing position of the Group whilst its liquidity position would not be materially affected.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Director

The following is the text of a 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 December 2016 of the Property.

**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
Suite 1206-1209, 12th Floor
Three Pacific Place
1 Queen's Road East
Hong Kong

10 February 2017

Dear Sirs,

**RE: 79TH FLOOR, THE CENTER, NO. 99 QUEEN'S ROAD CENTRAL, HONG KONG
(THE "PROPERTY")**

In accordance with the instructions from Tai United Holdings Limited (the "Company") for us to value the Property situated in Hong Kong, 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 December 2016 (the "valuation date") for the purpose of incorporation into the circular issued by the Company.

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 Company 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 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 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 outgoing of an onerous nature which could affect its value.

VALUATION METHODOLOGY

In undertaking our valuation for the Property, we have made reference to the comparable sales evidences as available on the relevant market and, where appropriate, valued the Property on the basis of capitalization of the net income(s) as shown on the tenancy agreement(s) handed to us by the Company with due allowance for the reversionary income potential of the Property.

TITLE AND ASSUMPTIONS

We have not been provided with any title documents relating to the Property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify the ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers. As advised by the Company, there are no investigations, notices, pending litigation, breaches of law or title defects against the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, 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 Company, which is material to our valuation. We were also advised by the Company 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. K.H. Cheung in January 2017. We have inspected the exterior 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 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 have been sent to the Company. The Company 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 Company 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 Hong Kong Dollars (HK\$).

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 Hong Kong.

VALUATION REPORT

Property intended to be held for owner occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
79th Floor, The Center, No. 99 Queen's Road Central, Hong Kong 953/172,379th shares of and in Inland Lot No. 8827	<p>The Center (the "Development") is situated on the northeastern side of Queen's Road Central and southwestern side of Des Voeux Road Central in Central District of Hong Kong. The immediately locality is a traditional commercial area. Developments in the vicinity mainly comprise office buildings of different ages and heights.</p> <p>The Development is a high-rise office building with shops on entrance hall floor and car parking facilities in basement and was completed in 1998.</p> <p>The Property comprises an office floor of the Development. As advised by the Company, the gross area of the Property is approximately 13,213 sq.ft.</p> <p>The Property is held under Conditions of Exchange No. 12379 for a term commencing on 24 November 1995 and expiring on 30 June 2047 at an annual government rent of 3% of its rateable value for the time being of the lot.</p>	As advised by the Company, as at the valuation date, Suite 7901 was vacant whilst Suite 7902 was subject to a tenancy due to expire on 14 January 2017 and this unit was under its rent-free period from 15 November 2016 to 14 January 2017. Suite 7903 was originally under a tenancy due to expire on 15 March 2018 and this unit was subject to an early termination agreement and will be expired on 28 February 2017. During the period between January and February of 2017, the tenant of this unit is not liable for any rent but has to pay the relevant management fee, air-conditioning charges, government rent and rates.	HK\$550,000,000

Notes:

1. The registered owner of the Property is Excel Fine Holdings Limited.
2. The Property is subject to the following encumbrances: -
 - i. Deed of Mutual Covenant and Management Agreement dated 12 October 1998 in favour of Citybase Property Management Limited vide Memorial No. UB7603348;
 - ii. Sub-deed of Mutual Covenant (Supplementary to Memorial No. 7603348) dated 29 September 2003 vide Memorial No. 9024549; and
 - iii. Mortgage dated 28 September 2016 in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 16092901560019.
3. The Property currently lies within an area zoned "Commercial" under Draft Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/30.

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 Company. 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. DIRECTORS' INTERESTS

- (1) 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 and debentures of the Company and associated corporations (within the meaning of Part XV of the SFO) which were 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 taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Position in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest
Mr. Chua Hwa Por (Note 1)	Interest of controlled corporation	3,422,865,742	71.26%
	Beneficial owner	446,742,544	9.30%
Dr. Liu Hua (Note 2)	Beneficial owner	50,000,000	1.04%

Notes:

- Mr. Chua Hua Por was appointed as an executive Director and the chairman of the Board with effect from 1 February 2017. Of these Shares, 2,655,429,222 Shares are held by Tai He Financial Group Limited and 767,436,520 Shares are held by TAI Capital LLC, each of which is a company wholly owned by Mr. Chua Hua Por.
 - Dr. Liu Hua is an executive Director.
- (2) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

- (3) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been, since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (4) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the Shares

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
Tai He Financial Group Limited (<i>Note 1</i>)	Beneficial owner	2,655,429,222	55.28%
TAI Capital LLC (<i>Note 1</i>)	Beneficial owner	767,436,520	15.98%
Haitong Securities Co., Ltd. (“HTS”) (<i>Note 2</i>)	Interest of controlled corporation	660,000,000	13.74%
Haitong International Holdings Limited (“HTIH”) (<i>Note 2</i>)	Interest of controlled corporation	660,000,000	13.74%
Haitong International Securities Group Limited (“HTISG”) (<i>Note 2</i>)	Beneficial owner	660,000,000	13.74%
Haitong International New Energy VIII Limited (“HTINEV”) (<i>Note 2</i>)	Interest of controlled corporation	660,000,000	13.74%

Notes:

1. Each of Tai He Financial Group Limited and TAI Capital LLC is wholly owned by Mr. Chua Hwa Por.

2. Based on the disclosure of interest notices filed by each of HTS, HTIH, HTISG and HTINEV on 24 November 2016, these interests are held by HTINEV, which is wholly owned by Castle Range Developments Limited, which in turn is wholly owned by Haitong International (BVI) Limited. Haitong International (BVI) Limited is wholly owned by HTISG, which is in turn owned as to 61.01% by HTIH. HTIH is wholly owned by HTS.

Save as disclosed above, there is no person other than a director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (1) none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2016, being the date of the latest published audited accounts of the Group, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (2) none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular and which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no 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 accounts of the Group were made up.

7. QUALIFICATIONS AND CONSENTS OF EXPERT

The following are the qualifications of the expert who has given opinion or, advice contained in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	property valuer
VBG Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the above named experts had no direct or indirect interest in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above named experts had no interest, direct or indirect, in any assets which had been, since 31 March 2016, being the date of the latest published audited accounts of the Group, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

Each of the above named experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or opinions or reports or references to its name in the form and context in which it appears.

8. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company's principal place of business in Hong Kong at Suite 1206-1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours from the date of this circular up to and including 24 February 2017:

- (1) the memorandum of association of the Company and bye-laws of the Company;
- (2) the valuation report on the Property prepared by APAC Asset Valuation and Consulting Limited, the text of which is set out in Appendix I to this circular;
- (3) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (4) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (5) the written consents referred to in the section headed "Qualifications and consents of expert" in this appendix;
- (6) the Agreement; and
- (7) this circular.

NOTICE OF SPECIAL GENERAL MEETING



NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of Tai United Holdings Limited (“**Company**”) will be held at 11:00 a.m. on Monday, 27 February 2017 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong, or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the acquisition (“**Acquisition**”) of the Sale Share and the Sale Debts (each as defined in the circular of the Company dated 10 February 2017 (“**Circular**”), a copy of which is marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) in relation to Tai Infinite Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, as contemplated under the agreement dated 5 January 2017 and entered into between the Company as purchaser and Chua Hwa Por as vendor (“**Agreement**”, a copy of the Agreement is marked “B” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) be and is hereby approved, confirmed and ratified and the Acquisition and all other transactions contemplated under the Agreement be and are hereby approved;
- (b) the board (“**Board**”) of directors of the Company or a committee thereof be and is hereby specifically authorised to allot and issue the Consideration Shares (as defined in the Circular) in accordance with the terms of the Agreement; and
- (c) the Board or a committee thereof be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deed on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Acquisition and to agree to such variation, amendments or waiver or matters relating thereto (excluding any variation, amendments or waiver of such documents or any terms thereof, which are fundamentally and materially different from those as provided for in the Agreement and which shall be subject to approval of the shareholders of the Company) as are, in the opinion of the directors of the Company or a committee thereof, in the interest of the Company and its shareholders as a whole.”

On behalf of the Board
Tai United Holdings Limited
Meng Zhaoyi
Chief executive officer

Hong Kong, 10 February 2017

NOTICE OF SPECIAL GENERAL MEETING

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

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person (who must be an individual) as his/her/its proxy to attend and vote instead of him/her/it and a proxy so appointed shall have the same right as the member to speak at the Meeting. A proxy need not be a member of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and to attend and vote in his/her/its stead at the Meeting. If more than one proxy is appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be valid, the form of proxy must be duly completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and deposit of the proxy form will not preclude you from attending and voting at the Meeting or any adjournment thereof if you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he was solely entitled to vote, but if more than one of such joint holders are present at the Meeting, the most senior holder shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand first on the register of members of the Company in respect of the joint holding.
5. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

As at the date of this notice, the Board comprises Mr. Chua Hwa Por, Dr. Meng Zhaoyi, Mr. Xu Ke, Mr. Ye Fei, Dr. Liu Hua, Mr. Chen Weisong and Mr. Wang Qiang as executive directors; and Mr. Mao Kangfu, Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing as independent non-executive directors.